



# **Guaranty Trust Holding Company Plc.**

**Audited Consolidated and Separate Financial Statements**

**Together with Directors' and Auditor's Reports**

**June 2024**

**Introduction**

Guaranty Trust Holding Company Plc (“the Parent” or the “Company”) and its Subsidiaries (hereafter referred to as 'the Group') 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 Group for the period ended 30 June 2024. The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria. For better understanding, certain disclosures and some prior year figures have been presented in line with current year figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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### Corporate Governance

#### Introduction

Guaranty Trust Holding Company Plc (GTCO) remains steadfast in implementing its strategy, aligning same with sound corporate governance principles to increase value for its stakeholders. Recognizing the pivotal role of GTCO in fortifying the Guaranty Trust brand, the Board of Directors remain resolute in upholding best in class governance standards, which remain essential for business integrity and the preservation of investor trust in the Group. The Company acknowledges that adherence to optimal corporate governance standards is integral to the long-term success of the Group.

Operating within the interconnected corporate governance frameworks, the Board fulfills its oversight responsibilities by providing strategic guidance to the Group, making informed decisions, and ensuring compliance with regulations. Continuous efforts are dedicated to ensuring that operations generate sustainable value for shareholders, fostering corporate success. The belief is that sound corporate governance practices enhance the confidence of shareholders, customers, business partners, employees, and financial markets, as well as all other stakeholders.

As a Proudly African and Truly International brand, the Company is committed to upholding values of excellence, hard work, and integrity. This commitment persists as the Company innovates to deliver faster, more cost-effective, secure, and diverse products for individuals and businesses of various sizes and types. GTCO remains dedicated to its founding values that have endeared the brand to millions across Africa and beyond, propelling continued financial success.

Throughout the half-year, the Group's governance framework played a pivotal role in the development and expansion of the Company's subsidiaries—Guaranty Trust Bank Limited, Guaranty Trust Fund Managers Limited, Guaranty Trust Pension Managers Limited, and Payment Subsidiary HabariPay Limited.

Guaranty Trust Bank Limited (GTBank) stands as a stalwart in the financial landscape, embodying a commitment to excellence and innovation. GTBank has grown to become one of the leading financial institutions in Africa, with a reputation for delivering top-notch banking services. GTBank's dedication to upholding the highest standards of corporate governance has earned it the trust of a diverse clientele, ranging from individual account holders to large corporates.

Guaranty Trust Fund Managers Limited (GTFM) has emerged as a vital arm of the Group, contributing significantly to the financial landscape through its expertise in wealth management. GTFM operates as a subsidiary dedicated to providing tailored financial solutions to retail, high net worth individuals and institutional clients. With a strategic focus on expanding its clientele, GTFM excels in offering a diverse range of investment products and financial services, aligning its approach with the broader goals of the Guaranty Trust brand.

Guaranty Trust Pension Managers Limited (GTPM) stands as a cornerstone within the GTCO Group, specializing in the critical realm of pension management. GTPM plays a pivotal role in the Nigerian pension industry by offering a well-structured platform to address retirement challenges faced by individuals. With a focus on leveraging cutting-edge technology and implementing medium and long-term financial methodologies, GTPM aims to enhance the post-retirement quality of life for contributors, making significant strides in ensuring financial security during the golden years.

HabariPay Limited (Habari), is fast proving to be a dynamic force in the financial technology landscape, embodying innovation and empowerment in the digital economy. Habari focuses on providing secure payment gateways that enable businesses to seamlessly receive local and international online payments. With a strategic commitment to empowering Africans with the tools necessary to thrive in the digital era, Habari not

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only facilitates financial transactions but also plays a crucial role in fostering economic growth and inclusivity across diverse sectors.

Together, these subsidiaries continue to highlight the GTCO brand as a comprehensive financial services company with the capacity and determination to provide end-to-end financial solutions to every African and African business.

The Company is publicly quoted on The Nigerian Exchange Limited with Global Depositary Receipts (GDRs) listed on the London Stock Exchange and it remains dedicated to its duties and pledge to safeguard and increase investors' value through transparent corporate governance practices. Our Code of Corporate Governance provides a robust framework for the governance of the Board and the Company. The Company ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission ("the SEC Code"), the Corporate Governance Guidelines for Financial Holding Companies in Nigeria issued by the Central Bank of Nigeria ("the CBN Code") in July 2023, the Financial Reporting Council's Nigerian 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 Company's Code of Corporate Governance aligns with legal and regulatory requirements and global best practices, in order to remain at the cutting edge of good corporate governance practices. In addition to the Code, the Company aggressively promotes its core values to its employees through its Code of Professional Conduct; its Ethics Policy as well as Communications Policy, which regulate employee relations with internal and external parties. This is a strong indicator of the Company's determination to ensure that its employees remain professional at all times in their business practices. The Company also has a culture of openness in which healthy discourse is encouraged and employees are mandated to report improper activities.

The Company's Subsidiaries are guided by established governance principles in addition to meeting the relevant regulatory requirements in their areas of operations. The subsidiaries have their own distinct boards and comply with the statutory and regulatory requirements of the businesses they operate. The Subsidiaries operate under a corporate governance structure that enables their boards to balance their roles in performing their oversight and strategic functions in ensuring compliance with the regulatory requirements that apply in their areas of operations.

The Company 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 Company's compliance status to the CBN. The Company also conducted an Annual Board and Directors' Evaluation and Appraisal covering all aspects of the Boards' structure, composition, responsibilities, processes and relationships, in compliance with the requirements of the CBN and FRC Codes. To conduct the Annual Board Evaluation and Appraisal for the financial year ended December 31, 2023, the Board engaged the consultancy firm of Deloitte & Touche. 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 Evaluation and Appraisal was presented to Shareholders at the 3<sup>rd</sup> Annual General Meeting of the Company held on Thursday, May 9, 2024.

During the 2024 half-year financial period, the Company executed various governance initiatives/activities which included the creation of the Board Risk and Investment Committee and the Board Audit Committee as stand-alone Committees in line with the requirements of the new CBN Code of Corporate Governance for FHCs, as such the former Board Risk Management and Audit Committee was dissolved. The Board also approved the Charters of the two new Committees which provide terms of reference for members of the Committees in line with leading international practices, existing regulations and the CBN's Corporate Governance Guidelines for Financial Holding Companies in Nigeria issued by the Central Bank of Nigeria ("the CBN Code") in July 2023.

#### The Board

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

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

The Board ensures that an appropriate level of checks and balances is maintained, in order to ensure that decisions are taken with the best interest of the Company's stakeholders in mind. Directors of the Company 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 Company in an ever changing and challenging environment. The Board has put in place a robust appointment and effective succession planning framework to ensure that we continue to have the right people to drive the business of the Company in the desired direction.

The Board determines the overall strategy of the Company and follows up on its implementation and ensures adequate management, thus actively contributing to developing the Group 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 Group 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 Group 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 four (4) Standing Committees in addition to the Statutory Audit Committee of the Company, namely; Board Risk Management and Investment Committee, Board Audit Committee, Board Governance, Nominations and Remuneration Committee and Board Information Technology Strategy Committee. In addition to the Board Committees, the Statutory Audit Committee of the Company also performs its statutory role as stipulated by the Companies and Allied Matters Act (2020). In line with the provisions of the CBN Code of Corporate Governance for Financial Holding Companies (FHC) the Committees would be reconstituted to meet the new requirements.

Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including banking, accounting, oil and gas and Corporate Strategy. They possess the requisite integrity, skill set 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 Group'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 Company and question intelligently, debate constructively and make decisions dispassionately.

Two (2) of the Non-Executive Directors are "Independent Directors", appointed based on the core values enshrined in the Company's Code of Corporate Governance and the criteria laid down by the CBN for the appointment of Independent Directors. In compliance with the provisions of the new requirements of the Companies and Allied Matters Act (2020), the Company is in the process of appointing the third Independent Non-Executive Director and appropriate announcements will be made upon receipt of relevant regulatory approvals. The Independent Directors do not have any significant shareholding interest or any special business

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relationship with the Company.

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 Company.

The Directors are provided with comprehensive information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings.

The Board met two times during half-year ended June 30, 2024.

The details of the appointment and tenure of the Board of Directors are stated below:

S/N	NAME OF DIRECTOR	DATE OF APPOINTMENT TO BOARD	STATUS
1	Mr. Adesola Oyinlola	August 1, 2021	Current Member
2	Mr. Segun Agbaje	August 1, 2021	Current Member
3	Mr. Suleiman Barau	August 1, 2021	Current Member
4	Mrs. Helen Bouygues	August 1, 2021	Current Member
5	Mrs. Cathy Echeozo	August 1, 2021	Current Member
6	Mr. Banji Adeniyi	August 1, 2021	Current Member

### Responsibilities of the Board

The Board has ultimate responsibility for determining the strategic objectives and policies of the Company 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 Company 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 Group's strategic objectives and good financial performance.

Notwithstanding the delegation of the operation of the Company 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 Company's corporate structure and changes relating to the Company's capital structure or its status as a public limited company; the determination and approval of the strategic objectives and policies of the Company to deliver long-term value; approval of the Company's strategy, medium and short term plan and its annual operating and capital expenditure budget; appointment or removal of Group 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, establishment of subsidiaries; approval of remuneration policy and packages of the Group Chief Executive Officer and other Board members, appointment of the Managing Director and other Directors of Subsidiaries nominated by the Group; approval of the Board performance evaluation process, corporate governance framework; approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate

governance, and approval of all matters of importance to the Company 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 Group 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 Group. 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 Company to the Group Chief Executive Officer, who is supported by Executive Management. The Group Chief Executive Officer 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 Governance, Nominations and Remuneration 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 Governance, Nominations and Remuneration Committee identifies, reviews and recommends candidates for potential appointments 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 Company 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, within the regulatory prescribed timeline, tailored to meet their individual requirements.

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

The Company 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 Company's Non-Executive Directors attended foreign and/or local courses during the half-year period ended June 30, 2024, which included "Oxford Bank Governance Programme" (Said Business School), "Women's Leadership Programme" (Yale School of Management) and, "Successful Change Initiatives; Mastery Session" (Harvard University's Division of Continuing Education).

### Changes on the Board

In the course of the half-year financial period ended June 30, 2024, there was no change on the Board.

### Retirement by Rotation

In compliance with the provisions of Article 84(b) of the Articles of Association of the Company which requires one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not greater than one third, to retire from office at each biennial Annual General Meeting, Mr. Suleiman Barau and Mrs. Cathy Echeozo will retire at the 3<sup>rd</sup> Annual General Meeting and both being eligible, offer themselves for re-election.

### Non-Executive Directors' Remuneration

The Company's policy on remuneration of Non-Executive Directors is guided by the provisions of the CBN Code which stipulates that Non-Executive Directors' remuneration should be limited to sitting allowances, Directors' fees and reimbursable travel and incidental expenses. The Non-Executive Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors, such sums as shall be approved by shareholders at the Annual General Meeting.

Details of remuneration paid to Executive and Non-Executive Directors is contained in Note 44 (i) 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 four (4) Standing Committees in addition to the Statutory Audit Committee of the Company, namely; Board Risk Management and Investment Committee, Board Audit Committee, Board Governance, Nominations and Remuneration Committee and Board Information Technology Strategy Committee.

Through these Committees, the Board will be able to effectively carry out its oversight responsibilities and take advantage of individual expertise to formulate strategies for the Company and its Subsidiaries. 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 and Audit Committee

This Committee is tasked with the responsibility of setting and reviewing the Company's risk policies.

The Terms of Reference of the Board Risk Management and Investment Committee includes to:

- Review and recommend for the approval of the Board, the Company's Risk Management Policies including the risk profile and limits;
- Determine the adequacy and effectiveness of the Company's risk detection and measurement systems and controls;
- Oversee Management's process for the identification of significant risks across the Company and the



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adequacy of risk mitigation, prevention, detection and reporting mechanisms;

- Review and recommend to the Board for approval, the contingency plan for specific risks;
- Review the Company's compliance level with applicable laws and regulatory requirements which may impact on Company's risk profile;
- Conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- To have oversight functions over the Company's investment strategies;
- To recommend to the Board investment strategies in line with Investment Regulations issued by the Central Bank of Nigeria;
- To monitor and oversee the implementation of the Company's investment strategy;
- To establish the Company's investment objectives and policies;
- To determine an optimal investment, mix consistent with the risk profile approved by the Board of Director;
- To ensure due diligence in the selection and approval of investments;
- To review periodically the Company's investment policies and procedures;
- Handle any other issue referred to the Committee from time to time by the Board;

The Head of Risk and Compliance of the Company presents regular briefings to the Committee at its meetings;

- Oversee the Group's investment;
- To monitor and oversee the implementation of the Company's investment;
- To determine an optimal investment, mix consistent with the risk profile approved by the Board of Directors;
- To ensure due diligence in the diligence in the selection and approval of investments; and
- To review periodically the Company's investment policies and procedures.

The Head of Risk and Compliance of the Company present regular briefings to the Committee at its meetings.

The Committee meets quarterly, and additional meetings are convened as required. The Committee met twice during the half-year financial period ended June 30, 2024.

The Board Risk Management and Investment Committee comprised the following members during the half-year under review:

S/NO	NAME	STATUS	DESIGNATION	Dates of Attendance
1.	Mrs. C. N. Echeozo	Non-Executive Director	Chairman	29-Jan-2024 25-Apr-2024
2.	Mr. J. K. O. Agbaje	Group Chief Executive Officer	Member	29-Jan-2024 25-Apr-2024
3.	Mrs. H. L. Bouygues	Non-Executive (Independent) Director	Member	29-Jan-2024 25-Apr-2024
4.	Mr. A. I. Adeniyi	Executive Director	Member	29-Jan-2024 25-Apr-2024

**\*The attendance here reflects the attendance for the defunct Board Risk Management and Audit Committee meeting which held in January 2024, and the new Board Risk Management and Investment Committee meeting which held in April 2024.**

### Board Audit Committee

This Committee is tasked with the responsibility of setting and reviewing the Company's risk policies and has 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 Risk Management and Audit Committee includes 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 Company and its Subsidiaries;
- Keep the effectiveness of the Company's system of accounting, reporting and internal control under review and to ensure compliance with legal and agreed ethical requirements;
- Review the activities, findings, conclusions and recommendations of the external auditors relating to the Company's annual audited financial statements;
- Review the Management Letter of the External Auditor and Management's response thereto;
- Review the appropriateness and completeness of the Company's statutory accounts and its other published financial statements;
- Oversee the independence of the external auditors;
- Receive a summary of whistle blowing cases reported and the result of the investigation from the Head of Internal Audit;
- Handle any other issue referred to the Committee from time to time by the Board.



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The Head of Internal Audit of the Company present regular briefings to the Committee at its meetings.

The Committee meets quarterly, and additional meetings are convened as required. The Committee met twice during the half-year financial period ended June 30, 2024.

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

S/NO	NAME	STATUS	DESIGNATION	DATES	OF ATTENDANCE
1.	Mr. S. Barau	Non-Executive (Independent) Director	Chairman	25-Apr-2024	
2.	Mrs. H. L. Bouygues	Non-Executive (Independent) Director	Member	25-Apr-2024	
3.	Mrs. C. N. Echeozo	Non-Executive Director	Member	25-Apr-2024	

- **The Board Audit Committee was established in January 2024, pursuant to the requirement of the CBN Code of Corporate Governance for Financial Holding Companies (FHCs).**

### Board Governance, Nominations and Remuneration 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 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 setting the principles and parameters of the Remuneration Policy across the Company and to approve the policy relating to all remuneration schemes and long-term incentives for employees of the Company.

The Committee has oversight on strategic people issues, including employee retention, equality and diversity as well as other significant employee relations matters.

The Committee met twice during the half-year financial period ended June 30, 2024.

The membership of the Committee is as follows:

S/NO	NAME	STATUS	DESIGNATION	DATES	OF ATTENDANCE
1	Mr. S. Barau	Non-Executive (Independent) Director	Chairman	29-Jan-2024 25-Apr-2024	
2	Mrs. H. L. Bouygues	Non-Executive (Independent) Director	Member	29-Jan-2024 25-Apr-2024	
3	Mrs. C. N. Echeozo	Non-Executive Director	Member	29-Jan-2024 25-Apr-2024	

### 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 Group 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 Group;
- inform and advise the Board on important Information Technology issues in the Group;
- monitor overall Information Technology performance and practices in the Group.

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

S/No	Name	Status	Designation	DATES OF ATTENDANCE
1	Mrs. H. L. Bouygues	Non-Executive (Independent) Director	Chairman	25-Apr-2024
2	Mr J. K. O. Agbaje	Group Chief Executive Officer	Member	25-Apr-2024
3.	Mrs. C. N. Echeozo	Non-Executive Director	Member	25-Apr-2024

The Committee meets bi-annually and additional meetings are convened as required. The Committee met once during the half-year financial period ended June 30, 2024.

### Statutory Audit Committee

This Committee is responsible for ensuring that the Company 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 Company are in accordance with legal requirements and agreed ethical practices.

The Committee also reviews the Company's annual and interim financial statements, particularly the effectiveness of the Company's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation of the Company's results. The Committee is responsible for the review of the integrity of the Company'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 in addition to reviewing the independence of the external auditors and ensuring 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 two (2) Non-Executive Directors and three (3) Shareholders of the Company appointed by members at the Annual General Meeting. 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 Company met twice during the half-year. The following members served on the Committee during the half-year period ended June 30, 2024:

S/No	Name	Status	Designation	Dates of Attendance
1	Mrs. S. O. J. Mbagwu-Fagbemi	Shareholders' Representative	Chairman	29-Jan-2024 25-Apr-2024
2	Alhaji M. A. Usman	Shareholders' Representative	Member	29-Jan-2024 25-Apr-2024
3	Mrs. A. Kuye	Shareholders' Representative	Member	29-Jan-2024 25-Apr-2024
4	Mrs. H. L. Bouygues	Non-Executive (Independent) Director	Member	29-Jan-2024 25-Apr-2024
5	Mrs. C. N. Echeozo	Non-Executive Director	Member	29-Jan-2024 25-Apr-2024

**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 half-year ended June 30, 2024.

S/N	DIRECTORS	BOARD	BOARD RISK MANAGEMENT AND INVESTMENT COMMITTEE	BOARD AUDIT COMMITTEE	BOARD GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE	BOARD I.T. STRATEGY
	DATE OF MEETINGS	30-Jan-2024 26-Apr-2024	29-Jan-2024 25-Apr-2024	29-Jan-2024 25-Apr-2024	29-Jan-2024 25-Apr-2024	25-Apr-2024
	NUMBER OF MEETINGS	2	2	1	2	1
1	Mr. H. A. Oyinlola <sup>1</sup>	2	N/A	N/A	N/A	N/A
2	Mr. J. K. O Agbaje	2	2	N/A	N/A	1
3	Mr. S. Barau	2	N/A	1	2	N/A
4	Mrs. H. L. Bouygues	2	2	1	2	1
5	Mrs. C. N. Echeozo	2	2	1	2	1
6	Mr. A. I. Adeniyi	2	2	N/A	N/A	N/A

<sup>1</sup> 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;  
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 two (2) terms of three (3) years each, i.e. six (6) years whilst the maximum tenure for Independent Non-Executive Directors is limited to a maximum of two (2) terms of three (3) years each, i.e. six (6) years. This is in compliance with the directives of the CBN and FRC Codes.

### Board Evaluation and Appraisal

In the Company's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, Deloitte & Touche, to carry out the annual Board and Directors appraisal for the 2023 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 Company's compliance status with the provisions of the CBN and SEC Codes.

The Annual Board and Director Evaluation and Appraisal Report for the 2023 financial year was presented to shareholders at the 3rd Annual General Meeting of the Company.

### Shareholders

The General Meeting of the Company is the highest decision-making body of the Company. The Company's General Meetings will be conducted in a transparent and fair manner. Shareholders have the opportunity to express their opinions on the Company's financial results and other issues affecting the Company. The Annual General Meeting will be 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 Company 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 Company ensures that institutional investors and international holders of the Global Depositary Receipts get frequent updates on the Company'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 Company ensure that communication and dissemination of information regarding the operations and management of the Company to shareholders, stakeholders and the public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Company's website, <http://www.gtco plc.com>. The website is constantly updated with information as events occur.

The website also has an Investors Relations portal where the Company's financial Reports and other relevant

information about the Company is published and made accessible to its shareholders, stakeholders and the public.

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

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

- (i) **Compliance with Rules and Regulations:** The Company 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, the Financial Reporting Council, the Securities and Exchange Commission, as well as the disclosure and transparency rules of the United Kingdom Listing Authority ("UKLA") (by virtue of the listing of Global Depositary Receipts by the Company on The London Stock Exchange in July 2007);
- (ii) **Efficiency:** The Company 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 Company replies without unnecessary delay to information requests by the media and the public;
- (iii) **Transparency:** As an international financial institution, the Company strives in its communication to be as transparent and open as possible while considering the concept of confidentiality between the Company and its subsidiaries. This contributes to maintaining a high level of accountability;
- (iv) **Pro-activity:** The Company proactively develops contacts with its target groups and identifies topics of possible mutual interest;
- (v) **Clarity:** The Company aims at clarity, i.e. to send uniform and clear messages on key issues;
- (vi) **Cultural awareness:** As an international financial institution, the Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment;
- (vii) **Feedback:** The Company 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 Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities.

### The Group Company Secretary

The Group Company Secretary provides a point of reference and support for all Directors. The Group 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 Group Company Secretary is also responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance of the Company, coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors; assisting the Chairman and Group Chief Executive Officer 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 Company's expense when such advice is required to enable a Member of the Board effectively perform as required.

The Company 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 Company has in place a policy regarding trading in its shares by its Directors and employees within the Group on the terms and conditions similar to the standards set out by the Nigerian Exchange Limited. The policy is periodically circulated on the Company'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 Company where such would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Company 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 Company from time to time.

In addition to the above, the Company 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 Company comply strictly with the laid down procedure and policy regarding trading in the Company's shares.

### **Management Committees**

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

- i. Data Steering;
- ii. Information Technology;
- iii. Risk, Compliance and Investment.

### **Data Steering Committee**

This Committee is responsible for ensuring that the Group leverages Data Analytics to drive value and make business decisions through the development and implementation of use cases. It is also responsible for

## Subsidiary Governance

ensuring strong ownership and buy-in of Data and Analytics activities by Business units. Lastly, to capture economies of scale, it is responsible for centralizing talent-data scientists and engineers-and deploying them across the Group as needed.

### Information Technology (IT) Steering Committee

This Committee is responsible for ensuring there is a standardized information technology management approach across the Group, consistent high IT performance across the Group such as application development and maintenance, service quality etc and delivering economies of scale through shared IT infrastructure and services. The Committee provides inputs for the Board Information Technology and Strategy Committee and ensures that the decisions and policies emanating from the Committee's meetings are implemented.

### Risk, Compliance and Investment Committee

This Committee is responsible for safeguarding the Group against internal and external material surprises. It oversees risk, information security, investment and compliance with regulatory requirements for the Group's activities. Each Subsidiary has a head of risk and a head of compliance who are responsible for the day-to-day management of risk and compliance. The Committee provides inputs for the Board Risk Management and Investment Committee and ensures that the decisions and policies emanating from the Committee's meeting are implemented.

### Monitoring Compliance with Corporate Governance

#### Head, Risk and Compliance

The Head, Risk and Compliance monitors compliance with money laundering requirements within the Group and the implementation of the Corporate Governance Code of the Company.

The Group Company Secretary and the Head, Risk and Compliance forward regular returns to the Central Bank of Nigeria on all whistleblowing reports and corporate governance breaches.

#### Whistleblowing procedures

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

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

#### Code of Conduct

The Company has an internal Code of Professional Conduct for Employees "the Company's Code" which all members of staff subscribe to upon assumption of duties. Staff are also required to reaffirm their commitment to the Company'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 Company relating to employee values. The Company also has a Code of Conduct for Directors.

### **Human Resources Policy**

The Human Resources policy of the Company is contained in the Directors' Report on pages 50-51 of this Annual Report.

### **Employee Share-ownership Scheme**

The Company has in place an employee share ownership scheme called the Staff Investment Trust (SIT) scheme for the Company and its Subsidiaries. The Scheme is authorized to hold up to a specified percentage of ordinary shares of the Company for the benefit of eligible employees of the Company and its Nigerian Subsidiary companies.

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

### **Internal Management Structure**

The Company 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.

### **Service and Related Party Contracts**

As part of efficiently synergising output in order to avoid unnecessary duplication of functions and an efficient harmonisation of resources for optimum performance in the Group and in line with the Central Bank of Nigeria's Guidelines for Shared Services Arrangement for Banks and Other Financial Institutions issued in May 2021, the Company has in place Shared Services Agreement with all its subsidiaries, i.e. Guaranty Trust Bank Limited, Guaranty Trust Fund Managers Limited, Guaranty Trust Pension Limited and HabariPay Limited.

The Shared Services Agreements were approved by the Boards of the Company and the respective subsidiaries.



### Subsidiary Governance

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

GTCO'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 June 30, 2024, 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 Limited as described below:

#### Oversight function

The Group Finance Directorate is responsible for the coordination and implementation of the Group'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

The Group 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. They exercise responsibility in the nomination of best fits for both board and management positions, while adopting suitable remuneration packages to match their wealth of skills and experience.

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



**Representation on the Local Board and Board Committees**

A minimum of two Non-Executive directors representing GTCO 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 Group 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 Group.

The objective is to ensure enculturation, adoption and continuity of GTCO 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 Finance Function**

The business activities and performance of GTCO’s Subsidiaries are monitored through the Group Finance Function. 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 Group Finance 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 GTCO 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 GTCO 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 GTCO. 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

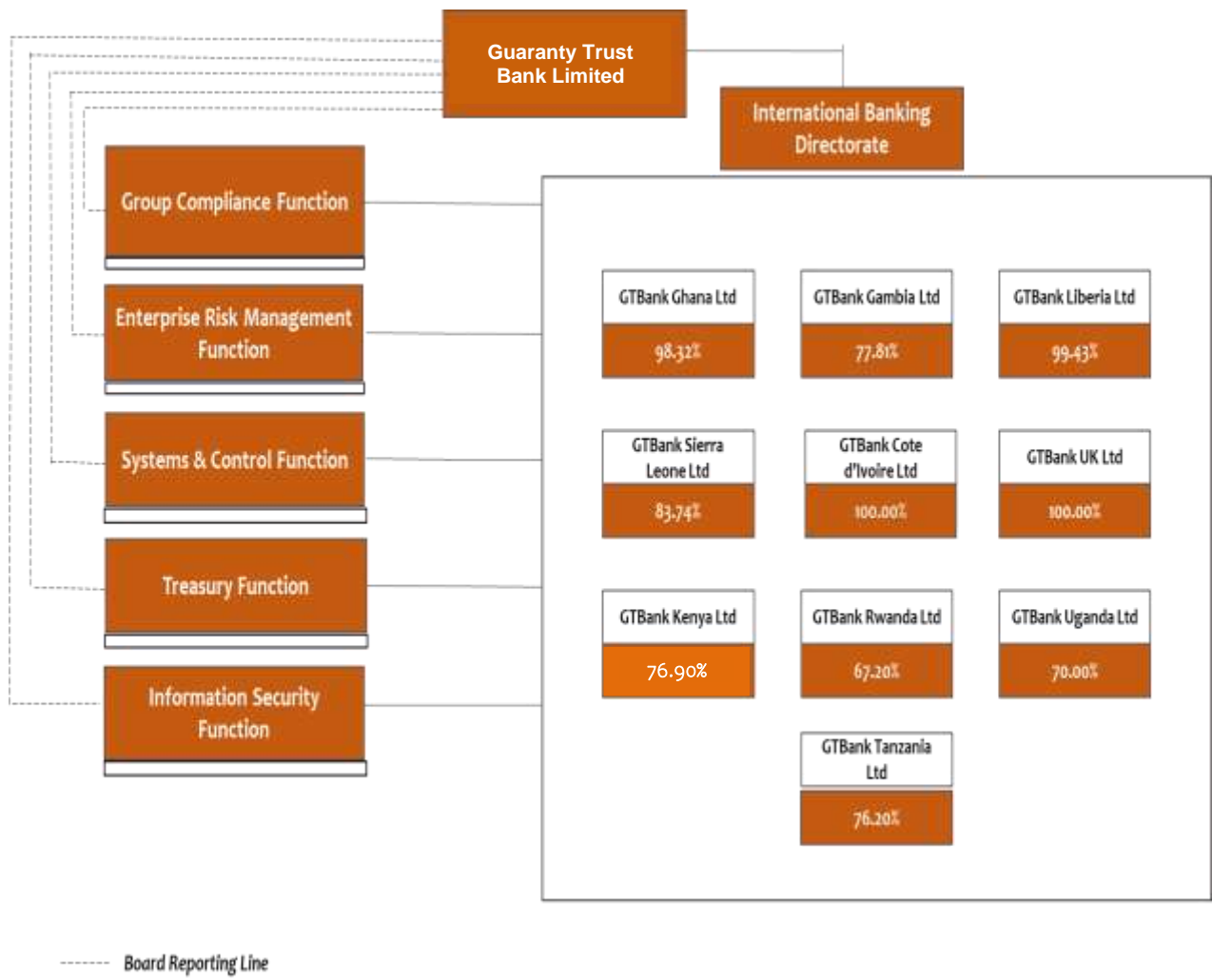
The Group Treasury function is responsible for providing required guidance in optimizing the deployment of resources in the subsidiaries except GTBank UK. The key focus is efficiency of the Balance Sheet. Monthly Assets and Liabilities review meetings are held with the Group treasury team to create synergies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

GTCO 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.



## Sustainability Report

### Introduction

At GTCO, we are committed to creating long-term value for our esteemed stakeholders. Through our responsible banking approach, we continue to develop and implement initiatives to enrich the lives of our stakeholders (investors, shareholders, customers, employees, suppliers, regulators, and communities). As a leading financial service provider, we fully integrate sustainability in our strategy as we operate a model that not only assesses economic considerations but equally evaluates the impact of our business operations and activities on people and the environment. We ensure that our Environmental and Social Management System (ESMS) aligns with the requirements of IFC Performance Standards and CBN's Nigerian Sustainable Banking Principles (NSBP).

As an improvement-driven organization, we continue to develop innovative ways to enhance our environmental, social, and economic performance. Our banking practices hinge on resource efficiency, improving stakeholder relationship, effective risk management, and excellent service delivery. In our attempt at promoting sustainable banking practices and the UN SDGs, we have formed a partnership with several organizations as well as other global bodies. We are a member of the United Nations Environment Programme Finance Initiatives (UNEP-FI). We also remain development partners with the International Finance Corporation (IFC) and the Central Bank of Nigeria. This bi-annual Sustainability Report reviews our journey in the first half of the year 2024, highlighting various initiatives undertaken by the Bank to ensure that we are an economically viable and financially sustainable organisation.

### Scope

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 some of the UN SDGs.

### Disclosure Standards Applied

This Half year report follows the reporting recommendations of the Global Reporting Initiative (GRI), the requirements of the Central Bank of Nigeria (CBN) Nigerian Sustainable Banking Principles (NSBP) and the Sustainable Development Goals (SDGs).

### Marketplace

At GTCO, we are aware of the impact of sustainable financing in the advancement of economic growth and development. This drives our lending activities as we remain a top player in the active funding of the real sector of the economy such as Agriculture, Manufacturing, Real Estate, Infrastructure, Health, Education, Power, Oil and Gas, among others. We continue to support the economic diversification efforts of the Nigerian government by allocating capital to these essential sectors.

To drive financial inclusion and from our partnership with CBN SANEF initiative, we opened 453,387 accounts in the reporting period with about N2.2 billion in deposits.

We continue to add to the bouquet of services available on our e-channels- Internet-banking, GTWorld, USSD, among others. Through our Habari platform, our customers can shop for diverse products online, pay bills, watch videos, listen to music, among others. We continue to improve the platform to meet and support the lifestyles of everyone.

The Group continues to lead across all key parameters in the banking sector and was recognized with an award in the reporting period.

- **Governance, Risk, Compliance and Financial Crime Prevention Awards (GRC & FinCrime Prevention Awards, 2024)**  
At the 4th edition of the Governance, Risk, Compliance and Financial Crime Prevention Awards (GRC & FinCrime Prevention Awards), the Bank was awarded Best Treasury & Cash Management Bank 2024 in Nigeria
- **Brand Finance Nigeria 25, 2024**  
At the 2024 Annual Brand Finance Value Ranking, The Bank was ranked Nigeria's Strongest Banking Brand in Nigeria.
- **Global Brands Magazine Awards 2024**  
The Banks was awarded the Best Banking Brand Award.

### Governance

Board: The Board of Directors is responsible for the governance of the Company and is accountable to shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is committed to the highest standards of business integrity, ethical values, and governance; it recognises the responsibility of the Company to conduct its affairs with transparency, prudence, fairness, accountability, and social responsibility, thereby safeguarding the interests of all stakeholders. The Company has achieved a composition of 50% female members.

### Anti-Corruption

The Group has zero tolerance for any form of bribery, corruption, fraud, and unethical practices among employees, between the Group and its employees, as well as between the Bank and external parties. The Group's Board Approved Ethics policy provides the requisite standards and principles on ethical conduct and practices expected and required of all staff and our related stakeholders. This is communicated through mandatory quarterly AML/CFT trainings are conducted for all employees (permanent and temporary). Also, all of the Group's processes are assessed quarterly and annually for corruption-related risks with renditions sent to the CBN in compliance. No significant risks, fines and monetary sanctions related to corruption or non-compliance with environmental laws and/or regulations or regarding corruption has been identified within this reporting period. The Group has no judgement pay-outs and no environmental sanctions during the reporting period.

### GTCO's Sustainability Strategy

The Group's sustainability strategy is embedded in its business wide strategy. It recognises the relevance of ESG and its importance which drives Integrated Risk Regulatory, Compliance & Governance approach to sustainability. The strategy clarifies the strategic position of the Group with regards to sustainability and considers key ESG risks and opportunities for the bank to manage and pursue respectively. This is achieved through the following.

- Identification of ESG risks and opportunities
- Establishment monitoring systems through Sustainability related KPIs
- Identification of critical data elements to be collated and establish mechanisms to collect & monitor working investor relationship.
- Development and maintenance of a sustainable banking framework

The Group's Sustainability Risk Management addresses actual and potential risks and opportunities that arise from its processes through developed relevant policies and frameworks.

1. The Group's Environmental & Social Risk Management (ESRM) framework is integrated into its credit approval process to ensure that our lending activities do not have negative environmental and social impacts on the environment.

#### **ESRM Policy Statement**

As a leading financial services provider, GTCO always benchmarks its operations against international best practices. Premised on this, the Group has taken steps to incorporate the identification, assessment, and management of E&S risks into its credit approval process flow. This is to ensure that the necessary processes, procedures, and structures are implemented for the mitigation of all identified E&S risks in the activities of the Group's customers. This is in line with relevant local regulations and international best practices.

Thus, in the reporting period, we screened all the 198 corporate credits approved by the Group for E&S risks. Our ESRM team categorizes project-related transactions into high, medium, and low risks. We conducted enhanced due diligence for customers operating in the high-risk sectors and moderate due diligence for customers in medium-risk sectors, as classified by the Central Bank of Nigeria (CBN), to review their E&S practices against key national regulations and international best practices. We applied an exclusion checklist to all credits (High, Medium, and Low). Through our due diligence assessment, we develop 122 Environmental and Social Action Plans (ESAP) that aids awareness and improved management of environmental and social risks from our lending activities. We also require our customers to implement the ESAP and monitor the progress of implementation and general environmental and social performance over time.

2. The Group's Sustainability policy documents our commitment to sustainability, highlighting the bank's sustainability mission and vision, strategy, guiding regulatory framework and overall framework for achieving its sustainability goals. It highlights steps to be taken by the Bank in the identification, assessment, and management of Environmental and Social risks. Additionally, it states the bank's approach and commitment towards management of climate-related risks and impacts. The policy considers the Nigerian Sustainable Banking Principles, United Nations Sustainable Development Goals, Paris Agreement on Climate Change, International Finance Corporation (IFC) Performance Standards, United Nations Global Compact, UN guiding Principles on Business and Human Rights and others.
3. The Group's Climate Risk Policy sets out the principles, commitments, and framework for assessing and managing climate-related risks and opportunities in GTCO. Its purpose is to define how climate-related risk management is integrated into our business decisions, processes, and activities.

#### **Health Safety and Environmental Approach**

The Group has in line with Basel II stipulation on Employment Health Practices & Workplace Safety, the Group is committed to providing a safe and healthy workplace for all its staff and customers, and essentially to eliminate conditions and incidents that could result in personal injury or ill health. As a result, activities in and



around the banking premises must conform to best control practices the Group developed its Occupational Health and Safety (OHS) policy.

The Group conducts monthly OHS trainings and assessments for its employees (permanent and temporary) as well as safety assessments for third party vendors. For the reporting period, the Group recorded no OHS incidents either due to non-compliance with regulations and voluntary codes or resulting in penalties.

### **Labour Practice**

The Group operates two categories of employees: Full staff and Contingent Staff. The Group's employment strategy features equal opportunity in all terms, conditions, and privileges of employment, including but not limited to, recruitment, selection, job assignments, working conditions, benefits, compensation, training, transfer, layoffs, recall from layoffs, disciplinary actions, terminations, or promotions which are all discussed in the Group's employee handbook and available to all employees on the Group's intranet. Some employment guiding policies Diversity policy, Harassment policy, clean desk policy, Disaster management, Business Travel Policy, Social Media policy, Alcohol and smoking policy and others.

The Group is not part of any union but encourages healthy collaboration and partnerships among employees. The Group has no operation and relationships with suppliers considered to have significant risk for incidents of Child labour or workers exposed to hazardous work. The Group encourages all employees to freely lodge grievances, to have them resolved promptly and fairly in a satisfactory manner.

In line with our commitment to support employees, the Bank has an Employee Assistance Programme accessible to all employees to provide psychological and emotional support at all times. The Human Resources Group releases weekly educational slides on the intranet tagged Wellness Wednesday, which encourages employees to adopt a healthy lifestyle, and Finance Fridays which provides savings and investment-related tips. Periodic seminars and webinars are also organised for employees on wellness, security, and health to improve their awareness and well-being.

### **Talent Development and Retention**

The Group conducts regular trainings for all its employees, new hires mandatorily undergo induction and are assigned mentors while other are trained according to their learning needs. In line with our commitment towards capacity building and talent development, 59 training programmes were conducted for 3,332 employees in this first half of year 2024 on key subjects including Data Privacy, Coaching Skills for leaders and managers, Workplace Safety and First Aid Management, Maintaining a Mentally Healthy Workplace, Cybersecurity workshop & Forum, Empowering Business Communication Through Adaptive Listening as well as Fire Safety Awareness while other educative information is published on the Group's intranet. Also, appraisals are conducted annually where exceptional and outstanding performances are rewarded.

### **Diversity and Inclusion**

Guaranty Trust Bank remains committed to promoting gender equality and women empowerment. The ratio of women in the employment of the Bank and in senior management positions is currently 50.137% and 43.24%, respectively by head count method. The percentage of women on our Board of Directors is currently at 50%.



## Sustainability Report

The Group has shown its commitment to non-discrimination in the diversity of its workforce including employment of disabled persons. Also, there were no incidents of discrimination during this reporting period.

### Community

At GTCO, we remain committed to creating sustainable impact through Corporate Social Responsibility. Our CSR strategy is designed to enrich lives through four pillars: community development, education, environment, and arts. These four pillars are essential for the development and growth of communities. In line with the UN SDGs to create shared prosperity and protect the environment, we implemented multiple initiatives guided by the four pillars to contribute in no small measure to the overall development of our host communities.

The Group has engaged in various support programmes geared towards community development and education during this reporting period. A summary of CSR projects facilitated by the Bank in first half of 2024 are listed below:

Area of Focus	Project Description	Beneficiaries/ Participants
<b>Community Development</b>	Support for Lagos Climate Summit	500
	Donation to Security Trust Fund	18,000,000
	Support for 2nd Intellectual Disability Conference 2024	200
	Support for World Consumer Rights Day 2024	24,000,000
	Support for Wellness Wonderland Program	200
	World Autism Day Video Project	7
	Support for Punuka Foundation Annual Walk for Special Children	500
	Support for Wellness Wonderland Program	200
	Support for CIC Alumni Foundation Annual Convention	1500
<b>Education</b>	Support for Halifield School Inter House Sport	1200
	Support for Doveland School International House Sport	1450
	Support for Lakeland School Inter Team Sports Competition	1200
	Support for Supreme Edu Foundation School Inter House Sport	800
	Support for Raberto School Inter House Sports Ceremony	600
	Support for Olumawu School Reading Fair	100
	Support for British International School Inter House Sports	1,000
	Support for Fatima School Inter House Sports Competition	400
	Financial Literacy Day Programme 2024	200
	Support For Greenwood House School Funday	1250
	Book Reading Session	700
	Support for Garki Hospital Childrens Day Celebration	550
	Support for Tophill School 30th Anniversary	300
	Support for Grange Education Fun-A-Thon Event	1200
<b>Others</b>	Support for Ikoyi Club Swimming Events	20,000
	Sponsorship for 2024 Lagos Polo Tournament	10,000

The Bank has also envisaged both its internal and external stakeholders and regularly engages them.

### Environment

As a first-class financial service provider, we remain committed to environmental protection. As such, we implement a hands-on approach in minimizing our Greenhouse Gas (GHG) emissions which include but not limited to the timely shutdown of our branches, replacement of physical meetings with virtual meetings, cut down of business travel, implementation of duplex printing, among others. We track the performance of our GHG minimization strategies by monitoring our electricity, fuel, water, solid waste, CO2 footprint, and paper usage.

**Paper Usage:** We have also launched several energy efficient initiatives to ensure the reduction of our carbon footprints while optimally utilizing resources. In the reporting period, the bank maintains the use of Signature Pads to enable customers electronically deposit and withdraw cash, as well as register complaints to reduce paper usage in its banking halls in Lagos branches and are looking to expand this initiative. The Group consumed 69,235 kg of paper during this reporting period.

**Waste Management:** GTCO has a strict approach to all issues concerning the collection, treatment, and disposal of all waste materials generated from its activities and processes. For the reporting period, the Group generated and efficiently disposed about 1,102,397kg of solid wastes. Waste disposal was conducted through the use of accredited vendors registered with appropriate environmental bodies and their affiliates of each state in Nigeria.

**Water Usage:** The Group keeps track on its water usage through collation of various representatives in each Group facility. 13,353.10 cubic meters of water was consumed in the reporting period.

### Climate Risk

GTCO is committed to supporting the transitioning of the environment to a sustainable, low-carbon economy that balances society's environmental, social and economic needs. GTCO is committed to managing identified climate risks in its business and operations by building on its existing Environmental and Social Risk Management (ESRM) policy, acting on its approved Climate Risk Policy and benchmarking its practices to global best standards and pronouncements on climate risk management.

GTCO's Climate Risk reporting aligns with the requirement of the IFRS S2 Climate-related Disclosures. The disclosure highlights four (4) content areas for reporting (Governance, strategy, Risk Management and Metrics and Targets), which also form the core pillars for the Group's climate change roadmap.

#### Climate Risk Initiatives, Integration and Action Plans

For the reporting period, GTCO has taken several actions and outlined others to effectively manage Climate risks and opportunities associated with its operations.

##### 1. *Update of the Group's Vendor Risk Assessment Forms*

The Group has updated its Vendor Risk Assessment forms with climate-related disclosures to determine their exposure and overall performance. Additionally, the forms have been updated accordingly to include KRIs for monitoring and leveraging on climate risks and opportunities, respectively.

2. *Climate Risk Initiatives towards net-zero emissions and financing the transition to a low-carbon economy*

The Group is currently engaging on different initiatives towards Net-Zero. To reduce the climate impact of its energy sourcing activities, the bank has identified different locations of its buildings or facilities that can access power supply from dedicated lines. Approximately 10% of its banking locations and facilities have access to dedicated lines, 3.13% others already have the approval to be connected. 3.5% of the Group’s total ATMs are powered by alternative energy sources (solar energy), while 2.5% of the Group’s facilities are totally powered by alternative and renewable energy sources. More buildings and facilities of the Group are undergoing energy assessment for the possible energy transition.

3. *Partnership organizations*

Partnership with organizations to drive GTCO’s climate risk management goals. This would be done in tandem with GTCO’s CSR (Corporate Social Responsibility) initiative. In line with the bank’s climate risk commitments, the Group has actively engaged potential collaborations and partnerships to drive its commitment to finance the transition to a low carbon economy. Potential partnerships with key players in the energy transition field are in the final stages of review.

4. *Capacity Building for the new Sustainability Reporting*

The Group has begun a new phase of its implementation strategy for the International Sustainability Standards Board (ISSB) International Financial Reporting Stanadard (IFRS) S1 and S2 sustainability reporting. This majorly features capacity building through internal and external trainings for all persons responsible for the reporting. To further pursue this, the Group was also present in the recent Practical Workshop on the Implementation of ISSB IFRS S1 & S2 organised by the Financial Reporting Council of Nigeria.

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

The Group as a signatory to the CBN’s Nigerian Sustainable Banking Principles (NSBP) aligns with relevant international standards. Our business activities and operations are in line 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 in the first half of the year:

NSBP PRINCIPLES	DEFINITION	PROGRESS UPDATE
Principle 1	<p><b>Our Business Activities: Environmental &amp; Social Risk Management:</b> Integration of environmental and social consideration into our lending activities.</p>	<ul style="list-style-type: none"> <li>All our transactions (198) were screened for E&amp;S risks in the period under review.</li> <li>To date, we have visited/conducted desktop Due Diligence Assessments for 27 customers. Based on the review of relevant documents and information provided by the client, we came up with</li> </ul>

		<p>action plans to be closed out by the customers.</p> <ul style="list-style-type: none"> <li>We also conducted Environmental and Social Performance monitoring for 16 existing customers to close out on previously developed action plans</li> </ul>
<b>Principle 2</b>	<b>Our Business Operations: Environmental &amp; Social Footprint:</b> Avoidance of the negative impact of our Business Operations.	<ul style="list-style-type: none"> <li>We presently have 7 branches powered by alternative power source (ATMs and communication equipment). We currently have 44 ATMs powered by alternative sources of energy (solar energy).</li> </ul>
<b>Principle 3</b>	<b>Human Rights:</b> Respect for the rights of all in Business Operations.	<ul style="list-style-type: none"> <li>All 198 transactions booked were assessed for human rights risks such as child labour and forced labour. Assessment comprises of initial screening with the Exclusion Checklist for all customers and Further Due Diligence Assessment for High-Risk customers.</li> </ul>
<b>Principle 4</b>	<b>Women’s Economic Empowerment:</b> Promote economic empowerment through a gender inclusive workplace culture and provide products and services for women.	<ul style="list-style-type: none"> <li>There was a slight increase (60) in the number of female employees in the work force.</li> <li>The number of women on our board remained the same from the last reporting period (4).</li> <li>The number of women in management positions remained 16. The percentage of women in management increased from 41.0% to 43.24%,</li> </ul>
<b>Principle 5</b>	<b>Financial Inclusion:</b> Promotion of financial inclusion and provision of financial services to individuals and communities that have limited or no access to the formal financial sector.	<ul style="list-style-type: none"> <li>From our partnership with CBN SANEF initiative, we opened 453,387 accounts in the reporting period, with deposits totalling ₦ 2.2 billion</li> </ul>
<b>Principle 6</b>	<b>E&amp;S Governance:</b> Implementation of transparent E&S governance practices within the institution and assessing the E&S governance of our clients.	<ul style="list-style-type: none"> <li>Our internal audit team (SYSCON) conducts monthly visit to track and monitor our progress on E&amp;S using our annual plan.</li> <li>We provide biannual reports to CBN to give update on our Sustainability journey.</li> <li>We provide quarterly reports on our E&amp;S journey to the Bank’s Management and Board.</li> </ul>
<b>Principle 7</b>	<b>Capacity Building:</b> Development of capacity to identify, assess, and manage E&S risks and opportunities associated with the	<ul style="list-style-type: none"> <li>Over 1,711 employees were trained on various sustainable banking subject matters within the reporting period.</li> </ul>

	Bank's business activities and operations.	<ul style="list-style-type: none"> <li>We conducted seven (6) trainings on Environmental and Social Risk Management for different groups within the bank and published the E&amp;S Action Plan procedure on the intranet.</li> </ul>
<b>Principle 8</b>	<b>Collaborative Partnerships:</b> Collaboration across the sector and leveraging international partnerships to develop the financial services sector and ensure consistency with international standards.	<ul style="list-style-type: none"> <li>The Bank remains a member of the network of Sustainability Champions in Nigeria.</li> </ul>
<b>Principle 9</b>	<b>Reporting:</b> Regular review and implementation progress report.	<ul style="list-style-type: none"> <li>The Bank rendered the Bi-Annual Sustainability Report to the regulator (CBN) with its sustainability report in the financials.</li> <li>We also provide periodic updates to our investors on the integration of ESRM in the Bank's framework.</li> <li>Report on our sustainability journey and Social Key Performance Indicators (KPI) also shared with the Board of Directors on a quarterly basis.</li> </ul>

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

At GTCO, our business strategy is geared towards making impactful contributions towards the Sustainable Development Goals (SDGs). The 17 SDGs represent an ambitious agenda to achieve a sustainable future by 2030. As a leading African Bank, our business operations positively contribute to achieving all the 17 interrelated goals, however, our activities directly impact the following 8 goals:



**SDG 1- End poverty in all its forms everywhere**



- GTCO continues to finance poverty alleviation initiatives through payment of taxes to the government and introduction of collateral free credits for low-income earners such as Quick Credit, Fashion Industry Credit, Food Industry Credit, among others. Since inception, our commitment has always been to give back to society through various CSR initiatives such as provision of scholarship to indigent students, renovation of schools, Support for World Consumer Right, among others.

**SDG 2- End hunger, achieve food security, improved nutrition and promote sustainable agriculture.**



- Through our financing activities, we continue to eradicate hunger by a strategic allocation of capital and lending to customers in the agribusiness such as AFEX commodities, PRESCO, GY Farmers Limited, Olam Hatcheries, Great Northern, CHI Farms, Life Care Ventures, among several others. Using various initiatives such as food credit for SMEs in the food industry, we provided access to cheap and affordable food, thereby reducing hunger.

### SDG 3 - Ensure healthy lives and promote well-being for all at all ages



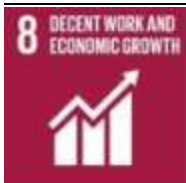
- GTCO continues to prioritise health and safety of its employees by investing in health and safety practices, including the mandatory bank wide annual medical check-up for all employees. The Group also has an Employee Assistance Programme accessible to all employees to provide psychological and emotional support at all times. In addition to these, the bank holds an annual Autism conference which serves as a key advocacy platform for people living with autism and other developmental orders. Our commitment has always been to prioritize the health and safety of employees through various CSR initiatives such as Support for 2nd Intellectual Disability Conference, Support for Wellness Wonderland Program, Support for World Autism Day, Support for Garki Hospital Childrens Day Celebration, support for Punuka Foundation Annual Walk for Special Children, among others.

### SDG 4- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



- Education remains a critical part of our CSR initiatives, as we recognise that education has multiplier effects on the economic growth and development of a nation. We continue to finance educational facilities and lending to schools. We also continually implement several initiatives to promote education such as provision of support for school activities in secondary schools and universities, renovation of school hostels, financial literacy training and World Savings Day initiatives for secondary schools, hosting of the Masters Cup, Support for Olumawu School Reading Fair, Support for Greenwood House School Funday, Book Reading Sessions, Support for Tophill School 30th Anniversary, Support for Grange Education Fun-A-Thon Event, amongst others.

### SDG 8- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



- At GTCO, we operate an inclusive system that provides equal employment opportunities for all. Through our strategic credit model, we lend to businesses across development-oriented sectors to promote sustainable economic growth and decent work for all. Through this model, we are able to indirectly provide more job opportunities for people. This is in addition to the direct job that we create through recruitment of staff to meet the needs of our customers. We continue to offer competitive salary and benefits to promote decent living for all our employees.

### SDG 9- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



- We remain committed to using our value-adding banking products and services to improve the condition of Nigeria's social infrastructure. We ensure that our investments in infrastructure is environmentally friendly and respond to the needs of low-income users, women and other marginalized groups (including persons with disabilities, indigenous persons, racial and ethnic minorities and older persons).



The Group also promotes economic development by providing CSR initiatives such as Donation to Security Trust Fund, etc.

### SDG 13- Take urgent action to combat climate change and its impacts



- At GTCO, we are aware of the impact of climate change on our business activities and operations. As such, we integrate environmental considerations in our lending process by conducting enhanced due diligence for customers operating in high risk sectors and 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.

As an organization, we measure our carbon footprint in the use of utilities such as water, fuel, paper, and electricity usage and develop several initiatives to reduce carbon emissions. We report our tracking of carbon emissions to the Central Bank of Nigeria through our Nigerian Sustainable Banking Principles (NSBP) Report. The Group has also developed its Climate Risk Policy with implementation in progress. The Group also supported the 2024 Lagos Climate Summit during the reporting period.

### SDG 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development



- We are aware of the vital role partner organisations play in realizing the UN SDGs. As such, we have formed partnership with several organizations as well as other global bodies. Some of these organizations are United Nations Environment Programme Finance Initiative (UNEP-FI), Nigerian Sustainable Banking Principles Champions, Central Bank of Nigeria (CBN), International Finance Corporation (IFC), amongst others.

### Summary of our ESG Materiality

At GTCO, we continue to thrive towards becoming a single, integrated platform. Thus, we are dedicated to the development of innovative initiatives to meet the needs of all our stakeholders. We continue to conduct stakeholders' analysis and develop strategies to meet the expectations of our stakeholders. Our material ESG issues are summarized below:

- **Access and affordability:** At GTCO, we continue to improve access to our services and create affordable services. In the year 2023, we further deployed the card printing machine to some of our locations for customers to print their instant ATM cards by themselves. We also continue to enhance the features of our Alternative Delivery Channels such as GTWorld, \*737#, internet banking among others to improve access to the Company's financial services.
- **Labour practices:** We continue to train and provide a competitive welfare package to all our employees. This is based on our awareness of the importance of our workforce in achieving our strategic business objectives.
- **Data security and customer privacy:** Considering the importance of data security, we have put in place sophisticated tools to prevent cyber-attacks and promote data security. We also ensure customer privacy by aligning with best international practice. We continue to create awareness to all our staff, customers, and vendors to prevent fraud.



- **Lifecycle impacts of products and services:** We have fully integrated environmental and social considerations into all our business activities and operations. This is to ensure that our lending activities do not have adverse environmental and social implications on the environment.
- **Business ethics:** As our brand signifies, we maintain strong business ethics and professionalism. We promote our core values to employees through our Code of Professional Conduct; our Ethics Policy as well as Communications Policy, which helps to regulate employee relations with internal and external parties.
- **Systemic risk management:** The Company's Enterprise Risk Management (ERM) division works with relevant units in the Company in managing risks in our business operations and activities. There are several risk management units in charge of managing different risks such as environmental and social, credit, operational, reputational, market, legal, cyber risks, among others.

### COMPLAINTS AND FEEDBACK

#### Introduction

At GTCO, our vision is to deliver the utmost in customer service. We understand the importance of our customers' satisfaction to the achievement of our set goals. Hence, we have incorporated the 'treating customers fairly' principles into our business strategy to enable us deliver on our promises to our stakeholders.

We recognize that customer feedback is an important tool in monitoring and responding to customer expectations hence we continued to embed good conduct practice across our business, with a range of initiatives to further improve the service and experience we offer to customers.

In a bid to improve our products and services, we analyze data and feedback received to identify recurring issues. The information gathered is used for detailed analysis which is reviewed by the relevant stakeholders for learning purposes and to prevent a reoccurrence of identified issues.

#### The Feedback Channels/ Customer Touchpoints

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

- The Complaints received via the complaint portal on the Company's website and letters;
- GT Connect (our 24 hours self-service interactive call center);
- Social Media feedback platform;
- The Customer Information Service desk at any of our branches;
- The Whistle Blowing portal on the Company's website.

#### Customers' opinion on products, services, and processes

The Company constantly evaluates valuable insights provided by customers and other stakeholders on our products, services, and policies in order to improve the business, products and overall customer experience. The review and evaluation are conducted using various methods including:

- Customer feedback survey on the Company's website, in-branch and on Internet banking applications;
- One-on-one focus/ business review meetings with customers;
- Business review sessions/ Interviews with randomly picked customers.

#### Complaints Handling and Resolution Structure

The Company is committed to effective complaint handling and values feedback through complaints when they arise. The complaints and feedback structure ensure the prompt resolution of customers' complaints. The Complaints Unit of the Company is charged with the responsibility for oversight of the resolution of customers' complaints. It also serves as the liaison between the Company 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 Company 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 categorized and reviewed properly with the aim of enhancing the Company's delivery of efficient and effective services. The Company ensures that complaints are dealt with in an equitable, objective, and unbiased manner. We also endeavor to align our procedures with regulatory requirements and international best practice in a bid to ensure that the complaint handling process is fair and reasonable.

### REPORTS TO THE CBN ON CUSTOMER COMPLAINTS

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

Below is a breakdown of Complaints received and resolved by the Company between January and June 2024 pursuant to CBN Consumer Protection Regulation dated December 20, 2019.

Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
	2024	2023	2024	2023	2023	2023
1 Pending Complaints brought forward from prior period	1,838	9,217	7,815	19,176	-	-
2 Received Complaints	517,246	946,169	3,659,077	5,016,456	-	-
3 Resolved Complaints *	517,946	953,548	3,647,843	5,027,817	159,676	277,446
4 Unresolved Complaints escalated to CBN for intervention			-		-	-
5 Unresolved Complaints pending with the Group carried forward **	1,138	1,838	19,049	7,815	-	-

\*Some of the outstanding complaints include complaints on Dispense Error, Uncredited NIP and Erroneous Transfers etc

The table below show Complaints received and resolved by the Company in other currencies for the half year 2024 and 2023, respectively.

### RECEIVED COMPLAINTS (Per Currency)

Currency	Amount Claimed	
	2024	2023
1 United States Dollars	\$1,130,786	\$202,617
2 Great Britain Pounds	£6,765	£7,128
3 Euros	€5,000	€10,014,000

### RESOLVED COMPLAINTS (Per Currency)

Currency	Amount Claimed		Amount Refunded	
	2024	2023	2024	2023
1 United States Dollars	\$1,129,289	\$202,617	\$3,996	\$2,816
2 Great Britain Pounds	£0	£7,128	£0	£0
3 Euros	€0	€10,014,000	€0	€0

### UNRESOLVED COMPLAINTS (Per Currency)

Currency		Amount Claimed	
		2024	2023
1	United States Dollars	\$1,531.69	\$35
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 financial year is provided below:

Fraud and Forgeries	Jun-2024	Dec-2023
Number of Fraud Incidents	7,368	16,965
Amount Involved (N'000)	923,139.36	2,762,435.97
Amount Involved (USD\$'000)	395.97	287.59
Amount Involved (EUR€'000)	-	5.40
Actual/Expected Loss (N'000)	72,825.32	198,875.92
Actual/Expected Loss (USD\$'000)	243.99	0.432

## Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) Framework

GTCO, is committed to the fight against all forms of financial crime, which includes, money laundering, terrorism financing, Proliferation financing and bribery and corruption. To show this commitment, the Company has continually implemented a framework for Anti-Money Laundering (“AML”), Combating the Financing of Terrorism (“CFT”) and Combating Proliferation financing (CPF). Strict adherence to this framework is mandatory for all employees.

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

- The Financial Action Task Force (FATF) 40 Recommendations.
- Money Laundering (Prevention and Prohibition) Act, 2022.
- Terrorism (Prevention and Prohibition) Act, 2022.
- CBN AML/CFT/CPF Regulations, 2022.
- 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.
- Proceeds of Crimes (Recovery and Management) Act, 2022.
- Central Bank of Nigeria (CBN) Circulars.

### Structure of the Framework

The Company has developed policies and procedural guidelines, and these documents are regularly reviewed/revised to ensure that they remain relevant and current and are in line with the evolving regulatory requirements and best practices. The policies and procedures clearly articulate the Group’s AML/CFT/CPF stance in the global fight against financial crime and are available on the Company’s intranet site for access to all employees at any point in time.

Annually, the Company’s Compliance Policies are reviewed and approved by the Board of Directors and where it is necessary to update the policies between cycles, an addendum is issued for implementation and incorporated in the relevant Policy at the next annual review.

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

### Scope of the Framework

Across the Group, the scope of the AML/CFT/CPF framework includes the following:

#### (i) Board and Management Responsibilities:

In accordance with AML/CFT/CPF global best practice, the “tone is set from the top”. The Board of Directors of the Group have oversight responsibilities for the AML/CFT/CPF framework of the Group. The Board ensures that the Groups’ Management and all employees adhere strictly to all regulatory and internal procedures relating to AML/CFT/CPF and that the Group maintains a zero-tolerance threshold to regulatory infraction. The Group’s Chief Compliance Officer is appointed by the Board of Directors and approved by the Central Bank of Nigeria (CBN).

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

On a monthly and quarterly basis, AML/CFT/CPF reports are submitted to the Group's Senior Management and the Board members respectively. These reports provide the Board and Senior Management with information to enable them to assess the Group's compliance with its regulatory obligations. The reports also ensure that Directors and Senior Management are kept abreast of current trends and developments in the financial industry, particularly in the area of AML/CFT/CPF risk management.

**(iii) Know Your Customer (KYC) Procedures:**

In order to ensure that only customers that align with the Group's risk appetite are on-boarded, duly completed account opening forms, identification document and other relevant information and documents are provided. This is the foundation/ bedrock for on boarding a customer by banking subsidiaries in the Group.

Customer Due Diligence (CDD) is conducted by the subsidiaries prior to entering any banking relationship with a customer. This includes at a minimum, identity and address verification as well as ascertaining the source of income and wealth of the customer.

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

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

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

The Group has procedures in place to ensure subsidiaries conduct sanction screening prior to entering into a relationship as well as prior to effecting a transaction, so that we do not enter into a relationship with a sanctioned person/entity.

The Group is also in compliance with the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards criteria, and thus, have put measures in place to identify the defined persons in the Group's database. All identified US persons are required to complete the requisite tax forms i.e., W8 BEN, W8 BEN-E and W9

**(iv) Transaction Monitoring:**

Transaction monitoring is done using manual and automated methods across the Group. The former is performed by employees, who regularly identify red flags in transactions/activities and the latter resides within the Compliance team with the aid of transaction monitoring solutions.

Employees are aware that suspicious activities/ transactions should immediately be referred to the Compliance team.

Suspicious Transactions are brought to the attention of the Compliance team on a manual or automated basis; the former by way of employees filing internal suspicious transaction reports to the Compliance

team and the latter by way of transaction monitoring tools reviewed by Compliance Officers. If deemed appropriate, reports are filed to the respective Financial Intelligence Units (FIU).

To properly monitor transactions passing through the subsidiaries in the Group, the SAS AML tool, has been deployed and it provides 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. In Nigeria, the NFIU is the agency charged with the responsibility of receiving the following core transaction-based reports:

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

The Bank renders reports to the NFIU and the CBN in accordance with the provisions of Sections 3, 7 and 11 of the Money Laundering (Prevention and Prohibition), Act 2022 (“the Act”).

Section 3 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 7 of the Act provides that a financial institution must submit a report on all unusual and suspicious transactions.

Section 11 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 Group maintains a cordial and supportive relationship with all regulatory and law enforcement agencies. The Group 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 Group 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 Group does not enter any relationship with sanctioned individuals/entities. All subsidiaries are required to screen names of individuals and organizations who have or plan to enter a business relationship or carry out a transaction with/through the any subsidiary against the Group’s internal watch list.

The internal watch list contains amongst others, the names of individuals and entities, who have been blacklisted by various regulatory bodies worldwide: Office of Foreign Asset Control (OFAC); European Union (EU); Her Majesty’s Treasury (HMT); The Ministry of Economy, Finance and Industry in France (MINEFI); The United Nations (UN) and The Local List as provided by local regulatory and enforcement bodies.



Employees are required, as part of the Group's policy, to refrain from any relationship and/or transaction which yield a true or positive match and follow the escalation procedure. Sanctions screening is done at account opening and on a real time basis for all SWIFT transactions.

**(viii) Politically Exposed Persons (PEPs)**

PEPs are individuals who are or have been entrusted with prominent public functions and the classification 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/CPF risk they pose. This is to ensure that the Group is not unknowingly supporting activities such as money laundering and/or the financing of terrorism.

In line with Financial Action Task Forces recommendation, the Group employs the use of an automated monitoring tool in identifying and monitoring PEP transactions. This is achieved through the thorough review of information provided by customers and their transaction trends. 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 Senior Management or an Executive Director and the Compliance Team.

and required of all staff and our related stakeholders.

**(ix) AML/CFT/CPF principles for Correspondent Banking:**

The Group only on-boards and maintains correspondent banking relationships with financial institutions that have implemented adequate AML/CFT/CPF policies and procedures. The Group does not enter any form of relationships with shell banks nor maintain any payable through accounts. The Group ensures that due diligence, including adverse media searches, are performed annually on our correspondent relationships to mitigate potential AML/CFT/CPF risks.

**(x) Prohibited Business Relationships**

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

**(xi) Risk Assessment**

The Group ensures Risk Assessment is conducted on its customers, products and services. This is to ensure that AML/CFT/CPF risks are identified, assessed and mitigated.

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

The Group upholds the highest standards of ethical conducts in all its activities and interactions. The Group has zero tolerance for any form of bribery, corruption, fraud and unethical practices. The Group also expects the same standards to be applied by third parties acting on behalf of the Group. The Group's Board Approved Ethics policy provides the requisite standards and principles on ethical conducts and practices expected and required across the Group and our related stakeholders.

**(xiii) AML/CFT/CPF Training:**

The Company places a great importance on the training of its employees. Training is conducted to ensure employees are well informed and up to date on the AML/CFT/CPF 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 are 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 employees have understood the training contents.

**(xiv) AML/CFT/CPF Audits:**

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

The reports and findings of the audit are circulated to 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 a periodic 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) Data Protection:**

The Group's Data Protection Policy is revised on an ad-hoc basis to reflect the legal, regulatory and operating environment. The Group adheres strictly to both local and international data protection policies such as the National Data Protection Regulations in countries where we operate and the European Union General Data Protection Regulation (EU-GDPR.)

**(xvii) Whistle Blowing:**

The Group has a Whistle Blowing Policy which is approved by the Board. This Policy governs the reporting and investigation of improper or illegal activities at the Group, as well as the protection offered to the "Whistle blowers".

All disclosures will be treated with strict confidence and the identity of the Whistle blower will not be revealed except as required for Security, Regulatory or Legal purposes.

The following guidelines should be noted:

- Information provided should be disclosed in good faith backed by true and reasonable facts and /or evidence where possible.
- The Whistle blower/reporter should ensure that the disclosure is substantially true.
- Whistle blowing is not to be used for malicious acts or making false allegations.
- Whistle blowing is not to be used for personal vendetta or smear campaign.
- The Whistle blower shall be contacted by any of the recipients of the report where additional information is required.

The Group's Whistle blowing method consist of a secure portal (hoisted on the intranet and internet) where the disclosure or whistleblowing information is logged.

**(xviii) Anti-Slavery and Human Trafficking:**

The Group places a significant importance on tackling any form of Modern Slavery or Human Trafficking.

The Group will not allow, facilitate, or condone any form of Modern Slavery or Human Trafficking across our business. The Group also expects the same standards to be applied by suppliers and third parties acting on behalf of the Group.

This is supported through the communication, established controls and, proactive steps to ensure compliance with all Anti-slavery and Human trafficking laws and regulations as well as ensuring alignment to the organisation's ethical standards and Code of Conduct.

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

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

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

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

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

#### Control Environment

The Company has the Board Risk and Audit Committee that have oversight function on the Company's Risk Management Processes. The Committee is responsible for setting risk Management policies that ensure material risks inherent in the Company's business are identified and mitigated or controlled. The Company's 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 Company'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 Company is exposed to, including risks relating to financial reporting. Management Committees meets on a regular basis to assess all risks facing the company. 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 Company'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 Company is discussed at the Audit Committee meetings.

#### Periodic Independent Assessment of the Internal Audit Function

In line with the Nigerian Code of Corporate Governance, companies 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. This review will be conducted periodically as mandated by the Code.

### Control Activities

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

Examples of the Group'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 Company'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 Company and the mitigants deployed.

### Whistle Blowing

The Company 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 Company.

### Information and Communication/ Monitoring

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

The following are some of the generic internal reports used by Management for decision making and monitoring purposes:

- FINSTAT- Financial Statements Report
- BPR- Business Performance Review Report
- MPR- Monthly Profitability Report

### Directors' Report

#### For the half-year ended June 30, 2024

The Directors of Guaranty Trust Holding Company Plc (“the Company”) are pleased to present their report on the affairs of the Company and its Subsidiaries (“the Group”), together with the Group audited financial statements and the auditor’s report for the half-year ended June 30, 2024.

#### Legal form and principal activity

Guaranty Trust Holding Company Plc was incorporated as a public limited company on July 24, 2020. The Company was licensed as a non-operating financial holding company on April 14, 2021, with the listing of its shares on The Nigerian Exchange Limited on June 24, 2021. The Company commenced operations on August 1, 2021.

The Company is a non-operating financial holding company, and its subsidiaries handle Banking, Payments, Pension Fund Administration and Asset Management.

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

#### Operating results

The Group’s Gross earnings 107.04% Highlights of the Group’s operating results for the period ended June 30, 2024, are as follows:

	Group Jun-24 N'000	Group Jun-23 N'000	Company Jun-24 N'000	Company Jun-23 N'000
Gross Earnings	1,392,549,807	672,602,957	86,250,792	86,959,748
Profit before income tax	1,003,775,626	327,397,733	85,372,160	86,083,276
Income tax expense	(98,208,308)	(46,915,680)	(791,969)	(311,291)
Profit for the year	905,567,318	280,482,053	84,580,191	85,771,985
<b>Profit attributable to:</b>				
Equity holders of the parent entity	899,895,769	278,536,740	84,580,191	85,771,985
Non-controlling interests	5,671,549	1,945,313	-	-
Earnings Per Share (Kobo) - Basic	32.12	9.94	2.87	2.91
Earnings Per Share (Kobo) – Diluted	32.12	9.94	2.87	2.91

#### Dividends

During the period under review, Directors proposed the payment of an interim dividend in the sum of N1.00K per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each payable to Shareholders on the register of shareholding at the closure date. Withholding tax will be deducted at the time of payment.

#### Directors and their interest

The Directors who held office during the year, together with their direct and indirect interests in the issued share capital (including the Global Depositary Receipts (GDRs)) of the Company as recorded in the register of Directors’ Shareholding and/or as notified by the Directors for the purposes of sections 301 and 302 of the Companies and Allied Matters Act and the listing requirements of The Nigerian Exchange Limited is noted below:

Names	Direct Holding	*Indirect Holding	Direct Holding	*Indirect Holding
	June 2024	June 2024	June 2023	June 2023
<b>Shares of 50k each</b>				
1	Mr. H. A. Oyinlola	755,184	755,184	755,184
2	Mr. Olusegun Agbaje	32,146,651	9,481,350 <sup>1</sup>	32,146,651
3	Mrs. C. N. Echeozo	2,108,118	2,940,300	2,108,118
4	Mr. S. Barau	-	-	-
5	Mrs. H. L. Bouygues	-	-	-
6	Mr. A. I. Adeniyi	263,312	74,400	263,312

<sup>1</sup>Indirect shareholding includes underlying shares of GDRs (Global Depository Receipts)

### Directors' Remuneration

The Company ensures that remuneration paid to its Directors complies with the provisions of the codes of corporate governance issued by its regulators. The Non-Executive Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors, such sums as shall be approved by shareholders at the Annual General Meeting.

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

Type of package	Description	Timing
<b>Fixed</b>		
Basic Salary	- Part of gross salary package for Executive Directors only. - Reflects the financial industry competitive salary package and the extent to which the Company's objectives have been met for the financial year	Paid monthly during the financial year
13 <sup>th</sup> month salary	- Part of gross salary package for Executive Directors only. - Reflects the financial industry competitive salary package and the extent to which the Company'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 half year ended June 30, 2024, there was no change on the Board.

### Retirement by Rotation

In compliance with the provisions of Article 84(b) of the Articles of Association of the Company which requires one third of the Directors (excluding Executive Directors) or if their number is not a multiple of three, the number



nearest to but not greater than one third, to retire from office at each biennial Annual General Meeting, Mr. Suleiman Barau and Mrs. Cathy Echeozo retired at the 3<sup>rd</sup> Annual General Meeting and both being eligible, offered themselves for re-election, and were re-elected as Directors of the Company.

### Shareholding analysis

The analysis of the distribution of the shares of the Company as at June 30, 2024, is as follows:

Share Range			Number of Shareholders	% of Shareholder	Number of Holdings	% Shareholding
1	-	10,000	259,756	77.4109	752,922,040	2.5582
10,001	-	50,000	56,432	16.8175	1,222,492,072	4.1537
50,001	-	100,000	8,952	2.6678	633,684,330	2.1531
100,001	-	500,000	8,044	2.3972	1,661,522,710	5.6455
500,001	-	1,000,000	1,072	0.3195	750,487,637	2.55
1,000,001	-	5,000,000	993	0.2959	1,956,288,287	6.647
5,000,001	-	10,000,000	133	0.0396	935,502,787	3.1786
10,000,001	-	50,000,000	109	0.0325	2,386,764,294	8.1096
50,000,001	-	100,000,000	22	0.0066	1,649,555,940	5.6048
100,000,001	-	500,000,000	18	0.0054	2,520,397,261	8.5637
500,000,001	-	1,000,000,000	19	0.0057	8,369,887,570	28.4388
1,000,000,001	-	2,000,000,000	4	0.0012	5,237,042,056	17.7942
<b>SUB TOTAL: -</b>			<b>335,554</b>	<b>99.9997</b>	<b>28,076,546,987</b>	<b>95.3965</b>
<b>GTCO GDR UNDERLYING SHARES</b>			<b>1</b>	<b>0.0003</b>	<b>1,354,632,237</b>	<b>4.6034</b>
<b>TOTAL</b>			<b>335,555</b>	<b>100.00</b>	<b>29,431,179,224</b>	<b>100.00</b>

According to the Register of Members as at June 30, 2024, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

SHAREHOLDER	PERCENTAGE OF SHAREHOLDING	NO OF SHARES HELD
Stanbic Nominees Nigeria Limited	21.96	6,462,506,664
Zenith PFC	8.28	2,436,823,327

Stanbic Nominees Nigeria Limited ("Stanbic") held 21.96% of the Company 's shares largely in trading accounts on behalf of various investors. Stanbic does not exercise personal voting rights on the said shares.

### Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, , the Group donated a total sum of ₦323,848,044 (June 30, 2023: ₦55,639,501) as donations and charitable contributions during the year. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others.

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

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)	
<b>Community Development</b>	For the upcoming Autism Conference	13,428,889	
	Support for 43rd annual international scientific conference	2,000,000	
	Support for climate summit	1,000,000	
	Support for housing exhibition	5,000,000	
	Support for Punuka Foundation Annual Walk for Special Children	2,350,000	
	Support for security	100,000,000	
	Support for Sports Education	35,475	
	Support for the cause of raising awareness about consumer rights and needs	1,000,000	
	Support for the special needs community cause	2,000,000	
	Support for world autism day	4,597,900	
	World Autism Day Awareness Video	714,875	
	Provision of healthcare for in partnership with Swiss Red Cross	49,187,078	
	Support for Massey Street Christmas Event	107,500	
	Provision of healthcare for in partnership with Swiss Red Cross	64,326,902	
	Support for wellness wonderland, a remarkable wellness events company dedicated to pushing the boundaries of physical and mental well-being	1,000,000	
	Support to the CIC Alumni foundation	500,000	
	Support for National Conference by APKMN	2,000,000	
	Provision of travel allowance in partnership with Swiss Red Cross	4,728,750	
	<b>Education</b>	Book reading session at the You Read Library for childrens day	2,438,785
		Sponsorship for School Sports	2,100,000
Support for School Anniversary		200,000	
Support for Children's Day Initiative		1,495,710	
Support for Education		100,000	
Support for Extra Curricular Activities		2,500,000	
Support for sports education about polo in Lagos		60,415,000	
The World savings day is a CBN initiative mandatory for all banks and it was celebrated in April.		621,180	
<b>Grand Total</b>		<b>323,848,044</b>	

**Report of the Audit Committee**

There were no post balance sheet events which could have a material effect on the financial position of the Group as at June 30, 2024 and profit attributable to equity holders on the date other than as disclosed in Note 46 of the financial statements.

**Research and development**

The Company - on a continuous basis - carries out research into new financial products and services.

**Gender Analysis**

The average number and percentage of males and females employed during the year ended June 30, 2024 vis-a-vis total workforce is as follows:

**Holding Company**

	Male	Female	Total	Male	Female
	Number			%	
Employees	25	21	46	54%	46%

## Directors' Report

Holding Company: Gender analysis in terms of Board and Top Management as at June 30, 2024 is as follows:

	Male	Female	Total	Male	Female
	Number			%	
Board	2	-	2	100%	-
Top Management	2	3	5	40%	60%
<b>Total</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>57%</b>	<b>43%</b>

Holding Company: Detailed Gender analysis in terms of Board and Top Management as at June 30, 2024 is as follows:

	Male	Female	Total	Male	Female
	Number			%	
Assistant General Manager	-	-	-	-	-
Deputy General Manager	-	1	1	-	100%
General Manager	2	2	4	50%	50%
Executive Director	1	-	1	100%	-
Group Chief Executive Officer	1	-	1	100%	-
<b>Total</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>57%</b>	<b>43%</b>

The average number and percentage of males and females employed during the period ended June 30, 2024 by Guaranty Trust Bank Ltd (the Holding Company's Largest Subsidiary) vis-a-vis total workforce is as follows:

### Guaranty Trust Bank Ltd

	Male	Female	Total	Male	Female
	Number			%	
Employees	1,694	1,703	3,397	49.9%	50.1%

Guaranty Trust Bank Ltd: Gender analysis in average terms of Board and Top Management as at June 30, 2024 is as follows:

	Male	Female	Total	Male	Female
	Number			%	
Board	3	4	7	43%	57%
Top Management (AGM - GM)	21	15	36	58%	42%
<b>Total</b>	<b>24</b>	<b>19</b>	<b>43</b>	<b>56%</b>	<b>44%</b>

Guaranty Trust Bank Ltd: Detailed Gender analysis in average terms of Board and Top Management as at June 30, 2024 is as follows:

	Male	Female	Total	Male	Female
	Number			%	
Assistant General Manager	8	6	14	57%	43%
Deputy General Manager	7	7	14	50%	50%
General Manager	6	2	8	75%	25%
Executive Director	1	0	0	100%	0%
Deputy Managing Director	1	0	1	100%	0%
Managing Director	0	1	1	0%	100%
Non-Executive Directors	1	3	4	25%	75%
<b>Total</b>	<b>24</b>	<b>19</b>	<b>43</b>	<b>56%</b>	<b>44%</b>

**Human Resources Policy**

**(1) Recruitment**

The Company 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 Company 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 Company 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 Group Chief Executive Officer, 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 Company 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 Company 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 period under review, the Company had three persons on its staff list with physical challenges.

**(4) Employee Involvement and Training**

The Company 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 Company provides opportunities where employees deliberate on issues affecting the Company and employee interests, with a view to making inputs to decisions thereon.

The Company places a high premium on the development of its workforce. Consequently, the Company sponsored its employees for various training courses, both locally and overseas, in the year under review. The Company 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**

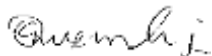
The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense. In line with the status of the Company as a family-friendly organization, we operate crèche facilities at our Head Office and our Ilupeju branch. 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 centers (within their vicinity) and social clubs towards achieving employee wellness.

The Company has in place a number of training programs, workshops and enlightenment programs/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 Company's premises.

The Company operates 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

July 30, 2024

### Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended June 30, 2024

The Directors accept responsibility for the preparation of the financial statements set out from pages 61-301 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.

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.

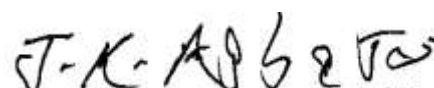
SIGNED ON BEHALF OF THE DIRECTORS BY:



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BANJI ADENIYI  
CHIEF FINANCIAL OFFICER  
FRC/2013/ICAN/00000004318

30 July 2024



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SEGUN AGBAJE  
GROUP MANAGING DIRECTOR  
FRC/2013/CIBN/00000001782

30 July 2024

### Report of the Audit Committee

#### *For the year ended June 30, 2024*

To the members of Guaranty Trust Holding Company Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act 2004, the members of the Audit Committee of Guaranty Trust Holding Company Plc hereby report as follows:

- ◆ We have exercised our statutory functions under Section 404(7) 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 Company 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 period ended June 30, 2024, were satisfactory and reinforce the Group's internal control systems.
- ◆ We are satisfied that the Company 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 Companies", and hereby confirm that an aggregate amount of N180,725,000 (31 December, 2023: N253,375,000) was outstanding as at 30 June, 2024. The status of performance of insider related credits is as disclosed in Note 44d.
- ◆ 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 the effectiveness of the Bank's system of accounting and internal control.

Mrs. Sandra Mbagwu-Fagbemi

Chairman, Audit Committee

July 30, 2024

**FRC/2020/002/00000020305**

#### **Members of the Audit Committee are:**

- |                               |   |                               |
|-------------------------------|---|-------------------------------|
| 1. Mrs. Sandra Mbagwu-Fagbemi | } | Chairman                      |
| 2. Alhaji M.A. Usman          |   |                               |
| 3. Mrs. A. Kuye               | } | Shareholder's Representatives |
| 4. Mrs. H. L. Bouygues        |   |                               |
| 5. Mrs. C. N. Echeozo         |   |                               |



## Corporate Responsibility for Financial Statements as at June 30, 2024

The Group Chief Executive Officer and the Group Chief Financial Officer of Guaranty Trust Holding Company PLC. have reviewed the audited financial statements and accept responsibility for the financial and other information within the annual report. The following certifications and disclosures regarding the true and fair view of the financial statements as well as the effectiveness of the Internal Controls established within the Group are hereby provided below:

### Financial Information

- I. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- II. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group as of and for the period ended June 30, 2024.

### Effective Internal Controls.

- I. Effective internal controls have been designed to ensure that material information relating to the Company and its Subsidiaries is made known by the relevant staff, particularly during the period in which the audited financial statement report is being prepared.
- II. The effectiveness of the Group's Internal controls have been evaluated within 90 days prior to June 30, 2024
- III. The Group's Internal Controls are effective as at June 30, 2024.

### Disclosures

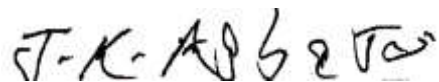
- I. There were no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarize and report financial data. Furthermore, there were no identified material weaknesses in the Group's Internal Control systems.
- II. There were no fraud events involving Senior Management or other employees who have a significant role in the company's Internal control.
- III. There were no significant changes in internal controls or in other factors that could significantly affect internal controls.

### SIGNED BY:



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CHIEF FINANCIAL OFFICER  
BANJI ADENIYI  
FRC/2013/ICAN/00000004318  
30 July, 2024



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GROUP MANAGING DIRECTOR  
SEGUN AGBAJE  
FRC/2013/CIBN/00000001782  
30 July, 2024

## Independent Auditor's Report

*To the Shareholders of Guaranty Trust Holding Company Plc*

### Report on the Audit of the Consolidated and Separate Financial Statements

#### *Opinion*

We have audited the consolidated and separate financial statements of Guaranty Trust Holding Company Plc ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate income statements, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for six months period ended 30 June 2024, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for six months period ended 30 June 2024 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the Banks and Other Financial Institutions Act (BOFIA) 2020, and relevant circulars issued by the Central Bank of Nigeria (CBN) and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, 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, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Independent Auditor's Report - continued  
To the Shareholders of Guaranty Trust Holding Company Plc- continued

Key Audit Matters - continued

The Key Audit Matter applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of loans and advances to customers The determination of the adequacy of the allowance for expected credit losses (ECL) for loans and advances to customers is highly subjective and judgmental.</p> <p>The Group reported total gross loans and advances to customers of N3,367 billion and allowance for ECL of N254.54 billion as at 30 June 2024, and ECL impairment charges of N47.4 billion for six months period ended 30 June 2024.</p> <p>Given the subjective nature of the calculation of ECL, there is a heightened risk that the extent of allowances could be misstated.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> <li>• determining criteria for significant increase in credit risk (SICR) for the purpose of stage assessment;</li> <li>• assessing the relationship between default and macro-economic variables;</li> <li>• incorporating forward looking information in the expected credit loss and establishing multiple scenarios with related probability weights;</li> <li>• validating the completeness and accuracy of historical data used to reassess the models;</li> <li>• validating the completeness and accuracy of data used to run the models;</li> <li>• factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD);</li> <li>• factors considered in cash flow estimation including timing and amount; and</li> <li>• factors considered in collateral valuation.</li> </ul> <p>The determination of ECL on loans and advances to customers is considered a key audit matter given the significant balances of the accounts, related ECL allowances and impairment charges, and the level of complexity and judgement involved in the process.</p>	<p>Our audit approach was a combination of control reliance and substantive procedures.</p> <p>We reviewed IT General and Application controls governing the IT systems used to calculate expected credit losses such as the process for data migration and upload, access controls over inputs into the system, change management controls and staging configuration within the system.</p> <p>We reviewed management's criteria for default and significant increase in credit risk (SICR) by reviewing customer files and account statements for selected obligors to identify quantitative and qualitative indicators of SICR and default.</p> <p>In addition, for stage 3 exposures, we assessed the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation, and timing of realization.</p> <p>Working with our credit risk modelling specialists, we gained an understanding of how the PD, LGD and EAD were derived by reviewing the ECL model documentation and performed walkthroughs.</p> <p>With the involvement of our specialists, we evaluated and performed the following in respect of the following ECL parameters:</p> <p>Probability of default (PD):</p> <ul style="list-style-type: none"> <li>• Assessed the Group's rating scale based on their homogenous categories.</li> <li>• Re-computed the through-the-cycle PDs by adopting the S&amp;P PD per credit rating to estimate the ECL parameters on a more granular basis i.e., monthly forecast for the PD, EAD cashflow projection.</li> <li>• Re-calculated the conversion of through-the-cycle PDs to conditional PDs.</li> </ul> <p>Loss given default (LGD):</p> <ul style="list-style-type: none"> <li>• Reviewed the assumptions used in determining LGD.</li> <li>• Tested historical data for recoveries on unsecured exposures and re-computed unsecured LGD in order to assess the reasonableness of the Group's LGD computations.</li> </ul>

<p>Refer to Note 3(V) - Impairment of Financial Assets for the related accounting policies and Note 28 - Loans and advances to customers, of the Consolidated and Separate Financial Statements for the details of the balances.</p>	<ul style="list-style-type: none"> <li>Reviewed and evaluated the reasonableness of collateral parameters.</li> </ul> <p><i>Exposure at default (EAD)</i> We re-computed the Lifetime exposures at default using the EAD parameters contained in the loan book.</p> <p><i>Disclosures</i> We evaluated the adequacy of disclosures in the consolidated and separate financial statements including the appropriateness of assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures.</p>
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#### *Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the document titled “Guaranty Trust Holding Company Plc Financial Statements together with Directors’ and Auditor’s Reports”, which includes the Corporate Governance, Subsidiaries Governance, Sustainability Report, Complaints and Feedback, Anti-Money Laundering and Combating Terrorist Financing Framework, Internal Control and Risk Management Systems, Directors’ Report, Statement of Directors’ Responsibilities in Relation to the preparation of the Financial Statements, Report of the Audit Committee; Statement of Corporate Responsibility for the Financial Statements, and Other National Disclosures. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Consolidated and Separate Financial Statements*

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act (BOFIA) 2020, and relevant circulars issued by the Central Bank of Nigeria (CBN) and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023, 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.

Independent Auditor's Report – continued  
*To the Shareholders of Guaranty Trust Holding Company Plc- continued*

*Responsibilities of the Directors for the Consolidated and Separate Financial Statements – continued*

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

*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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company'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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report – continued  
*To the Shareholders of Guaranty Trust Holding Company Plc- continued*

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements - continued*

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

We also provide the Directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, 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*

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Group and Company, in so far as it appears from our examination of those books;
- The consolidated and separate statements of financial position and the consolidated and separate income statements, consolidated and separate statements of other comprehensive income, are in agreement with the books of account; and
- In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

In compliance with the Banks and Other Financial Institutions Act 2020, and circulars issued by the Central Bank of Nigeria, we confirm that:

- i) Related party transactions and balances are disclosed in Note 44 to the consolidated and separate financial statements in compliance with Central Bank of Nigeria circular No. BSD/1/2004.
- ii) Returns on customers' complaints of Guaranty Trust Bank Limited, a wholly-owned subsidiary of Guaranty Trust Holding Company Plc are disclosed on page 318 - Other Information - Complaints and Feedback in compliance with Central Bank of Nigeria circular No. PDR/DIR/CIR/01/20.

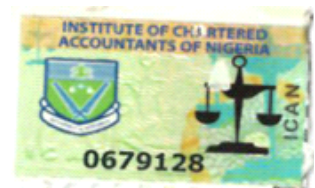
Independent Auditor's Report – continued  
*To the Shareholders of Guaranty Trust Holding Company Plc- continued*

*Report on Other Legal and Regulatory Requirements – continued*

iii) As disclosed in Note 45 to the consolidated and separate financial statements, the Company and Guaranty Trust Bank Limited paid penalties in the sum of N188.3million only in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act 2020 and certain circulars issued by the Central Bank of Nigeria, during the period ended 30 June 2024.

**Anthony Oputa**

Anthony Oputa  
FRC/2013/PRO/ICAN/004/00000000980  
For Ernst & Young  
Lagos, Nigeria



06 September 2024



## **Financial statements**

## Consolidated and separate statements of financial position

As at 30 June 2024

In thousands of Nigerian Naira	Notes	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
<b>Assets</b>					
Cash and bank balances	22	4,465,742,705	2,309,618,698	599,546	60,169
Financial assets at fair value through profit or loss	23	33,888,440	28,066,613	-	-
Derivative financial assets	24	159,168,390	28,961,143	-	-
Investment securities:					
– Fair value through profit or loss	25	4,371,058	3,947,850	-	-
– Fair value through other comprehensive income	25	2,375,901,881	894,064,002	-	-
– Held at amortised cost	25	1,489,833,901	1,571,317,478	-	-
Assets pledged as collateral	26	128,874,959	86,552,701	-	-
Loans and advances to banks	27	87,900	66,935	-	-
Loans and advances to customers	28	3,112,246,997	2,480,183,368	-	-
Restricted deposits and other assets	33	2,397,125,325	2,012,815,346	814,513	-
Investment in subsidiaries	29	-	-	162,956,560	162,956,560
Property and equipment, and Right of use assets	30	283,909,974	224,298,652	750,443	798,270
Intangible assets	31	35,026,244	33,076,038	-	-
Deferred tax assets	32	24,791,094	18,285,854	-	-
<b>Total assets</b>		<b>14,510,968,868</b>	<b>9,691,254,678</b>	<b>165,121,062</b>	<b>163,814,999</b>
<b>Liabilities</b>					
Deposits from banks	34	296,081,451	136,053,409	-	-
Deposits from customers	35	10,254,142,031	7,410,834,190	-	-
Financial liabilities at fair value through profit or loss	36	4,522,333	809,342	-	-
Other liabilities	37	1,090,782,307	493,325,925	12,645,412	16,483,941
Current income tax liabilities	20	75,857,760	41,303,351	39,658	88,692
Other borrowed funds	39	295,676,593	72,119,485	-	-
Deferred tax liabilities	32	94,279,992	59,680,905	89,481	11,862
<b>Total liabilities</b>		<b>12,111,342,467</b>	<b>8,214,126,607</b>	<b>12,774,551</b>	<b>16,584,495</b>

Consolidated and separate statements of financial position (Continued)

In thousands of Nigerian Naira	Notes	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
<b>Capital and reserves</b>	40				
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		(9,022,737)	(8,125,998)	-	-
Retained earnings		1,270,753,178	580,033,938	5,284,807	168,800
Regulatory risk reserves		75,108,462	75,085,447	-	-
Statutory reserves		617,515,476	487,807,671	-	-
Other components of equity		256,473,371	174,653,988	8,875,000	8,875,000
<b>Capital and reserves attributable to equity holders of the parent entity</b>		<b>2,349,014,454</b>	<b>1,447,641,750</b>	<b>152,346,511</b>	<b>147,230,504</b>
Non-controlling interests in equity		50,611,947	29,486,321	-	-
<b>Total equity</b>		<b>2,399,626,401</b>	<b>1,477,128,071</b>	<b>152,346,511</b>	<b>147,230,504</b>
<b>Total liabilities and equity</b>		<b>14,510,968,868</b>	<b>9,691,254,678</b>	<b>165,121,062</b>	<b>163,814,999</b>

Approved by the Board of Directors on 30 July 2024:



Group Chief Financial Officer

Banji Adeniyi

FRC/2013/ICAN/00000004318



Non Executive Director

Cathy Echeozo

FRC/2013/ICAN/00000001319



Group Chief Executive Officer

Segun Agbaje

FRC/2013/CIBN/00000001782

The accompanying notes to the financial statements form an integral part of these financial statements.

## Consolidated and separate income statements

For the period ended 30 June 2024

In thousands of Nigerian Naira	Notes	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
Interest income calculated using the effective interest method	9	607,699,921	214,451,051	-	-
Interest income on financial assets at fair value through profit or loss	9	10,187,834	11,494,740	-	-
Interest expense	10	(126,376,159)	(48,487,073)	-	-
<b>Net interest income</b>		<b>491,511,596</b>	<b>177,458,718</b>	-	-
Loan impairment charges	11	(47,395,082)	(82,961,912)	-	-
<b>Net interest income after loan impairment charges</b>		<b>444,116,514</b>	<b>94,496,806</b>	-	-
Fee and commission income	12	113,919,194	58,415,082	1,743,610	1,569,249
Fee and commission expense	13	(12,850,000)	(6,866,914)	-	-
<b>Net fee and commission income</b>		<b>101,069,194</b>	<b>51,548,168</b>	<b>1,743,610</b>	<b>1,569,249</b>
Net trading gains on financial instruments held at fair value through profit or loss	14	30,471,780	16,018,282	-	-
Other income <sup>1</sup>	15	630,271,078	372,223,802	84,507,182	85,390,499
Net impairment charge on other financial assets	16	(357,552)	(81,313,362)	-	-
Personnel expenses	17	(41,500,689)	(20,793,562)	(656,238)	(575,957)
Depreciation and amortisation	18	(27,519,213)	(19,360,484)	(47,827)	(47,827)
Other operating expenses	19	(132,775,486)	(85,421,917)	(174,567)	(252,688)
<b>Profit before income tax</b>		<b>1,003,775,626</b>	<b>327,397,733</b>	<b>85,372,160</b>	<b>86,083,276</b>
Income tax expense	20	(98,208,308)	(46,915,680)	(791,969)	(311,291)
<b>Profit for the period</b>		<b>905,567,318</b>	<b>280,482,053</b>	<b>84,580,191</b>	<b>85,771,985</b>
<b>Profit attributable to:</b>					
Equity holders of the parent entity		899,895,769	278,536,740	84,580,191	85,771,985
Non-controlling interests		5,671,549	1,945,313	-	-
		<b>905,567,318</b>	<b>280,482,053</b>	<b>84,580,191</b>	<b>85,771,985</b>

<sup>1</sup> Please refer to note 15 for the tax position regarding the other income of the Holding Company which is purely dividend income received from GTBank Nigeria Ltd.

### Earnings per share attributable to the equity holders of the parent entity during the period (expressed in naira per share):

– Basic	21	32.12	9.94	2.87	2.91
– Diluted	21	32.12	9.94	2.87	2.91

The accompanying notes to the financial statements form an integral part of these financial statements.

## Consolidated and separate statements of other comprehensive income

For the period ended 30 June 2024

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
<b>Profit for the period</b>		905,567,318	280,482,053	84,580,191	85,771,985
<b>Other comprehensive income:</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent years:					
Net change in fair value of equity investments FVOCI		423,208	16,987	-	-
		423,208	16,987	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Foreign currency translation differences for foreign operations		153,869,724	103,660,830	-	-
Income tax relating to foreign currency translation differences for foreign operations	20	(46,160,917)	(31,098,249)	-	-
Net change in fair value of other financial assets FVOCI		(15,485,829)	8,335,697	-	-
Income tax relating to change in fair value of other financial assets FVOCI	20	4,645,749	(2,495,386)	-	-
		96,868,727	78,402,892	-	-
Other comprehensive loss for the period, net of tax		97,291,935	78,419,879	-	-
<b>Total comprehensive income for the period</b>		<b>1,002,859,253</b>	<b>358,901,932</b>	<b>84,580,191</b>	<b>85,771,985</b>
<b>Total Comprehensive Income attributable to:</b>					
Equity holders of the parent entity		981,733,627	350,958,710	84,580,191	85,771,985
Non-controlling interests		21,125,626	7,943,222	-	-
<b>Total comprehensive income for the period</b>		<b>1,002,859,253</b>	<b>358,901,932</b>	<b>84,580,191</b>	<b>85,771,985</b>

The accompanying notes to the financial statements form an integral part of these financial statements.

**Consolidated Statement of Changes in Equity**  
**For the period ended 30 June 2024**  
**Group**

<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Equity Reserve	Regulatory risk reserves	Statutory reserves	Other regulatory reserves <sup>1</sup>	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interests	Total equity
<b>Balance at 1 January 2024</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>8,875,000</b>	<b>75,085,447</b>	<b>487,807,671</b>	<b>59,242,693</b>	<b>(8,125,998)</b>	<b>20,165,099</b>	<b>86,371,196</b>	<b>580,033,938</b>	<b>1,447,641,750</b>	<b>29,486,321</b>	<b>1,477,128,071</b>
<b>Total comprehensive income for the period:</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	899,895,769	899,895,769	5,671,549	905,567,318
<b>Other comprehensive income, net of tax</b>													
Foreign currency translation difference	-	-	-	-	-	-	-	-	96,053,346	-	96,053,346	11,655,461	107,708,807
Fair value adjustment	-	-	-	-	-	-	-	(14,215,488)	-	-	(14,215,488)	3,798,616	(10,416,872)
<b>Total other comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,215,488)</b>	<b>96,053,346</b>	<b>-</b>	<b>81,837,858</b>	<b>15,454,077</b>	<b>97,291,935</b>
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,215,488)</b>	<b>96,053,346</b>	<b>899,895,769</b>	<b>981,733,627</b>	<b>21,125,626</b>	<b>1,002,859,253</b>
<b>Transactions with equity holders, recorded directly in equity:</b>													
Transfers for the period	-	-	-	23,015	129,707,805	(18,475)	-	-	-	(129,712,345)	-	-	-
(Acquisition)/disposal of own shares <sup>1</sup>	-	-	-	-	-	-	(896,739)	-	-	-	(896,739)	-	(896,739)
Dividend to equity holders <sup>1</sup>	-	-	-	-	-	-	-	-	-	(79,464,184)	(79,464,184)	-	(79,464,184)
	-	-	-	<b>23,015</b>	<b>129,707,805</b>	<b>(18,475)</b>	<b>(896,739)</b>	<b>-</b>	<b>-</b>	<b>(209,176,529)</b>	<b>(80,360,923)</b>	<b>-</b>	<b>(80,360,923)</b>
<b>Balance at 30 June 2024</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>8,875,000</b>	<b>75,108,462</b>	<b>617,515,476</b>	<b>59,224,218</b>	<b>(9,022,737)</b>	<b>5,949,611</b>	<b>182,424,542</b>	<b>1,270,753,178</b>	<b>2,349,014,454</b>	<b>50,611,947</b>	<b>2,399,626,401</b>

<sup>1</sup>Please refer to Note 41

The accompanying notes to the financial statements form an integral part of these financial statements.

**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2023**  
**Group**

<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Equity reserves	Regulatory risk reserves	Statutory reserves	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
<b>Balance at 1 January 2023</b>	14,715,590	123,471,114	8,875,000	93,032,492	404,050,720	53,410,653	(8,125,998)	11,720,267	(4,003,765)	214,858,054	912,004,127	19,145,075	931,149,202
<b>Total comprehensive income for the period:</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	278,536,740	278,536,740	1,945,313	280,482,053
<b>Other comprehensive income, net of tax</b>													
Foreign currency translation difference	-	-	-	-	-	-	-	-	65,694,726	-	65,694,726	6,867,855	72,562,581
Fair value adjustment	-	-	-	-	-	-	-	6,727,244	-	-	6,727,244	(869,946)	5,857,298
<b>Total other comprehensive income</b>	-	-	-	-	-	-	-	6,727,244	65,694,726	-	72,421,970	5,997,909	78,419,879
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	6,727,244	65,694,726	278,536,740	350,958,710	7,943,222	358,901,932
<b>Transactions with equity holders, recorded directly in equity:</b>													
Transfers for the period	-	-	-	1,019,690	44,964,300	-	-	72,852	-	(46,056,842)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,943,588)	(4,943,588)
Dividend to equity holders <sup>2</sup>	-	-	-	-	-	-	-	-	-	(84,000,327)	(84,000,327)	(600,440)	(84,600,767)
Transfer to Non-controlling interest	-	-	-	-	-	-	-	-	-	(2,662,454)	(2,662,454)	2,662,454	-
	-	-	-	1,019,690	44,964,300	-	-	72,852	-	(132,719,623)	(86,662,781)	(2,881,574)	(89,544,355)
<b>Balance at 30 June 2023</b>	14,715,590	123,471,114	8,875,000	94,052,182	449,015,020	53,410,653	(8,125,998)	18,520,363	61,690,961	360,675,171	1,176,300,056	24,206,723	1,200,506,779

<sup>1</sup> Please refer to Note 40

<sup>2</sup> Please refer to Note 41

The accompanying notes to the financial statements form an integral part of these financial statements.

**Statement of Changes in Equity**  
**For the year ended 30 June 2024**  
**Company**

<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Equity Reserve	Regulatory risk reserves	Statutory reserves	Other regulatory reserves <sup>1</sup>	Fair value reserve	Retained earnings	Total equity
<b>Balance at 1 January 2024</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>8,875,000</b>	-	-	-	-	<b>168,800</b>	<b>147,230,504</b>
<b>Total comprehensive income for the period:</b>									
Profit for the period	-	-	-	-	-	-	-	84,580,191	84,580,191
<b>Other comprehensive income, net of tax</b>									
<b>Total other comprehensive income</b>	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	84,580,191	<b>84,580,191</b>
<b>Transactions with equity holders, recorded directly in equity:</b>									
Dividend to equity holders <sup>1</sup>	-	-	-	-	-	-	-	(79,464,184)	(79,464,184)
	-	-	-	-	-	-	-	<b>(79,464,184)</b>	<b>(79,464,184)</b>
<b>Balance at 30 June 2024</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>8,875,000</b>	-	-	-	-	<b>5,284,807</b>	<b>152,346,511</b>

<sup>1</sup> Please refer to Note 41

The accompanying notes to the financial statements form an integral part of these financial statements.



**Statement of Changes in Equity**  
**For the year ended 30 June 2023**  
**Company**

*In thousands of Nigerian Naira*

	Share capital	Share premium	Equity Reserve	Regulatory risk reserves	Statutory reserves	Other regulatory reserves	Fair value reserve	Retained earnings/(loss)	Total equity
<b>Balance at 1 January 2023</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>8,875,000</b>	-	-	-	-	<b>(9,110,185)</b>	<b>137,951,519</b>
<b>Total comprehensive income for the period:</b>									
Profit for the period	-	-	-	-	-	-	-	85,771,985	85,771,985
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	<b>85,771,985</b>	<b>85,771,985</b>
<b>Transactions with equity holders, recorded directly in equity:</b>									
Dividend to equity holders <sup>1</sup>	-	-	-	-	-	-	-	(82,407,302)	(82,407,302)
	-	-	-	-	-	-	-	<b>(82,407,302)</b>	<b>(82,407,302)</b>
<b>Balance at 30 June 2023</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>8,875,000</b>	-	-	-	-	<b>(5,745,502)</b>	<b>141,316,202</b>

<sup>1</sup> Please refer to Note 41

The accompanying notes to the financial statements form an integral part of these financial statements.

## Consolidated and separate statements of cash flows

For the year ended 30 June 2024

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
<b>Cash flows from operating activities</b>					
Profit for the period		905,567,318	280,482,053	84,580,191	85,771,985
Adjustments for:					
Depreciation of property and equipment and right of use assets	18	24,116,655	15,362,301	47,827	47,827
Amortisation of Intangible assets	18	3,402,558	3,998,183	-	-
Gains on disposal of property and equipment	15	(132,129)	(14,060)	-	-
Impairment on financial assets	39cxii	47,752,634	164,275,274	-	-
Restoration cost of lease liabilities	37	(114,480)	-	-	-
Net interest income		(491,511,596)	(177,458,718)	-	-
Unrealised Gain on forward transactions	15	(130,207,247)	(16,034,924)	-	-
Unrealised Fair value gains on Financial instrumen	15	(493,021,681)	(253,644,197)	-	-
Unrealised Foreign exchange (gains)/loss	15	3,920,188	(103,827,072)	-	-
Fair value changes for assets at FVTPL	15	328,450	4,477,653	-	-
Dividend income	15	(430,719)	(153,508)	(84,467,484)	(85,350,420)
Income tax expense	20	98,208,308	46,915,680	791,969	311,291
		(32,121,741)	(35,621,335)	952,503	780,683
Net changes in:					
Financial assets at fair value through profit or loss	39ci	(4,515,450)	(6,883,916)	-	-
Assets pledged as collateral	39cii	(37,090,743)	(4,070,840)	-	-
Loans and advances to banks and placements with banks	39ciii	(299,436,699)	(16,871,282)	-	-
Loans and advances to customers	39civ	338,844,429	258,093,047	-	-
Restricted deposits and other assets	39cv	(285,863,053)	(622,716,804)	(814,513)	123,890
Deposits from banks	39cvi	(32,019,823)	(199,385,349)	-	-
Deposits from customers	39cvii	884,711,123	435,762,168	-	-
Financial liabilities at fair value through profit or loss	39cviii	3,712,991	18,729,659	-	-
Other liabilities	39cix	409,230,356	(76,958,276)	(3,838,529)	(3,499,478)
		977,573,131	(214,301,592)	(4,653,042)	(3,375,588)
Interest received	39cx	545,483,409	176,715,045	-	-
Interest paid	39cxi	(114,587,576)	(49,663,027)	-	-
		430,895,833	127,052,018	-	-
		1,376,347,223	(122,870,909)	(3,700,539)	(2,594,905)
Income tax paid	20(b)	(78,983,934)	(45,614,795)	(763,383)	(311,291)
<b>Net cash flows provided from/(used in) operating activities</b>		<b>1,297,363,289</b>	<b>(168,485,704)</b>	<b>(4,463,922)</b>	<b>(2,906,196)</b>

The accompanying notes to the financial statements form an integral part of these financial statements.

## Consolidated and separate statements of cash flows

For the year ended 30 June 2024

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
<b>Cash flows from investing activities</b>					
Redemption of investment securities	39cxiii	3,270,628,116	1,565,939,553	-	-
Purchase of investment securities	39cxiv	(3,999,679,217)	(1,953,296,041)	-	-
Dividends received	15	430,719	153,508	84,467,484	85,350,420
Purchase of property and equipment and Right of use assets	30	(55,361,771)	(21,809,889)	-	-
Proceeds from the sale of property and equipment		154,572	20,197	-	-
Purchase of intangible assets	31	(4,219,040)	(4,099,882)	-	-
<b>Net cash flows from/(used in) from investing activities</b>		<b>(788,046,621)</b>	<b>(413,092,555)</b>	<b>84,467,484</b>	<b>85,350,420</b>
<b>Cash flows from financing activities</b>					
Repayment of long term borrowings	39(b)	(43,322,111)	(10,866,259)	-	-
Proceeds from long term borrowings	39(b)	255,016,083	413,695	-	-
Purchase of treasury shares	40	(896,739)	-	-	-
Payment of lease liabilities	37f	(1,906,350)	(4,036,388)	-	-
Dividends paid to owners	41	(79,464,184)	(84,000,327)	(79,464,184)	(82,407,302)
Dividends paid to non-controlling interests	41	-	(600,440)	-	-
Acquisition of non-controlling interests	29a	-	(4,943,588)	-	-
<b>Net cash flows from/(used in) from financing activities</b>		<b>129,426,699</b>	<b>(104,033,307)</b>	<b>(79,464,184)</b>	<b>(82,407,302)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>638,743,367</b>	<b>(685,611,566)</b>	<b>539,378</b>	<b>36,922</b>
Cash and cash equivalents at beginning of the period		2,005,936,199	1,596,078,639	60,168	-
Effect of exchange rate fluctuations on cash held		1,208,925,507	1,342,381,375	-	-
<b>Cash and cash equivalents at end of the period</b>	22(b)	<b>3,853,605,073</b>	<b>2,252,848,448</b>	<b>599,546</b>	<b>36,922</b>

The accompanying notes to the financial statements form an integral part of these financial statements.

## 1. Reporting entity

Guaranty Trust Holding Company PLC (“the Parent” or the “the Company”) is a company incorporated in Nigeria. The address of the Company’s registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the period ended 30 June 2024, are prepared for the Company and the Group (Holding Company and its subsidiaries, separately referred to as “Group entities”) respectively. The Group is primarily involved in the provision of banking and other financial services to corporate and individual customers.

## 2. Basis of preparation

The consolidated and separate annual financial statements for the period ended 30 June 2024 have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act, the Financial Reporting Council of Nigeria Act and other relevant Central Bank of Nigeria circulars.

IFRS does not explicitly specify the accounting treatment for a group restructuring / re-organisation but provides guidance on the choices available in accounting for such transactions. In accounting for this restructuring, the Group applied the pooling of interests method of accounting after taking the following into consideration:

- The assets and liabilities of the company and subsidiaries are reflected at their carrying amounts as no adjustments have been made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination. The accounting policies of the company and subsidiaries are well aligned upon the reorganization.
- No ‘new’ goodwill is recognised as a result of the reorganization.
- The consolidated income statements reflect the results of the company and its subsidiaries.

Although Guaranty Trust Holdings PLC commenced operations on August 1, 2021, the accounting information has been prepared as if the Group had always been in existence in its current form and prior period comparatives presented accordingly.

The Financial Statements were authorized for issue by the directors on 30 July 2024.

## 3. (a) Material 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.

- **Functional and presentation currency**

These Consolidated and Separate financial statements are presented in Nigerian Naira, which is the Company’s functional currency. Except where indicated, financial information presented

in Naira has been rounded to the nearest thousand.

- **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.
- ✓ Assets and liabilities at fair value through profit or loss are measured at fair value.
- ✓ Assets and Liabilities held to maturity are measured at amortised cost.
- ✓ Fair value through other comprehensive income (FVOCI) financial assets are measured at fair value.
- ✓ Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- ✓ The Employee benefit asset 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.

- **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.

- **Changes to accounting policies**

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

### **Standards and interpretations effective during the reporting period**

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2024. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants**

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods

beginning on or after 1 January 2024 and must be applied retrospectively. The amendment clarifies:

- ◆ What is meant by a right to defer settlement.
- ◆ That a right to defer must exist at the end of the reporting period.
- ◆ That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- ◆ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Board also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by “settlement” of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

The amendment does not have any material impact on the Group.

- **Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback**

In September 2022, the Board issued Lease Liability in a Sale and Leaseback. The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

However, the requirements do not prevent the seller-lessee from recognizing any gain or loss arising from the partial or full termination of a lease.

The amendment does not have any significant impact on the Group, as there is non-existent of such transaction as Sale and Leaseback within the Group or with external parties.

- **Amendments to IAS 7 & IFRS 7 – Supplier Finance Arrangements**

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity’s suppliers.

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions.

The amendment does not have any material impact on the Group.

### 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 1 January 2024:

Standard	Content	Effective Date
IAS 21	Lack of exchangeability	01-Jan-25
IFRS 9 & IFRS 7	Classification and Measurement of Financial Instruments	01-Jan-26
IFRS 18	Presentation and Disclosure in Financial Statements	01-Jan-27
IFRS 19	Subsidiaries without Public Accountability: Disclosures	01-Jan-27

The Group did not apply 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 IAS 21 – Lack of exchangeability**

In August 2023, the Board issued Lack of exchangeability amendments to IAS 21. The amendments specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendment does not have any material impact on the Group.

- **IFRS 9 & IFRS 7 – Classification and Measurement of Financial Instruments**

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- ✓ Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial

liabilities that are settled through an electronic payment system before settlement date if certain conditions are met

- ✓ Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- ✓ Clarifies the treatment of non-recourse assets and contractually linked instruments
- ✓ Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The Group plans to adopt the amendment when it becomes effective.

- **IFRS 18 – Presentation and Disclosure in Financial Statements**

In April 2024, the Board issued IFRS 18 to become effective on 1 January 2027. The objective of the Standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses, with emphasis on the subject matter as shown below:

- ✓ **Aggregation** : The adding together of assets, liabilities, equity, income, expenses or cash flows that share characteristics and are included in the same classification.
- ✓ **Classification**: The sorting of assets, liabilities, equity, income, expenses and cash flows based on shared characteristics.
- ✓ **Disaggregation**: The separation of an item into component parts that have characteristics that are not shared

The Group plans to adopt the full scope of the Standard when it becomes effective.

- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures**

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.



**Eligible entities**

- ✓ It is a subsidiary as defined in IFRS 10 Consolidation Financial Statement
- ✓ It does not have public accountability
- ✓ It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

The standard does not have any Impact on the Group as the group is not an Eligible entity

**(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 at the Holding Company's reporting date. The consolidation principles are unchanged as against the comparative period.

**(i) Subsidiaries**

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

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

**Acquisition of subsidiaries**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. 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.

**(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 fair value through other comprehensive income, 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 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) Revenue from contract with customers**

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

**Guaranty Trust Pension Managers Limited**

Revenue recognition by the Pension Manager subsidiary are under the following;

**Asset Based Fees:** These are fees earned on pension funds by the company and held by fund custodians as stipulated by Pension Reform Act 2014. It is earned over time and invoiced on a preceding month basis at the approved rates for the various funds under the multi-fund structure.

**Fee Income earned from administrative services:** These are fees earned over time from contributors to cover cost of administering each Retirement Savings Account. The Company does not recognize revenue from a contributor that has not made contribution for a particular month. The performance obligation is satisfied over the administration of each Retirement Savings Account.

**Fee Income from providing management services:** Fees earned for the provision of services over a period of time are accrued over that period. That is, the fees are invoiced on a preceding month basis but accrued on a daily basis on the fund. These fees include the administration and supervision of Pension Fund Assets. Revenue recognized is based on a percentage of the opening Net Asset value of the Pension Fund investment at the beginning of the period of charge. The performance obligation is satisfied over the administration and supervision of Pension Fund Assets.

**Guaranty Trust Fund Managers Limited**

Guaranty Trust Fund Managers Limited provides funds management services to individuals and corporate organisations. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expects that the accounting result will not be materially different from the result of applying the

standard to the individual contracts. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided below.

#### **Payments Company- HabariPay Limited**

##### **The Company's sources of revenue are derived from the following:**

Net commission recognized on merchant service charged to transaction value processed on behalf of our merchants.

Sales margin recognized on bills payments i.e., airtime vending, and bulk SMS sent on behalf of our customers.

The Company has generally concluded that it is the principal in its revenue arrangement. The five-step model as suggested by IFRS-15 has been followed in recognizing revenue.

##### **(e) 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. These fees are management fees on non revolving credit facilities.

Other fees and commissions which relates mainly to transaction and service fees, including commitment fees which are charged on undisbursed portion of credit facilities, investment management and other fiduciary activity fees, sales commission, placement line fees, syndication fees and guarantee issuance fees are recognised at a point in time, or over time as the related services are provided / performed.

#### **Payments Company- HabariPay Limited**

The Payment Company's fees and commissions are derived from net commissions recognized on merchant services charged to transaction value processed on behalf of our merchants. Revenue related to the above transactions are recognized at the point in time when the transaction takes place.

#### **Guaranty Trust Fund Managers Limited**

Fees and commissions in the Fund Manager subsidiary are recognized on an accrual basis for the period under review at amortized cost. The management fees earned on funds being managed are as stipulated by the guiding of the respective individual trust deeds.

##### **(f) Net gains on financial instruments held at fair value through profit or loss.**

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.

**(g) 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.

**(h) 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 held at fair value through profit or loss. Dividend income on long term equity investments is recognised as a component of other income.

**(l) Leases**

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 right-of-use asset is included in Restricted deposit and other assets. 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.

**(J) 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, NITDEF tax and Nigeria Police Trust Fund levy. 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 2.5% of assessable profit, NITDEF tax is a 1% levy on Profit before tax of the Bank, and Nigeria Police Trust Fund Levy is 0.005% of Net profit.

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. The Group had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets

**(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.

## **(k) 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.

**(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 amortised cost using the effective interest rate method. Amortised 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. Amortisation is included in Interest income in the Consolidated and Separate Income Statement. Impairment on financial assets measured at amortised cost is calculated using the expected credit loss approach.

Loans and debt securities measured at amortised 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 and Separate Income Statement. Foreign exchange gains and losses that relate to the amortised cost of the debt instrument are recognized in the Consolidated and Separate Income Statement. Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to Interest income in the Consolidated and Separate of Income Statement 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 and Separate Statement of Financial Position, with transaction costs recognized immediately in the Consolidated and Separate Income

Statements as part of Other Income. Realized and unrealized gains and losses are recognized as part of Other Income in the Consolidated and Separate Income Statements.

#### **(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 and Separate Income Statement. 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 and Separate Income Statement. Dividends received are recorded in other income in the Consolidated and Separate Income Statement. 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 and Separate Income Statement 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 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 held at fair value through profit or loss'. 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 and Separate 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 and Separate Income Statement 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 bank balances**

Cash and bank balances include notes and coins on hand, unrestricted balances held with central banks, balances held with other banks and Money market placements which are used by the Group in the management of its short-term commitments.

Cash and Cash equivalents referred to in the statement of cash flow comprises cash in hand, non-restricted balance held with central banks and amount due from banks on demands with an original maturity of three months or less.

Cash and bank balances 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 occur 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 31 January 2018, the reclassification date will be 1 April, 2019 (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 31 January, 2018. Gains, losses or interest previously recognised are not restated when reclassification occurs.

#### **iv. Modification of financial assets and liabilities**

##### **(a) Financial assets**

The Group sometimes modifies the contractual cashflows of loans to customers. Where the terms of a financial asset are modified via amendments to the loan agreements, the Group evaluates whether the cash flows of the modified asset are substantially different from the original cashflows. 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 derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost of the original financial asset and the present value of the estimated future cashflows of the new asset is debited or credited to the customer's account.

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan include but not limited to:

- 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.
- Extension of maturity dates will lead to modification and derecognition of existing loan and recognition of a new loan.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. For example, contractual cashflows of loan to customers may also be modified due to blanket payment holidays imposed by law and regulations and effective automatically without amendments being made to the loan agreements. In this scenario, the bank revises the expected gross carrying amount by discounting the rescheduled payments at original effective interest rate and the resulting loss is

recognised immediately in Other income in Profit or loss as a cumulative catch-up adjustment.

Fees that are considered in determining the fair value of modified financial asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset and form part of the effective interest on the modified financial asset while other fees are included in profit or loss as part of the gain or loss on derecognition.

Impairment assessment is performed on modified financial assets before modification.

### **(b) Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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:

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

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

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

### **Measurement of Expected Credit Losses**

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

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
  - 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The Bank obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.
  - Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for ‘stage 2’ and ‘stage 3’ exposures. PDs are limited to the maximum period of exposure required by IFRS 9. The Bank obtains 3 years forecast for the relevant macroeconomic variables and adopts exponentiation method to compute cumulative PD for future time periods for each obligor.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

#### **Forward-looking information**

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

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

- The Group uses internal subject matter experts from Risk, Treasury and Business Divisions to consider a range of relevant forward looking data, including macro-economic forecasts and assumptions, for the determination of unbiased general economic adjustments in order to support the calculation of ECLs.
- Macro-economic variables taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, inflation, crude-oil prices and exchange rate, and requires an evaluation of both the current and forecast direction of the macro-economic cycle.
- Macro-economic variables considered have strong statistical relationships with the risk parameters (LGD, EAD, CCF and PD) used in the estimation of the ECLs, and are capable of predicting future conditions that are not captured within the base ECL calculations.
- Forward looking adjustments for both general macro-economic adjustments and more targeted at portfolio / industry levels. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

#### **Macroeconomic factors**

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

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

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

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

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

### **Multiple forward-looking scenarios**

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

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

### **Assessment of significant increase in credit risk (SICR)**

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

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

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

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there

is a reasonable and supportable evidence available without undue cost to rebut the presumption.

### **Definition of Default and Credit Impaired Financial Assets**

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

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired. In addition, loans that are more than 90 days past due are considered impaired.

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:

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

**(l) 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.

**(m) 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.

**(n) 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'.

**(o) 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 is not consolidated but 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.

**(p) Property and equipment**

**(i) Recognition and measurement**

The Group recognises items of property and equipment as assets when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably, items of property and equipment is recognised at the time the cost is incurred. These costs include costs incurred initially to acquire or construct an item of property 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 and Equipment	Estimated Useful Life
<b>Leasehold improvements and buildings:</b>	
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
<b>Furniture and equipment:</b>	
Furniture and fittings	5years
Machine and equipment	5years
Computer hardware	3years
<b>Motor vehicles:</b>	4years

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.

#### (q) 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.

## (r) 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.

**(s) 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.

**(t) 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.

**(u) 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.

(v)

### **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.

**(w) Share capital and reserves**

**(i) Share issue costs**

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

**(ii) Dividend on the Bank's ordinary shares**

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

**(iii) Treasury shares**

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

**(wi) 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.

**(x) 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 directly traceable to the operating segments are allocated to the segment concerned, while indirect costs are allocated based on the benefits derived from such costs.

**Habaripay Limited**

The following summary describes the operations in each of the Payment Company's reportable segments:

Payment Gateway: payments processed via virtual accounts, USSD, card and bank transfer channels for merchants classified as tech stars, large corporates, small and medium enterprise, and micro merchants

Switching Vertical: payment processed through our payment Switch i.e., account to account bank transfers and card transactions.

Value Added Vertical: bill payments for airtime vending and distribution of bulk SMS processed through Value Added Service Aggregators licensed by Nigeria Communications Commission.

**(y) 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.

**(z)**

### **Stocks**

Stocks include consumables and cards held for resale or subsequent issuance to customers. They are measured at lower of cost and net realizable value. Cost comprises of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realizable value is the estimated issuance price. When items of stocks are issued to customers, their carrying amount is recognized as an expense in the period in which the relevant revenue is recognized.

## 4. Financial Risk Management

### (a) Introduction and overview

Guaranty Trust Holding Company Plc has a robust risk culture and embrace the best practice Enterprisewide Risk Management. The risk management framework is designed to align people, strategy, policies, processes, technology and business intelligence in order to evaluate, manage and optimize the opportunities and threats it may face in maximising sustainable stakeholders' value within its defined risk appetite.

To continually sustain this strong risk culture, the Group 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 curtail risks in achieving the desired objectives.

The Group has recognised its major risk areas to include Credit, Operational, Information Technology, Cyber Security, 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 Group'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 Group'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 Group will not take any action that will compromise its integrity
- Risk control will serve to enhance the achievement of strategic objectives.
- The Group will always comply with all government regulations and continually espouse global best practice.
- Risk management will form a key part of the Group's strategy setting process
- The Group will only assume risks that fall within its risk appetite with appropriate returns.
- The Group shall adhere to the risk management cycle of identifying, measuring, controlling and reporting risks.
- The Group shall continually review its activities to determine the level of inherent risks and deploy appropriate risk responses at all time.



### Risk Appetite

The Group 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 Company determine the risks that are acceptable based on its capabilities in terms of people, capital and technology.

### Risk Appetite Statement

***“Guaranty Trust Bank Holding Company 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 Group’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
- Operational Risk Loss

### Risk Tolerance

To achieve the desired impact of the risk appetite statement across all business divisions, the Group 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 Group’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 Group'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 Group's activities are material enough to impact on the continued adoption of the existing policies. The Group, 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.

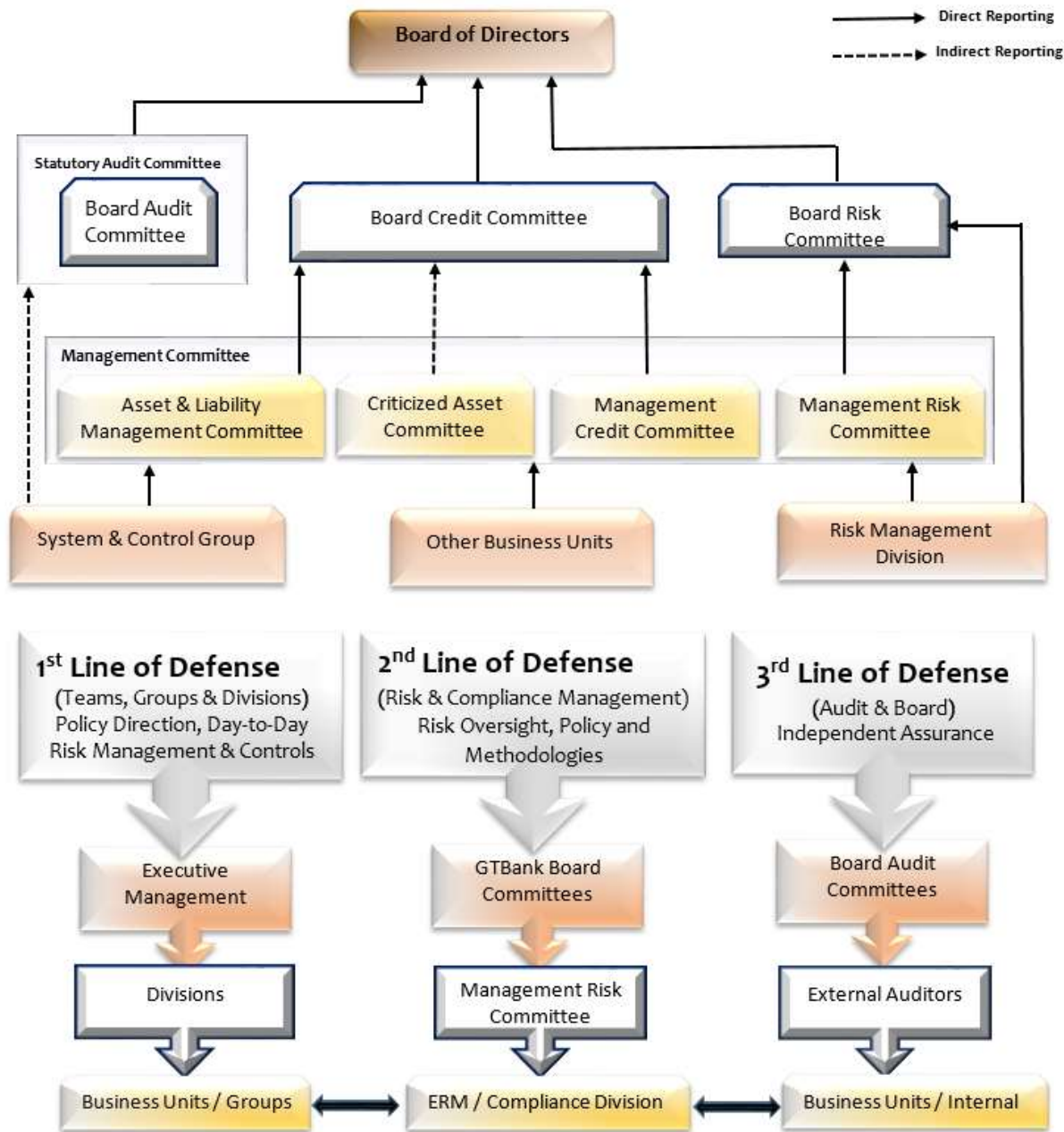
The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function over all the Group's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees 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 Group. These committees include:

- The Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Management Risk Committee
- Information Technology (IT) Steering Committee
- Information Technology (IT) Risk Management 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 Company. 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 Group'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 Company'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 Group. 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 Company'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 Group's internal control procedures in the area of risk assets remain fool-proof to safeguard the quality of the Group's risk assets.

**Management Risk Committee** examines risk in its entirety by reviewing and analysing environmental issues and policies impacting the Group, 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 Group'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 Group through stress tests and simulations.

**Criticised Assets Committee** is responsible for the assessment of the Group'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 Group as credit exposures, arising from lending activities account for the major portion of the Group's assets and source of its revenue. Thus, the Group ensures that credit risk related exposures are properly monitored, managed and controlled.

### (d) Risk Management Methodology

The Group 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 Group incorporated a strategic framework for the efficient measurement and management of risks and capital. The Group 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 Group 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 Group and in recognition of this, great emphasis is placed on effective management of its exposure to credit risk. The Group defines credit risk as the risk of failure by a counterparty to meet the terms of any lending contracts with the Group 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 Group 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 Group 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 Group developed a comprehensive Internal Capital Adequacy

Assessment Process (ICAAP) document, which detailed approaches and procedures on how the Group 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 Group has implemented the Standardized Approach for the three risk areas – Credit, Market & Operational risk and the Advanced Internal Rating Based (AIRB) Approach 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 Group'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 Group'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 Group in the management of credit risk.

Business units are required to implement the Group's credit policies and procedures, with credit approval authorised by the Board Credit Committee.



### (ii) Credit Risk Measurement

In line with IFRS 9, the Group 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 evolving risk culture, the company developed internal rating models along the Group'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 Group 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 Group'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 Group 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 Group's rating grades reflect the range of parameters internally developed to predict the default probabilities of each rating class in line with international best practices and in compliance with BASEL II requirements. The grades reflect granularities and are handled by Account Officers and Relationship Managers with validation by Credit Risk Management Group.

Rating Grade	Description	Characteristics
1 (AAA)	Exceptional Credit	<ul style="list-style-type: none"> <li>• Exceptional credit quality</li> <li>• Obligors with overwhelming capacity to meet obligation</li> <li>• Top multinationals / corporations</li> <li>• Good track record</li> <li>• Strong brand name</li> <li>• Strong equity and assets</li> <li>• Strong cash flows</li> <li>• Full cash coverage</li> </ul>
2 (AA)	Superior Credit	<ul style="list-style-type: none"> <li>• Very high credit quality</li> <li>• Exceptionally high cash flow coverage (historical and projected)</li> <li>• Very strong balance sheets with high liquid assets</li> <li>• Excellent asset quality</li> <li>• Access to global capital markets</li> <li>• Typically large national corporate in stable industries and with significant market share</li> </ul>
3 (A)	Minimal Risk	<ul style="list-style-type: none"> <li>• High quality borrowers</li> <li>• Good asset quality and liquidity position</li> <li>• Strong debt repayment capacity and coverage</li> <li>• Very good management</li> <li>• Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected</li> </ul>



		<ul style="list-style-type: none"> <li>Typically in stable industries</li> </ul>
4 (BBB)	Above Average	<ul style="list-style-type: none"> <li>Good asset quality and liquidity</li> <li>Very good debt capacity but smaller margins of debt service coverage</li> <li>Good management in key areas</li> <li>Temporary difficulties can be overcome to meet debt obligations</li> <li>Good management but depth may be an issue</li> <li>Good character of owner</li> <li>Typically good companies in cyclical industries</li> </ul>
5 (BB)	Average	<ul style="list-style-type: none"> <li>Satisfactory asset quality and liquidity</li> <li>Good debt capacity but smaller margins of debt service coverage</li> <li>Reasonable management in key areas</li> <li>Temporary difficulties can be overcome to meet debt obligations</li> <li>Good management but depth may be an issue</li> <li>Satisfactory character of owner</li> <li>Typically good companies in cyclical industries</li> </ul>
6 (B)	Acceptable Risk	<ul style="list-style-type: none"> <li>Limited debt capacity and modest debt service coverage</li> <li>Could be currently performing but susceptible to poor industry conditions and operational difficulties</li> <li>Declining collateral quality</li> <li>Management and owners are good or passable</li> <li>Typically borrowers in declining markets or with small market share and operating in cyclical industries</li> </ul>
7 (CCC)	Watch-list	<ul style="list-style-type: none"> <li>Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment</li> <li>Typically start-ups / declining markets/deteriorating industries with high industry risk</li> <li>Financial fundamentals below average</li> <li>Weak management</li> <li>Poor information disclosure</li> </ul>
8 (CC)	Substandard Risk	<ul style="list-style-type: none"> <li>Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat</li> <li>Continued strength is on collateral or residual repayment capacity of obligor</li> <li>Partial losses of principal and interest possible if weaknesses are not promptly rectified</li> <li>Questionable management skills</li> </ul>
9 (C)	Doubtful Risk	<ul style="list-style-type: none"> <li>High probability of partial loss</li> <li>Very weak credit fundamentals which make full debt repayment in serious doubt</li> <li>Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status</li> <li>Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile</li> </ul>

10 (D)	Lost	<ul style="list-style-type: none"> <li>• A definite loss of principal and interest</li> <li>• Lack of capacity to repay unsecured debt</li> <li>• Bleak economic prospects</li> <li>• Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs</li> </ul>
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Risk ratings models form the building blocks for the determination of default risk of counterparties. The models are backtested to ascertain the predictive capabilities relative to actual performance and make necessary amendments as necessary to enhance their effectiveness.

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 Group 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 Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. The tools have been developed internally using rigorous statistical analysis and the professional judgement of credit analysts.

The rating tool combines both qualitative and quantitative factors comparable to internationally available standards. The rating methods are subject to backtest to ensure that they reflect the latest projection in the light of all actually observed defaults.

The Group 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 Group 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 customer rating) 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 Group'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 Group'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 Group 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 Group uses Simplified approach in determining PDs for other financial instruments below:

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

- 2. Exposure at Default (EAD)** – This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdown on committed facilities.

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

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

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

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

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

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

The Group 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

an obligor, 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 Group 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 Group 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 avilment. 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 Company and Group as at 30 June 2024 and 31 December 2023.

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

<i>In thousands of Nigerian naira</i>	Maximum exposure Group		Maximum exposure Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Cash and bank balances:				
- Unrestricted balances with central banks	393,919,831	238,378,190	-	-
- Balances held with other banks	846,111,117	493,734,665	-	-
- Money market placements	2,908,691,515	1,368,995,030	-	-
Loans and advances to banks	87,900	66,935	-	-
Loans and advances to customers <sup>1</sup> :				
- Loans to individuals	412,991,966	348,510,161	-	-
- Loans to non-individuals	2,699,255,031	2,131,673,207	-	-
Financial assets at fair value through profit or loss:				
- Debt securities	33,888,440	28,066,613	-	-
- Derivative financial instruments	159,168,390	28,961,143	-	-
Investment securities:				
- Debt securities	3,863,483,804	2,463,235,069	-	-
Assets pledged as collateral:				
- Debt securities	128,874,959	86,552,701	-	-
Restricted deposits and other assets <sup>2</sup>	2,157,927,079	1,920,162,162	-	-
<b>Total</b>	<b>13,604,400,032</b>	<b>9,108,335,876</b>	-	-
Loans exposure to total exposure	23%	27%	0%	0%
Debt securities exposure to total exposure	30%	28%	0%	0%
Other exposures to total exposure	47%	45%	0%	0%

As shown above, 23% (Company: 0% ) of the total maximum exposures is derived from loans and advances to banks and customers (2023: 27% ; Company: 0% ); while 30% (Company: 0% ) represents exposure to investments in debt securities (2023: 28% ; Company: 0%). 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.

<sup>1</sup> Further classification of Loans to Customers along product lines are provided on the next page.

<sup>2</sup> 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, Prepayment and Stock have been excluded.

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

<i>In thousands of Nigerian naira</i>	Maximum exposure Group		Maximum exposure Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Financial guarantees	734,619,684	623,937,083	-	-
Other contingents	80,673,374	36,357,312	-	-
<b>Total</b>	<b>815,293,058</b>	<b>660,294,395</b>	-	-

Contingencies are disclosed on Note 42

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

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

- 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		Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Loans to individuals:				
Overdraft	39,545,711	46,563,242	-	-
Loans	373,322,599	301,801,420	-	-
Others	123,656	145,499	-	-
	<b>412,991,966</b>	<b>348,510,161</b>	-	-
Loans to non-individuals:				
Overdraft	196,312,672	161,059,131	-	-
Loans	2,452,659,311	1,940,248,453	-	-
Others	50,283,048	30,365,623	-	-
	<b>2,699,255,031</b>	<b>2,131,673,207</b>	-	-

**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 at fair value through profit or loss and investment securities.

**Unrestricted balances with central banks, Balances held with other banks, Money Market placements, financial assets at fair value through profit or loss 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.

<i>In thousands of Nigerian naira</i>	Credit quality Group		Credit quality Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
<b>Sovereign Ratings</b>				
Nigeria (B-) S&P	43,583,586	20,281,786	-	-
BB-	30,339,733	20,675,885	-	-
B	44,291,876	34,269,585	-	-
SD	219,317,761	131,017,149	-	-
unrated	56,386,875	32,133,785	-	-
	<b>393,919,831</b>	<b>238,378,190</b>	-	-

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

A significant portion of the Group's unrated financial assets relates to cash balances held with central banks as well as sovereign debt securities for which no external ratings are available. For such assets, the Group considers the credit quality of the counterparty, taking into account its financial position, past experience and other factors. Exposure limits are set and compliance is monitored by management.

**Balances held with other banks**

The credit quality of Balances held with other banks are assessed by reference to external credit ratings information about counterparty default rates.

<i>In thousands of Nigerian naira</i>	Credit quality Group		Credit quality Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
<b>Counterparties with external credit rating (S&amp;P)</b>				
AA	18,556,312	11,242,292	-	-
AA-	136,348,174	-	-	-
A+	146,308,626	181,826,757	-	-
A	11,869,397	15,930,117	-	-
A-1	110,693,500	-	-	-
A-1+	3,043,333	-	-	-
A-3	12,191,669	-	-	-
A-	149,315,260	95,250,148	-	-
BBB+	208,096,907	142,398,094	-	-
BBB	-	8,424,373	-	-
BB	45,058	1,075,105	-	-
BB-	2,361	374	-	-
Unrated	49,640,521	37,587,405	-	-
	<b>846,111,117</b>	<b>493,734,665</b>	-	-



**Money Market placements**

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

<i>In thousands of Nigerian naira</i>	Credit quality Group		Credit quality Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
<b>Counterparties with external credit rating (S&amp;P)</b>				
A-1+	76,669,947	45,748,581	-	-
A-1	636,459,891	380,031,702	-	-
A-2	1,232,580,057	829,176,211	-	-
BBB+	15,258,762	-	-	-
B-	-	12,834,734	-	-
B	915,752,593	16,018,153	-	-
	<b>2,876,721,250</b>	<b>1,283,809,381</b>	-	-
<b>Counterparties without external credit rating</b>				
Unrated	31,970,265	85,185,649	-	-
	<b>31,970,265</b>	<b>85,185,649</b>	-	-
	<b>2,908,691,515</b>	<b>1,368,995,030</b>	-	-

**Financial Assets at Fair value through profit or loss**

The credit quality of Financial Assets at fair value through profit or loss are assessed by reference to external credit ratings information about counterparty default rates.

<i>In thousands of Nigerian naira</i>	<b>Group</b>		<b>Company</b>	
	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
<b>Sovereign Ratings</b>				
<b>Nigeria (B) S&amp;P</b>	16,326,066	23,416,735	-	-
<b>Other Sovereign (B) S&amp;P</b>	17,562,374	4,649,878	-	-
	<b>33,888,440</b>	<b>28,066,613</b>	-	-

**Investment Securities**

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

<i>In thousands of Nigerian naira</i>	<b>Credit quality Group</b>		<b>Credit quality Company</b>	
	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
<b>Sovereign Ratings:</b>				
<b>Nigeria (B-) S&amp;P</b>	1,573,207,996	1,077,530,238	-	-
<b>Other Sovereign Rating (SD-) S&amp;P</b>	631,978,147	421,266,651	-	-
<b>Ghana (CCC+) S&amp;P</b>	18,026,326	10,624,463	-	-
<b>Other Sovereign Rating US (AA+) S&amp;P</b>	236,107,873	27,244,453	-	-
<b>Other Sovereign Rating (AA) S&amp;P</b>	291,163,285	175,429,944	-	-
<b>Other Sovereign Rating (BB-) S&amp;P</b>	359,652,397	208,971,330	-	-
<b>Other Sovereign Rating (B) S&amp;P</b>	288,195,766	153,496,023	-	-
<b>Counterparties without external credit rating :</b>				
<b>Unrated</b>	465,152,014	388,671,967	-	-
	<b>3,863,483,804</b>	<b>2,463,235,069</b>	-	-

Of the Group's Investment Securities of N3,863,483,804,000 (Dec 2023: N2,463,235,069,000) the sum of N1,573,207,996,000 (2023: N1,077,530,238,000 ) relates 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.

<i>In thousands of Nigerian naira</i>	Group		Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
<b>Soverign Ratings</b>				
Nigeria (B-) S&P	84,872,745	73,400,983	-	-
Other Sovereign Rating (B+) S&P	44,002,214	13,151,718	-	-
	<b>128,874,959</b>	<b>86,552,701</b>	-	-

**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.

<i>In thousands of Nigerian naira</i>	Group		Company	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
<b>Soverign Ratings</b>				
Nigeria (B-) S&P	1,837,158,280	1,701,339,803	-	-
<b>Counterparties with external credit rating (S&amp;P)</b>				
A-1	77,278,445	30,911,034	-	-
A-1+	31,089,761	115,044	-	-
A-2	7,797,309	3,762,439	-	-
Other Sovereign Rating (B-) S&P	89,577,853	24,736,000	-	-
Unrated	115,025,431	159,297,842	-	-
	<b>2,157,927,079</b>	<b>1,920,162,162</b>	-	-

**Rating Legend:****External credit rating (S&P)**

AA+: Very Strong Capacity to Repay  
 AA: Very Strong Capacity to Repay  
 AA-: Very Strong Capacity to Repay  
 A+: Strong Capacity to Repay  
 A: Strong Capacity to Repay  
 A-: Strong Capacity to Repay

**External credit rating (S&P)**

BB+: Moderate Capacity to Repay  
 BB: Speculative credit rating  
 B+: Highly Speculative Credit Rating  
 B: Highly Speculative Credit Rating  
 B-: Highly Speculative Credit Rating  
 C: Speculative Credit Rating

**External credit rating (Agusto):**

A- : Strong capacity to meet obligations  
 B: Weak Financial condition but obligations  
 are still being met as and when they fall due

**External credit rating (Fitch)**

AA-: High grade  
 A: High grade

A-1+ : Prime Rating	<b>External credit rating (Moody's)</b>	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	<b>External credit rating (Agusto):</b>	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  
Jun-2024***In thousands of Nigerian naira*

<b>Classification</b>	<b>Nigeria</b>	<b>Rest of Africa</b>	<b>Outside Africa</b>	<b>Total</b>
<i>Cash and bank balances:</i>				
- Unrestricted balances with central banks	43,583,586	350,336,245	-	393,919,831
- Balances held with other banks	9,294,180	180,284,376	656,532,561	846,111,117
- Money market placements	563,581,631	523,487,026	1,821,622,858	2,908,691,515
Loans and advances to banks	87,900	-	-	87,900
<i>Loans and advances to customers<sup>1</sup>:</i>				
- Loans to individuals	173,483,207	130,347,254	109,161,505	412,991,966
- Loans to non-individuals	2,289,285,346	409,969,685	-	2,699,255,031
<i>Financial assets at fair value through profit or loss:</i>				
- Debt securities	30,089,055	3,799,385	-	33,888,440
- Derivative financial instruments	159,168,390	-	-	159,168,390
<i>Investment securities:</i>				
- Debt securities	1,612,250,419	1,723,963,483	527,269,902	3,863,483,804
<i>Assets pledged as collateral:</i>				
- Debt securities	84,872,745	44,002,214	-	128,874,959
Restricted deposits and other assets <sup>2</sup>	1,831,414,146	185,943,829	140,569,104	2,157,927,079
	<b>6,797,110,605</b>	<b>3,552,133,497</b>	<b>3,255,155,930</b>	<b>13,604,400,032</b>

Of the Group's Credit risk exposure outside Africa relating to On-balance sheet, 24% relates to exposures in United States of America, 75% relates to exposures in United Kingdom and 1% relates to exposures in other countries.

<sup>1</sup> Further classification of Loans & Advances to Customers along product lines is provided on the next page.

<sup>2</sup> 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, Prepayment and Stock have been excluded.

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

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

**Group**  
**Jun-2024**

*In thousands of Nigerian naira*

	<b>Nigeria</b>	<b>Rest of Africa</b>	<b>Outside Africa</b>	<b>Total</b>
Financial guarantees	627,527,243	106,801,666	290,775	734,619,684
Other contingents	12,313,536	34,455,322	33,904,516	80,673,374
	<b>639,840,779</b>	<b>141,256,988</b>	<b>34,195,291</b>	<b>815,293,058</b>

Contingencies are disclosed on Note 42

**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**  
**Jun-2024**

*In thousands of Nigerian naira*

<b>Classification</b>	<b>Nigeria</b>	<b>Rest of Africa</b>	<b>Outside Africa</b>	<b>Total</b>
<i>Loans to individuals:</i>				
Overdraft	27,307,509	12,238,202	-	39,545,711
Loans	146,175,698	118,109,052	109,037,849	373,322,599
Others	-	-	123,656	123,656
	<b>173,483,207</b>	<b>130,347,254</b>	<b>109,161,505</b>	<b>412,991,966</b>
<i>Loans to non-individuals:</i>				
Overdraft	119,128,811	77,183,861	-	196,312,672
Loans	2,119,873,487	332,785,824	-	2,452,659,311
Others <sup>#</sup>	50,283,048	-	-	50,283,048
	<b>2,289,285,346</b>	<b>409,969,685</b>	<b>-</b>	<b>2,699,255,031</b>

<sup>#</sup> Others include Usances and Usance Settlement.

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

**Group**  
**Dec-2023**

*In thousands of Nigerian naira*

<b>Classification</b>	<b>Nigeria</b>	<b>Rest of Africa</b>	<b>Outside Africa</b>	<b>Total</b>
<i>Cash and bank balances:</i>				
- Unrestricted balances with central banks	20,281,786	218,096,404	-	238,378,190
- Balances held with other banks	17,438,828	105,244,427	371,051,410	493,734,665
- Money market placements	67,348,837	77,395,412	1,224,250,781	1,368,995,030
Loans and advances to banks	66,935	-	-	66,935
<i>Loans and advances to customers<sup>1</sup>:</i>				
- Loans to individuals	213,865,610	67,925,875	66,718,676	348,510,161
- Loans to non-individuals	1,820,648,220	311,024,987	-	2,131,673,207
<i>Financial assets at fair value through profit or loss:</i>				
- Debt securities	23,416,735	4,649,878	-	28,066,613
- Derivative financial instruments	28,961,143	-	-	28,961,143
<i>Investment securities:</i>				
- Debt securities	1,174,225,597	1,086,335,246	202,674,226	2,463,235,069
<i>Assets pledged as collateral:</i>				
- Debt securities	73,400,983	13,151,718	-	86,552,701
Restricted deposits and other assets <sup>2</sup>	1,807,213,372	51,141,861	61,806,929	1,920,162,162
	<b>5,246,868,046</b>	<b>1,934,965,808</b>	<b>1,926,502,022</b>	<b>9,108,335,876</b>

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.

<sup>1</sup> Further classification of Loans & Advances to Customers along product lines is provided on the next page.

<sup>2</sup> 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**

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

**Group**  
**Dec-2023**

*In thousands of Nigerian naira*

	<b>Nigeria</b>	<b>Rest of Africa</b>	<b>Outside Africa</b>	<b>Total</b>
Financial guarantees	380,682,902	65,807,351	177,446,830	623,937,083
Other contingents	2,633,613	18,796,256	14,927,443	36,357,312
	<b>383,316,515</b>	<b>84,603,607</b>	<b>192,374,273</b>	<b>660,294,395</b>

Contingencies are disclosed on Note 42

**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-2023**

*In thousands of Nigerian naira*

<b>Classification</b>	<b>Nigeria</b>	<b>Rest of Africa</b>	<b>Outside Africa</b>	<b>Total</b>
<i>Loans to individuals:</i>				
Overdraft	38,913,443	7,605,313	44,486	46,563,242
Loans	174,952,167	60,320,562	66,528,691	301,801,420
Others	-	-	145,499	145,499
	<b>213,865,610</b>	<b>67,925,875</b>	<b>66,718,676</b>	<b>348,510,161</b>
<i>Loans to non-individuals:</i>				
Overdraft	99,191,797	61,867,334	-	161,059,131
Loans	1,691,090,800	249,157,653	-	1,940,248,453
Others <sup>1</sup>	30,365,623	-	-	30,365,623
	<b>1,820,648,220</b>	<b>311,024,987</b>	<b>-</b>	<b>2,131,673,207</b>

<sup>1</sup> Others include Usances and Usance Settlement.

**(ii) Industry sectors**

The following table breaks down the Group's credit exposure at net 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****Jun-2024***In thousands of Nigerian naira*

Classification	Capital market		Construction/		General			Info.Telecoms			Total	
	Agriculture	& Financial institution	Real estate	Education	Commerce	Government	Manufacturing	Oil & gas	& Transport. <sup>2</sup>	Individual		Others <sup>1</sup>
<i>Cash and bank balances:</i>												
- Unrestricted balances with central banks	-	-	-	-	-	393,919,831	-	-	-	-	-	393,919,831
- Balances held with other banks	-	846,111,117	-	-	-	-	-	-	-	-	-	846,111,117
- Money market placements	-	2,908,691,515	-	-	-	-	-	-	-	-	-	2,908,691,515
Loans and advances to banks	-	87,900	-	-	-	-	-	-	-	-	-	87,900
<i>Loans and advances to customers<sup>3</sup>:</i>												
- Loans to individuals	-	-	-	-	-	-	-	-	-	412,991,966	-	412,991,966
- Loans to non-individuals	282,668,654	19,909,659	53,747,526	6,343,291	233,252,834	37,874,202	487,352,703	1,381,542,102	157,766,713	2,416,879	36,380,468	2,699,255,031
<i>Financial assets at fair value through profit or loss:</i>												
- Debt securities	-	-	-	-	-	33,888,440	-	-	-	-	-	33,888,440
- Derivative financial instruments	-	159,168,390	-	-	-	-	-	-	-	-	-	159,168,390
<i>Investment securities:</i>												
- Debt securities	-	-	-	-	-	3,861,424,686	-	-	-	-	2,059,118	3,863,483,804
<i>Assets pledged as collateral:</i>												
- Debt securities	-	-	-	-	-	128,874,959	-	-	-	-	-	128,874,959
Restricted deposits and other assets <sup>4</sup>	-	-	-	-	-	1,837,411,858	-	-	-	-	320,515,221	2,157,927,079
	<b>282,668,654</b>	<b>3,933,968,581</b>	<b>53,747,526</b>	<b>6,343,291</b>	<b>233,252,834</b>	<b>6,293,393,976</b>	<b>487,352,703</b>	<b>1,381,542,102</b>	<b>157,766,713</b>	<b>415,408,845</b>	<b>358,954,807</b>	<b>13,604,400,032</b>

<sup>1</sup> Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

<sup>2</sup> Includes Telecoms, Logistics, Maritime and Haulage.

<sup>3</sup> Further classification of Loans to Customers along product lines are provided on the next page.

<sup>4</sup> 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, prepayment and stock have been excluded.



**Credit Risk Exposure to off-balance sheet items****Group****Jun-2024***In thousands of Nigerian naira*

Classification	Capital market		Construction/ Real estate	Education	General			Oil & gas	Info.Telecoms & Transport. <sup>€</sup>	Individual	Others <sup>1</sup>	Total
	Agriculture	& Financial institution			Commerce	Government	Manufacturing					
Financial guarantees	31,766	3,603,119	190,374,377	-	33,559,635	-	12,617,216	420,190,887	5,985,938	241,449	68,015,297	734,619,684
Other contingents	182,081	35,833,738	357,466	-	10,613,843	3,840,229	13,718,995	536,629	921,309	7,442,881	7,226,203	80,673,374
<b>Total</b>	<b>213,847</b>	<b>39,436,857</b>	<b>190,731,843</b>	<b>-</b>	<b>44,173,478</b>	<b>3,840,229</b>	<b>26,336,211</b>	<b>420,727,516</b>	<b>6,907,247</b>	<b>7,684,330</b>	<b>75,241,500</b>	<b>815,293,058</b>

<sup>1</sup> Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.<sup>2</sup> Includes Telecoms, Logistics, Maritime and Haulage.**Classification of Sectorial Credit Concentration on Loans to Customers by Product****Group****Jun-2024***In thousands of Nigerian naira*

Classification	Capital market		Construction/ Real estate	Education	General			Oil & gas	Info.Telecoms & Transport. <sup>€</sup>	Individual	Others <sup>1</sup>	Total
	Agriculture	& Financial institution			Commerce	Government	Manufacturing					
<i>Loans to individuals:</i>												
Overdraft	-	-	-	-	-	-	-	-	-	39,545,711	-	39,545,711
Loans	-	-	-	-	-	-	-	-	-	373,322,599	-	373,322,599
Others	-	-	-	-	-	-	-	-	-	123,656	-	123,656
										<b>412,991,966</b>		<b>412,991,966</b>
<i>Loans to non-individuals:</i>												
Overdraft	26,527,290	4,472,458	3,452,544	554,636	29,055,112	3,798,963	25,632,468	84,422,856	5,211,101	2,416,879	10,768,365	196,312,672
Loans	256,141,364	15,437,201	50,279,118	5,788,655	204,020,211	34,075,239	438,963,814	1,269,811,963	152,555,612	-	25,586,134	2,452,659,311
Others	-	-	15,864	-	177,511	-	22,756,421	27,307,283	-	-	25,969	50,283,048
	<b>282,668,654</b>	<b>19,909,659</b>	<b>53,747,526</b>	<b>6,343,291</b>	<b>233,252,834</b>	<b>37,874,202</b>	<b>487,352,703</b>	<b>1,381,542,102</b>	<b>157,766,713</b>	<b>2,416,879</b>	<b>36,380,468</b>	<b>2,699,255,031</b>

<sup>1</sup> Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.<sup>2</sup> Includes Telecoms, Logistics, Maritime and Haulage.

**Credit Risk Exposure to on-balance sheet items****Group****Dec-2023***In thousands of Nigerian naira*

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport. <sup>2</sup>	Individual	Others <sup>1</sup>	Total
<i>Cash and bank balances:</i>												
- Unrestricted balances with central banks	-	-	-	-	-	238,378,190	-	-	-	-	-	238,378,190
- Balances held with other banks	-	493,734,665	-	-	-	-	-	-	-	-	-	493,734,665
- Money market placements	-	1,368,995,030	-	-	-	-	-	-	-	-	-	1,368,995,030
Loans and advances to banks	-	66,935	-	-	-	-	-	-	-	-	-	66,935
<i>Loans and advances to customers<sup>3</sup>:</i>												
- Loans to individuals	-	-	-	-	-	-	-	-	-	348,510,161	-	348,510,161
- Loans to non-individuals	187,471,015	14,638,155	20,820,372	17,150,827	168,044,322	17,012,134	308,866,944	1,043,550,457	196,814,945	1,593,903	155,710,133	2,131,673,207
<i>Financial assets at fair value through profit or loss:</i>												
- Debt securities	-	-	-	-	-	28,066,613	-	-	-	-	-	28,066,613
- Derivative financial instruments	-	28,961,143	-	-	-	-	-	-	-	-	-	28,961,143
<i>Investment securities:</i>												
- Debt securities	-	-	-	-	-	2,462,132,704	-	-	-	-	1,102,365	2,463,235,069
<i>Assets pledged as collateral:</i>												
- Debt securities	-	-	-	-	-	86,552,701	-	-	-	-	-	86,552,701
Restricted deposits and other assets <sup>4</sup>	-	-	-	-	-	1,701,497,776	-	-	-	-	218,664,386	1,920,162,162
	<b>187,471,015</b>	<b>1,906,395,928</b>	<b>20,820,372</b>	<b>17,150,827</b>	<b>168,044,322</b>	<b>4,533,640,118</b>	<b>308,866,944</b>	<b>1,043,550,457</b>	<b>196,814,945</b>	<b>350,104,064</b>	<b>375,476,884</b>	<b>9,108,335,876</b>

<sup>1</sup> Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.<sup>2</sup> Includes Telecoms, Logistics, Maritime and Haulage.<sup>3</sup> Further classification of Loans to Customers along product lines are provided on the next page.<sup>4</sup> 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, prepayment and stock have been excluded.

**Credit Risk Exposure to off-balance sheet items****Group****Dec-2023***In thousands of Nigerian naira*

Classification	Capital market		Construction/ Real estate	Education	General			Oil & gas	Info.Telecoms & Transport. <sup>£</sup>	Individual	Others <sup>1</sup>	Total
	Agriculture	& Financial institution			Commerce	Government	Manufacturing					
Financial guarantees	2,170,291	179,354,580	163,415,921	-	20,552,885	-	948,542	200,551,648	3,876,970	189,195	52,877,051	623,937,083
Other contingents	97,478	15,960,278	191,372	-	663,695	2,465,362	3,532,804	170,129	2,103,540	4,643,259	6,529,395	36,357,312
<b>Total</b>	<b>2,267,769</b>	<b>195,314,858</b>	<b>163,607,293</b>	<b>-</b>	<b>21,216,580</b>	<b>2,465,362</b>	<b>4,481,346</b>	<b>200,721,777</b>	<b>5,980,510</b>	<b>4,832,454</b>	<b>59,406,446</b>	<b>660,294,395</b>

<sup>1</sup> Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.<sup>2</sup> Includes Telecoms, Logistics, Maritime and Haulage.**Classification of Sectorial Credit Concentration on Loans to Customers by Product****Group****Dec-2023***In thousands of Nigerian naira*

Classification	Capital market		Construction/ Real estate	Education	General			Oil & gas	Info.Telecoms & Transport. <sup>£</sup>	Individual	Others <sup>1</sup>	Total
	Agriculture	& Financial institution			Commerce	Government	Manufacturing					
<i>Loans to individuals:</i>												
Overdraft	-	-	-	-	-	-	-	-	-	46,563,242	-	46,563,242
Loans	-	-	-	-	-	-	-	-	-	301,801,420	-	301,801,420
Others	-	-	-	-	-	-	-	-	-	145,499	-	145,499
	-	-	-	-	-	-	-	-	-	<b>348,510,161</b>	-	<b>348,510,161</b>
<i>Loans to non-individuals:</i>												
Overdraft	6,427,984	2,498,159	2,352,080	349,619	29,854,121	586,164	23,168,174	62,673,549	4,737,827	1,593,903	26,817,551	161,059,131
Loans	180,657,699	12,139,996	18,468,292	16,801,208	137,080,641	16,425,970	284,780,437	980,730,497	192,067,948	-	101,095,765	1,940,248,453
Others	385,332	-	-	-	1,109,560	-	918,333	146,411	9,170	-	27,796,817	30,365,623
	<b>187,471,015</b>	<b>14,638,155</b>	<b>20,820,372</b>	<b>17,150,827</b>	<b>168,044,322</b>	<b>17,012,134</b>	<b>308,866,944</b>	<b>1,043,550,457</b>	<b>196,814,945</b>	<b>1,593,903</b>	<b>155,710,133</b>	<b>2,131,673,207</b>

<sup>1</sup> Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.<sup>2</sup> 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**

**Jun-2024**

*In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	284,971,021	-	-	284,971,021
Very Strong Capacity	830,454,935	-	-	830,454,935
Strong Repayment Capacity	1,109,883,064	-	-	1,109,883,064
Acceptable risk	498,170,057	-	-	498,170,057
Significant increase in credit risk	-	500,060,086	-	500,060,086
Default	-	-	143,411,373	143,411,373
<b>Total</b>	<b>2,723,479,077</b>	<b>500,060,086</b>	<b>143,411,373</b>	<b>3,366,950,536</b>

**Group**

**Dec-2023**

*In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	194,816,921	-	-	194,816,921
Very Strong Capacity	710,439,385	-	-	710,439,385
Strong Repayment Capacity	742,512,384	-	-	742,512,384
Acceptable risk	432,136,387	-	-	432,136,387
Significant increase in credit risk	-	425,137,931	-	425,137,931
Default	-	-	109,581,813	109,581,813
<b>Total</b>	<b>2,079,905,077</b>	<b>425,137,931</b>	<b>109,581,813</b>	<b>2,614,624,821</b>

**Maximum exposure to credit risk - Money Market Placements****Group****Jun-2024***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	2,912,266,530	-	-	2,912,266,530

**Group****Dec-2023***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	1,371,081,069	-	-	1,371,081,069

**Maximum exposure to credit risk - Investment securities****Group****Jun-2024***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	3,746,251,516	-	151,874,568	3,898,126,084

**Group****Dec-2023***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	2,507,176,199	-	-	2,507,176,199

**Maximum exposure to credit risk - Restricted deposits and other assets****Group****Jun-2024***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	2,208,114,030	-	-	2,208,114,030

with central banks (See note 34(i) below)

**Group****Dec-2023***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	1,970,128,403	-	-	1,970,128,403

with central banks (See note 34(i) below)

AEIS (See note 34(ii) below)

with central banks (See note 34(i) below)

AEIS (See note 34(ii) below)

**Maximum exposure to credit risk - off balance sheet****Group****Jun-2024***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	815,293,058	-	-	815,293,058

**Group****Dec-2023***In thousands of Nigerian naira*

<b>Rating</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Grand Total</b>
Exceptional Capacity	660,294,395	-	-	660,294,395

**Disclosures of various factors that impact the ECL Model as at 30 June 2024.**

These Factors revolves around:

- 1) Discounting of the expected future cashflows 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 responsiveness 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 - 27.5%; normal - 47%; and downturn - 22.5%.

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

**Macro-Economic variable assumptions:**

	Scenario	2025	2026	2027
Exchange rate (₹/USD)	Upturn	1595.08	1601.19	1715.56
	Normal	1811.77	1972.00	2078.00
	Downturn	2028.46	2022.35	2228.44
Inflation rate (%)	Upturn	16.98	14.14	14.22
	Normal	20.00	17.00	16.50
	Downturn	23.02	19.86	19.78
Unemployment (%)	Upturn	37.12	36.91	37.08
	Normal	43.00	43.00	43.00
	Downturn	48.88	49.09	48.92
GDP growth rate (%)	Upturn	4.64	5.56	5.53
	Normal	3.30	4.30	4.78
	Downturn	1.96	3.04	3.07

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

**Macro-Economic variable assumptions:**

	Scenario	2025	2026	2027
Exchange rate (₹/USD)	Upturn	1595.08	1601.19	1715.56
	Normal	1811.77	1972.00	2078.00
	Downturn	2028.46	2022.35	2228.44
Inflation rate (%)	Upturn	16.98	14.14	14.22
	Normal	20.00	17.00	16.50
	Downturn	23.02	19.86	19.78
Crude oil prices (USD/barrel)	Upturn	96.35	89.70	83.14
	Normal	85.00	79.00	73.00
	Downturn	73.65	68.30	62.86
Crude oil Production (barrel)	Upturn	1,510,227	2,004,828	1,999,632
	Normal	1,500,000	1,810,000	1,840,000
	Downturn	584,084	1,615,172	1,620,368
GDP growth rate (%)	Upturn	4.64	5.56	5.53
	Normal	3.30	4.30	4.78
	Downturn	1.96	3.04	3.07

**Disclosures of various factors that impact the Subsidiaries ECL Model as at 30 June 2024.**

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	Rwanda	Gambia
Normal	Exchange rate (Per US\$)	1.204	14.59	129.53	22.44	1,311.13	67.42
	inflation rate	3.90%	22.80%	4.60%	21.74%	4.70%	11.00%
	unemployment rate	3.70%	4.50%	5.60%	3.50%	12.90%	6.09%
	Residential Property Prices	n/a	n/a	n/a	n/a	n/a	n/a
	GDP	0.50%	4.70%	5.60%	4.52%	9.70%	5.50%
Upturn	Exchange rate (Per US\$)	1.071	13.50	127.50	24.10	1,361.16	66.00
	inflation rate	4.53%	30.20%	4.50%	22.87%	3.60%	9.40%
	unemployment rate	3.29%	4.00%	5.00%	4.00%	11.50%	5.10%
	Residential Property Prices	n/a	n/a	n/a	n/a	n/a	n/a
	GDP	1.94%	2.80%	6.20%	4.00%	10.30%	5.70%
Downturn	Exchange rate (Per US\$)	1.449	17.00	135.00	24.50	1,426.14	68.20
	inflation rate	6.14%	35.00%	6.50%	26.87%	7.00%	13.00%
	unemployment rate	4.45%	4.70%	6.00%	3.60%	14.80%	10.60%
	Residential Property Prices	n/a	n/a	n/a	n/a	n/a	n/a
	GDP	1.39%	0.50%	5.00%	3.60%	8.00%	4.80%

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

Scenario	Macroeconomic Variable	United Kingdom	Ghana	Kenya	Serria-Leone	Rwanda	Gambia
Normal	Exchange rate (Per US\$)	1.20	14.59	129.53	22.44	1,311.13	67.42
	inflation rate	5.10%	22.80%	4.60%	21.74%	4.70%	11.00%
	GDP	1.75%	4.70%	5.60%	4.52%	9.70%	5.50%
	Crude(\$/pbl)	n/a	81.30	n/a	N/A	n/a	n/a
Upturn	Exchange rate (Per US\$)	1.07	13.50	127.00	24.10	1,361.16	66.00
	inflation rate	4.53%	30.20%	4.50%	22.87%	3.60%	9.40%
	GDP	1.94%	2.80%	6.20%	4.00%	10.30%	5.70%
	Crude(\$/pbl)	n/a	100.00	n/a	n/a	n/a	n/a
Downturn	Exchange rate (Per US\$)	1.45	17.00	134.00	24.50	1,426.14	68.20
	inflation	6.14%	35.00%	6.50%	26.87%	7.00%	13.00%
	GDP	1.39%	0.50%	5.00%	3.60%	8.00%	4.80%
	Crude(\$/pbl)	n/a	80.00	n/a	n/a	n/a	n/a



**(vii) Impairment and provisioning policies**

The following policies guide the Group's provisioning and impairment:

**(1) Loan Categorization**

All loans and advances are categorized as follows during the current period:

- **Stage 1 Loans and Advances:**

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

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 from origination and are not in default

- **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 from origination and are not in default.

- **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 Group 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. The Managing Director may also decide to retain the oversight on the performance of all facilities irrespective of the amount.

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 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.

## (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****Jun-2024***In thousands of Nigerian Naira*

Rating	Loans and advances to customers						Loans and advances to banks		Total
	Individuals			Non-individuals			Overdraft	Loans	
	Overdraft	Loans	Others	Overdraft	Loans	Others			
Exceptional capacity	87,425	120,556,338	123,656	8,434,752	151,864,922	3,903,928	-	-	284,971,021
Very strong capacity	1,083,005	12,407,719	-	13,828,843	787,629,899	15,505,469	-	-	830,454,935
Strong repayment capacity	20,436,429	167,223,016	-	117,639,488	776,883,228	27,697,954	2,949	-	1,109,883,064
Acceptable risk	4,429,807	44,616,348	-	35,996,062	409,819,960	3,306,570	1,310	-	498,170,057
<b>Total</b>	<b>26,036,666</b>	<b>344,803,421</b>	<b>123,656</b>	<b>175,899,145</b>	<b>2,126,198,009</b>	<b>50,413,921</b>	<b>4,259</b>	<b>-</b>	<b>2,723,479,077</b>

**Group****Dec-2023***In thousands of Nigerian Naira*

Rating	Loans and advances to customers						Loans and advances to banks		Total
	Individuals			Non-individuals			Overdraft	Loans	
	Overdraft	Loans	Others	Overdraft	Loans	Others			
Exceptional capacity	160,643	64,413,354	146,026	6,776,147	123,102,486	218,265	-	-	194,816,921
Very strong capacity	737,126	5,324,481	-	7,429,315	684,288,041	12,660,422	-	-	710,439,385
Strong repayment capacity	2,916,631	190,458,146	-	103,535,684	428,263,080	17,338,807	36	-	742,512,384
Acceptable risk	41,100,943	13,830,572	-	32,023,877	345,123,446	56,239	1,310	-	432,136,387
<b>Total</b>	<b>44,915,343</b>	<b>274,026,553</b>	<b>146,026</b>	<b>149,765,023</b>	<b>1,580,777,053</b>	<b>30,273,733</b>	<b>1,346</b>	<b>-</b>	<b>2,079,905,077</b>

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

## Group

Jun-2024

In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross Loans:				
Loans	31,317,131	450,930,974	-	482,248,105
Overdraft	10,929,614	6,882,173	194	17,811,981
	<b>42,246,745</b>	<b>457,813,147</b>	<b>194</b>	<b>500,060,086</b>
Impairment:				
Loans	143,553	142,628,574	-	142,772,127
Overdraft	347,576	498,257	17	845,850
	<b>491,129</b>	<b>143,126,831</b>	<b>17</b>	<b>143,617,977</b>
Net Amount:				
Loans	31,173,578	308,302,400	-	339,475,978
Overdraft	10,582,038	6,383,916	177	16,966,131
	<b>41,755,616</b>	<b>314,686,316</b>	<b>177</b>	<b>356,442,109</b>
FV of collateral <sup>1</sup> :				
Loans	141,411,487	6,298,098,805	-	6,439,510,292
Overdraft	49,352,317	1,138,514	194	50,491,025
	<b>190,763,804</b>	<b>6,299,237,319</b>	<b>194</b>	<b>6,490,001,317</b>
Amount of undercollateralisation:				
Others	-	-	-	-
	-	-	-	-
<b>Net Loans</b>	<b>41,755,616</b>	<b>314,686,316</b>	<b>177</b>	<b>356,442,109</b>
<b>Amount of undercollateralisation on net loans</b>	-	-	-	-

<sup>1</sup> The nature of fair value of collateral are set out in the summary of collaterals pledged against loans and advances.

**Group****Dec-2023***In thousands of Nigerian Naira*

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
<b>Gross Loans:</b>				
Loans	20,557,599	389,243,027	-	409,800,626
Overdraft	958,466	13,951,690	-	14,910,156
Others	-	427,149	-	427,149
	<b>21,516,065</b>	<b>403,621,866</b>	-	<b>425,137,931</b>
<b>Impairment:</b>				
Loans	145,553	49,316,062	-	49,461,615
Overdraft	119,274	1,272,182	-	1,391,456
	<b>264,827</b>	<b>50,588,244</b>	-	<b>50,853,071</b>
<b>Net Amount:</b>				
Loans	20,412,046	339,926,965	-	360,339,011
Overdraft	839,192	12,679,508	-	13,518,700
Others	-	427,149	-	427,149
	<b>21,251,238</b>	<b>353,033,622</b>	-	<b>374,284,860</b>
<b>FV of collateral<sup>1</sup>:</b>				
Loans	314,530,450	6,125,533,838	-	6,440,064,288
Overdraft	14,664,492	49,286,633	-	63,951,125
Others	-	578,087	-	578,087
	<b>329,194,942</b>	<b>6,175,398,558</b>	-	<b>6,504,593,500</b>
<b>Amount of undercollateralisation:</b>				
Overdraft	-	-	-	-
	-	-	-	-
<b>Net Loans</b>	<b>21,251,238</b>	<b>353,033,622</b>	-	<b>374,284,860</b>
<b>Amount of undercollateralisation on net loans</b>	-	-	-	-

<sup>1</sup> 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****Jun-2024***In thousands of Nigerian Naira*

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	23,676,321	77,773,097	161,905	101,611,323
Overdraft	10,198,515	31,595,773	-	41,794,288
Others	-	5,762	-	5,762
	<b>33,874,836</b>	<b>109,374,632</b>	<b>161,905</b>	<b>143,411,373</b>
Impairment:				
Loans	20,724,215	46,513,314	78,282	67,315,811
Overdraft	6,135,079	9,182,432	-	15,317,511
Others	-	-	-	-
	<b>26,859,294</b>	<b>55,695,746</b>	<b>78,282</b>	<b>82,633,322</b>
Net Amount:				
Loans	2,952,106	31,259,783	83,623	34,295,512
Overdraft	4,063,436	22,413,341	-	26,476,777
Others	-	5,762	-	5,762
	<b>7,015,542</b>	<b>53,678,886</b>	<b>83,623</b>	<b>60,778,051</b>
FV of collateral <sup>1</sup> :				
Loans	13,280,632	76,710,620	105,081	90,096,333
Overdraft	5,720,599	38,696,818	-	44,417,417
Others	-	998,948	-	998,948
FV of collateral	<b>19,001,231</b>	<b>116,406,386</b>	<b>105,081</b>	<b>135,512,698</b>
Amount of undercollateralisation:				
Loans	10,395,689	1,062,477	56,824	11,514,990
Overdraft	4,477,916	-	-	-
Others	-	-	-	-
	<b>14,873,605</b>	<b>-</b>	<b>56,824</b>	<b>7,898,675</b>
<b>Net Loans</b>	<b>7,015,542</b>	<b>53,678,886</b>	<b>83,623</b>	<b>60,778,051</b>
<b>Amount of undercollateralisation on net loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The nature of fair value of collateral are set out in the summary of collaterals pledged against loans and advances.

**Group****Dec-2023***In thousands of Nigerian Naira*

	<b>Loans to Individual</b>	<b>Loans to Non-individual</b>	<b>Loans to Banks</b>	<b>Total</b>
Gross loans:				
Loans	12,928,221	71,880,915	153,681	84,962,817
Overdraft	2,204,866	22,410,891	-	24,615,757
Others	-	3,239	-	3,239
	<b>15,133,087</b>	<b>94,295,045</b>	<b>153,681</b>	<b>109,581,813</b>
Impairment:				
Loans	2,819,650	41,599,307	88,000	44,506,957
Overdraft	424,567	18,552,777	-	18,977,344
	<b>3,244,217</b>	<b>60,152,084</b>	<b>88,000</b>	<b>63,484,301</b>
Net Amount:				
Loans	10,108,571	30,281,608	65,681	40,455,860
Overdraft	1,780,299	3,858,114	-	5,638,413
Others	-	3,239	-	3,239
	<b>11,888,870</b>	<b>34,142,961</b>	<b>65,681</b>	<b>46,097,512</b>
FV of collateral <sup>1</sup> :				
Loans	16,232,783	117,546,098	105,081	133,883,962
Overdraft	2,768,448	44,001,730	-	46,770,178
Others	-	998,947	-	998,947
FV of collateral	<b>19,001,231</b>	<b>162,546,775</b>	<b>105,081</b>	<b>181,653,087</b>
Amount of undercollateralisation:				
Loans	-	-	48,600	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	<b>48,600</b>	-
<b>Net Loans</b>	<b>11,888,870</b>	<b>34,142,961</b>	<b>65,681</b>	<b>46,097,512</b>
<b>Amount of undercollateralisation on net loans</b>	-	-	-	-

<sup>1</sup> 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.



**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.

**Jun-2024**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>				<b>Company Jun-2024</b>			
	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>
Stage 1 - 12 months ECL	370,963,743	2,352,511,075	4,259	2,723,479,077	-	-	-	-
Stage 2 - Life Time ECL Not Credit Impaired	42,246,745	457,813,147	194	500,060,086	-	-	-	-
Stage 3 - Non Performing Loans	33,874,836	109,374,632	161,905	143,411,373	-	-	-	-
<b>Gross Loans and Advances</b>	<b>447,085,324</b>	<b>2,919,698,854</b>	<b>166,358</b>	<b>3,366,950,536</b>	-	-	-	-
<i>Less allowances for impairment:</i>								
Stage 1 - 12 months ECL	6,742,935	21,621,246	159	28,364,340	-	-	-	-
Stage 2 - Life Time ECL Not Credit Impaired	491,129	143,126,831	17	143,617,977	-	-	-	-
Stage 3 - Non Performing Loans	26,859,294	55,695,746	78,282	82,633,322	-	-	-	-
<b>Total allowance</b>	<b>34,093,358</b>	<b>220,443,823</b>	<b>78,458</b>	<b>254,615,639</b>	-	-	-	-
<b>Net Loans and Advances</b>	<b>412,991,966</b>	<b>2,699,255,031</b>	<b>87,900</b>	<b>3,112,334,897</b>	-	-	-	-

**Dec-2023**

	<b>Group Dec-2023</b>				<b>Company Dec-2023</b>			
	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>
Stage 1 - 12 months ECL	319,087,922	1,760,815,809	1,346	2,079,905,077	-	-	-	-
Stage 2 - Life Time ECL Not Credit Impaired	21,516,065	403,621,866	-	425,137,931	-	-	-	-
Stage 3 - Non Performing Loans	15,133,087	94,295,045	153,681	109,581,813	-	-	-	-
<b>Gross Loans and Advances</b>	<b>355,737,074</b>	<b>2,258,732,720</b>	<b>155,027</b>	<b>2,614,624,821</b>	-	-	-	-
<i>Less allowances for impairment:</i>								
Stage 1 - 12 months ECL	3,717,869	16,319,185	92	20,037,146	-	-	-	-
Stage 2 - Life Time ECL Not Credit Impaired	264,827	50,588,244	-	50,853,071	-	-	-	-
Stage 3 - Non Performing Loans	3,244,217	60,152,084	88,000	63,484,301	-	-	-	-
<b>Total allowance</b>	<b>7,226,913</b>	<b>127,059,513</b>	<b>88,092</b>	<b>134,374,518</b>	-	-	-	-
<b>Net Loans and Advances</b>	<b>348,510,161</b>	<b>2,131,673,207</b>	<b>66,935</b>	<b>2,480,250,303</b>	-	-	-	-

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

**Jun-2024**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>				<b>Company Jun-2024</b>			
	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>
Loans	344,802,722	2,126,198,028	-	2,471,000,750	-	-	-	-
Overdrafts	26,037,365	175,898,971	4,259	201,940,595	-	-	-	-
Others	123,656	50,414,076	-	50,537,732	-	-	-	-
<b>Stage 1 - 12 Months ECL</b>	<b>370,963,743</b>	<b>2,352,511,075</b>	<b>4,259</b>	<b>2,723,479,077</b>	-	-	-	-
Loans	31,317,131	450,930,974	-	482,248,105	-	-	-	-
Overdrafts	10,929,614	6,882,173	194	17,811,981	-	-	-	-
<b>Stage 2 - Life Time ECL Not Credit Impaired</b>	<b>42,246,745</b>	<b>457,813,147</b>	<b>194</b>	<b>500,060,086</b>	-	-	-	-
Loans	23,676,321	77,773,097	161,905	101,611,323	-	-	-	-
Overdrafts	10,198,515	31,595,773	-	41,794,288	-	-	-	-
Others	-	5,762	-	5,762	-	-	-	-
<b>Stage 3 - Non Performing Loans</b>	<b>33,874,836</b>	<b>109,374,632</b>	<b>161,905</b>	<b>143,411,373</b>	-	-	-	-
<b>Total Loans and Advances</b>	<b>447,085,324</b>	<b>2,919,698,854</b>	<b>166,358</b>	<b>3,366,950,536</b>	-	-	-	-

The impairment allowance on loans is further analysed as follows:

	<b>Group Jun-2024</b>				<b>Company Jun-2024</b>			
	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>
<b>Stage 1: 12 Months ECL</b>								
Loans	5,605,807	13,100,900	-	18,706,707	-	-	-	-
Overdrafts	1,137,128	8,383,556	159	9,520,843	-	-	-	-
Others	-	136,790	-	136,790	-	-	-	-
	<b>6,742,935</b>	<b>21,621,246</b>	<b>159</b>	<b>28,364,340</b>	-	-	-	-
<b>Stage 2: Life Time ECL Not Credit Impaired</b>								
Loans	143,553	142,628,574	-	142,772,127	-	-	-	-
Overdrafts	347,576	498,257	17	845,850	-	-	-	-
Others	-	-	-	-	-	-	-	-
	<b>491,129</b>	<b>143,126,831</b>	<b>17</b>	<b>143,617,977</b>	-	-	-	-
<b>Stage 3: Non Performing Loans</b>								
Loans	20,724,215	46,513,314	78,282	67,315,811	-	-	-	-
Overdrafts	6,135,079	9,182,432	-	15,317,511	-	-	-	-
Others	-	-	-	-	-	-	-	-
	<b>26,859,294</b>	<b>55,695,746</b>	<b>78,282</b>	<b>82,633,322</b>	-	-	-	-
<b>Total allowance</b>	<b>34,093,358</b>	<b>220,443,823</b>	<b>78,458</b>	<b>254,615,639</b>	-	-	-	-

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

**Dec-2023**

<i>In thousands of Nigerian Naira</i>	<b>Group Dec-2023</b>				<b>Company Dec-2023</b>			
	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>
Loans	274,026,705	1,580,777,089	-	1,854,803,794	-	-	-	-
Overdrafts	44,915,718	149,764,832	1,346	194,681,896	-	-	-	-
Others	145,499	30,273,888	-	30,419,387	-	-	-	-
<b>Stage 1 - 12 Months ECL</b>	<b>319,087,922</b>	<b>1,760,815,809</b>	<b>1,346</b>	<b>2,079,905,077</b>	-	-	-	-
Loans	20,557,599	389,243,027	-	409,800,626	-	-	-	-
Overdrafts	958,466	13,951,690	-	14,910,156	-	-	-	-
<b>Stage 2 - Life Time ECL Not Credit Impaired</b>	<b>21,516,065</b>	<b>403,621,866</b>	-	<b>425,137,931</b>	-	-	-	-
Loans	12,928,221	71,880,915	153,681	84,962,817	-	-	-	-
Overdrafts	2,204,866	22,410,891	-	24,615,757	-	-	-	-
Others	-	3,239	-	3,239	-	-	-	-
<b>Stage 3 - Non Performing Loans</b>	<b>15,133,087</b>	<b>94,295,045</b>	<b>153,681</b>	<b>109,581,813</b>	-	-	-	-
<b>Total Loans and Advances</b>	<b>355,737,074</b>	<b>2,258,732,720</b>	<b>155,027</b>	<b>2,614,624,821</b>	-	-	-	-

The impairment allowance on loans is further analysed as follows:

	<b>Group Dec-2023</b>				<b>Company Dec-2023</b>			
	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>	<b>Loans to Individual</b>	<b>Loans to non- Individual</b>	<b>Loans to Banks</b>	<b>Total</b>
<b>Stage 1: 12 Months ECL</b>								
Loans	2,745,902	10,737,209	-	13,483,111	-	-	-	-
Overdrafts	971,967	5,243,323	92	6,215,382	-	-	-	-
Others	-	338,653	-	338,653	-	-	-	-
	<b>3,717,869</b>	<b>16,319,185</b>	<b>92</b>	<b>20,037,146</b>	-	-	-	-
<b>Stage 2: Life Time ECL Not Credit Impaired</b>								
Loans	145,553	49,316,062	-	49,461,615	-	-	-	-
Overdrafts	119,274	1,272,182	-	1,391,456	-	-	-	-
Others	-	-	-	-	-	-	-	-
	<b>264,827</b>	<b>50,588,244</b>	-	<b>50,853,071</b>	-	-	-	-
<b>Stage 3: Non Performing Loans</b>								
Loans	2,819,650	41,599,307	88,000	44,506,957	-	-	-	-
Overdrafts	424,567	18,552,777	-	18,977,344	-	-	-	-
Others	-	-	-	-	-	-	-	-
	<b>3,244,217</b>	<b>60,152,084</b>	<b>88,000</b>	<b>63,484,301</b>	-	-	-	-
<b>Total allowance</b>	<b>7,226,913</b>	<b>127,059,513</b>	<b>88,092</b>	<b>134,374,518</b>	-	-	-	-

**(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 and non-individuals are to 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 Group. 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 Group 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 Group. 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 Group 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.

## Notes to the financial statements

### 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

Jun-2024

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against Stage 1 Loans and Advances	2,723,474,818	18,306,681,221	4,259	-
Against Stage 2 Loans and Advances	500,059,892	6,490,001,123	194	194
Against Stage 3 Loans and Advances	143,249,468	135,407,617	161,905	105,081
<b>Total</b>	<b>3,366,784,178</b>	<b>24,932,089,961</b>	<b>166,358</b>	<b>105,275</b>

#### Group

Dec-2023

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against Stage 1 Loans and Advances	2,079,903,731	16,001,252,689	1,346	169
Against Stage 2 Loans and Advances	425,137,931	6,504,593,500	-	-
Against Stage 3 Loans and Advances	109,428,132	181,548,006	153,681	105,081
<b>Total</b>	<b>2,614,469,794</b>	<b>22,687,394,195</b>	<b>155,027</b>	<b>105,250</b>

## Notes to the financial statements

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

<b>Group</b>	<b>Loans and advances</b>	<b>Loans and advances</b>
<b>Jun-2024</b>	<b>to customers</b>	<b>to banks</b>
<i>In thousands of Nigerian Naira</i>	<b>Jun-2024</b>	<b>Jun-2024</b>
<b>Against Stage 1 Loans and Advances:</b>		
Property	17,548,616,686	-
Equities	156,840,422	-
Cash	311,146,244	-
Guarantees	100,154,557	-
Negative pledge	5,485,720	-
ATC*, stock hypothecation and ISPO*	18,301,418	-
Others #	166,136,174	-
<b>Total</b>	<b>18,306,681,221</b>	<b>-</b>
<b>Against Stage 2 Loans and Advances:</b>		
Property	6,466,755,030	-
Cash	3,655,743	-
Guarantees	187,579	-
Others #	19,402,771	194
<b>Total</b>	<b>6,490,001,123</b>	<b>194</b>
<b>Against Stage 3 Loans and Advances:</b>		
Property	110,234,241	105,081
Equities	17,427	-
Cash	17,999,684	-
Others #	7,156,265	-
<b>Total</b>	<b>135,407,617</b>	<b>105,081</b>
<b>Grand total</b>	<b>24,932,089,961</b>	<b>105,275</b>

\*ISPO: Irrevocable standing payment order

\*ATC: Authority to collect

#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

## Notes to the financial statements

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

<b>Group</b>	<b>Loans and advances</b>	<b>Loans and advances</b>
<b>Dec-2023</b>	<b>to customers</b>	<b>to banks</b>
<i>In thousands of Nigerian Naira</i>	<b>Dec-2023</b>	<b>Dec-2023</b>
<b>Against Stage 1 Loans and Advances:</b>		
Property	15,282,926,439	-
Equities	165,836,209	-
Treasury bills	5,280,336	-
Cash	135,123,203	-
Guarantees	173,602,834	-
Negative pledge	3,573,167	-
Others #	217,387,605	169
<b>Total</b>	<b>16,001,252,689</b>	<b>169</b>
<b>Against Stage 2 Loans and Advances:</b>		
Property	6,451,660,243	-
Equities	141,001	-
Cash	29,679,069	-
Others #	23,113,187	-
<b>Total</b>	<b>6,504,593,500</b>	<b>-</b>
<b>Against Stage 3 Loans and Advances:</b>		
Property	143,234,545	105,081
Equities	21,266	-
Cash	35,898,285	-
Others #	2,393,910	-
<b>Total</b>	<b>181,548,006</b>	<b>105,081</b>
<b>Grand total</b>	<b>22,687,394,195</b>	<b>105,250</b>

\*ISPO: Irrevocable standing payment order

\*ATC: Authority to collect

#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

## Notes to the financial statements

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

Analysis of credit collateral is further shown below:

## Group

Jun-2024

	Loans and advances to customers				Loans and advances to banks			
	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
<b>Against Stage 1 Loans and Advances:</b>								
Property	9,008,403,357	8,505,541,469	34,671,860	17,548,616,686	-	-	-	-
Equities	155,244,250	1,596,172	-	156,840,422	-	-	-	-
Cash	154,593,959	133,295,585	23,256,700	311,146,244	-	-	-	-
Guarantees	96,567,934	2,566,278	1,020,345	100,154,557	-	-	-	-
Negative Pledge	5,485,720	-	-	5,485,720	-	-	-	-
ATC*, stock hypothecation and ISPO*	16,336,509	1,964,909	-	18,301,418	-	-	-	-
Others #	149,568,666	15,869,223	698,285	166,136,174	-	-	-	-
<b>Total</b>	<b>9,586,200,395</b>	<b>8,660,833,636</b>	<b>59,647,190</b>	<b>18,306,681,221</b>	-	-	-	-
<b>Against Stage 2 Loans and Advances:</b>								
Property	6,435,608,401	31,146,629	-	6,466,755,030	-	-	-	-
Cash	3,500,940	154,803	-	3,655,743	-	-	-	-
Guarantees	187,579	-	-	187,579	-	-	-	-
Others #	213,372	19,189,399	-	19,402,771	-	194	-	194
<b>Total</b>	<b>6,439,510,292</b>	<b>50,490,831</b>	-	<b>6,490,001,123</b>	-	<b>194</b>	-	<b>194</b>
<b>Against Stage 3 Loans and Advances:</b>								
Property	87,868,926	21,366,367	998,948	110,234,241	105,081	-	-	105,081
Equities	-	17,427	-	17,427	-	-	-	-
Cash	261,558	17,738,126	-	17,999,684	-	-	-	-
Others #	1,860,768	5,295,497	-	7,156,265	-	-	-	-
<b>Total</b>	<b>89,991,252</b>	<b>44,417,417</b>	<b>998,948</b>	<b>135,407,617</b>	<b>105,081</b>	-	-	<b>105,081</b>
<b>Grand total</b>	<b>16,115,701,939</b>	<b>8,755,741,884</b>	<b>60,646,138</b>	<b>24,932,089,961</b>	<b>105,081</b>	<b>194</b>	-	<b>105,275</b>

\*ISPO: Irrevocable standing payment order

\*ATC: Authority to collect

#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc



Notes to the financial statements

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group  
Dec-2023

<i>In thousands of Nigerian Naira</i>	Loans and advances to customers				Loans and advances to banks			
	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
<b>Against Stage 1 Loans and Advances:</b>								
Property	15,019,697,343	169,120,922	94,108,174	15,282,926,439	-	-	-	-
Equities	164,276,740	397,058	1,162,411	165,836,209	-	-	-	-
Cash	116,007,542	5,887,092	13,228,569	135,123,203	-	-	-	-
Guarantees	171,067,774	1,479,092	1,055,968	173,602,834	-	-	-	-
Negative Pledge	1,960,674	635,442	977,051	3,573,167	-	-	-	-
Treasury Bills	5,280,336	-	-	5,280,336	-	-	-	-
ATC*, stock hypothecation and ISPO*	16,676,615	846,281	-	17,522,896	-	-	-	-
Others #	160,331,856	56,004,224	1,051,525	217,387,605	-	169	-	169
<b>Total</b>	<b>15,655,298,880</b>	<b>234,370,111</b>	<b>111,583,698</b>	<b>16,001,252,689</b>	<b>-</b>	<b>169</b>	<b>-</b>	<b>169</b>
<b>Against Stage 2 Loans and Advances:</b>								
Property	6,410,895,798	40,764,445	-	6,451,660,243	-	-	-	-
Equities	-	141,001	-	141,001	-	-	-	-
Cash	29,065,171	35,811	578,087	29,679,069	-	-	-	-
Others #	103,319	23,009,868	-	23,113,187	-	-	-	-
<b>Total</b>	<b>6,440,064,288</b>	<b>63,951,125</b>	<b>578,087</b>	<b>6,504,593,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Against Stage 3 Loans and Advances:</b>								
Property	98,322,120	43,913,478	998,947	143,234,545	105,081	-	-	105,081
Equities	-	21,266	-	21,266	-	-	-	-
Cash	34,921,597	976,688	-	35,898,285	-	-	-	-
Others #	535,164	1,858,746	-	2,393,910	-	-	-	-
<b>Total</b>	<b>133,778,881</b>	<b>46,770,178</b>	<b>998,947</b>	<b>181,548,006</b>	<b>105,081</b>	<b>-</b>	<b>-</b>	<b>105,081</b>
<b>Grand total</b>	<b>22,229,142,049</b>	<b>345,091,414</b>	<b>113,160,732</b>	<b>22,687,394,195</b>	<b>105,081</b>	<b>169</b>	<b>-</b>	<b>105,250</b>

\*ISPO: Irrevocable standing payment order

\*ATC: Authority to collect

#Others include Domiciliation, Counter Indemnity, Asset Debenture, etc

## Notes to the financial statements

### (b) Credit risk (continued)

#### Debt securities

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

#### Group

Jun-2024

<i>In thousands of Nigerian Naira</i>	Financial assets at fair value through profit or loss	Investment securities	Assets pledged as collateral	Total
Federal government bonds	10,756,672	1,308,590,866	-	1,319,347,538
State government bonds	-	1,605,152	-	1,605,152
Treasury bills	17,268,087	2,471,661,920	128,874,959	2,617,804,966
Corporate bonds	-	1,755,612	-	1,755,612
Euro bond	5,859,472	59,730,735	-	65,590,207
Commercial Paper	-	20,138,111	-	20,138,111
Promissory Notes	4,209	1,408	-	5,617
	<b>33,888,440</b>	<b>3,863,483,804</b>	<b>128,874,959</b>	<b>4,026,247,203</b>

The Group's investment in risk-free Government securities constitutes 99.4% of debt instruments portfolio (December 2023: 98.8%). Investment in Corporate and State Government bonds accounts for the outstanding 0.6% (December 2023: 1.2%).

#### Group

Dec-2023

<i>In thousands of Nigerian Naira</i>	Financial assets at fair value through profit or loss	Investment securities	Assets pledged as collateral	Total
Federal government bonds	16,648,838	613,457,466	-	630,106,304
State government bonds	-	1,719,519	-	1,719,519
Corporate bonds	-	1,102,366	-	1,102,366
Promissory Notes	3,789	1,362	-	5,151
Commercial Paper	-	27,532,674	-	27,532,674
Euro Bond	3,622,871	64,953,018	-	68,575,889
Treasury bills	7,791,115	1,219,626,082	86,552,701	1,313,969,898
Special Bills	-	534,842,582	-	534,842,582
	<b>28,066,613</b>	<b>2,463,235,069</b>	<b>86,552,701</b>	<b>2,577,854,383</b>

**(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 on individual depositors.
2. Generate funding at the most appropriate pricing in light of market realities.
3. Maintain an appropriate funding structure that enables the Group to operate under a variety of adverse circumstance, including potential firm-specific and/or market liquidity events.
4. Maintain appropriate capital to support the Group's risk level and strategic intent.

The Group was able to meet all its financial commitments and obligations without any liquidity risk exposure during the year under review.

#### (ii) Exposure to Liquidity Risk

One of the key measures 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).

	Jun-24	Jun-23
At end of period	44.90%	37.51%
Average for the period	41.67%	36.59%
Maximum for the period	44.90%	37.97%
Minimum for the period	38.61%	34.29%
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.

**Financial risk management (continued)**

The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

**(iii) Gross nominal (undiscounted) maturities of financial assets and liabilities**

**Group**  
**Jun-2024**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Gross nominal inflow/outflow</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<i>Financial assets</i>								
Cash and bank balances	22	4,465,742,705	4,014,568,393	3,375,694,675	163,901,721	474,971,997	-	-
Financial assets at fair value through profit or loss	23	33,888,440	40,566,172	8,338,593	1,355,126	4,523,896	4,820,862	21,527,695
Derivative financial assets	24	159,168,390	169,810,814	76,657,660	88,530,101	4,623,053	-	-
Investment securities: – Fair Value through other comprehensive Income <sup>2</sup>	-							
– Held at amortised cost	25	2,375,435,127	2,716,875,968	520,586,658	477,023,456	1,111,429,773	582,674,100	25,161,981
Assets pledged as collateral	25	1,489,833,901	1,567,253,161	367,468,207	162,334,242	447,824,285	494,883,193	94,743,234
Loans and advances to banks	26	128,874,959	131,696,214	131,696,214	-	-	-	-
Loans and advances to customers	27	87,900	87,900	87,900	-	-	-	-
Loans and advances to customers	28	3,112,246,997	3,769,290,740	1,632,984,390	262,060,143	551,520,009	1,194,344,727	128,381,471
Restricted deposits and other assets <sup>3</sup>	28	2,182,145,683	2,309,892,838	2,189,211,569	50,939,411	45,523,254	24,218,604	-
		<b>13,947,424,102</b>	<b>14,720,042,200</b>	<b>8,302,725,866</b>	<b>1,206,144,200</b>	<b>2,640,416,267</b>	<b>2,300,941,486</b>	<b>269,814,381</b>
<i>Financial liabilities</i>								
Deposits from banks	34	296,081,451	296,081,456	278,775,340	13,995,943	3,310,173	-	-
Deposits from customers	35	10,254,142,031	9,970,525,142	9,586,662,384	86,495,307	292,930,001	4,247,934	189,516
Financial liabilities at fair value through profit or loss	36	4,522,333	9,292,160	74,172	5,364	465,415	3,767,624	4,979,585
Other liabilities <sup>4</sup>	37	1,000,728,110	1,074,377,003	660,443,338	297,847,202	37,011,181	54,875,283	24,200,000
Other borrowed funds	39	295,676,593	303,321,179	20,856,199	2,644,034	258,087,716	12,778,616	8,954,614
		<b>11,851,150,518</b>	<b>11,653,596,940</b>	<b>10,546,811,433</b>	<b>400,987,850</b>	<b>591,804,486</b>	<b>75,669,457</b>	<b>38,323,715</b>
Gap (asset - liabilities)				(2,244,085,567)	805,156,350	2,048,611,781	2,225,272,029	231,490,666
Cumulative liquidity gap				(2,244,085,567)	(1,438,929,216)	609,682,565	2,834,954,594	3,066,445,260

<sup>1</sup> Includes balances with no specific contractual maturities

<sup>2</sup> Equity securities have been excluded.

<sup>3</sup> Excludes Prepayments and Stock

<sup>4</sup> 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

The Gross nominal maturity of other liabilities is further analysed into:

## Gross nominal (undiscounted) maturities of financial assets and liabilities

## Group

Dec-2023

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Gross nominal inflow/outflow</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<i>Financial assets</i>								
Cash and bank balances	22	2,309,618,698	2,322,807,626	2,011,006,481	168,188,678	143,612,467	-	-
Financial assets at fair value through profit or loss	23	28,066,613	53,051,140	9,199,112	480,250	3,727,462	2,972,313	36,672,003
Derivative financial assets	24	28,961,143	149,688,735	104,417,000	-	45,271,735	-	-
Investment securities: – Fair Value through other comprehensive Income <sup>2</sup>	-	-	-	-	-	-	-	-
– Held at amortised cost	25	893,612,112	938,627,081	442,486,673	61,098,810	349,987,947	59,105,968	25,947,683
Assets pledged as collateral	25	1,571,317,478	1,585,821,193	731,778,408	262,266,586	243,186,613	269,758,430	78,831,156
Loans and advances to banks	26	86,552,701	92,145,718	13,151,718	-	78,994,000	-	-
Loans and advances to customers	27	66,935	66,935	66,935	-	-	-	-
	28	2,480,183,368	2,782,676,274	1,176,369,253	304,401,404	322,558,747	908,053,553	71,293,317
Restricted deposits and other assets <sup>3</sup>	33	1,944,380,766	1,944,380,768	1,905,549,781	9,072,410	5,539,973	24,218,604	-
		<b>9,342,759,814</b>	<b>9,869,265,470</b>	<b>6,394,025,361</b>	<b>805,508,138</b>	<b>1,192,878,944</b>	<b>1,264,108,868</b>	<b>212,744,159</b>
<i>Financial liabilities</i>								
Deposits from banks	34	136,053,409	136,053,408	127,022,100	4,105,140	4,926,168	-	-
Deposits from customers	35	7,410,834,190	7,412,132,868	7,214,942,520	65,254,074	120,035,280	11,773,746	127,248
Financial liabilities at fair value through profit or loss	36	809,342	2,837,378	-	-	250,000	-	2,587,378
Other liabilities <sup>4</sup>	37	417,433,890	460,555,870	264,897,140	113,148,381	22,640,726	35,669,622	24,200,000
Other borrowed funds	39	72,119,485	76,744,260	46,350,787	1,610,005	3,603,052	15,330,106	9,850,310
		<b>8,037,250,316</b>	<b>8,088,323,784</b>	<b>7,653,212,547</b>	<b>184,117,600</b>	<b>151,455,226</b>	<b>62,773,474</b>	<b>36,764,936</b>
Gap (asset - liabilities)				(1,259,187,186)	621,390,538	1,041,423,718	1,201,335,394	175,979,223
Cumulative liquidity gap				(1,259,187,186)	(637,796,648)	403,627,070	1,604,962,463	1,780,941,686

<sup>1</sup> Includes balances with no specific contractual maturities<sup>2</sup> Equity securities have been excluded.<sup>3</sup> Excludes Prepayments and Stock<sup>4</sup> 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

## Company

Jun-2024

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Gross nominal inflow/outflow</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<i>Financial assets</i>								
Cash and bank balances	23	599,546	599,546	599,546	-	-	-	-
		<b>599,546</b>	<b>599,546</b>	<b>599,546</b>	-	-	-	-
<i>Financial liabilities</i>								
Other liabilities <sup>4</sup>	37	12,645,412	12,645,412	-	-	12,645,412	-	-
		<b>12,645,412</b>	<b>12,645,412</b>	-	-	<b>12,645,412</b>	-	-
Gap (asset - liabilities)				599,546	-	(12,645,412)	-	-
Cumulative liquidity gap				599,546	599,546	(12,045,866)	(12,045,866)	(12,045,866)

<sup>1</sup> Includes balances with no specific contractual maturities<sup>2</sup> Equity securities have been excluded.<sup>3</sup> Excludes Prepayments and Stock<sup>4</sup> 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

## Company

Dec-2023

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Gross nominal inflow/outflow</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<i>Financial assets</i>								
Cash and bank balances	23	60,169	60,169	60,169	-	-	-	-
		<b>60,169</b>	<b>60,169</b>	<b>60,169</b>	-	-	-	-
<i>Financial liabilities</i>								
Other liabilities <sup>4</sup>	38	16,483,941	16,483,941	-	-	16,483,941	-	-
		<b>16,483,941</b>	<b>16,483,941</b>	-	-	<b>16,483,941</b>	-	-
Gap (asset - liabilities)				60,169	-	(16,483,941)	-	-
Cumulative liquidity gap				60,169	60,169	(16,423,772)	(16,423,772)	(16,423,772)

<sup>1</sup> Includes balances with no specific contractual maturities<sup>2</sup> Equity securities have been excluded.<sup>3</sup> Excludes Prepayments and Stock<sup>4</sup> Excludes deferred income, impairment on contingents and provision for litigations

Management of this liquidity gap is as disclosed in Note 4(g)

Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities



**Financial risk management (continued)****(i) Residual contractual maturities of financial assets and liabilities**

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

**Group**  
**Jun-2024**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	22	4,465,742,705	3,853,605,073	160,832,452	451,305,180	-	-
Financial assets at fair value through profit or loss	23	33,888,440	16,548,432	1,235,382	3,534,168	3,355,093	9,215,365
Derivative financial assets	24	159,168,390	74,292,607	80,912,666	3,963,117	-	-
Investment securities:							
– Fair Value through other comprehensive Income <sup>2</sup>	25	2,373,649,903	515,010,506	447,082,401	969,213,269	434,122,882	8,220,845
– Held at amortised cost	25	1,489,833,901	291,236,507	162,333,864	447,824,285	494,883,193	93,556,052
Assets pledged as collateral	26	128,874,959	128,874,959	-	-	-	-
Loans and advances to banks	27	87,900	87,900	-	-	-	-
Loans and advances to customers	28	3,112,246,997	1,315,437,049	213,726,661	478,430,177	989,019,424	115,633,686
Restricted deposits and other assets <sup>3</sup>	33	2,182,145,683	2,061,464,414	50,939,411	45,523,254	24,218,604	-
		<b>13,945,638,878</b>	<b>8,256,557,447</b>	<b>1,117,062,837</b>	<b>2,399,793,450</b>	<b>1,945,599,196</b>	<b>226,625,948</b>
<b>Financial liabilities</b>							
Deposits from banks	34	296,081,451	278,775,335	13,995,943	3,310,173	-	-
Deposits from customers	35	10,254,142,031	9,870,823,649	86,099,812	292,787,752	4,247,934	182,884
Financial liabilities at fair value through profit or loss	36	4,522,333	70,782	5,079	403,170	2,551,360	1,491,942
Other liabilities <sup>4</sup>	37	1,000,728,110	646,397,449	235,337,146	78,696,463	34,297,052	6,000,000
Other borrowed funds	39	295,676,593	18,947,249	1,220,264	257,113,556	10,067,844	8,327,680
		<b>11,851,150,518</b>	<b>10,815,014,464</b>	<b>336,658,244</b>	<b>632,311,114</b>	<b>51,164,190</b>	<b>16,002,506</b>
Gap (asset - liabilities)			(2,558,457,017)	780,404,593	1,767,482,336	1,894,435,006	210,623,442
Cumulative liquidity gap			(2,558,457,017)	(1,778,052,424)	(10,570,088)	1,883,864,918	2,094,488,360

<sup>1</sup> Includes balances with no specific contractual maturities

<sup>3</sup> Excludes prepayments and Stock

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

<sup>2</sup> Equity securities have been excluded under liquidity consideration.

<sup>4</sup> Excludes deferred income, provision for litigations, impairment on contingents

## 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.

<b>Group</b>							
<b>Jun-2024</b>							
<i>In thousands of Nigerian Naira</i>	<b>Note</b>	<b>Carrying amount</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Transaction related bonds and guarantees	42	734,619,684	42,138,544	55,316,649	102,193,039	66,274,084	468,697,368
Clean line facilities and letters of credit	42	40,242,684	16,478,721	8,224,989	12,890,316	2,648,658	-
Other commitments	42	40,430,690	40,430,690	-	-	-	-
		<b>815,293,058</b>	<b>99,047,955</b>	<b>63,541,638</b>	<b>115,083,355</b>	<b>68,922,742</b>	<b>468,697,368</b>

<sup>1</sup> Includes balances with no specific contractual maturities

## Residual contractual maturities of financial assets and liabilities

Group

Dec-2023

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	22	2,309,618,698	2,005,936,198	165,661,126	138,021,374	-	-
Financial assets at fair value through profit or loss	23	28,066,613	9,196,810	463,191	3,460,104	2,043,317	12,903,191
Derivative financial assets	24	28,961,143	21,033,029	-	7,928,114	-	-
Investment securities:	-						
– Fair Value through other comprehensive Income <sup>2</sup>	25	891,917,591	441,126,511	60,598,796	327,443,972	52,604,009	10,144,303
– Held at amortised cost	25	1,571,317,478	723,995,645	256,934,217	243,186,188	269,758,430	77,442,998
Assets pledged as collateral	26	86,552,701	13,151,718	-	73,400,983	-	-
Loans and advances to banks	27	66,935	66,935	-	-	-	-
Loans and advances to customers	28	2,480,183,368	1,125,784,410	269,327,283	272,026,795	747,206,870	65,838,010
Restricted deposits and other assets <sup>3</sup>	33	1,944,380,766	1,905,549,778	9,072,410	5,539,974	24,218,604	-
		<b>9,341,065,293</b>	<b>6,245,841,034</b>	<b>762,057,023</b>	<b>1,071,007,504</b>	<b>1,095,831,230</b>	<b>166,328,502</b>
<b>Financial liabilities</b>							
Deposits from banks	34	136,053,409	127,022,101	4,105,140	4,926,168	-	-
Deposits from customers	35	7,410,834,190	7,213,944,537	65,076,876	119,916,336	11,773,746	122,695
Financial liabilities at fair value through profit or loss	36	809,342	-	-	220,220	-	589,122
Other liabilities <sup>4</sup>	37	417,433,890	262,181,685	101,763,270	25,195,421	22,293,514	6,000,000
Other borrowed funds	39	72,119,485	46,003,234	1,430,596	3,254,947	12,330,669	9,100,039
		<b>8,037,250,316</b>	<b>7,649,151,557</b>	<b>172,375,882</b>	<b>153,513,092</b>	<b>46,397,929</b>	<b>15,811,856</b>
Gap (asset - liabilities)			(1,403,310,523)	589,681,141	917,494,412	1,049,433,301	150,516,646
Cumulative liquidity gap			(1,403,310,523)	(813,629,382)	103,865,030	1,153,298,331	1,303,814,977

<sup>1</sup> Includes balances with no specific contractual maturities<sup>2</sup> Equity securities have been excluded under liquidity consideration.<sup>3</sup> Excludes prepayments and Stock<sup>4</sup> Excludes deferred income , 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-2023**

<i>In thousands of Nigerian Naira</i>	<b>Note</b>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Transaction related bonds and guarantees	42	623,937,083	231,332,230	36,614,302	54,931,037	65,696,974	235,362,540
Clean line facilities and letters of credit	42	19,416,461	13,806,112	1,174,549	3,017,820	1,417,980	-
Other commitments	42	16,940,851	16,940,851	-	-	-	-
		<b>660,294,395</b>	<b>262,079,193</b>	<b>37,788,851</b>	<b>57,948,857</b>	<b>67,114,954</b>	<b>235,362,540</b>

<sup>1</sup> 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.

**Company  
Jun-2024**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	23	599,546	599,546	-	-	-	-
		<b>599,546</b>	<b>599,546</b>	-	-	-	-
<b>Financial liabilities</b>							
Other liabilities <sup>4</sup>	37	12,645,412	-	-	12,645,412	-	-
		<b>12,645,412</b>	-	-	<b>12,645,412</b>	-	-
Gap (asset - liabilities)			599,546	-	(12,645,412)	-	-
Cumulative liquidity gap			599,546	599,546	(12,045,866)	(12,045,866)	(12,045,866)

<sup>1</sup> Includes balances with no specific contractual maturities

<sup>2</sup> Equity securities have been excluded under liquidity consideration.

<sup>3</sup> Excludes prepayments and Stock

<sup>4</sup> Excludes deferred income, provision for litigations and 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 financial assets and liabilities

Company  
Dec-2023

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months<sup>1</sup></b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	23	60,169	60,169	-	-	-	-
		<b>60,169</b>	<b>60,169</b>	-	-	-	-
<b>Financial liabilities</b>							
Other liabilities <sup>4</sup>	38	16,483,941	-	-	16,483,941	-	-
		<b>16,483,941</b>	-	-	<b>16,483,941</b>	-	-
Gap (asset - liabilities)			60,169	-	(16,483,941)	-	-
Cumulative liquidity gap			60,169	60,169	(16,423,772)	(16,423,772)	(16,423,772)

<sup>1</sup> Includes balances with no specific contractual maturities<sup>2</sup> Equity securities have been excluded under liquidity consideration.<sup>3</sup> Excludes prepayments and Stock<sup>4</sup> 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

## (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****Jun-2024**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	22	4,465,742,705	3,853,605,073	160,832,452	451,305,180	-	-
Financial assets at fair value through profit or loss	23	33,888,440	16,548,432	1,235,382	3,534,168	3,355,093	9,215,365
Derivative financial assets	24	159,168,390	74,292,607	80,912,666	3,963,117	-	-
Investment securities:							
– Fair Value through other comprehensive Income <sup>1</sup>	25	2,373,649,903	515,010,506	447,082,401	969,213,269	434,122,882	8,220,845
– Held at amortised cost	25	1,489,833,901	291,236,507	162,333,864	447,824,285	494,883,193	93,556,052
Assets pledged as collateral	26	128,874,959	128,874,959	-	-	-	-
Loans and advances to banks	27	87,900	87,900	-	-	-	-
Loans and advances to customers	28	3,112,246,997	1,561,901,471	219,644,383	433,978,381	817,787,886	78,934,876
Restricted deposits and other assets <sup>2</sup>	33	2,182,145,683	2,061,464,414	50,939,411	45,523,254	24,218,604	-
		<b>13,945,638,878</b>	<b>8,503,021,869</b>	<b>1,122,980,559</b>	<b>2,355,341,654</b>	<b>1,774,367,658</b>	<b>189,927,138</b>
<b>Financial liabilities</b>							
Deposits from banks	34	296,081,451	278,775,335	13,995,943	3,310,173	-	-
Deposits from customers	35	10,254,142,031	9,870,823,649	86,099,812	292,787,752	4,247,934	182,884
Financial liabilities at fair value through profit or loss	36	4,522,333	70,782	5,079	403,170	2,551,360	1,491,942
Other liabilities <sup>3</sup>	37	1,000,728,110	646,397,449	235,337,146	78,696,463	34,297,052	6,000,000
Other borrowed funds	39	295,676,593	18,947,249	1,220,264	257,113,556	10,067,844	8,327,680
		<b>11,851,150,518</b>	<b>10,815,014,464</b>	<b>336,658,244</b>	<b>632,311,114</b>	<b>51,164,190</b>	<b>16,002,506</b>
		<b>2,094,488,360</b>	<b>(2,311,992,595)</b>	<b>786,322,315</b>	<b>1,723,030,540</b>	<b>1,723,203,468</b>	<b>173,924,632</b>

<sup>1</sup> Excludes equity securities.<sup>2</sup> Excludes prepayments and Stocks<sup>3</sup> 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-2023**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	22	2,309,618,698	2,005,936,198	165,661,126	138,021,374	-	-
Financial assets at fair value through profit or loss	23	28,066,613	9,196,810	463,191	3,460,104	2,043,317	12,903,191
Derivative financial assets	24	28,961,143	21,033,029	-	7,928,114	-	-
Investment securities:	-						
– Fair Value through other comprehensive Income <sup>1</sup>	25	891,917,591	441,126,511	60,598,796	327,443,972	52,604,009	10,144,303
– Held at amortised cost	25	1,571,317,478	723,995,646	256,934,216	243,186,188	269,758,430	77,442,998
Assets pledged as collateral	26	86,552,701	13,151,718	-	73,400,983	-	-
Loans and advances to banks	27	66,935	66,935	-	-	-	-
Loans and advances to customers	28	2,480,183,368	1,125,784,410	269,327,283	272,026,795	747,206,870	65,838,010
Restricted deposits and other assets <sup>2</sup>	33	1,944,380,766	1,905,549,778	9,072,410	5,539,974	24,218,604	-
		<b>9,341,065,293</b>	<b>6,245,841,035</b>	<b>762,057,022</b>	<b>1,071,007,504</b>	<b>1,095,831,230</b>	<b>166,328,502</b>
<b>Financial liabilities</b>							
Deposits from banks	34	136,053,409	127,022,101	4,105,140	4,926,168	-	-
Deposits from customers	35	7,410,834,190	7,213,944,537	65,076,876	119,916,336	11,773,746	122,695
Financial liabilities at fair value through profit or loss	36	809,342	-	-	220,220	-	589,122
Other liabilities <sup>3</sup>	37	417,433,890	262,181,685	101,763,270	25,195,421	22,293,514	6,000,000
Other borrowed funds	39	72,119,485	46,003,234	1,430,596	3,254,947	12,330,669	9,100,039
		<b>8,037,250,316</b>	<b>7,649,151,557</b>	<b>172,375,882</b>	<b>153,513,092</b>	<b>46,397,929</b>	<b>15,811,856</b>
		<b>1,303,814,977</b>	<b>(1,403,310,522)</b>	<b>589,681,140</b>	<b>917,494,412</b>	<b>1,049,433,301</b>	<b>150,516,646</b>

<sup>1</sup> Excludes equity securities.<sup>2</sup> Excludes prepayments, and Stocks<sup>3</sup> 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 Parent can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Parent can vary the terms of the underlying financial asset or liabilities and analyses the Parent'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.

**Company****Jun-2024**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	23	599,546	599,546	-	-	-	-
		<b>599,546</b>	<b>599,546</b>	-	-	-	-
<b>Financial liabilities</b>							
Other liabilities <sup>3</sup>	37	12,645,412	-	-	12,645,412	-	-
		<b>12,645,412</b>	-	-	<b>12,645,412</b>	-	-
		<b>(12,045,866)</b>	<b>599,546</b>	-	<b>(12,645,412)</b>	-	-

<sup>1</sup> Excludes equity securities.<sup>2</sup> Excludes prepayments, Stocks<sup>3</sup> 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 Parent can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Parent can vary the terms of the underlying financial asset or liabilities and analyses the Parent'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.

**Company****Dec-2023**

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Financial assets</b>							
Cash and bank balances	23	60,169	60,169	-	-	-	-
		<b>60,169</b>	<b>60,169</b>	-	-	-	-
<b>Financial liabilities</b>							
Other liabilities <sup>3</sup>	38	16,483,941	-	-	16,483,941	-	-
		<b>16,483,941</b>	-	-	<b>16,483,941</b>	-	-
		<b>(16,423,772)</b>	<b>60,169</b>	-	<b>(16,483,941)</b>	-	-

<sup>1</sup> Excludes equity securities.<sup>2</sup> Excludes prepayments, stock<sup>3</sup> 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 Group'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 Division of the Group, and they maintain positions arising from market making and proprietary trading activities. With the exception of translation risk arising from the Group'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 Group'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 Group'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 Group traded in the following financial instruments in the course of the period;

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 Group'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 Group makes use of limit monitoring, earnings-at-risk and gap analyses to measure and control the market risk exposures within its banking book.

The Group also performs regular stress tests on its banking and trading books. In performing this, the Group ensures there are quantitative criteria in building the scenarios. The Group 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 Group's liquidity.

During the period, the foreign exchange risk, interest rate risk and price risk, were the key risks the Group was exposed to. However, all potential risk exposures in the course of the year were successfully mitigated as mentioned above.

## Value-at-Risk (VaR)

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

The Group 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 12 months 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, the Group 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 Group trades on foreign currencies, Bonds and Treasury bills instruments, while its subsidiaries trade mainly in bills and bonds and an insignificant amount of foreign currencies. 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 In thousands of Naira	Jun-24			
	Average	High	Low	At reporting date
Foreign exchange risk	30,952	2,906,207	0	1,332,010
Interest rate risk	634,987	3,057,114	24,985	129,689
<b>Total</b>	<b>665,938</b>	<b>5,963,321</b>	<b>24,985</b>	<b>1,461,700</b>

Group VaR by risk type In thousands of Naira	Jun-23			
	Average	High	Low	At reporting date
Foreign exchange risk	10,976	45,202	0	0
Interest rate risk	1,537,345	3,072,062	764,292	1,380,928
<b>Total</b>	<b>1,548,321</b>	<b>3,117,264</b>	<b>764,292</b>	<b>1,380,928</b>

**(iv) Other market risks: Sensitivity analysis of non-trading portfolios to various scenarios**

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by the Group and equity price risk is subject to regular monitoring by Group Management Risk committee but is not currently significant in relation to the overall results and financial position of the Group.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from increases or decreases in fair value of financial instruments FVOCI reported directly in other comprehensive income.

As at 30th June 2024, the Group's interest rate risk (i.e, risk associated with increase in interest expense) arises principally from deposit liabilities and long-term borrowings. Borrowings issued at variable rates expose the Group to cash outflow, emanating from interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to the risk of fair value change, emanating from change in interest rate .

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 (June 2024 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table below
- 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:

- 100 basis point change for the prime lending rate on loans and advances is considered possible, using the current economic indicator and historical data.
- The discount rate on various maturities of treasury bills ranged between 5.63% and 26.63% 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:

<b>Group</b>				
In thousands of Nigerian Naira	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
<b>Decrease</b>	<b>(72,473,615)</b>	<b>(65,109,683)</b>	<b>(17,717,357)</b>	<b>(15,366,354)</b>
Asset	(93,295,643)	(83,816,016)	(24,709,207)	(21,430,420)
Liabilities	20,822,027	18,706,333	6,991,849	6,064,066
<b>Increase</b>	<b>72,473,615</b>	<b>65,109,683</b>	<b>17,717,357</b>	<b>15,366,354</b>
Asset	93,295,643	83,816,016	24,709,207	21,430,420
Liabilities	(20,822,027)	(18,706,333)	(6,991,849)	(6,064,066)
<b>Parent</b>				
In thousands of Nigerian Naira	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
<b>Decrease</b>	<b>(49,374,772)</b>	<b>(45,918,538)</b>	<b>(6,015,135)</b>	<b>(5,372,172)</b>
Asset	(63,475,241)	(59,031,974)	(17,562,625)	(15,685,342)
Liabilities	14,100,470	13,113,437	11,547,490	10,313,169
<b>Increase</b>	<b>49,374,772</b>	<b>45,918,538</b>	<b>6,015,135</b>	<b>5,372,172</b>
Asset	63,475,241	59,031,974	17,562,625	15,685,342
Liabilities	(14,100,470)	(13,113,437)	(11,547,490)	(10,313,169)

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)

<b>Group</b>				
In thousands of Nigerian Naira	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
<b>Decrease</b>				
<b>Assets</b>				
Cash and bank balances	(22,293,640)	(20,028,418)	(3,500,788)	(3,036,251)
Loans and advances to banks	(1,443)	(1,296)	(864,483)	(749,770)
Loans and advances to customers	(34,521,545)	(31,013,864)	(10,294,532)	(8,928,499)
Financial assets held for trading	(335,176)	(301,119)	(709,018)	(614,935)
Investment securities	(35,091,824)	(31,526,198)	(9,030,729)	(7,832,397)
Assets pledged as collateral	(1,052,015)	(945,121)	(309,658)	(268,568)
	<b>(93,295,643)</b>	<b>(83,816,016)</b>	<b>(24,709,207)</b>	<b>(21,430,420)</b>
<b>Liabilities</b>				
Deposits from banks	210,186	188,829	19,867	17,231

Deposits from customers	18,122,573	16,281,167	6,308,981	5,471,811
Financial liabilities held for trading	-	-	59,335	51,462
Debt Securities	-	-	-	-
Other borrowed funds	2,489,268	2,236,337	603,665	523,562
	<b>20,822,027</b>	<b>18,706,333</b>	<b>6,991,849</b>	<b>6,064,066</b>
<b>Total</b>	<b>(72,473,615)</b>	<b>(65,109,683)</b>	<b>(17,717,357)</b>	<b>(15,366,354)</b>

**Increase****Assets**

Cash and bank balances	22,293,640	20,028,418	3,500,788	3,036,251
Loans and advances to banks	1,443	1,296	864,483	749,770
Loans and advances to customers	34,521,545	31,013,864	10,294,532	8,928,499
Financial assets held for trading	335,176	301,119	709,018	614,935
Investment securities	35,091,824	31,526,198	9,030,729	7,832,397
Assets pledged as collateral	1,052,015	945,121	309,658	268,568
	<b>93,295,643</b>	<b>83,816,016</b>	<b>24,709,207</b>	<b>21,430,420</b>

**Liabilities**

Deposits from banks	(210,186)	(188,829)	(19,867)	(17,231)
Deposits from customers	(18,122,573)	(16,281,167)	(6,308,981)	(5,471,811)
Financial liabilities held for trading	-	-	(59,335)	(51,462)
Debt securities	-	-	-	-
Other borrowed funds	(2,489,268)	(2,236,337)	(603,665)	(523,562)
	<b>(20,822,027)</b>	<b>(18,706,333)</b>	<b>(6,991,849)</b>	<b>(6,064,066)</b>

**Total**

**72,473,615**      **65,109,683**      **17,717,357**      **15,366,354**

**Parent**

In thousands of Nigerian Naira

	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
<b>Decrease</b>				
<b>Assets</b>				
Cash and bank balances	(19,240,230)	(17,893,414)	(3,163,639)	(2,825,475)
Loans and advances to Banks	(1,443)	(1,342)	(864,483)	(772,078)
Loans and advances to Customers	(28,026,760)	(26,064,887)	(8,247,611)	(7,366,017)
Financial assets held for trading	(297,182)	(276,379)	(697,576)	(623,012)
Investment securities	(15,118,257)	(14,059,979)	(4,344,515)	(3,880,126)
Assets pledged as collateral	(791,369)	(735,973)	309,658	268,568
	<b>(63,475,241)</b>	<b>(59,031,974)</b>	<b>(17,008,166)</b>	<b>(15,198,139)</b>
<b>Liabilities</b>				
Deposits from banks	5,613	5,221	2,330	2,081
Deposits from customers	11,610,148	10,797,437	10,223,295	9,130,519
Financial liabilities held for trading	-	-	118,671	105,986
Other borrowed funds	2,484,708	2,310,779	1,203,193	1,074,583
	<b>14,100,469</b>	<b>13,113,437</b>	<b>11,547,490</b>	<b>10,313,169</b>
<b>Total</b>	<b>(49,374,772)</b>	<b>(45,918,538)</b>	<b>(5,460,676)</b>	<b>(4,884,970)</b>



<b>Increase</b>				
<b>Assets</b>				
Cash and bank balances	19,240,230	17,893,414	3,163,639	2,825,475
Loans and advances to Banks	1,443	1,342	864,483	772,078
Loans and advances to Customers	28,026,760	26,064,887	8,247,611	7,366,017
Financial assets held for trading	297,182	276,379	697,576	623,012
Investment securities	15,118,257	14,059,979	4,344,515	3,880,126
Assets pledged as collateral	791,369	735,973	244,802	218,635
	<b>63,475,241</b>	<b>59,031,974</b>	<b>17,562,625</b>	<b>15,685,342</b>
<b>Liabilities</b>				
Deposits from banks	(5,613)	(5,221)	(2,330)	(2,081)
Deposits from customers	(11,610,148)	(10,797,437)	(10,223,295)	(9,130,519)
Financial liabilities held for trading	-	-	(118,671)	(105,986)
Other borrowed funds	(2,484,708)	(2,310,779)	(1,203,193)	(1,074,583)
	<b>(14,100,469)</b>	<b>(13,113,437)</b>	<b>(11,547,490)</b>	<b>(10,313,169)</b>
<b>Total</b>	<b>49,374,772</b>	<b>45,918,538</b>	<b>6,015,135</b>	<b>5,372,172</b>

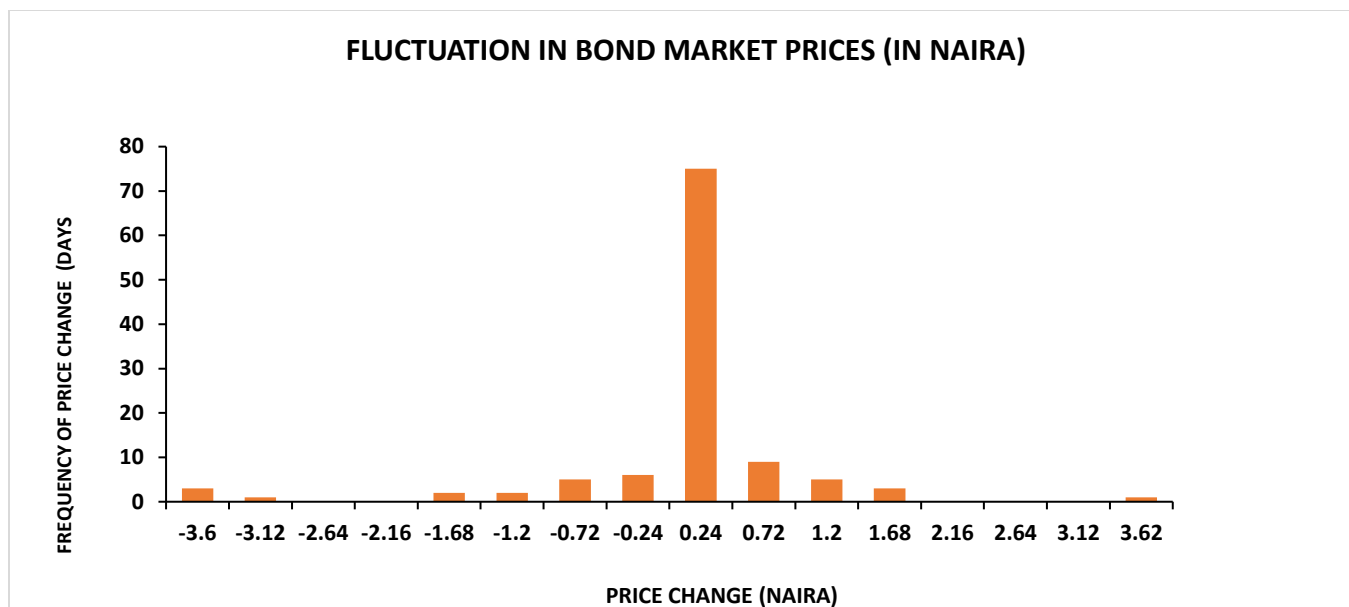
(v) **Sensitivity Analysis of Fair Value Through Other Comprehensive Income Portfolio to Price**

**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 30 June 2024 and the comparative period in 2024. 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 (+3.62/-3.60) Naira was determined based on the distribution of six months daily change in market prices. The results were that fluctuations were in the range of (+3.62/-3.60) Naira.
- The chosen reasonable change in market prices was then applied to the Group's holding of bonds designated as FVOCI as at end of the period.



The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2024, when price of bonds designated as FVOCI increased or decreased by one Naira with all other variables held constant, would have been as set out in the tables below:

<b>Group</b>	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
In thousands of Nigerian Naira	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(557,563)	(503,056)	(2,299,523)	(2,032,318)
Increase	560,660	505,851	2,936,480	2,595,261

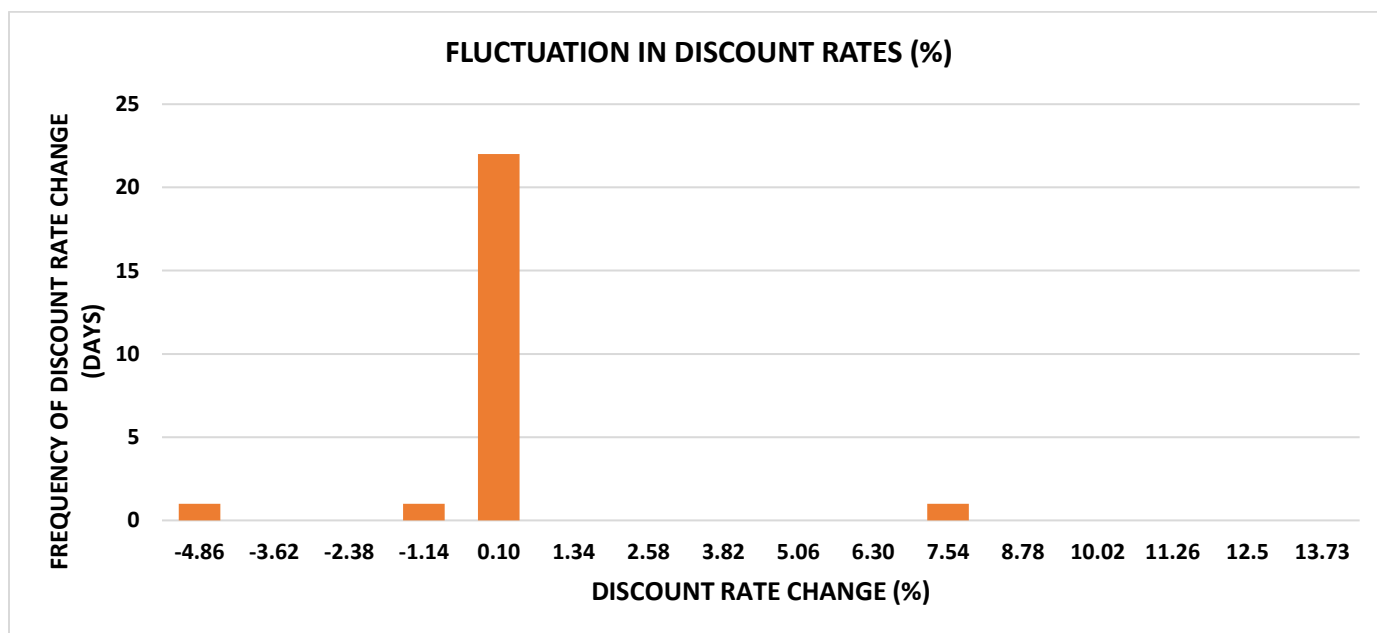
<b>Parent</b>	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
In thousands of Nigerian Naira	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(420,785)	(393,163)	(5,211,657)	(4,814,008)
Increase	423,122	395,347	6,655,262	6,147,466

#### **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 (+13.73/-4.86) was determined based on the distribution of six-month daily change in discount rates on treasury bills. A large proportion of changes in discount rates falls in the range of (+13.73/-4.86).

- The chosen reasonable change in market discount rates was then applied to the Group's holding of Fair value through other comprehensive income treasury bills at the end of the period.



The result of the price sensitivity i.e. impacts on other comprehensive income as at 30th June 2024, if discount rates of treasury bills designated as FVOCI, converted to prices, increased or reduced by (+13.73/-4.86) with all other variables held constant, would have been as set out in the tables below:

<b>Group</b>	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
In thousands of Nigerian Naira	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(77,970,371)	(70,348,141)	(38,544,476)	(34,065,608)
Increase	220,173,280	198,649,572	65,176,752	57,603,214
<b>Group</b>	<b>Jun-24</b>	<b>Jun-24</b>	<b>Dec-23</b>	<b>Dec-23</b>
In thousands of Nigerian Naira	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(51,331,069)	(47,961,482)	(24,536,823)	(22,664,664)
Increase	144,949,032	135,433,969	41,490,523	38,324,796

**(v) Sensitivity analysis of level 3 equity Instruments and its impact on OCI**

The estimated fair value per share of each of the unquoted equity instruments has been determined using the relevant valuation models (where applicable/suitable). IFRS 13 outlines three approaches to fair value measurements. We have adopted the income approach in determining the fair values of these investments. Among the significant inputs into the models are the following:

- |                         |                             |                       |
|-------------------------|-----------------------------|-----------------------|
| 1. Risk free rate (Rf)  | 2. Beta (B) coefficient     | 3. Market return (Rm) |
| 4. Free cash flow (FCF) | 5. Cost of debt/equity etc. |                       |

The inputs were used to determine appropriate weighted cost of capital which subsequently was used to discount the free cash flow of the company before arriving at the appropriate fair value of the share of the unquoted equity.

In determining the sensitivity of the fair value of the share of the unquoted equity to changes to the various inputs, we have assumed a 100 basis points increase or decrease to the risk-free rate, the resultant impact to pre-tax and post-tax results arising from the sensitivity analysis are as shown in the table below:

**Impact on Other Comprehensive Income**

<b>Group</b>				
In thousands of Nigerian Naira	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	196,570	177,354	196,570	168,800
Increase	(162,868)	(146,946)	(162,868)	(139,859)
<b>Parent</b>				
In thousands of Nigerian Naira	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	196,570	183,666	196,570	175,558
Increase	(162,868)	(152,177)	(162,868)	(145,459)

## Impact on Other Comprehensive Income

<b>Group</b>				
In thousands of Nigerian Naira	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	663,559	598,691	663,559	569,815
Increase	(494,870)	(446,492)	(494,870)	(424,958)
<b>Parent</b>				
In thousands of Nigerian Naira	<b>Jun-24</b>	<b>Jun-24</b>	<b>Jun-23</b>	<b>Jun-23</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	663,559	620,000	663,559	592,631
Increase	(494,870)	(462,385)	(494,870)	(441,973)

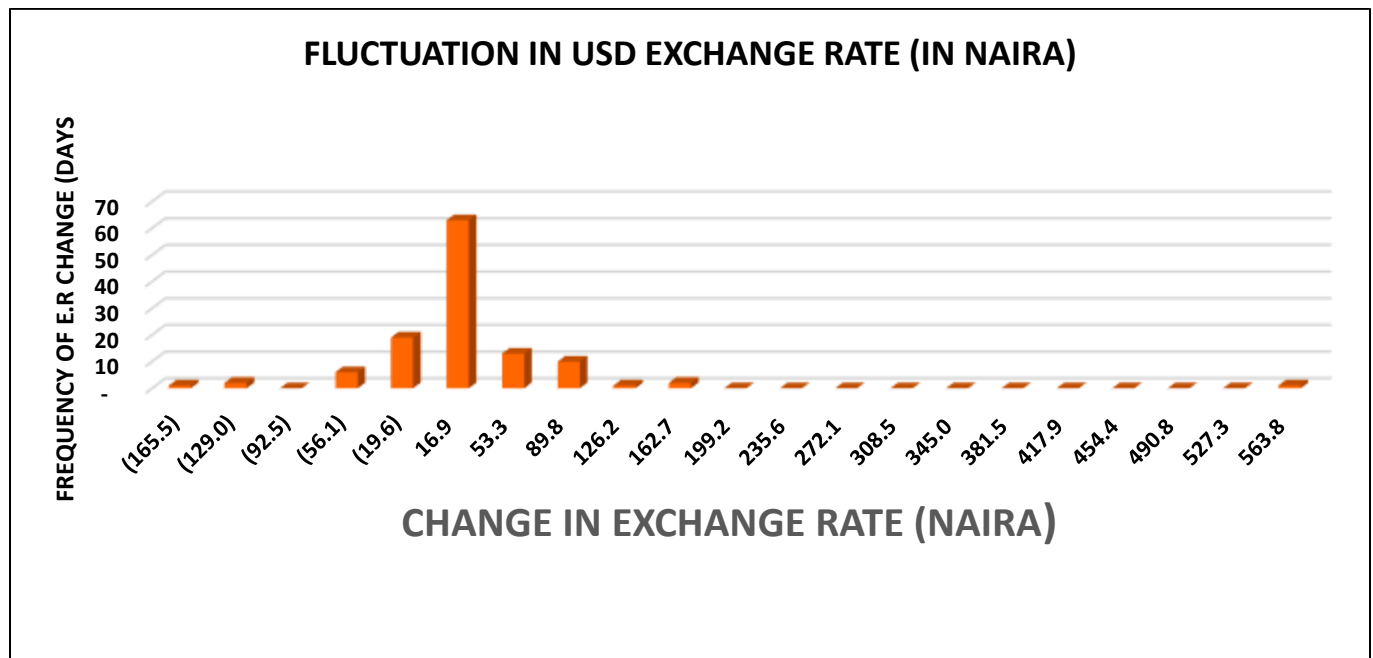
**(iv) Exposure to foreign currency risk**

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 fluctuates 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 six-month period and trended
- A reasonably possible change of -165.45/563.69 (June 2023 -39.15/237.52) was determined based on the distribution of 6-month daily change in exchange rates.
- The change in exchange rates was then applied to the bank's dollar position at the end of the period.



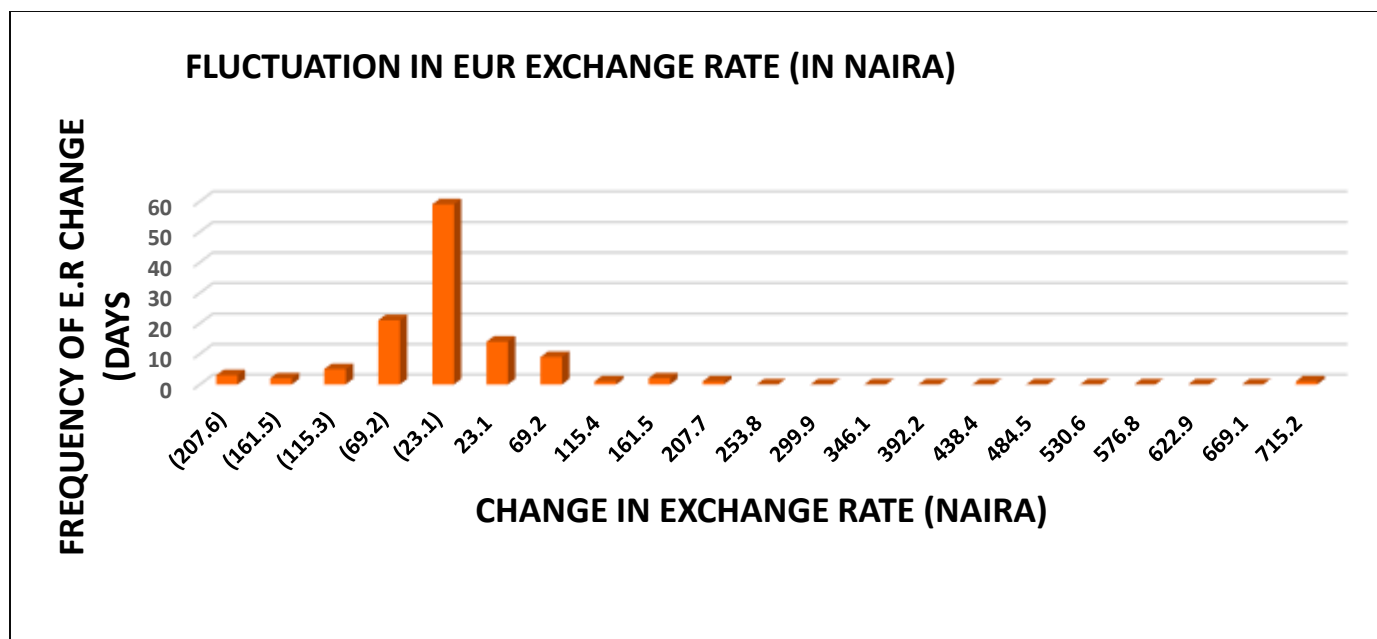
As at 30 June 2024, if the Naira had strengthened/weakened by -165.45/563.69 against the Dollar with all other variables held constant, the pre-tax and post-tax profit for the period ended would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

<b>Group</b>				
In thousands of Nigerian Naira	June-2024 Pre-tax	June-2024 Post-tax	June-2023 Pre-tax	June-2023 Post-tax
Decrease	(2,225,850,666)	(1,999,685,412)	(7,103,091)	(6,160,547)
Increase	7,583,498,107	6,812,950,557	43,093,899	37,375,557
<b>Parent</b>				
In thousands of Nigerian Naira	June-2024 Pre-tax	June-2024 Post-tax	June-2023 Pre-tax	June-2023 Post-tax
Decrease	(2,225,834,157)	(2,070,025,766)	(7,101,481)	(6,342,398)
Increase	7,583,441,862	7,052,600,933	43,084,134	38,478,835

**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 -207.61/715.27 (June 2023: --47.65/309.15) was determined based on the distribution of 6-month daily change in exchange rates.
- The chosen reasonable change in exchange rates was then applied to the bank's position as at end of the period.



As at 30 June 2024, if the Naira had strengthened/weakened by -207.61/715.27 against the Pounds with all other variables held constant the pre-tax and post-tax profit for the period ended would have

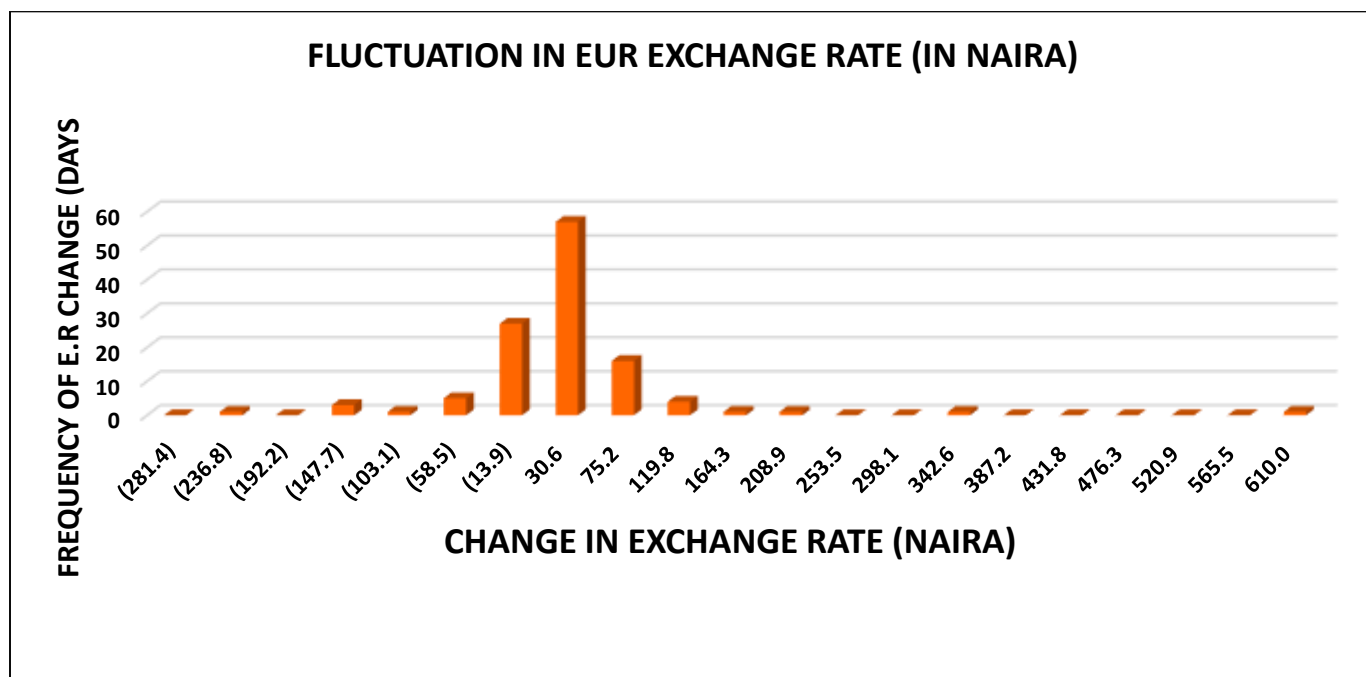
increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

<b>Group</b>				
In thousands of Nigerian Naira	Jun-2024 Pre-tax	Jun-2024 Post-tax	Jun-2023 Pre-tax	Jun-2023 Post-tax
Decrease	(53,397,104)	(47,971,506)	(110,953)	(96,230)
Increase	183,963,737	165,271,465	4,059,512	3,520,835
<b>Parent</b>				
In thousands of Nigerian Naira	Jun-2024 Pre-tax	Jun-2024 Post-tax	Jun-2023 Pre-tax	Jun-2023 Post-tax
Decrease	(53,408,452)	(49,669,860)	(110,798)	(98,955)
Increase	184,002,832	171,122,634	4,053,840	3,620,522

**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 -281.36/609.97 (Jun 2023 -7.25/265.26) was determined based on the distribution of 6-month daily change in exchange rates.
- The chosen reasonable change in exchange rates was then applied to the bank's position as at end of the period.





As at 30 June 2024, if the Naira had strengthened/weakened by -281.36/609.97 against the Euro with all other variables held constant, the pre-tax and post-tax profit for the period ended would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

<b>Group</b>				
In thousands of Nigerian Naira	<b>Jun-2024</b>	<b>Jun-2024</b>	<b>Jun-2023</b>	<b>Jun-2023</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(174,530,685)	(156,796,891)	(295,558)	(256,339)
Increase	378,375,583	339,929,423	1,917,558	1,663,108
<b>Parent</b>				
In thousands of Nigerian Naira	<b>Jun-2024</b>	<b>Jun-2024</b>	<b>Jun-2023</b>	<b>Jun-2023</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(174,525,100)	(162,308,343)	(295,071)	(263,531)
Increase	378,363,474	351,878,031	1,914,403	1,709,771

#### Foreign Exchange Profit or Loss (Other Currencies)

As at 30 June 2024, if Naira had strengthened/weakened by -218.14/629.64 (June 2023: -31.35/270.64) against the other currencies with all other variables held constant the pre-tax and post-tax profit for the period, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

<b>Group</b>				
In thousands of Nigerian Naira	<b>Jun-2024</b>	<b>Jun-2024</b>	<b>Jun-2023</b>	<b>Jun-2023</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(149,603,494)	(134,402,513)	(3,832,320)	(3,323,791)
Increase	431,818,301	387,941,909	33,084,272	28,694,157
<b>Parent</b>				
In thousands of Nigerian Naira	<b>Jun-2024</b>	<b>Jun-2024</b>	<b>Jun-2023</b>	<b>Jun-2023</b>
	<b>Pre-tax</b>	<b>Post-tax</b>	<b>Pre-tax</b>	<b>Post-tax</b>
Decrease	(149,592,524)	(139,121,048)	(3,831,746)	(3,422,167)
Increase	431,786,639	401,561,574	33,079,312	29,543,437

**(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 Bank carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Bank's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained from the Investors & Exporters FX Window (I & E FX Window) and trended with all other variables kept constant. A proportional foreign exchange rate movement of  $\pm$  ~~N~~0.5 (Dec-2023:  $\pm$  ~~N~~0.5) depreciation of the Nigerian Naira and  $\pm$  ~~N~~0.5 (Dec-2023:  $\pm$  ~~N~~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 30<sup>th</sup> June 2024 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign currency exchange rates. A favourable change indicates a weakening of the Nigerian Naira against the U.S. Dollar and an unfavourable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar. The selection of  $\pm$  ~~N~~0.5 (Dec 2023:  $\pm$  ~~N~~0.5) favourable or unfavourable change in foreign currency exchange rates should not be construed as a prediction by the Bank of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

The net impact of sensitivity for both favorable and unfavorable exchange rate of  $\pm$  ~~N~~0.5 will be ₦256,106,303.59 and (₦256,106,303.59) respectively.

**Group  
Jun-24  
Total derivatives**

<i>In thousands of Nigerian Naira</i>	<b>Notional Contract Amount</b>	<b>Fair Value</b>	<b>Asset/ (Liability)</b>	<b>Favourable changes (Pre-tax)  Income Statement</b>	<b>Unfavourable changes (Pre-tax)  Income Statement</b>	<b>Favourable changes (Post-tax)  Income Statement</b>	<b>Unfavourable changes (Post-tax)  Income Statement</b>
<b>Derivative Assets</b>	847,483,900	159,168,390	Asset	256,106	(256,106)	228,731	(228,731)
<b>Derivative Liabilities</b>	0	0	Liability	0	0	0	0

**Dec-23  
Total derivatives**

<i>In thousands of Nigerian Naira</i>	<b>Notional Contract Amount</b>	<b>Fair Value</b>	<b>Asset/ (Liability)</b>	<b>Favourable changes (Pre-tax)  Income Statement</b>	<b>Unfavourable changes (Pre-tax)  Income Statement</b>	<b>Favourable changes (Post-tax)  Income Statement</b>	<b>Unfavourable changes (Post-tax)  Income Statement</b>
<b>Derivative Assets</b>	329,280,930	28,961,143	Asset	34,416	(34,416)	29,849	(29,849)
<b>Derivative Liabilities</b>	0	0	Liability	0	0	0	0

### 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. Inflation, given its significant impact on purchasing power of individual borrowers and ultimately, the capacity to repay obligations.
- II. 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

- 100 basis points Increase / decrease in GDP growth rate over forecasted GDP growth rate.
- 150 basis points Decrease / Increase in inflation rate over Inflation rate forecast.
- 100 basis points Decrease / 100 basis points Increase in interest rate over Interest rate forecast
- Decrease / Increase in USD/NGN exchange rate by ₦200 over forecasted exchange rate.
- Increase / Decrease in Crude Oil Price by \$10pbl over forecasted Crude Oil Price

Set out below are the changes to the ECL as at 30 June 2024 and 31 December 2023 that would result from the possible changes in these parameters from the actual assumptions used in the Group's economic variables assumption.

**Group****Jun-2024**

In thousands of naira	Improvement		Worsening	
	Pre-Tax	Post Tax	Pre-Tax	Post Tax
<b>COMMERCIAL</b>	(1,496,793)	(1,047,755)	2,793,390	1,955,373
<b>CORPORATE</b>	(57,522,172)	(40,265,520)	85,132,299	59,592,610
<b>PUBLIC SECTOR</b>	714,175	499,922	2,759,640	1,931,748
<b>RETAIL</b>	(10,524,448)	(7,367,113)	3,538,059	2,476,641
<b>SME</b>	(166,567)	(116,597)	289,981	202,986
	<b>(68,995,804)</b>	<b>(48,297,063)</b>	<b>94,513,369</b>	<b>66,159,358</b>

**Group****Dec-2023**

In thousands of naira	Improvement		Worsening	
	Pre-Tax	Post Tax	Pre-Tax	Post Tax
<b>COMMERCIAL</b>	(2,124,370)	(1,487,059)	7,961,657	5,573,160
<b>CORPORATE</b>	(24,485,684)	(17,139,979)	(3,907,484)	(2,735,239)
<b>PUBLIC SECTOR</b>	(800,383)	(560,268)	10,951,174	7,665,822
<b>RETAIL</b>	(5,658,232)	(3,960,762)	37,584,494	26,309,145
<b>SME</b>	(1,846,035)	(1,292,225)	11,882,831	8,317,982
	<b>(34,914,705)</b>	<b>(24,440,293)</b>	<b>64,472,672</b>	<b>45,130,870</b>

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

<b>Group</b>							
<b>Jun-2024</b>							
<b>Financial instruments by currency</b>							
<i>In thousands of Nigerian Naira</i>							
	<i>Note</i>	<b>Total</b>	<b>Naira</b>	<b>USD</b>	<b>GBP</b>	<b>Euro</b>	<b>Others</b>
Cash and bank balances	22	4,465,742,705	264,561,070	3,446,062,622	231,102,460	141,492,835	382,523,718
Financial assets at fair value through profit or loss	23	33,888,440	24,229,582	5,859,473	-	-	3,799,385
Derivative financial assets	24	159,168,390	159,168,390	-	-	-	-
Investment securities:	-						
– Fair Value through other comprehensive Income	25	2,373,649,903	1,552,483,021	511,393,379	53,021,737	-	256,751,766
– Held at amortised cost	25	1,489,833,901	59,793,537	345,827,700	-	-	1,084,212,664
Assets pledged as collateral	26	128,874,959	84,872,745	-	-	-	44,002,214
Loans and advances to banks	27	87,900	85,008	2,892	-	-	-
Loans and advances to customers	28	3,112,246,997	1,112,831,806	1,512,782,577	110,148,873	33,225,718	343,258,023
Restricted deposits and other assets <sup>1</sup>	33	2,182,145,683	1,856,249,202	186,771,352	261,761	17,494,822	121,368,546
		<b>13,945,638,878</b>	<b>5,114,274,361</b>	<b>6,008,699,995</b>	<b>394,534,831</b>	<b>192,213,375</b>	<b>2,235,916,316</b>
Deposits from banks	34	296,081,451	18,780,897	131,178,161	9,675,712	19,272,888	117,173,793
Deposits from customers	35	10,254,142,031	4,613,256,884	3,528,236,248	453,985,385	127,957,810	1,530,705,704
Financial liabilities at fair value through profit or loss	36	4,522,333	4,522,333	-	-	-	-
Other liabilities <sup>2</sup>	37	1,000,728,110	396,606,495	423,622,413	28,876,381	809,222	150,813,599
Other borrowed funds	39	295,676,593	295,220,627	-	-	-	455,966
		<b>11,851,150,518</b>	<b>5,328,387,236</b>	<b>4,083,036,822</b>	<b>492,537,478</b>	<b>148,039,920</b>	<b>1,799,149,062</b>
<b>Financial Instrument Gap</b>		<b>2,094,488,360</b>	<b>(214,112,875)</b>	<b>1,925,663,173</b>	<b>(98,002,647)</b>	<b>44,173,455</b>	<b>436,767,254</b>

<sup>1</sup> Excludes prepayments and Stocks

<sup>2</sup> 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.

<b>Group</b>							
<b>Dec-2023</b>							
<b>Financial instruments by currency</b>							
<i>In thousands of Nigerian Naira</i>							
	<b>Note</b>	<b>Total</b>	<b>Naira</b>	<b>USD</b>	<b>GBP</b>	<b>Euro</b>	<b>Others</b>
Cash and bank balances	22	2,309,618,698	117,315,006	1,722,532,568	167,160,664	116,595,091	186,015,369
Financial assets at fair value through profit or loss	23	28,066,613	19,793,864	3,622,871	-	-	4,649,878
Derivative financial assets	24	28,961,143	28,961,143	-	-	-	-
Investment securities:	-						
– Fair value through profit or loss	25	-	-	-	-	-	-
– Fair Value through other comprehensive Income	25	891,917,591	531,255,946	192,895,379	32,113,625	-	135,652,641
– Held at amortised cost	25	1,571,317,478	584,421,792	296,375,303	-	-	690,520,383
Assets pledged as collateral	26	86,552,701	73,400,983	-	-	-	13,151,718
Loans and advances to banks	27	66,935	66,904	31	-	-	-
Loans and advances to customers	28	2,480,183,368	1,098,705,445	1,054,686,650	67,119,541	2,743,195	256,928,537
Restricted deposits and other assets <sup>1</sup>	33	1,944,380,766	1,830,725,505	66,961,863	19,605	7,490,043	39,183,750
		<b>9,341,065,293</b>	<b>4,284,646,588</b>	<b>3,337,074,665</b>	<b>266,413,435</b>	<b>126,828,329</b>	<b>1,326,102,276</b>
Deposits from banks	34	136,053,409	7,645,080	55,657,267	6,143,367	16,523,031	50,084,664
Deposits from customers	35	7,410,834,190	3,877,896,009	2,290,811,906	176,176,266	89,567,289	976,382,720
Financial liabilities at fair value through profit or loss	36	809,342	809,342	-	-	-	-
Other liabilities <sup>2</sup>	37	417,433,890	146,122,923	194,760,644	18,593,265	1,927,573	56,029,485
Other borrowed funds	39	72,119,485	71,702,605	-	-	-	416,880
		<b>8,037,250,316</b>	<b>4,104,175,959</b>	<b>2,541,229,817</b>	<b>200,912,898</b>	<b>108,017,893</b>	<b>1,082,913,749</b>
<b>Financial Instrument Gap</b>		<b>1,303,814,977</b>	<b>180,470,629</b>	<b>795,844,848</b>	<b>65,500,537</b>	<b>18,810,436</b>	<b>243,188,527</b>

<sup>1</sup>Excludes prepayments and Stocks

<sup>2</sup>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.

<b>Company</b>							
<b>Jun-2024</b>							
<b>Financial instruments by currency</b>							
<i>In thousands of Nigerian Naira</i>							
	<i>Note</i>	<b>Total</b>	<b>Naira</b>	<b>USD</b>	<b>GBP</b>	<b>Euro</b>	<b>Others</b>
Cash and bank balances	23	599,546	599,546	-	-	-	-
		<b>599,546</b>	<b>599,546</b>	-	-	-	-
Other liabilities <sup>2</sup>	37	12,645,412	12,645,412	-	-	-	-
		<b>12,645,412</b>	<b>12,645,412</b>	-	-	-	-
<b>Financial Instrument Gap</b>		<b>(12,045,866)</b>	<b>(12,045,866)</b>	-	-	-	-

<sup>1</sup> Excludes prepayments and Stocks

<sup>2</sup> 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.



<b>Company</b>							
<b>Dec-2023</b>							
<b>Financial instruments by currency</b>							
<i>In thousands of Nigerian Naira</i>							
	<i>Note</i>	<b>Total</b>	<b>Naira</b>	<b>USD</b>	<b>GBP</b>	<b>Euro</b>	<b>Others</b>
Cash and bank balances	23	60,169	60,169	-	-	-	-
		<b>60,169</b>	<b>60,169</b>	-	-	-	-
Other liabilities <sup>2</sup>	38	16,483,941	16,483,941	-	-	-	-
		<b>16,483,941</b>	<b>16,483,941</b>	-	-	-	-
<b>Financial Instrument Gap</b>		<b>(16,423,772)</b>	<b>(16,423,772)</b>	-	-	-	-

<sup>1</sup> Excludes prepayments

<sup>2</sup> 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.

## 5. Capital management and other risks

### (a) Regulatory capital

Guaranty Trust Holding Company manages its capital base to achieve a prudent balance between maintaining capital ratios to support business growth and depositor confidence and providing competitive returns to shareholders. The Company's objectives when managing capital are (i) to comply with the capital requirements set by the regulators (Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled) (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve the current regulatory capital requirement of the Company and its subsidiaries. The regulatory capital requirement for entities within the Group, as well as the internal target for capital management are as follows:

**The regulatory capital requirement for the holding company according to the issued guideline for licensing and regulation of Financial Holding Companies in Nigeria:**

Name of Entity	Paid-Up Capital	Holdco Interest	Equity/Equity Reserves
	₦	(%)	₦
Guaranty Trust Bank Limited	14,715,590,000	100%	14,715,590,000
Guaranty Trust Pension Managers Limited	5,625,000,000	100%	5,625,000,000
Guaranty Trust Fund Managers Limited	3,000,000,000	100%	3,000,000,000
Habari Pay	250,000,000	100%	250,000,000
<b>Total</b>	<b>23,590,590,000</b>		<b>23,590,590,000</b>

\*The Capital Requirement of Guaranty Trust Holding Company represents the sum of the minimum paid up capital of all its subsidiaries.

The Central Bank of Nigeria (CBN) on 29th August 2014 issued Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria ("Guidelines"). According to the Guidelines, a financial holding company shall have a minimum paid up capital which shall exceed the sum of the minimum paid up capital of all its subsidiaries, as may be prescribed from time to time by the sector regulators. A review of the capital level as at 30 June 2024 shows that Guaranty Trust Holding Company complies with paragraphs 7.1 and 7.3 of the regulation, which stipulates that a financial holding company should maintain a minimum paid up capital which equals/exceeds the aggregate of the minimum paid up capital of all its subsidiaries having set aside capital in the sum of ₦23.59bn comprising of Equity (₦14.715mm) and Equity Reserves (₦8.87mm) as represented in the table above.

**(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:

Total Capital

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(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.

### Period under review

A fundamental part of the Group'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 Group 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 Group to exceptional yet possible events. The result of stress-testing reveals the minimum capital requirements of the Group 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 Group and take corrective actions which may be direct or indirect.

The Group 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 June 30, 2024, the Group's capital adequacy ratio was 20.95% (December 31, 2023- 21.94%).

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

## Capital adequacy ratio

	Holdco Group	
	Full Impact	Full Impact
<i>In thousands of Nigerian Naira</i>	June-2024	Dec-2023
<b>Tier 1 capital</b>		
Share capital	14,715,590	14,715,590
Share premium	123,471,114	123,471,114
Retained profits	563,773,847	360,675,171
Equity Reserve	8,875,000	8,875,000
Statutory Reserve	487,807,671	449,015,020
SMEEIS and AGSMEIS Reserves	59,242,693	53,410,653
IFRS 9 Transitional Adjustment	-	-
RRR applied for IFRS 9 Impact	-	-
Non-Controlling Interest	29,486,321	24,206,723
<b>Tier 1 Sub-Total</b>	<b>1,287,372,236</b>	<b>1,034,369,271</b>
<b>Less Regulatory deductions :</b>		
Other intangible assets	(15,755,396)	(11,127,743)
Goodwill	(19,270,848)	(19,153,538)
Deferred Tax	(24,791,094)	(12,165,129)
Treasury Shares	(9,022,737)	(8,125,998)
Under Impairment	-	-
Excess exposure(s) over single obligor without CBN approval	-	-
100% of investments in unconsolidated Banking and financial subsidiary/associate companies	-	-
Unsecured Lending to subsidiaries within the same Group	-	-
<b>Net Total Tier 1 Capital (A)</b>	<b>1,218,532,161</b>	<b>983,796,863</b>
<b>Tier 2 capital</b>		
Foreign Exchange Adjustments	86,371,196	61,690,961
Fair Value Reserves	20,165,099	18,520,363
<b>Net Total Tier 2 Capital (B)</b>	<b>106,536,295</b>	<b>80,211,324</b>
<b>Total Qualifying Capital (C= A+B)</b>	<b>1,325,068,456</b>	<b>1,064,008,187</b>
<b>Composition of Risk-Weighted Assets</b>		
Credit Risk	5,462,184,989	3,981,737,184
Operational Risk	838,213,293	837,713,353
Market Risk	23,598,957	29,693,869
<b>Aggregate</b>	<b>6,323,997,240</b>	<b>4,849,144,406</b>
<b>Total Risk-Weighted Capital Ratio</b>	<b>20.95%</b>	<b>21.94%</b>
<b>Tier 1 Risk-Based Capital Ratio</b>	<b>19.27%</b>	<b>20.29%</b>

### (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 202

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 year:** This is referenced to the Investors & Exporters FX Window (I & E FX Window) 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.

**IFRIC 23 - Uncertain Tax Position**

The tax legislation in relation to the treatment of expected credit loss on stage 2 loans is unclear with respect to whether the stage 2 impairment should be treated as specific or collective in the assessment of deferred tax.

The Group has opted to treat these stage 2 expected credit loss balances as collective in the determination and computation of deferred taxes because they are assessed as having a less significant increase in credit risk and their computation was based on lifetime expected credit losses in accordance with IFRS 9.

This treatment does not give rise to any deductible temporary difference. If the Group had not treated the stage 2 impairment as being a collective provision within the context of deferred tax assessment, a deferred tax asset of N9.6bn would not have been recognised.

**Valuation of equity financial instruments**

The Group's accounting policy on fair value measurements is discussed under note 3b (j)(iid).

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 year, 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****Jun-2024***In thousands of Nigerian Naira*

<b>Assets</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss:</b>					
-Debt securities	23	33,888,440	-	-	33,888,440
Derivative financial assets	24	-	159,168,390	-	159,168,390
<b>Investment securities:</b>					
-Debt securities at FVOCI	25	2,373,649,903	-	-	2,373,649,903
-Equity securities at FVOCI	25	-	-	1,785,224	1,785,224
-Equity securities FVTPL	25	-	-	4,371,058	4,371,058
Assets pledged as collateral	26	84,872,745	44,002,214	-	128,874,959
<b>Total assets</b>		<b>2,492,411,088</b>	<b>203,170,604</b>	<b>6,156,282</b>	<b>2,701,737,974</b>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss					
	36	4,522,333	-	-	4,522,333
<b>Total liabilities</b>		<b>4,522,333</b>	<b>-</b>	<b>-</b>	<b>4,522,333</b>

**Group****Dec-2023***In thousands of Nigerian Naira*

<b>Assets</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss:</b>					
-Debt securities	23	28,066,613	-	-	28,066,613
Derivative financial assets	24	-	28,961,143	-	28,961,143
<b>Investment securities:</b>					
-Debt securities at FVOCI	25	889,918,578	1,999,013	-	891,917,591
-Equity securities at FVOCI	25	-	-	1,694,521	1,694,521
-Investment securities - FVPL Notes	25	-	-	-	-
-Equity securities FVTPL	25	-	-	3,947,850	3,947,850
Assets pledged as collateral	26	73,400,983	13,151,718	-	86,552,701
<b>Total assets</b>		<b>991,386,174</b>	<b>44,111,874</b>	<b>5,642,371</b>	<b>1,041,140,419</b>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss					
	36	809,342	-	-	809,342
<b>Total liabilities</b>		<b>809,342</b>	<b>-</b>	<b>-</b>	<b>809,342</b>

**Reconciliation of Level 3 Items**

-Investment Securities (unquoted equity securities)

*In thousands of Nigerian Naira*

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
Opening balance	5,642,371	5,570,263	-	-
Effect of exchange rate fluctuations	13,911	11,728	-	-
Total unrealised gains or (losses) in Profit and Loss	76,792	43,392	-	-
Total unrealised gains or (losses) in OCI	423,208	16,988	-	-
	<b>6,156,282</b>	<b>5,642,371</b>	-	-

**(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.

The Group adopted discounted cash flow technique in determining the fair value of the derivative, using observable market data (Forward rate, discount rate etc.)

**Disclosure Requirements for Level 3 Financial Instruments****Valuation Technique:**

The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

IFRS 13 - Fair Value Measurement outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the income approach.

The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

**Description of Valuation Methodology and inputs:****Discounted Cash flow Technique (DCF)**

The fair value of the other unquoted equity securities was 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.

$$\text{FCFF} = \text{NI} + \text{NCC} + [\text{Int} \times (1 - \text{tax rate})] - \text{Changes in FCI} - \text{Changes in WCI}$$

**Where:**

NI = Net Income

NCC = Non- Cash Charges

Int = Interest

T = tax rate

FCI = Fixed Capital Investment

WCI = Working Capital Investment

*b. Weighted average Cost of Capital (WACC):*

This is the average cost of both equity and debt capital used in financing a business.

$$\text{WACC} = \left\{ \frac{D}{D+E} \times K_d(1-T) \right\} + \left\{ \frac{E}{D+E} \times K_e \right\}$$

**Where:**

D = Value of Debt

E = Equity value

Ke = Cost of equity

Kd = Cost of debt

T = Tax rate

$$c. \text{ Capitalization Rate} = \text{WACC} - g$$

$$\text{Terminal value} = \frac{\text{FCFF}_5 \times (1+g)}{\text{WACC} - g}$$

**Where:**FCFF = Year<sub>5</sub> FCFF

g = Growth rates

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 13.7% and the yield on the 10-year US Government bond (for unquoted securities denominated in US \$) of 3.82%.
3. Market premium of 5.94% 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 period and prior period.

**The movement in equity securities at fair value through OCI during the period is as follows:**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-24</b>	<b>Group Dec-23</b>
<b>Balance, beginning of the period</b>	1,694,521	1,665,805
Effect of exchange rate fluctuation	13,911	11,729
Unrealized gains or (losses) in OCI	76,792	16,987
<b>Balance, end of the period</b>	<b>1,785,224</b>	<b>1,694,521</b>

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

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-24</b>	<b>Group Dec-23</b>
<b>Balance, beginning of the period</b>	<b>3,947,850</b>	<b>3,904,458</b>
Unrealised gains in Profit and Loss	423,208	43,392
<b>Balance, end of the period</b>	<b>4,371,058</b>	<b>3,947,850</b>

## Notes to the financial statements

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3 on Offsetting Financial Instruments. For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

<b>Group Jun-2024</b>	<b>Gross amounts of Financial Assets/liabilities</b>	<b>Gross amounts set off on the SOFP</b>	<b>Net amounts presented on the SOFP</b>	<b>Related amount not set off in the SOFP</b>	<b>Cash collateral</b>	<b>Net amount</b>
<i>In thousands of Nigerian Naira</i>						
<i>Financial assets</i>						
Cash and bank balances (a)	22,745,295	(89,053,364)	(66,308,069)	-	-	(66,308,069)
Other Assets (b)	171,658,865	-	171,658,865	-	171,658,865	-
	<b>194,404,160</b>	<b>(89,053,364)</b>	<b>105,350,796</b>	-	<b>171,658,865</b>	<b>(66,308,069)</b>
<i>Financial liabilities</i>						
Other Liabilities (b)	171,658,865	-	171,658,865	171,658,865	-	-
	<b>171,658,865</b>	-	<b>171,658,865</b>	<b>171,658,865</b>	-	-
<b>Group Dec-2023</b>						
	<b>Gross amounts of Financial Assets/liabilities</b>	<b>Gross amounts set off on the SOFP</b>	<b>Net amounts presented on the SOFP</b>	<b>Related amount not set off in the SOFP</b>	<b>Cash collateral</b>	<b>Net amount</b>
<i>In thousands of Nigerian Naira</i>						
<i>Financial assets</i>						
Cash and bank balances (a)	21,175,103	(54,206,215)	(33,031,112)	-	-	(33,031,112)
Other Assets (b)	61,921,974	-	61,921,974	-	61,921,974	-
	<b>83,097,077</b>	<b>(54,206,215)</b>	<b>28,890,862</b>	-	<b>61,921,974</b>	<b>(33,031,112)</b>
<i>Financial liabilities</i>						
Other Liabilities (b)	61,921,974	-	61,921,974	61,921,974	-	-
	<b>61,921,974</b>	-	<b>61,921,974</b>	<b>61,921,974</b>	-	-

## 7. Operating segments

The Group has six 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.
- **Business banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size commercial 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

Jun-2024

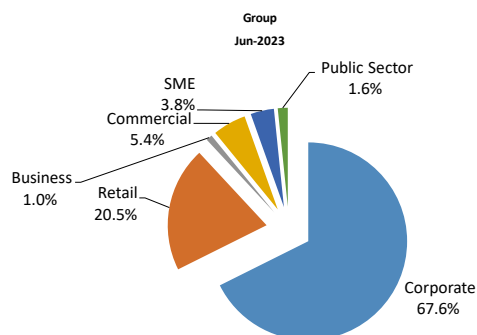
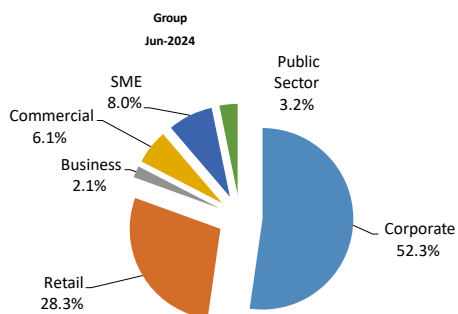
*In thousands of Nigerian Naira*

	Corporate Banking	Retail Banking	Business Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Total
<b>Revenue:</b>								
Derived from external customers	894,391,790	287,026,603	22,128,445	69,111,726	84,952,986	34,760,006	1,392,371,554	1,392,371,554
Derived from other business segments	(166,696,672)	106,505,667	6,543,312	16,456,500	27,071,133	10,120,060	-	-
<b>Total revenue</b>	<b>727,695,118</b>	<b>393,532,270</b>	<b>28,671,757</b>	<b>85,568,226</b>	<b>112,024,119</b>	<b>44,880,066</b>	<b>1,392,371,554</b>	<b>1,392,371,554</b>
Interest expenses	(103,664,872)	(14,910,829)	(545,211)	(2,219,624)	(2,613,193)	(2,422,431)	(126,376,159)	(126,376,159)
Fee and commission expenses	(7,607,379)	(2,454,135)	(355,037)	(1,228,229)	(1,108,804)	(96,415)	(12,850,000)	(12,850,000)
<b>Net operating income</b>	<b>616,422,867</b>	<b>376,167,306</b>	<b>27,771,509</b>	<b>82,120,373</b>	<b>108,302,122</b>	<b>42,361,220</b>	<b>1,253,145,395</b>	<b>1,253,145,395</b>
<b>Expense:</b>								
Operating expenses	(61,743,743)	(61,568,914)	(5,783,132)	(18,205,385)	(22,559,883)	(4,415,118)	(174,276,175)	(174,276,175)
Net impairment loss on financial assets	(27,040,340)	(5,194,638)	(192,720)	(10,978,329)	(5,234,762)	888,154	(47,752,634)	(47,752,634)
Depreciation and amortisation	(6,608,665)	(10,801,959)	(1,534,993)	(3,572,273)	(4,399,422)	(601,901)	(27,519,214)	(27,519,214)
<b>Total cost</b>	<b>(95,392,748)</b>	<b>(77,565,511)</b>	<b>(7,510,845)</b>	<b>(32,755,987)</b>	<b>(32,194,067)</b>	<b>(4,128,865)</b>	<b>(249,548,023)</b>	<b>(249,548,023)</b>
<b>Profit before income tax from reportable segments</b>	<b>521,030,118</b>	<b>298,601,795</b>	<b>20,260,664</b>	<b>49,364,386</b>	<b>76,108,055</b>	<b>38,232,355</b>	<b>1,003,597,372</b>	<b>1,003,597,372</b>
Tax	(83,672,412)	(8,340,158)	(699,057)	(1,603,066)	(2,140,404)	(1,753,210)	(98,208,308)	(98,208,308)
<b>Profit after income tax from reportable segments</b>	<b>437,357,706</b>	<b>290,261,637</b>	<b>19,561,607</b>	<b>47,761,320</b>	<b>73,967,651</b>	<b>36,479,145</b>	<b>905,389,064</b>	<b>905,389,064</b>
<b>Assets and liabilities:</b>								
Total assets	10,664,461,602	2,504,422,851	116,793,491	568,297,147	484,546,021	172,447,756	14,510,968,868	14,510,968,868
Total liabilities	(4,167,421,964)	(5,308,579,342)	(349,688,316)	(949,818,432)	(1,217,213,910)	(106,140,459)	(12,098,862,422)	(12,098,862,422)
<b>Net assets/ (liabilities)</b>	<b>6,497,039,638</b>	<b>(2,804,156,491)</b>	<b>(232,894,825)</b>	<b>(381,521,285)</b>	<b>(732,667,889)</b>	<b>66,307,297</b>	<b>2,412,106,446</b>	<b>2,412,106,446</b>
<b>Additions to Non-Current Assets</b>	<b>14,075,357</b>	<b>23,507,182</b>	<b>3,340,445</b>	<b>7,773,967</b>	<b>9,574,006</b>	<b>1,309,854</b>	<b>59,580,811</b>	<b>59,580,811</b>
<b>Assets:</b>								
Loans and advances to banks	87,900	-	-	-	-	-	87,900	87,900
Loans and advances to customers	2,772,203,658	190,347,276	2,093,704	75,834,204	25,543,862	46,224,293	3,112,246,997	3,112,246,997
Others	7,892,170,044	2,314,075,575	114,699,787	492,462,943	459,002,159	126,223,463	11,398,633,971	11,398,633,971
	<b>10,664,461,602</b>	<b>2,504,422,851</b>	<b>116,793,491</b>	<b>568,297,147</b>	<b>484,546,021</b>	<b>172,447,756</b>	<b>14,510,968,868</b>	<b>14,510,968,868</b>
<b>Liabilities:</b>								
Deposits from banks	296,081,451	-	-	-	-	-	296,081,451	296,081,451
Deposits from customers	2,634,098,920	5,260,609,344	280,415,501	761,937,059	1,213,801,334	103,279,872	10,254,142,031	10,254,142,031
Others	1,237,241,593	47,969,998	69,272,815	187,881,373	3,412,576	2,860,587	1,548,638,940	1,548,638,940
	<b>4,167,421,964</b>	<b>5,308,579,342</b>	<b>349,688,316</b>	<b>949,818,432</b>	<b>1,217,213,910</b>	<b>106,140,459</b>	<b>12,098,862,422</b>	<b>12,098,862,422</b>

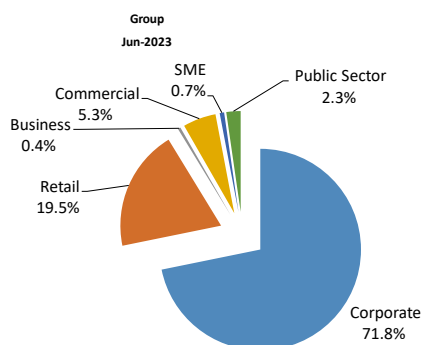
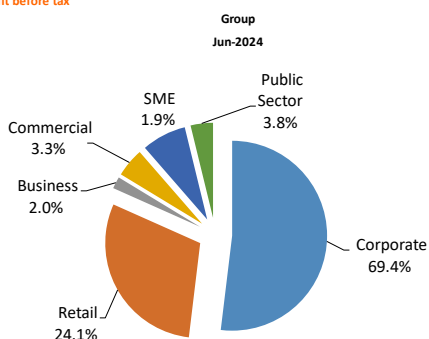
Group Jun-2023								
<i>In thousands of Nigerian Naira</i>	Corporate Banking	Retail Banking	Business Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Total
<b>Revenue:</b>								
Derived from external customers	463,600,909	130,354,003	6,389,859	35,666,143	23,870,254	10,213,249	670,094,419	670,094,419
Derived from other business segments	(10,381,419)	6,684,397	430,872	827,126	1,764,462	674,562	-	-
<b>Total revenue</b>	<b>453,219,490</b>	<b>137,038,400</b>	<b>6,820,731</b>	<b>36,493,269</b>	<b>25,634,716</b>	<b>10,887,811</b>	<b>670,094,419</b>	<b>670,094,419</b>
Interest expenses	(33,064,034)	(8,891,726)	(434,137)	(2,159,958)	(1,851,628)	(2,085,590)	(48,487,073)	(48,487,073)
Fee and commission expenses	(3,231,307)	(1,746,848)	(234,024)	(868,319)	(724,568)	(61,847)	(6,866,914)	(6,866,914)
<b>Net operating income</b>	<b>416,924,149</b>	<b>126,399,826</b>	<b>6,152,570</b>	<b>33,464,992</b>	<b>23,058,520</b>	<b>8,740,374</b>	<b>614,740,432</b>	<b>614,740,432</b>
<b>Expense:</b>								
Operating expenses	(32,513,314)	(40,495,651)	(3,768,160)	(11,652,018)	(14,767,965)	(3,018,371)	(106,215,479)	(106,215,479)
Net impairment loss on financial assets	(146,597,412)	(15,072,242)	88,565	(2,147,086)	(2,681,002)	2,133,902	(164,275,274)	(164,275,274)
Depreciation and amortisation	(4,538,681)	(7,590,850)	(1,046,110)	(2,459,007)	(3,305,428)	(420,409)	(19,360,484)	(19,360,484)
<b>Total cost</b>	<b>(183,649,407)</b>	<b>(63,158,743)</b>	<b>(4,725,705)</b>	<b>(16,258,111)</b>	<b>(20,754,395)</b>	<b>(1,304,878)</b>	<b>(289,851,237)</b>	<b>(289,851,237)</b>
<b>Profit before income tax from reportable segments</b>	<b>233,274,743</b>	<b>63,241,084</b>	<b>1,426,866</b>	<b>17,206,882</b>	<b>2,304,126</b>	<b>7,435,497</b>	<b>324,889,195</b>	<b>324,889,195</b>
Tax	(33,871,944)	(9,004,038)	(203,152)	(2,449,854)	(328,053)	(1,058,639)	(46,915,680)	(46,915,680)
<b>Profit after income tax from reportable segments</b>	<b>199,402,799</b>	<b>54,237,046</b>	<b>1,223,714</b>	<b>14,757,028</b>	<b>1,976,073</b>	<b>6,376,858</b>	<b>277,973,515</b>	<b>277,973,515</b>
<b>Dec-2023</b>								
<b>Assets and liabilities:</b>								
Total assets	6,510,933,815	2,006,075,843	78,694,479	424,854,379	367,660,633	303,035,529	9,691,254,678	9,691,254,678
Total liabilities	(2,182,938,380)	(3,914,668,327)	(211,139,791)	(554,466,474)	(903,205,033)	(438,306,729)	(8,204,724,733)	(8,204,724,733)
<b>Net assets/ (liabilities)</b>	<b>4,327,995,435</b>	<b>(1,908,592,484)</b>	<b>(132,445,312)</b>	<b>(129,612,095)</b>	<b>(535,544,400)</b>	<b>(135,271,200)</b>	<b>1,486,529,945</b>	<b>1,486,529,945</b>
<b>Additions to Non-Current Assets</b>	<b>12,142,386</b>	<b>20,524,068</b>	<b>2,802,990</b>	<b>6,588,594</b>	<b>8,834,810</b>	<b>1,127,820</b>	<b>52,020,669</b>	<b>52,020,669</b>
<b>Dec-2023</b>								
<b>Assets:</b>								
Loans and advances to banks	66,935	-	-	-	-	-	66,935	66,935
Loans and advances to customers	2,146,072,930	188,041,365	308,374	68,385,981	25,192,220	52,182,498	2,480,183,368	2,480,183,368
Others	4,364,793,950	1,818,034,478	78,386,105	356,468,398	342,468,413	250,853,031	7,211,004,375	7,211,004,375
	<b>6,510,933,815</b>	<b>2,006,075,843</b>	<b>78,694,479</b>	<b>424,854,379</b>	<b>367,660,633</b>	<b>303,035,529</b>	<b>9,691,254,678</b>	<b>9,691,254,678</b>
<b>Liabilities:</b>								
Deposits from banks	136,053,409	-	-	-	-	-	136,053,409	136,053,409
Deposits from customers	1,483,966,595	3,849,977,171	202,880,420	545,631,907	894,869,484	433,508,614	7,410,834,190	7,410,834,190
Others	562,918,376	64,691,156	8,259,371	8,834,567	8,335,549	4,798,115	657,837,134	657,837,134
	<b>2,182,938,380</b>	<b>3,914,668,327</b>	<b>211,139,791</b>	<b>554,466,474</b>	<b>903,205,033</b>	<b>438,306,729</b>	<b>8,204,724,733</b>	<b>8,204,724,733</b>

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

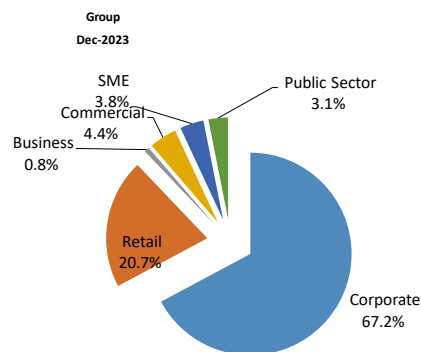
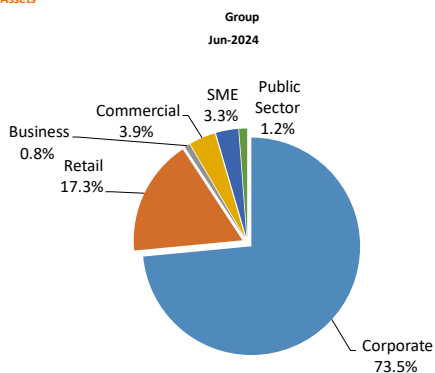
Revenue



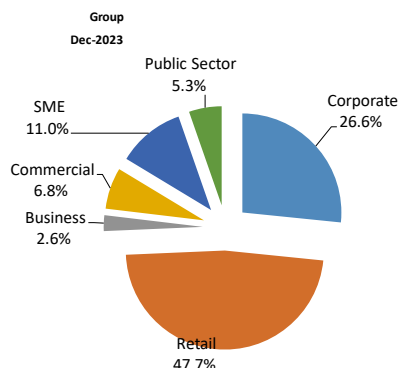
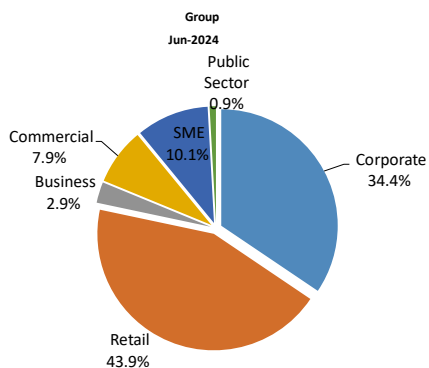
Profit before tax



Assets



Liabilities



**Operating segments (Continued)**

The following is an analysis of the Group's revenue and gains from continuing operations by products and services;

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
Bonds	29,173,650	5,830,258	-	-
Placements	82,604,949	21,443,140	86,250,792	86,959,748
Treasury Bills	143,455,674	32,856,278	-	-
Loans	344,671,007	180,156,150	-	-
Contingents	792,644,527	432,317,131	-	-
	<b>1,392,549,807</b>	<b>672,602,957</b>	<b>86,250,792</b>	<b>86,959,748</b>

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**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
<i>Continuing Operations:</i>				
Total revenue from reportable segments	1,392,371,554	670,094,419	86,250,792	86,959,748
Consolidation and adjustments:				
- Other operating income	178,253	2,508,538	-	-
<b>Revenue from continuing operations</b>	<b>1,392,549,807</b>	<b>672,602,957</b>	<b>86,250,792</b>	<b>86,959,748</b>

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

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
Interest income	617,887,755	225,945,791	-	-
Fee and commission income	113,919,194	58,415,082	1,743,610	1,569,249
Net gains on financial instruments classified as held for trading	30,471,780	16,018,282	-	-
Other operating income	630,271,078	372,223,802	84,507,182	85,390,499
Revenue and gains from continuing operations	1,392,549,807	672,602,957	86,250,792	86,959,748
<b>Revenue from continuing operations</b>	<b>1,392,549,807</b>	<b>672,602,957</b>	<b>86,250,792</b>	<b>86,959,748</b>

**Reconciliation of operating expenses**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
<i>Continuing Operations:</i>				
Total operating expense from reportable segments	174,276,175	106,215,479	830,805	828,645
<b>Operating expense from continuing operations</b>	<b>174,276,175</b>	<b>106,215,479</b>	<b>830,805</b>	<b>828,645</b>

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

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
Personnel expenses (See Note17)	41,500,689	20,793,562	656,238	575,957
Other operating expenses (See Note20)	132,775,486	85,421,917	174,567	252,688
	<b>174,276,175</b>	<b>106,215,479</b>	<b>830,805</b>	<b>828,645</b>

**Reconciliation of profit or loss**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
<i>Continuing Operations:</i>				
Total profit or loss for reportable segments	1,003,597,372	324,889,195	85,372,160	86,083,276
Consolidation and adjustments:				
- Other operating income	178,254	2,508,538	-	-
<b>Profit before income tax from continuing operations</b>	<b>1,003,775,626</b>	<b>327,397,733</b>	<b>85,372,160</b>	<b>86,083,276</b>

**Reconciliation of assets**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
<i>Continuing Operations:</i>				
Total assets for reportable segments	14,510,968,868	9,691,254,678	165,121,062	163,814,999
Consolidation and adjustments	-	-	-	-
<b>Total assets</b>	<b>14,510,968,868</b>	<b>9,691,254,678</b>	<b>165,121,062</b>	<b>163,814,999</b>

**Reconciliation of liabilities**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
<i>Continuing Operations:</i>				
Total liabilities for reportable segments	12,098,862,422	8,204,724,733	12,774,551	16,584,495
Consolidation and adjustments	12,480,045	9,401,874	-	-
<b>Total liabilities</b>	<b>12,111,342,467</b>	<b>8,214,126,607</b>	<b>12,774,551</b>	<b>16,584,495</b>

## 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 )

### Jun-2024

<i>In thousands of Nigerian Naira</i>	Nigeria	Rest of West Africa	East Africa	Europe	Total Continuing Operations	Total
Derived from external customers	1,097,709,582	224,103,422	39,366,569	31,370,234	1,392,549,807	1,392,549,807
Derived from other segments	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,097,709,582</b>	<b>224,103,422</b>	<b>39,366,569</b>	<b>31,370,234</b>	<b>1,392,549,807</b>	<b>1,392,549,807</b>
Interest expense	(71,512,715)	(41,214,140)	(7,021,616)	(6,627,688)	(126,376,159)	(126,376,159)
Fee and commission expenses	(3,893,520)	(6,808,766)	(2,147,714)	-	(12,850,000)	(12,850,000)
Net interest margin	1,022,303,347	176,080,516	30,197,239	24,742,546	1,253,323,648	1,253,323,648
<b>Profit before income tax</b>	<b>850,615,987</b>	<b>130,578,750</b>	<b>11,493,929</b>	<b>11,086,960</b>	<b>1,003,775,626</b>	<b>1,003,775,626</b>
<b>Assets and liabilities:</b>						
Total assets	10,157,461,571	2,892,169,186	707,777,208	753,560,903	14,510,968,868	14,510,968,868
Total liabilities	(8,547,534,962)	(2,135,056,236)	(624,088,323)	(804,662,946)	(12,111,342,467)	(12,111,342,467)
<b>Net assets/(liabilities)</b>	<b>1,609,926,609</b>	<b>757,112,950</b>	<b>83,688,885</b>	<b>(51,102,043)</b>	<b>2,399,626,401</b>	<b>2,399,626,401</b>

**Jun-2023**

<i>In thousands of Nigerian Naira</i>	<b>Nigeria</b>	<b>Rest of West Africa</b>	<b>East Africa</b>	<b>Europe</b>	<b>Total Continuing Operations</b>	<b>Total</b>
Derived from external customers	582,401,913	66,138,173	13,129,392	10,933,479	672,602,957	672,602,957
Derived from other segments	-	-	-	-	-	-
<b>Total Revenue</b>	<b>582,401,913</b>	<b>66,138,173</b>	<b>13,129,392</b>	<b>10,933,479</b>	<b>672,602,957</b>	<b>672,602,957</b>
Interest expense	(36,780,885)	(7,910,101)	(2,378,106)	(1,417,981)	(48,487,073)	(48,487,073)
Fee and commission expenses	(3,397,355)	(2,686,253)	(783,306)	-	(6,866,914)	(6,866,914)
Net interest margin	542,223,673	55,541,819	9,967,980	9,515,498	617,248,970	617,248,970
<b>Profit before income tax</b>	<b>279,234,076</b>	<b>38,180,932</b>	<b>5,126,821</b>	<b>4,855,904</b>	<b>327,397,733</b>	<b>327,397,733</b>

**Dec-2023****Assets and liabilities:**

Total assets	7,106,830,917	1,734,026,184	398,434,489	451,963,088	9,691,254,678	9,691,254,678
Total liabilities	(6,142,172,579)	(1,333,767,698)	(320,279,756)	(417,906,574)	(8,214,126,607)	(8,214,126,607)
<b>Net assets/(liabilities)</b>	<b>964,658,338</b>	<b>400,258,486</b>	<b>78,154,733</b>	<b>34,056,514</b>	<b>1,477,128,071</b>	<b>1,477,128,071</b>



## 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 Jun-2024		Carrying amount					Fair Value			
<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Fair value through profit or loss	Held at amortised cost	Fair value through other comprehensive income	Other financial assets / liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Cash and cash equivalents <sup>3</sup>	22	-	4,465,742,705	-	-	4,465,742,705	4,465,742,705	-	-	4,465,742,705
Loans and advances to banks <sup>3</sup>	27	-	87,900	-	-	87,900	-	87,900	-	87,900
Loans and advances to customers	28	-	3,112,246,997	-	-	3,112,246,997	-	2,856,190,335	246,056,016	3,102,246,351
Financial assets at fair value through profit or loss	23	33,888,440	-	-	-	33,888,440	33,888,440	-	-	33,888,440
Derivative financial assets	24	159,168,390	-	-	-	159,168,390	-	159,168,390	-	159,168,390
Assets pledged as collateral	26	-	-	128,874,959	-	128,874,959	128,874,959	-	-	128,874,959
Investment securities:										
– Fair value through profit or loss	25	4,371,058	-	-	-	4,371,058	-	-	4,371,058	4,371,058
– Fair Value through other comprehensive Income	25	-	-	2,375,901,881	-	2,375,901,881	2,373,649,903	-	2,251,978	2,375,901,881
– Held at amortised cost	25	-	1,489,833,901	-	-	1,489,833,901	1,546,414,669	1,606,564	-	1,548,021,233
Restricted deposits and other assets <sup>1</sup>	33	-	2,182,145,683	-	-	2,182,145,683	-	2,183,242,361	-	2,183,242,361
		<b>197,427,888</b>	<b>11,250,057,186</b>	<b>2,504,776,840</b>	<b>-</b>	<b>13,952,261,914</b>	<b>8,548,570,676</b>	<b>5,200,295,550</b>	<b>252,679,052</b>	<b>14,001,545,278</b>
Deposits from banks	34	-	-	-	296,081,451	296,081,451	-	306,505,939	-	306,505,939
Deposits from customers	35	-	-	-	10,254,142,031	10,254,142,031	-	9,850,083,559	-	9,850,083,559
Financial liabilities at fair value through profit or loss	36	4,522,333	-	-	-	4,522,333	4,522,333	-	-	4,522,333
Derivative financial liabilities	24	-	-	-	-	-	-	-	-	-
Other borrowed funds	39	-	-	-	295,676,593	295,676,593	-	295,676,594	-	295,676,594
Other liabilities <sup>2</sup>	37	-	-	-	1,000,728,110	1,000,728,110	-	1,000,728,110	-	1,000,728,110
		<b>4,522,333</b>	<b>-</b>	<b>-</b>	<b>11,846,628,185</b>	<b>11,851,150,518</b>	<b>4,522,333</b>	<b>11,452,994,202</b>	<b>-</b>	<b>11,457,516,535</b>

<sup>1</sup>Excludes prepayments and stocks

<sup>2</sup>Excludes Deferred Income and Provision for Litigations

<sup>1,2&3</sup> it is assumed that fair value approximates the carrying amount

Group Dec-2023		Carrying amount					Fair Value			
<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Fair value through profit or loss	Held at amortised cost	Fair value through other comprehensive income	Other financial assets / liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Cash and cash equivalents <sup>3</sup>	22	-	2,309,618,698	-	-	2,309,618,698	2,309,618,698	-	-	2,309,618,698
Loans and advances to banks <sup>3</sup>	27	-	66,935	-	-	66,935	-	66,935	-	66,935
Loans and advances to customers	28	-	2,480,183,368	-	-	2,480,183,368	-	2,306,119,741	138,835,388	2,444,955,129
Financial assets at fair value through profit or loss	23	28,066,613	-	-	-	28,066,613	28,066,613	-	-	28,066,613
Derivative financial assets	24	28,961,143	-	-	-	28,961,143	-	28,961,143	-	28,961,143
Assets pledged as collateral	26	-	-	86,552,701	-	86,552,701	86,552,701	-	-	86,552,701
Investment securities:										
– Fair value through profit or loss	25	3,947,850	-	-	-	3,947,850	-	-	3,947,850	3,947,850
– Fair Value through other comprehensive Income	25	-	-	894,064,002	-	894,064,002	891,917,591	-	2,146,411	894,064,002
– Held at amortised cost	25	-	1,571,317,478	-	-	1,571,317,478	886,771,662	550,126,840	-	1,436,898,502
Restricted deposits and other assets <sup>1</sup>	33	-	1,944,380,766	-	-	1,944,380,766	-	1,832,120,494	-	1,832,120,494
		<b>60,975,606</b>	<b>8,305,567,245</b>	<b>980,616,703</b>	<b>-</b>	<b>9,347,159,554</b>	<b>4,202,927,265</b>	<b>4,717,395,153</b>	<b>144,929,649</b>	<b>9,065,252,067</b>
Deposits from banks	34	-	-	-	136,053,409	136,053,409	-	182,142,417	-	182,142,417
Deposits from customers	35	-	-	-	7,410,834,190	7,410,834,190	-	7,367,433,912	-	7,367,433,912
Financial liabilities at fair value through profit or loss	36	809,342	-	-	-	809,342	809,342	-	-	809,342
Derivative financial liabilities	24	-	-	-	-	-	-	-	-	-
Other borrowed funds	39	-	-	-	72,119,485	72,119,485	-	72,533,183	-	72,533,183
Other liabilities <sup>2</sup>	37	-	-	-	417,433,890	417,433,890	-	417,433,890	-	417,433,890
		<b>809,342</b>	<b>-</b>	<b>-</b>	<b>8,036,440,974</b>	<b>8,037,250,316</b>	<b>809,342</b>	<b>8,039,543,402</b>	<b>-</b>	<b>8,040,352,744</b>

<sup>1</sup>Excludes prepayments and Stocks<sup>2</sup>Excludes Deferred Income and Provision for Litigations<sup>1,2&3</sup> it is assumed that fair value approximates the carrying amount

Company Jun-2024		Carrying amount					Fair Value			
<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Fair value through profit or loss	Held at ammortised cost	Fair value through other comprehensive income	Other financial assets / liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Cash and cash equivalents <sup>3</sup>	23	-	599,546	-	-	599,546	599,546	-	-	599,546
		-	<b>599,546</b>	-	-	<b>599,546</b>	<b>599,546</b>	-	-	<b>599,546</b>
Other liabilities <sup>2</sup>	37	-	-	-	12,645,412	12,645,412	-	12,645,412	-	12,645,412
		-	-	-	<b>12,645,412</b>	<b>12,645,412</b>	-	<b>12,645,412</b>	-	<b>12,645,412</b>

<sup>2</sup> Excludes Deferred Income and Provision for Litigations

<sup>3</sup> it is assumed that fair value approximates the carrying amount

Company Dec-2023		Carrying amount					Fair Value			
<i>In thousands of Nigerian Naira</i>	<i>Note</i>	Fair value through profit or loss	Held at ammortised cost	Fair value through other comprehensive income	Other financial assets / liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Cash and cash equivalents <sup>3</sup>	23	-	60,169	-	-	60,169	60,169	-	-	60,169
		-	<b>60,169</b>	-	-	<b>60,169</b>	<b>60,169</b>	-	-	<b>60,169</b>
Other liabilities <sup>2</sup>	37	-	-	-	16,483,941	16,483,941	-	16,483,941	-	16,483,941
		-	-	-	<b>16,483,941</b>	<b>16,483,941</b>	-	<b>16,483,941</b>	-	<b>16,483,941</b>

<sup>2</sup> Excludes Deferred Income and Provision for Litigations

<sup>3</sup> it is assumed that fair value approximates the carrying amount

**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**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
<b>Interest income calculated using the effective interest method</b>				
Loans and advances to banks	3,001,554	5,351,640	-	-
Loans and advances to customers	242,298,857	129,844,679	-	-
	245,300,411	135,196,319	-	-
Cash and cash equivalents	105,922,649	23,411,554	-	-
Investment securities:				
– Investment securities FVOCI	134,828,785	24,225,807	-	-
– Investment securities at amortised cost	114,554,272	28,514,339	-	-
Assets pledged as collateral	7,093,804	3,103,032	-	-
	607,699,921	214,451,051	-	-
<b>Interest income on financial assets FVTPL</b>				
Investment securities FVTPL	10,187,834	11,494,740	-	-
	10,187,834	11,494,740	-	-
<b>Total interest income</b>	<b>617,887,755</b>	<b>225,945,791</b>	<b>-</b>	<b>-</b>
Geographical location				
Interest income earned in Nigeria	361,947,825	147,711,880	-	-
Interest income earned outside Nigeria	255,939,930	78,233,911	-	-
	<b>617,887,755</b>	<b>225,945,791</b>	<b>-</b>	<b>-</b>

## 10 Interest expense

	Group	Group	Company	Company
<i>In thousands of Nigerian Naira</i>	Jun-2024	Jun-2023	Jun-2024	Jun-2023
<b>Interest expense calculated using the effective interest method</b>				
Deposit from banks	5,211,246	1,017,606	-	-
Deposit from customers	102,055,160	43,547,460	-	-
	107,266,406	44,565,066	-	-
Other borrowed funds	18,374,158	3,456,110	-	-
	<b>125,640,564</b>	<b>48,021,176</b>	-	-
<b>Interest expense on financial liabilities FVTPL</b>				
Financial liabilities at fair value through profit or loss	735,595	465,897	-	-
<b>Total interest expense</b>	<b>126,376,159</b>	<b>48,487,073</b>	-	-
Geographical location				
Interest expense paid in Nigeria	71,404,721	32,502,035	-	-
Interest expense paid outside Nigeria	54,971,438	15,985,038	-	-
	<b>126,376,159</b>	<b>48,487,073</b>	-	-

## 11 Loan impairment (reversal) / charges

	Group	Group	Company	Company
<i>In thousands of Nigerian Naira</i>	Jun-2024	Jun-2023	Jun-2024	Jun-2023
<b>Loans and advances to banks (Note 27)</b>	<b>(9,634)</b>	<b>13,779</b>	-	-
Stage 1 - 12 Months ECL	67	-	-	-
Stage 2 - Lifetime ECL Not Credit Impaired	17	-	-	-
Stage 3 - Lifetime ECL Credit Impaired	(9,718)	13,779	-	-
<b>Loans and advances to customers (Note 28)</b>	<b>47,404,716</b>	<b>82,948,133</b>	-	-
Stage 1 - 12 Months ECL	6,361,496	9,346,146	-	-
Stage 2 - Lifetime ECL Not Credit Impaired	31,209,748	72,882,520	-	-
Stage 3 - Lifetime ECL Credit Impaired	9,833,472	719,467	-	-
	<b>47,395,082</b>	<b>82,961,912</b>	-	-

## 12 Fee and commission income

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
Credit related fees and commissions <sup>1</sup>	11,153,136	4,782,175	-	-
Account maintenance charges	15,639,610	10,481,205	-	-
Corporate finance fees	2,745,508	2,942,417	-	-
Asset management fees	872,856	393,291	-	-
E-business Income	32,503,738	21,216,989	-	-
Commission on foreign exchange deals	16,360,005	5,881,614	-	-
Commission on touch points	3,457,058	1,084,700	-	-
Income from financial guarantee contracts issued	7,314,334	2,555,321	-	-
Account services, maintenance and ancillary banking charges	16,188,240	5,640,160	-	-
Shared service fees	-	-	1,743,610	1,569,249
Transfers related charges	7,684,709	3,437,210	-	-
	<b>113,919,194</b>	<b>58,415,082</b>	<b>1,743,610</b>	<b>1,569,249</b>

<sup>1</sup>Credit related fees and commissions are loans and advances related fees that are not integral part of effective interest.

## 13 Fee and commission expense

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
Bank charges	10,268,475	5,584,275	-	-
Loan recovery expenses	2,581,525	1,282,639	-	-
	<b>12,850,000</b>	<b>6,866,914</b>	-	-

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

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Jun-2023</b>	<b>Company Jun-2024</b>	<b>Company Jun-2023</b>
Bonds FVPL	1,575,196	341,468	-	-
Treasury bills FVPL	3,182,068	2,033,028	-	-
Euro Bond	501,511	144,149	-	-
Net foreign exchange trading gain	25,213,005	13,499,637	-	-
<b>Net trading income</b>	<b>30,471,780</b>	<b>16,018,282</b>	-	-

## 15 Other income

	Group	Group	Company	Company
<i>In thousands of Nigerian Naira</i>	Jun-2024	Jun-2023	Jun-2024	Jun-2023
Mark to market gains/(loss) on trading investments	(328,450)	(4,477,653)	-	-
Unrealised Fair value gain on financial instrument <sup>1</sup>	493,021,681	253,644,197	-	-
Unrealised Foreign exchange revaluation gain/(loss) <sup>1</sup>	(3,920,188)	103,827,072	-	-
Unrealised Gain on forward transactions <sup>1</sup>	130,207,247	16,034,924	-	-
Gain on disposal of fixed assets	132,129	14,060	-	-
Discounts and recoverables	6,388,615	2,320,933	39,698	40,079
Recoveries	4,339,325	706,761	-	-
Dividends income <sup>2</sup>	430,719	153,508	84,467,484	85,350,420
	<b>630,271,078</b>	<b>372,223,802</b>	<b>84,507,182</b>	<b>85,390,499</b>

<sup>1</sup>These gains are strictly unrealised

<sup>2</sup>This relates to dividend received from GTBank Nigeria for onward distribution to equity holders subject to appropriate deduction of withholding tax, and would be adjusted for the purpose of CIT Computation at Holding Company Level

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

	Group	Group	Company	Company
<i>In thousands of Nigerian Naira</i>	Jun-2024	Jun-2023	Jun-2024	Jun-2023
Impairment charges/(reversal) on investment securities	(12,400,949)	22,187,191	-	-
Impairment charges on other assets	220,710	1,051,967	-	-
Impairment charges on placements	-	1,958,322	-	-
Impairment charges on contingents	12,537,791	56,115,882	-	-
	<b>357,552</b>	<b>81,313,362</b>	<b>-</b>	<b>-</b>

## 17 Personnel expenses

	Group	Group	Company	Company
<i>In thousands of Nigerian Naira</i>	Jun-2024	Jun-2023	Jun-2024	Jun-2023
(a) Wages and salaries	39,337,931	19,894,655	656,238	575,957
Contributions to defined contribution plans	2,162,758	898,907	-	-
	<b>41,500,689</b>	<b>20,793,562</b>	<b>656,238</b>	<b>575,957</b>



*Cash-settled share-based payments*

This relates to estimated 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 estimated gain resulted from the operation of cash settled payment by the Group. The Group operates a cash-settled share based compensation plan (share appreciation rights (SARs)) and profit-sharing scheme (PSS) for its management personnel from the Administrative fee which the Scheme receives for the management of the employee shares held by SIT. 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 30 June 2024	420,112
SARs granted to senior management employees at 31 December 2023	343,649

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

<i>In thousands of Nigerian Naira</i>	Note	Group	Group
		Jun-2024	Dec-2023
Total carrying amount of liabilities for cash-settled arrangements	37	12,480,045	9,401,874

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

	Group	Group	Company	Company
	Jun-2024	Jun-2023	Jun-2024	Jun-2023
	Number	Number	Number	Number
Executive directors	2	2	2	2
Management	280	216	5	5
Non-management	5,547	5,379	39	41
	<b>5,829</b>	<b>5,597</b>	<b>46</b>	<b>48</b>

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

	Group	Group	Company	Company
	Jun-2024	Jun-2023	Jun-2024	Jun-2023
	Number	Number	Number	Number
Administration	170	167	11	11
Commercial Banking Abuja	26	26	-	-
Commercial Banking Lagos	115	98	-	-
Commercial Banking North East	53	51	-	-
Commercial Banking North West	49	46	-	-
Commercial Banking South East	61	60	-	-
Commercial Banking South South	138	126	-	-
Communication and External Affairs	53	49	7	10
Compliance Group	114	110	6	5
Digital Banking Division	113	121	-	-
Enterprise Risk Management	151	149	5	6
Chief Executive Director	1	1	1	1
Financial Control, Group Reporting & Strategy	88	103	1	4
Human Resources	65	62	6	3
Institutional Banking	43	20	-	-
International Banking	97	103	-	-

Operations	380	256	-	-
Procurement & Expense Control	12	13	-	-
Public Sector Abuja	16	18	-	-
Public Sector Lagos	15	16	-	-
Retail Lagos	280	272	-	-
Retail Abuja	90	86	-	-
SME Division - Lagos	148	133	-	-
Foods and Beverages	23	20	-	-
Global Markets Division	17	15	-	-
Systems and Control	172	169	5	4
Technology	161	364	1	1
Transaction Services	1,832	1,727	-	-
Wholesale Banking	38	43	-	-
Commercial Banking Subsidiaries	105	156	-	-
Treasury & ALM	9	8	-	-
Corporate Bank	46	46	-	-
Energy Banking Division	27	37	-	-
Retail Subsidiaries	310	341	-	-
Agency Banking Group	8	11	-	-
Public Sector Subsidiaries	30	32	-	-
Other Support Services Subsidiaries	503	354	-	-
Business Banking	57	51	-	-
Customer Experience Management Division	139	120	-	-
Data Analytics Division	4	12	1	1
Legal Group	70	5	2	2
	<b>5,829</b>	<b>5,597</b>	<b>46</b>	<b>48</b>

(iii) Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>Jun-2024</b>	<b>Jun-2023</b>	<b>Jun-2024</b>	<b>Jun-2023</b>
	Number	Number	Number	Number
N720,001 - N1,400,000	931	790	-	-
N1,400,001 - N2,050,000	394	373	-	-
N2,190,001 - N2,330,000	125	105	-	-
N2,330,001 - N2,840,000	23	13	-	-
N2,840,001 - N3,000,000	106	62	-	-
N3,001,001 - N3,830,000	338	768	-	-
N3,830,001 - N4,530,000	127	98	-	-
N4,530,001 - N5,930,000	1,696	1,655	3	8
N6,000,001 - N6,800,000	236	123	-	-
N6,800,001 - N7,300,000	34	20	1	1
N7,300,001 - N7,800,000	208	184	-	-
N7,800,001 - N8,600,000	598	404	-	-
N8,600,001 - N11,800,000	327	334	20	19
Above N11,800,000	684	666	20	18
	<b>5,827</b>	<b>5,595</b>	<b>44</b>	<b>46</b>

18	Depreciation and amortisation	Group	Group	Company	Company
		Jun-2024	Jun-2023	Jun-2024	Jun-2023
	<i>In thousands of Nigerian Naira</i>				
	Amortisation of intangible assets (see note 31)	3,402,558	3,998,183	-	-
	Depreciation of property and equipment and right of use assets (see note 30)	24,116,655	15,362,301	47,827	47,827
		<b>27,519,213</b>	<b>19,360,484</b>	<b>47,827</b>	<b>47,827</b>
19	Other operating expenses	Group	Group	Company	Company
		Jun-2024	Jun-2023	Jun-2024	Jun-2023
	<i>In thousands of Nigerian Naira</i>				
	Finance costs	231,489	-	-	-
	Deposit insurance premium	12,520,524	8,443,297	-	-
	Other insurance premium	1,494,408	800,261	-	-
	Auditors' remuneration <sup>1</sup>	1,323,151	679,863	27,875	50,000
	Professional fees and other consulting costs	2,559,166	1,030,346	5,658	73,002
	AMCON expenses	36,656,104	27,433,162	-	-
	Stationery and postage	1,493,239	995,385	1,053	7,619
	Business travel expenses	1,265,769	470,779	-	-
	Advert, promotion and corporate gifts	6,717,119	3,352,840	-	-
	Repairs and maintenance	7,154,960	3,323,040	6,311	221
	Occupancy costs <sup>2</sup>	7,561,986	4,439,017	-	-
	Directors' emoluments	1,275,505	508,853	77,890	46,283
	Outsourcing services <sup>3</sup>	14,461,799	8,565,452	-	-
	Communications, Administrative and Technological related expense <sup>4</sup>	36,601,702	17,016,174	55,780	75,563
	Shared Service Fees	130,770	305,131	-	-
	Customer service related expenses	1,327,795	8,058,317	-	-
		<b>132,775,486</b>	<b>85,421,917</b>	<b>174,567</b>	<b>252,688</b>

<sup>1</sup> Auditor's remuneration represents fees for the interim audit of the Group and Company for the period ended 30 June 2024.

<sup>2</sup> This relates to diesel, fuel, and electricity cost as well as ground rates and water cost

<sup>3</sup> Outsourcing services relates to salaries paid to outsourced contract staff

<sup>4</sup> Inclusive of training, other wellbeing expenses and administrative fee due to SIT for management of the shares entered by the Scheme and estimate of expenses in employee benefit being determined as required by IAS 19

20 **Income tax expense**  
recognised in the Income statement

	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
<i>In thousands of Nigerian Naira</i>				
<b>a) Current tax expense:</b>				
Company income tax	86,696,991	20,178,658	-	311,291
Education Tax	6,020,446	2,107,202	28,304	-
Police Trust Fund Levy	42,205	13,865	45	-
NASENI Levy	2,110,245	693,275	2,262	-
NITDEF tax levy	8,440,979	2,773,099	9,047	-
Financial Sector Clean-up Levy	3,792,259	1,202,408	-	-
National fiscal Stabilization levy	3,792,259	1,202,408	-	-
	<b>110,895,384</b>	<b>28,170,915</b>	<b>39,658</b>	<b>311,291</b>
Prior year's under provision	1,060,002	605,406	674,691	-
<b>Deferred tax expense:</b>				
Origination of temporary differences	(13,747,078)	18,139,359	77,620	-
	<b>98,208,308</b>	<b>46,915,680</b>	<b>791,969</b>	<b>311,291</b>

**Reconciliation of effective tax rate**

Group <i>In thousands of Nigerian Naira</i>	Jun-2024	Jun-2024	Jun-2023	Jun-2023
Profit before income tax	1,003,775,626	-	327,397,733	-
Income tax using the domestic corporation tax rate	301,132,688	30.0%	98,219,320	30.0%
Effect of tax rates in foreign jurisdictions	(13,928,118)	-1.4%	(656,559)	-0.2%
Tax reliefs/WHT Credits	(1,213,937)	-0.1%	(1,213,937)	-0.4%
Non-deductible expenses <sup>1</sup>	9,174,611	0.9%	51,388,391	15.7%
Education tax levy	6,020,446	0.6%	2,107,202	0.6%
Police Trust Fund Levy	42,205	0.0%	13,865	0.0%
NASENI tax levy	2,110,245	0.2%	693,275	0.2%
NITDEF tax levy	8,440,979	0.8%	2,773,099	0.8%
Financial Sector Clean-up Levy	3,792,259	0.4%	1,202,408	0.4%
National fiscal Stabilization levy	3,792,259	0.4%	1,202,408	0.4%
Tax exempt income <sup>2</sup>	(219,685,751)	-21.9%	(108,587,268)	-33.2%
Deductible expenses <sup>3</sup>	(2,529,580)	-0.3%	(831,930)	-0.3%
Prior year's under provision	1,060,002	0.1%	605,406	0.2%
<b>Total income tax expense</b>	<b>98,208,308</b>	<b>9.8%</b>	<b>46,915,680</b>	<b>14.3%</b>

<sup>1</sup> Non-deductible expense include depreciation, stage 1 impairment, non-allowable donations ,etc

<sup>2</sup> Tax exempt income include FX translation gains, Dividends, Interest earned on FGN bonds etc

<sup>3</sup> This relates to tax impact of aligning National Information Technology Development Levy (NITDEF) as a deductible expense for tax computation purpose.

**Income tax recognised in other comprehensive income**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
In thousands of Nigerian Naira	<b>Jun-2024</b>	<b>Jun-2023</b>	<b>Jun-2024</b>	<b>Jun-2023</b>
Income tax relating to Foreign currency translation differences for foreign operations	46,160,917	31,098,249	-	-
Income tax relating to Net change in FVOCI financial assets	(4,645,749)	2,495,386	-	-
	<b>41,515,168</b>	<b>33,593,635</b>	-	-

## (b) Current income tax payable

The movement on the current income tax payable account during the period was as follows:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
In thousands of Nigerian Naira	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
Balance, beginning of the period	41,303,351	35,307,860	88,692	-
Exchange difference on translation	1,582,957	11,771,446	-	-
Charge for the period	110,895,384	73,893,925	39,658	88,692
Prior year's under provision	1,060,002	3,003,000	674,691	1,481,118
Payments during the period	(78,983,934)	(82,672,880)	(763,383)	(1,481,118)
<b>Balance, end of the period</b>	<b>75,857,760</b>	<b>41,303,351</b>	<b>39,658</b>	<b>88,692</b>

## 21 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit attributable to ordinary shareholders of N899,895,769,000 (Company: N84,580,191,000) and a weighted average number of ordinary shares outstanding of 28,013,995,000 (after adjusting for Treasury shares) for the Group and 29,431,179,000 for the Company.

### Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
Net profit attributable to equity holders of the Company	899,895,769	278,536,740	84,580,191	85,771,985
<b>Net profit used to determine diluted earnings per share</b>	<b>899,895,769</b>	<b>278,536,740</b>	<b>84,580,191</b>	<b>85,771,985</b>

### Number of ordinary shares

In thousands of shares	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
Weighted average number of ordinary shares in issue	28,013,995	28,022,000	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	32.12	9.94	2.87	2.91

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS are the same for the Group.

## 22 Cash and bank balances

(a)	<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
		Jun-2024	Dec-2023	Jun-2024	Dec-2023
	Cash in hand	317,020,242	208,510,813	599,546	60,169
	Balances held with other banks	846,111,117	493,734,665	-	-
	Unrestricted balances with central banks	393,919,831	238,378,190	-	-
	Money market placements	2,912,266,530	1,371,081,069	-	-
		<b>4,469,317,720</b>	<b>2,311,704,737</b>	<b>599,546</b>	<b>60,169</b>
	Impairment on Placements	(3,575,015)	(2,086,039)	-	-
		<b>4,465,742,705</b>	<b>2,309,618,698</b>	<b>599,546</b>	<b>60,169</b>

Current	4,465,742,705	2,309,618,698	599,546	60,169
Non-current	-	-	-	-

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

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Cash and bank balances	4,469,317,720	2,311,704,737	599,546	60,169
Cash and bank balances above three months maturity	(615,712,647)	(305,768,538)	-	-
	<b>3,853,605,073</b>	<b>2,005,936,199</b>	<b>599,546</b>	<b>60,169</b>

## Movement in Impairment on Cash and bank balances

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Opening balance	2,086,039	94,147	-	-
Exchange difference	1,488,976	-	-	-
Addition during the period	-	1,991,892	-	-
<b>Closing balance</b>	<b>3,575,015</b>	<b>2,086,039</b>	<b>-</b>	<b>-</b>

## 23 Financial assets at fair value through profit or loss

(a)	<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
		Jun-2024	Dec-2023	Jun-2024	Dec-2023
<b>Financial assets Fair Value through Profit or Loss:</b>					
	Bonds - (see note 23(b) below)	10,756,672	16,648,838	-	-
	Treasury Bills - (see note 23(c) below)	17,268,087	7,791,115	-	-
	Trading Euro Bonds- (see note 23(d) below)	5,859,472	3,622,871	-	-
	Promissory Notes	4,209	3,789	-	-
		<b>33,888,440</b>	<b>28,066,613</b>	<b>-</b>	<b>-</b>
	Current	21,317,982	13,120,105	-	-
	Non-current	12,570,458	14,946,508	-	-

## (b) Bonds FVPL are analysed below:

	Group	Group	Company	Company
In thousands of Nigerian Naira	Jun-2024	Dec-2023	Jun-2024	Dec-2023
FGN Bond 15.70 21-JUN-2053/30Y	-	2,427,710	-	-
FGN Sukuk 15.75 13-OCT-2033/10Y	-	6,206,557	-	-
FGN Bond 14.70 21-JUN-2033/10Y	-	506,147	-	-
FGN Bond 12.50 22-JAN-2026/10Y	167,870	2,183,222	-	-
FGN Bond 16.2884 17-MAR-27/10Y	1,259,382	-	-	-
FGN Bond 16.2499 18-APR-2037/20Y	60,898	-	-	-
FGN Bond 13.98 23-FEB-2028/10Y	92,439	-	-	-
FGN Bond 19.00 21-FEB-2034/10Y	1,696,394	-	-	-
FGN Bond 19.89 15-MAY-2033/9Y	2,430,597	-	-	-
FGN Bond 18.50 21-FEB-2031/7Y	500,629	-	-	-
FGN Bond 19.30 17-APR-2029/5Y	498,567	-	-	-
FGN SUKUK BOND 15.75% 13 - OCT 2033/10Y	-	413,118	-	-
FGN BOND 15.45% 21-JUN-2038/15Y	250,511	262,206	-	-
Non-Nigerian trading bonds	3,799,385	4,649,878	-	-
	<b>10,756,672</b>	<b>16,648,838</b>	-	-

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

	Group	Group	Company	Company
In thousands of Nigerian Naira	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Nigerian treasury bills' maturities:				
26-December-2024	666,425	-	-	-
23-January-2025	14,791	-	-	-
06-February-2025	1,701,771	-	-	-
20-February-2025	6,849,961	-	-	-
06-March-2025	318,551	-	-	-
27-March-2025	23,006	-	-	-
10-April-2025	36,851	-	-	-
24-April-2025	23,483	-	-	-
08-May-2025	11,898	-	-	-
22-May-2025	35,581	-	-	-
26-June-2025	2,977,550	-	-	-
08-August-2024	18,005	-	-	-
25-January-2024	-	36,694	-	-
08-February-2024	-	2,993	-	-
22-February-2024	-	3,857	-	-
07-March-2024	-	158,484	-	-
14-March-2024	-	26,798	-	-
28-March-2024	-	1,289	-	-
11-April-2024	-	7,192	-	-
25-April-2024	-	1,184	-	-
23-May-2024	-	7,459	-	-
06-June-2024	-	19,384	-	-
13-June-2024	-	4,689	-	-
27-June-2024	-	423,284	-	-
11-July-2024	88,490	5,569	-	-
25-July-2024	35,595	4,248	-	-
06-August-2024	506	481	-	-
22-August-2024	55,231	64,584	-	-
05-September-2024	3,270	15,701	-	-
12-September-2024	1,089,800	1,055,956	-	-
26-September-2024	-	22,292	-	-
10-October-2024	-	3,247,376	-	-
24-October-2024	8,911	17,288	-	-
07-November-2024	999,181	861,223	-	-
21-November-2024	2,053,721	1,792,827	-	-
05-December-2024	159,390	6,384	-	-
12-December-2024	96,119	3,881	-	-
	<b>17,268,087</b>	<b>7,791,115</b>	-	-



(d) Trading Euro Bonds is analysed below:

In thousands of Nigerian Naira	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Eurobond 6.125 28-SEP-2028/7Y	3,350,884	2,043,317	-	-
Eurobond 7.375 28-SEP-2033/12Y	2,508,588	1,579,553	-	-
	<b>5,859,472</b>	<b>3,622,871</b>	-	-

## 24 Derivative financial instruments

(a) Group

Jun-2024

*In thousands of Nigerian Naira*

	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	847,483,900	159,168,390	-
<b>Derivative assets/(liabilities)</b>	<b>847,483,900</b>	<b>159,168,390</b>	-

Group

Dec-2023

*In thousands of Nigerian Naira*

	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	329,280,930	28,961,143	-
<b>Derivative assets/(liabilities)</b>	<b>329,280,930</b>	<b>28,961,143</b>	-

(b) All derivatives are settled in less than one year.

(c) **Foreign exchange contracts**

The Group enters into forward foreign exchange contracts which include currency swaps and normal trading forwards 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'.

25 **Investment securities**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
<i>In thousands of Nigerian Naira</i>	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
(a) (i) <b>Investment securities at fair value through OCI</b>				
Debt securities - Treasury bills FVOCI	1,790,714,755	773,458,489	-	-
Debt securities - Bonds FVOCI	289,543,950	42,542,939	-	-
Eurobond	37,145,214	46,384,476	-	-
US Treasury Notes	236,107,873	-	-	-
Special Bills - FVOCI	-	1,999,013	-	-
Commercial Paper- FVOCI	20,138,111	27,532,674	-	-
Investment securities - Equity (See note 25(a)(ii) below	1,785,224	1,694,521	-	-
Investment in Mutual Funds	466,754	451,890	-	-
<b>Total</b>	<b>2,375,901,881</b>	<b>894,064,002</b>	<b>-</b>	<b>-</b>
<b>Investment securities at fair value through profit or loss</b>				
Investment securities - Equity	4,371,058	3,947,850	-	-
	<b>4,371,058</b>	<b>3,947,850</b>	<b>-</b>	<b>-</b>
<b>Investment securities at amortised cost:</b>				
Bonds	797,373,071	586,551,443	-	-
Treasury bills	686,042,841	450,040,761	-	-
Promissory Note	1,744	1,698	-	-
Special Treasury Bills - Amortized Cost	-	545,381,360	-	-
Eurobonds - Amortized Cost	22,585,521	18,568,542	-	-
Corporate bond	2,013,634	1,360,388	-	-
	<b>1,508,016,811</b>	<b>1,601,904,192</b>	<b>-</b>	<b>-</b>
ECL on Bonds - Amortised Cost	(12,828,876)	(13,917,397)	-	-
ECL on Treasury Bills - Amortised Cost	(5,095,676)	(3,873,168)	-	-
ECL on Corporate bond - Amortised Cost	(258,022)	(258,022)	-	-
ECL on Promissory- Amortised Cost	(336)	(336)	-	-
ECL on Special Treasury Bills - Amortized Cost	-	(12,537,791)	-	-
<b>Total Investment securities at amortised cost</b>	<b>1,489,833,901</b>	<b>1,571,317,478</b>	<b>-</b>	<b>-</b>
<b>Total investment securities</b>	<b>3,870,106,840</b>	<b>2,469,329,330</b>	<b>-</b>	<b>-</b>
Current	2,832,700,832	2,053,285,329	-	-
Non-current	1,037,406,008	416,044,001	-	-

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

<i>In thousands of Nigerian Naira</i>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
<b>FVOCI equity instrument</b>				
- GIM UEMOA	36,895	22,984	-	-
- SANEF	50,000	50,000	-	-
- Unified Payment Services Limited <sup>1</sup>	747,608	713,804	-	-
- Nigeria Automated Clearing Systems	784,315	778,180	-	-
- Afrexim	166,406	129,553	-	-
	<b>1,785,224</b>	<b>1,694,521</b>	-	-
<b>FVTPL equity instrument</b>				
- Africa Finance Corporation <sup>1</sup>	4,371,058	3,947,850	-	-
	<b>4,371,058</b>	<b>3,947,850</b>	-	-
	<b>6,156,282</b>	<b>5,642,371</b>	-	-

<sup>1</sup> Unified Payment Services Limited was formerly known as Valucard Nigeria Plc

Except for African Finance Corporation (AFC) designated as FVPL, all other equity investments are designated at FVOCI.

The Group received dividend income of N407,681,000 (Dec 2023: N153,508,000) from the equity investments designated at FVOCI during the period.

Kindly refer to Note 6e for the movement in the value of equity securities at fair value during the period.

## (b) (i) Impairment on investment securities

ECL on Bonds- FVOCI	1,615,402	1,615,402	-	-
ECL on EuroBonds and US Treasury Notes- FVOCI	8,579,147	5,169,886	-	-
ECL on Treasury Bills- FVOCI	5,834,418	5,831,563	-	-
ECL on Promissory Notes - FVOCI	-	40,387	-	-
ECL on Commercial Paper - FVOCI	430,403	430,403	-	-
ECL on Special Treasury Bills - FVOCI	-	266,775	-	-
ECL on Bonds - Amortised Cost	12,828,876	13,917,397	-	-
ECL on Treasury Bills - Amortised Cost	5,095,676	3,873,168	-	-
ECL on Corporate bond - Amortised Cost	258,022	258,022	-	-
ECL on Promissory- Amortised Cost	336	336	-	-
ECL on Special Treasury Bills - Amortized Cost	-	12,537,791	-	-
	<b>34,642,280</b>	<b>43,941,130</b>	-	-

## (b) (ii) Movement in Impairment on investment securities

<i>In thousands of Nigerian Naira</i>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
Opening balance	43,941,130	37,699,629	-	-
Exchange difference	3,102,099	1,671,438	-	-
Addition during the period	(12,400,949)	4,570,063	-	-
<b>Closing balance</b>	<b>34,642,280</b>	<b>43,941,130</b>	-	-

26 **Assets pledged as collateral**

(a)	Group	Group	Company	Company
<i>In thousands of Nigerian Naira</i>	Jun-2024	Dec-2023	Jun-2024	Dec-2023
<b>Financial assets at FVOCI</b>				
- Treasury bills	128,874,959	86,552,701	-	-
<b>Total Assets Pledged as Collateral</b>	<b>128,874,959</b>	<b>86,552,701</b>	-	-
Current	128,874,959	86,552,701	-	-
Non-current	-	-	-	-

- (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 Group 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.

27 **Loans and advances to banks**

	Group	Group	Company	Company
<i>In thousands of Nigerian Naira</i>	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Loans and advances to banks	166,358	155,027	-	-
Less Impairment:				
Stage 1 Loans	(159)	(92)	-	-
Stage 2 Loans	(17)	-	-	-
Stage 3 Loans	(78,282)	(88,000)	-	-
	<b>87,900</b>	<b>66,935</b>	-	-
Current	87,900	66,935	-	-
Non-current	-	-	-	-

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

## Jun-2024

## Group

In thousands of Nigerian Naira	Impairment on Stage2 -			Total allowance for impairment
	Impairment on Stage 1 - 12 Months ECL	Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	
Balance at 1 January 2024	92	-	88,000	88,092
Impairment allowances for the period	67	17	(9,718)	(9,634)
	<b>159</b>	<b>17</b>	<b>78,282</b>	<b>78,458</b>

## Dec-2023

## Group

In thousands of Nigerian Naira	Impairment on Stage2 -			Total allowance for impairment
	Impairment on Stage 1 - 12 Months ECL	Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	
Balance at 1 January 2023	-	-	74,672	74,672
Impairment allowances for the period	92	-	13,328	13,420
	<b>92</b>	<b>-</b>	<b>88,000</b>	<b>88,092</b>

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

## Group

Jun-2024	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
	In thousands of Nigerian Naira															
	Balance at 1 January 2024	-	-	88,000	88,000	92	-	-	92	-	-	-	-	92	-	88,000
Impairment allowances for the year	-	-	(9,718)	(9,718)	67	17	-	84	-	-	-	-	67	17	(9,718)	(9,634)
<b>Balance, end of period</b>	-	-	<b>78,282</b>	<b>78,282</b>	<b>159</b>	<b>17</b>	-	<b>176</b>	-	-	-	-	<b>159</b>	<b>17</b>	<b>78,282</b>	<b>78,458</b>

## Group

Dec-2023	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
	In thousands of Nigerian Naira															
	Balance at 1 January 2023	-	-	1,605	1,605	-	-	73,067	73,067	-	-	-	-	-	-	74,672
Impairment allowances for the period	-	-	86,395	86,395	92	-	(73,067)	(72,975)	-	-	-	-	92	-	13,328	13,420
<b>Balance, end of period</b>	-	-	<b>88,000</b>	<b>88,000</b>	<b>92</b>	-	-	<b>92</b>	-	-	-	-	<b>92</b>	-	<b>88,000</b>	<b>88,092</b>

## 28 Loans and advances to customers

In thousands of Nigerian Naira

	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
<b>Loans to individuals:</b>				
Loans	399,796,174	307,512,525	-	-
Overdrafts	47,165,494	48,079,050	-	-
Others <sup>1</sup>	123,656	145,499	-	-
<b>Gross loans</b>	<b>447,085,324</b>	<b>355,737,074</b>	-	-
Loans	(5,605,807)	(2,745,902)	-	-
Overdrafts	(1,137,128)	(971,967)	-	-
<b>Impairment on Stage 1 - 12 Months ECL</b>	<b>(6,742,935)</b>	<b>(3,717,869)</b>	-	-
Loans	(143,553)	(145,553)	-	-
Overdrafts	(347,576)	(119,274)	-	-
<b>Impairment on Stage 2 - Life Time ECL Not Credit Impaired</b>	<b>(491,129)</b>	<b>(264,827)</b>	-	-
Loans	(20,724,215)	(2,819,650)	-	-
Overdrafts	(6,135,079)	(424,567)	-	-
<b>Impairment on Stage 3 - Non Performing Loans</b>	<b>(26,859,294)</b>	<b>(3,244,217)</b>	-	-
Loans	(26,473,575)	(5,711,105)	-	-
Overdrafts	(7,619,783)	(1,515,808)	-	-
<b>Total impairment</b>	<b>(34,093,358)</b>	<b>(7,226,913)</b>	-	-
Loans	373,322,599	301,801,420	-	-
Overdrafts	39,545,711	46,563,242	-	-
Others <sup>1</sup>	123,656	145,499	-	-
<b>Carrying amount</b>	<b>412,991,966</b>	<b>348,510,161</b>	-	-
<b>Loans to Non-individuals:</b>				
Loans	2,654,902,099	2,041,901,031	-	-
Overdrafts	214,376,917	186,127,413	-	-
Others <sup>1</sup>	50,419,838	30,704,276	-	-
<b>Gross loans</b>	<b>2,919,698,854</b>	<b>2,258,732,720</b>	-	-
Loans	(13,100,900)	(10,737,209)	-	-
Overdrafts	(8,383,556)	(5,243,323)	-	-
Others <sup>1</sup>	(136,790)	(338,653)	-	-
<b>Impairment on Stage 1 - 12 Months ECL</b>	<b>(21,621,246)</b>	<b>(16,319,185)</b>	-	-
Loans	(142,628,574)	(49,316,062)	-	-
Overdrafts	(498,257)	(1,272,182)	-	-
<b>Impairment on Stage 2 - Life Time ECL Not Credit Impaired</b>	<b>(143,126,831)</b>	<b>(50,588,244)</b>	-	-
Loans	(46,513,314)	(41,599,307)	-	-
Overdrafts	(9,182,432)	(18,552,777)	-	-
<b>Impairment on Stage 3 - Non Performing Loans</b>	<b>(55,695,746)</b>	<b>(60,152,084)</b>	-	-
Loans	(202,242,788)	(101,652,578)	-	-
Overdrafts	(18,064,245)	(25,068,282)	-	-
Others <sup>1</sup>	(136,790)	(338,653)	-	-
<b>Total impairment</b>	<b>(220,443,823)</b>	<b>(127,059,513)</b>	-	-
Loans	2,452,659,311	1,940,248,453	-	-
Overdrafts	196,312,672	161,059,131	-	-
Others <sup>1</sup>	50,283,048	30,365,623	-	-
<b>Carrying amount</b>	<b>2,699,255,031</b>	<b>2,131,673,207</b>	-	-
<b>Total carrying amount (individual and non individual)</b>	<b>3,112,246,997</b>	<b>2,480,183,368</b>	-	-
<sup>1</sup> Others include Usances and Usances Settlement				
Current	2,007,593,887	1,667,138,488	-	-
Non-current	1,104,653,110	813,044,880	-	-

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

Jun-2024

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 2024	3,717,870	264,827	3,244,216	7,226,913
Foreign currency translation and other adjustments	434,709	133,382	1,881,065	2,449,156
Impairment allowances for the period	2,590,356	92,919	21,734,011	24,417,286
<b>Balance, end of period</b>	<b>6,742,935</b>	<b>491,128</b>	<b>26,859,292</b>	<b>34,093,355</b>



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

Dec-2023

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 2023	1,428,719	165,289	23,402,513	24,996,521
Foreign currency translation and other adjustments	282,792	118,055	869,307	1,270,154
Impairment allowances for the year	2,006,358	(18,517)	(21,027,603)	(19,039,762)
<b>Balance, end of the year</b>	<b>3,717,869</b>	<b>264,827</b>	<b>3,244,217</b>	<b>7,226,913</b>

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

Jun-2024

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 2024	16,319,185	50,588,244	60,152,084	127,059,513
Foreign currency translation and other adjustments	1,530,922	61,421,756	13,399,187	76,351,865
Impairment allowances for the period	3,771,138	31,116,830	(11,900,539)	22,987,429
Financial assets derecognised	-	-	(5,954,986)	(5,954,986)
<b>Balance, end of the period</b>	<b>21,621,245</b>	<b>143,126,830</b>	<b>55,695,746</b>	<b>220,443,821</b>

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

Dec-2023

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 2023	7,662,853	22,451,764	31,402,984	61,517,601
Foreign currency translation and other adjustments	755,832	(666,975)	72,588,225	72,677,082
Impairment allowances for the year	7,900,500	64,222,288	49,856,836	121,979,624
Transfer between stages	-	(35,418,833)	35,418,833	-
Financial assets derecognised	-	-	(129,114,794)	(129,114,794)
<b>Balance, end of the year</b>	<b>16,319,185</b>	<b>50,588,244</b>	<b>60,152,084</b>	<b>127,059,513</b>

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

Group Jun-2024	Loans				Overdrafts				Others				Total			
	Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing	
	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment
	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment
In thousands of Nigerian Naira																
Balance at 1 January	2,745,902	145,553	2,819,650	5,711,104	971,967	119,274	424,567	1,515,808	-	-	-	-	3,717,869	264,827	3,244,217	7,226,913
Foreign currency translation and other adjustments	361,400	38,986	1,451,401	1,851,787	73,309	94,397	429,664	597,370	-	-	-	-	434,709	133,383	1,881,065	2,449,157
Impairment allowances for the period	2,498,505	(40,986)	16,453,164	18,910,684	91,852	133,905	5,280,848	5,506,605	-	-	-	-	2,590,357	92,919	21,734,012	24,417,288
<b>Balance, end of period</b>	<b>5,605,807</b>	<b>143,553</b>	<b>20,724,215</b>	<b>26,473,575</b>	<b>1,137,128</b>	<b>347,576</b>	<b>6,135,079</b>	<b>7,619,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,742,935</b>	<b>491,129</b>	<b>26,859,294</b>	<b>34,093,358</b>
<b>Group Dec-2023</b>																
Group Dec-2023	Loans				Overdrafts				Others				Total			
	Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing	
	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment
	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment	Impairment on Stage 1 - 12	Months ECL	Loans	Total allowance for impairment
In thousands of Nigerian Naira																
Balance at 1 January	1,175,663	71,925	13,071,548	14,319,135	253,055	93,364	10,330,965	10,677,384	-	-	-	-	1,428,718	165,289	23,402,513	24,996,520
Foreign currency translation and other adjustments	208,861	64,885	755,542	1,029,288	73,931	53,171	113,765	240,867	-	-	-	-	282,792	118,056	869,307	1,270,155
Impairment allowances for the period	1,361,378	8,743	(11,007,440)	(9,637,319)	644,981	(27,261)	(10,020,163)	(9,402,443)	-	-	-	-	2,006,359	(18,518)	(21,027,603)	(19,039,762)
<b>Balance, end of year</b>	<b>2,745,902</b>	<b>145,553</b>	<b>2,819,650</b>	<b>5,711,104</b>	<b>971,967</b>	<b>119,274</b>	<b>424,567</b>	<b>1,515,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,717,869</b>	<b>264,827</b>	<b>3,244,217</b>	<b>7,226,913</b>

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

## Group

Jun-2024

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing	
	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment
Balance at 1 January	10,737,209	49,316,062	41,599,307	101,652,578	5,243,323	1,272,182	18,552,777	25,068,282	338,653	-	-	338,653	16,319,185	50,588,244	60,152,084	127,059,513
Foreign currency translation and other adjustments	927,627	61,419,842	12,632,935	74,980,404	593,609	1,914	766,252	1,361,775	9,686	-	-	9,686	1,530,922	61,421,756	13,399,187	76,351,865
Impairment allowances for the period	1,436,064	31,892,670	(1,763,942)	31,564,792	2,546,624	(775,839)	(10,136,597)	(8,365,812)	(211,549)	-	-	(211,549)	3,771,139	31,116,831	(11,900,539)	22,987,431
Financial assets derecognised	-	-	(5,954,986)	(5,954,986)	-	-	-	-	-	-	-	-	-	-	(5,954,986)	(5,954,986)
<b>Balance, end of year</b>	<b>13,100,900</b>	<b>142,628,574</b>	<b>46,513,314</b>	<b>202,242,788</b>	<b>8,383,556</b>	<b>498,257</b>	<b>9,182,432</b>	<b>18,064,245</b>	<b>136,790</b>	<b>-</b>	<b>-</b>	<b>136,790</b>	<b>21,621,246</b>	<b>143,126,831</b>	<b>55,695,746</b>	<b>220,443,823</b>

## Group

Dec-2023

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing		Impairment on Stage 2 - Life		Impairment on Stage 3 - Non Performing	
	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment	Time ECL Not Credit	Months ECL	Loans	Total allowance for impairment
Balance at 1 January	3,965,138	18,430,610	24,439,836	46,835,584	2,524,114	4,021,154	6,961,881	13,507,149	1,173,601	-	1,267	1,174,868	7,662,853	22,451,764	31,402,984	61,517,601
Foreign currency translation and other adjustments	497,300	(650,202)	71,344,043	71,191,141	242,847	(16,773)	1,244,182	1,470,256	15,685	-	-	15,685	755,832	(666,975)	72,588,225	72,677,082
Impairment allowances for the period	6,274,771	66,954,487	32,862,382	106,091,640	2,476,362	(2,732,199)	16,995,721	16,739,884	(850,633)	-	(1,267)	(851,900)	7,900,500	64,222,288	49,856,836	121,979,624
Transfer between stages	-	(35,418,833)	35,418,833	-	-	-	-	-	-	-	-	-	-	(35,418,833)	35,418,833	-
Financial assets derecognised	-	-	(122,465,787)	(122,465,787)	-	-	(6,649,007)	(6,649,007)	-	-	-	-	-	-	(129,114,794)	(129,114,794)
<b>Balance, end of period</b>	<b>10,737,209</b>	<b>49,316,062</b>	<b>41,599,307</b>	<b>101,652,578</b>	<b>5,243,323</b>	<b>1,272,182</b>	<b>18,552,777</b>	<b>25,068,282</b>	<b>338,653</b>	<b>-</b>	<b>-</b>	<b>338,653</b>	<b>16,319,185</b>	<b>50,588,244</b>	<b>60,152,084</b>	<b>127,059,513</b>

## 29 Investment in subsidiaries

(a) (i) Investment in subsidiaries comprises:

	Company Jun-2024 % ownership	Company Dec-2023 % ownership	Company Jun-2024 ₦'000	Company Dec-2023 ₦'000
GTB Nigeria	100.00	100.00	138,186,703	138,186,703
Habari Pay (Payment Company)	100.00	100.00	3,100,000	3,100,000
GT Fund Managers	100.00	100.00	4,036,560	4,036,560
GT Pension Fund Administrator	100.00	100.00	17,633,297	17,633,297
			<b>162,956,560</b>	<b>162,956,560</b>

GTBank Nigeria Limited has investment in the following subsidiaries:

	Jun-2024 % ownership	Dec-2023 % ownership
GTB Gambia	77.81	77.81
GTB Sierra Leone	83.74	83.74
GTB Ghana	98.32	98.32
GTB UK Limited	100.00	100.00
GTB Liberia Limited	99.43	99.43
GTB Cote D'Ivoire Limited	100.00	100.00
GTB Kenya Limited	76.90	71.01
GTB Tanzania	76.20	76.20

(a) (ii) We have taken cognisance of the inflationary environment in Ghana and Sierra Leone which was also alluded to by International Monetary Fund (IMF). In line with IAS 29, we would have been required to account for the HyperInflation in these countries. However, based on our impact assesement on the 2 Subsidiaries, we have not adjusted for the impact of IAS 29 as it does not materially affect the Consolidated Financial Statements of the Group.

Please refer to Note 43 for more information on the Group structure

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 30 June 2024, are as follows:

## Full year profit and loss

Jun-2024	West Africa Subsidiaries						East Africa Subsidiaries		United Kingdom	Non-Banking Subsidiaries			Staff Investment Trust
	In thousands of Nigerian Naira	GT Bank Nigeria	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya Group	GT Bank Tanzania	GT Bank UK	Habari Pay Ltd	Asset Management	Pension Fund
Operating income	1,013,228,395	93,751,010	16,600,470	22,049,760	17,963,983	25,902,935	27,736,040	2,136,716	24,634,550	2,769,158	4,750,280	1,442,803	178,250
Operating expenses	(129,751,455)	(18,667,532)	(7,270,839)	(6,176,463)	(5,065,634)	(4,302,072)	(13,445,272)	(2,029,036)	(13,655,585)	(703,277)	(928,777)	(704,122)	-
Loan impairment charges	(40,283,696)	761,810	(638,272)	(4,005,559)	(111,363)	(213,483)	(2,880,618)	(23,901)	-	-	-	-	-
<b>Profit before tax</b>	<b>843,193,244</b>	<b>75,845,288</b>	<b>8,691,359</b>	<b>11,867,738</b>	<b>12,786,986</b>	<b>21,387,380</b>	<b>11,410,150</b>	<b>83,779</b>	<b>10,978,965</b>	<b>2,065,880</b>	<b>3,821,503</b>	<b>738,681</b>	<b>178,250</b>
Taxation	(55,350,743)	(26,729,944)	(2,172,840)	(2,245,714)	(3,452,498)	(478)	(4,302,453)	(8,789)	(2,795,879)	(335,657)	(21,347)	-	-
<b>Profit after tax</b>	<b>787,842,501</b>	<b>49,115,344</b>	<b>6,518,519</b>	<b>9,622,024</b>	<b>9,334,488</b>	<b>21,386,902</b>	<b>7,107,697</b>	<b>74,990</b>	<b>8,183,086</b>	<b>1,730,224</b>	<b>3,800,156</b>	<b>738,681</b>	<b>178,250</b>

## Condensed financial position

Jun-2024	West Africa Subsidiaries						East Africa Subsidiaries		United Kingdom	Non-Banking Subsidiaries			Staff Investment Trust
	GT Bank Nigeria	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya Group	GT Bank Tanzania	GT Bank UK	Habari Pay Ltd	Asset Management	Pension Fund	
In thousands of Nigerian Naira													
<b>Assets</b>													
Cash and bank balances	2,732,815,212	456,290,729	59,095,056	70,643,729	86,788,437	42,917,895	202,182,081	13,865,534	549,709,334	2,295,201	563,876,666	219,066	8,334,975
Loans and advances to banks	87,900	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	2,462,768,551	169,628,634	11,869,842	138,236,067	34,011,827	57,354,745	118,787,670	10,428,980	109,160,682	-	-	-	-
Financial assets at fair value through profit or loss	17,562,372	3,799,385	-	-	-	-	-	-	-	-	-	12,526,683	-
Investment securities:													
– Fair Value through other comprehensive Income	1,831,855,021	-	-	-	105,851,012	36,895	150,899,972	-	291,163,285	-	466,754	-	64,493,770
– Held at amortised cost	1,606,561	596,014,210	122,822,555	133,124,216	70,637,357	359,652,397	137,295,793	10,493,482	-	3,732,272	54,455,059	-	-
Derivative financial assets	159,168,390	-	-	-	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	62,538,955	-	-	-	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	84,872,745	42,550,804	-	-	-	-	1,451,410	-	-	-	-	-	-
Restricted deposits and other assets	2,188,105,657	92,149,835	7,594,821	37,132,740	4,304,965	26,230,600	25,037,995	1,829,626	22,768,073	2,462,784	940,587	410,384	-
Property and equipment	203,242,213	15,874,146	4,327,834	13,739,285	9,637,395	13,381,559	12,111,565	4,637,888	5,708,513	74,443	1,939	422,874	-
Intangible assets	13,225,339	476,334	175,886	570,509	279,924	106,963	587,673	320,364	-	147,035	54,188	47,955	-
Deferred tax assets	-	17,309,094	1,091,195	-	-	-	6,306,234	-	22,829	-	61,743	-	-
<b>Total assets</b>	<b>9,757,848,916</b>	<b>1,394,093,171</b>	<b>206,977,189</b>	<b>393,446,546</b>	<b>311,510,917</b>	<b>499,681,054</b>	<b>654,660,393</b>	<b>41,575,874</b>	<b>978,532,716</b>	<b>8,711,735</b>	<b>619,856,937</b>	<b>13,626,962</b>	<b>72,828,745</b>
<b>Financed by:</b>													
Deposits from banks	18,780,897	-	-	-	-	114,466,232	2,335,793	-	475,866,767	-	-	-	-
Deposits from customers	6,639,469,809	1,141,891,236	158,271,228	337,208,274	260,232,799	281,934,618	413,250,667	28,789,736	388,831,861	-	612,784,321	-	-
Financial liabilities held for trading	4,522,333	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Current income tax liabilities	61,069,817	10,013,125	-	2,126,047	1,126,438	-	1,470,942	-	-	-	-	11,731	-
Other liabilities	903,623,311	15,784,624	3,533,357	14,949,134	18,397,178	1,465,625	86,736,915	2,061,460	30,035,998	787,514	673,624	265,504	12,480,045
Other borrowed funds	295,220,630	-	-	-	-	-	455,963	-	-	-	-	-	-
Deferred tax liabilities	6,074,473	-	-	937,802	134,062	-	-	-	332,920	84,706	-	29,622	-
<b>Total liabilities</b>	<b>7,928,761,270</b>	<b>1,167,688,985</b>	<b>161,804,585</b>	<b>355,221,257</b>	<b>279,890,477</b>	<b>397,866,475</b>	<b>504,250,280</b>	<b>30,851,196</b>	<b>895,067,546</b>	<b>872,220</b>	<b>613,457,945</b>	<b>306,857</b>	<b>12,480,045</b>
Equity and reserve	1,829,087,646	226,404,186	45,172,604	38,225,289	31,620,440	101,814,579	150,410,113	10,724,678	83,465,170	7,839,515	6,398,992	13,320,105	60,348,700
	<b>9,757,848,916</b>	<b>1,394,093,171</b>	<b>206,977,189</b>	<b>393,446,546</b>	<b>311,510,917</b>	<b>499,681,054</b>	<b>654,660,393</b>	<b>41,575,874</b>	<b>978,532,716</b>	<b>8,711,735</b>	<b>619,856,937</b>	<b>13,626,962</b>	<b>72,828,745</b>



## Condensed cash flow

Jun-2024	West Africa Subsidiaries						East Africa Subsidiaries		United Kingdom	Non-Banking Subsidiaries			Staff Investment Trust
	GT Bank Nigeria	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya Group	GT Bank Tanzania	GT Bank UK	Habari Pay Ltd	Asset Management	Pension Fund	
In thousands of Nigerian Naira													
<b>Net cash flow:</b>													
- from operating activities	688,214,648	190,996,496	32,940,926	(35,977,478)	52,965,006	29,431,976	9,399,089	(1,105,215)	79,657,892	2,066,849	417,355,312	(7,687,924)	9,603,451
- from investing activities	(754,692,517)	(25,043,000)	(18,093,918)	(10,024,535)	(11,436,543)	(19,236,904)	3,914,693	(5,736,096)	40,825	(3,741,493)	79,961,869	47,566	(7,243,769)
- from financing activities	127,549,213	(31,739,391)	-	-	(12,595,944)	-	(322,725)	-	-	-	-	-	-
Increase in cash and cash equivalents	61,071,344	134,214,105	14,847,008	(46,002,013)	28,932,519	10,195,072	12,991,057	(6,841,311)	79,698,717	(1,674,644)	497,317,181	(7,640,358)	2,359,682
Cash balance, beginning of period	1,354,132,333	236,302,190	29,686,366	72,118,873	41,460,013	22,091,058	102,692,150	12,999,125	284,347,233	3,969,845	66,559,485	7,859,424	5,975,293
Effect of exchange difference	802,593,982	85,745,442	14,561,682	44,663,711	16,395,904	10,631,765	86,486,962	7,707,720	185,663,382	-	-	-	-
<b>Cash balance, end of period</b>	<b>2,217,797,659</b>	<b>456,261,737</b>	<b>59,095,056</b>	<b>70,780,571</b>	<b>86,788,436</b>	<b>42,917,895</b>	<b>202,170,169</b>	<b>13,865,534</b>	<b>549,709,332</b>	<b>2,295,201</b>	<b>563,876,666</b>	<b>219,066</b>	<b>8,334,975</b>

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2024, are as follows:

**Profit and loss****Jun-2024**

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Operating income	12,975,185	4,402,945	10,357,910
Operating expenses	(5,369,470)	(2,920,871)	(5,154,931)
Loan impairment charges	(477,967)	(2,577,954)	175,303
<b>Profit before tax</b>	<b>7,127,748</b>	<b>(1,095,880)</b>	<b>5,378,282</b>
Taxation	(2,314,451)	(482,083)	(1,505,919)
<b>Profit after tax</b>	<b>4,813,297</b>	<b>(1,577,963)</b>	<b>3,872,363</b>

**Condensed financial position****Jun-2024**

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
<b>Assets</b>			
Cash and bank balances	98,173,310	27,701,230	76,307,541
Loans and advances to customers	50,886,294	19,270,638	48,630,738
Investment securities:			
– Fair Value through other comprehensive Income	150,899,972	-	-
– Held at amortised cost	18,084,693	36,550,825	82,660,275
Assets pledged as collateral	-	1,451,410	-
Restricted deposits and other assets	17,036,727	4,350,629	3,650,639
Investment in subsidiaries	36,647,276	-	-
Property and equipment	4,458,926	2,231,031	5,421,608
Intangible assets	94,428	109,661	146,820
Deferred tax assets	1,950,949	2,592,627	1,762,658
<b>Total assets</b>	<b>378,232,575</b>	<b>94,258,051</b>	<b>218,580,279</b>
<b>Financed by:</b>			
Deposits from banks	12,021	2,323,772	-
Deposits from customers	186,587,688	69,731,305	156,931,674
Other liabilities	69,750,258	2,281,497	14,705,160
Current income tax liabilities	-	-	1,470,942
Other borrowed funds	-	-	455,963
Deferred tax liabilities	-	-	-
<b>Total liabilities</b>	<b>256,349,967</b>	<b>74,336,574</b>	<b>173,563,739</b>
Equity and reserve	121,882,608	19,921,477	45,016,540
	<b>378,232,575</b>	<b>94,258,051</b>	<b>218,580,279</b>

Condensed results of the consolidated entities as at 30 June 2023, are as follows:

Jun-2023	West Africa Subsidiaries						East Africa Subsidiaries		United Kingdom	Non-Banking Subsidiaries			Staff Investment Trust	
	In thousands of Nigerian Naira	GT Bank Nigeria	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya Group	GT Bank Tanzania	GT Bank UK	Habari Pay	Asset Management	Pension Fund	
<b>Condensed profit and loss</b>														
Operating income	461,145,670	30,358,175	4,781,123	7,549,896	4,625,107	5,447,025	9,181,043	618,497	9,490,539	2,208,524	1,024,464	976,641	2,508,534	
Operating expenses	(102,382,269)	(6,001,237)	(1,374,434)	(2,536,835)	(1,360,812)	(1,389,275)	(4,525,664)	(556,467)	(4,659,594)	(688,721)	(392,932)	(440,582)	-	
Loan impairment charges	(81,453,523)	(308,775)	(351,924)	(1,232,720)	(21,856)	(2,527)	426,720	(17,308)	-	-	-	-	-	
<b>Profit/(loss) before tax</b>	<b>277,309,878</b>	<b>24,048,163</b>	<b>3,054,765</b>	<b>3,780,341</b>	<b>3,242,439</b>	<b>4,055,223</b>	<b>5,082,099</b>	<b>44,722</b>	<b>4,830,945</b>	<b>1,519,803</b>	<b>631,532</b>	<b>536,059</b>	<b>2,508,534</b>	
Taxation	(29,641,881)	(12,004,529)	(763,685)	(945,173)	(875,456)	-	(1,535,513)	(3,353)	-	(188,184)	(341,743)	(304,873)	-	
<b>Profit/(loss) after tax</b>	<b>247,667,997</b>	<b>12,043,634</b>	<b>2,291,080</b>	<b>2,835,168</b>	<b>2,366,983</b>	<b>4,055,223</b>	<b>3,546,586</b>	<b>41,369</b>	<b>4,830,945</b>	<b>1,331,619</b>	<b>289,789</b>	<b>231,186</b>	<b>2,508,534</b>	

Condensed results of the consolidated entities as at 31 December 2023, are as follows:

Dec-2023	West Africa Subsidiaries						East Africa Subsidiaries		United Kingdom	Non-Banking Subsidiaries			Staff Investment Trust
	GT Bank Nigeria	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya Group	GT Bank Tanzania	GT Bank UK	Habari Pay	Asset Management	Pension Fund	
In thousands of Nigerian Naira													
<b>Condensed financial position</b>													
<b>Assets</b>													
Cash and bank balances	1,600,954,303	236,302,190	29,686,366	72,118,873	41,460,013	22,091,058	102,692,150	12,999,125	284,347,233	3,969,845	66,559,485	7,859,424	5,975,293
Loans and advances to banks	66,935	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	2,034,513,828	136,709,553	8,676,788	84,952,666	23,135,992	35,730,243	83,516,626	6,228,477	66,719,196	-	-	-	-
Derivative financial assets	28,961,143	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	19,103,705	4,649,878	-	-	-	-	-	-	-	-	-	4,313,031	-
Investment securities:													
– Fair Value through other comprehensive Income	586,454,091	-	-	-	69,722,888	22,984	65,930,055	-	175,429,944	-	451,890	-	57,071,751
– Held at amortised cost	534,564,450	421,185,148	67,095,059	70,709,225	44,290,809	208,971,330	87,179,637	2,902,841	-	-	134,418,979	-	-
Investment in subsidiaries	62,538,955	-	-	-	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	73,400,983	11,974,997	-	-	-	-	1,176,721	-	-	-	-	-	-
Restricted deposits and other assets	1,822,886,075	22,069,352	4,229,803	13,615,721	841,913	10,433,433	8,807,455	905,432	13,792,765	2,507,614	128,923,314	351,785	-
Property and equipment	172,453,464	11,076,484	2,326,487	8,890,535	5,702,243	8,336,300	7,490,793	2,971,752	3,691,623	84,767	367	475,687	-
Intangible assets	12,006,377	320,034	136,679	385,522	182,208	66,635	457,027	224,588	-	165,999	54,188	42,708	-
Deferred tax assets	-	12,726,265	989,965	-	-	-	3,410,870	-	1,097,013	-	61,742	-	-
<b>Total assets</b>	<b>6,947,904,309</b>	<b>857,013,901</b>	<b>113,141,147</b>	<b>250,672,542</b>	<b>185,336,066</b>	<b>285,651,983</b>	<b>360,661,334</b>	<b>26,232,215</b>	<b>545,077,774</b>	<b>6,728,226</b>	<b>330,469,965</b>	<b>13,042,635</b>	<b>63,047,044</b>
<b>Financed by:</b>													
Deposits from banks	7,645,080	-	-	-	-	49,091,378	139,711	-	250,544,386	-	-	-	-
Deposits from customers	5,258,962,005	688,087,673	86,561,262	220,411,402	153,652,221	175,636,596	261,065,146	18,372,056	226,877,742	-	327,297,771	-	-
Financial liabilities held for trading	809,342	-	-	-	-	-	-	-	-	-	-	-	-
Current income tax liabilities	36,414,385	-	-	810,115	989,876	-	2,525,032	-	-	-	249,504	225,745	-
Other liabilities	417,525,131	11,464,276	1,727,158	8,123,170	2,504,586	6,009,670	15,544,673	1,274,614	18,717,405	579,132	338,718	181,028	9,401,874
Other borrowed funds	71,702,608	-	-	-	-	-	416,877	-	-	-	-	-	-
Deferred tax liabilities	16,709,957	-	-	583,272	10,439	-	-	-	21,940	39,802	-	29,622	-
<b>Total liabilities</b>	<b>5,809,768,508</b>	<b>699,551,949</b>	<b>88,288,420</b>	<b>229,927,959</b>	<b>157,157,122</b>	<b>230,737,644</b>	<b>279,691,439</b>	<b>19,646,670</b>	<b>496,161,473</b>	<b>618,934</b>	<b>327,885,992</b>	<b>436,395</b>	<b>9,401,874</b>
Equity and reserve	1,138,135,801	157,461,952	24,852,727	20,744,583	28,178,944	54,914,339	80,969,895	6,585,545	48,916,301	6,109,292	2,583,973	12,606,240	53,645,170
	<b>6,947,904,309</b>	<b>857,013,901</b>	<b>113,141,147</b>	<b>250,672,542</b>	<b>185,336,066</b>	<b>285,651,983</b>	<b>360,661,334</b>	<b>26,232,215</b>	<b>545,077,774</b>	<b>6,728,226</b>	<b>330,469,965</b>	<b>13,042,635</b>	<b>63,047,044</b>

Jun-2023	West Africa Subsidiaries						East Africa Subsidiaries		United Kingdom	Non-Banking Subsidiaries			Staff Investment Trust
	GT Bank Nigeria	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya Group	GT Bank Tanzania	GT Bank UK	Habari Pay	Asset Management	Pension Fund	
In thousands of Nigerian Naira													
<b>Condensed cash flow</b>													
Net cash flow:													
- from operating activities	(262,583,855)	149,833,812	8,165,524	(1,432,248)	14,534,124	41,431,000	24,508,243	(1,355,075)	(201,860,343)	225,903	143,035,629	829,005	15,085,075
- from investing activities	(150,617,599)	(118,391,859)	(8,019,417)	(6,121,711)	(6,495,296)	(46,195,927)	(18,663,076)	(620,064)	(45,231,883)	66,790	-	(387,900)	(14,401,615)
- from financing activities	(95,774,457)	-	-	-	-	-	(1,621,551)	-	-	-	-	-	-
Increase in cash and cash equivalents	(508,975,911)	31,441,953	146,107	(7,553,959)	8,038,828	(4,764,927)	4,223,616	(1,975,139)	(247,092,226)	292,693	143,035,629	441,105	683,460
Cash balance, beginning of period	1,140,424,271	95,748,106	16,012,503	22,414,132	18,111,893	9,806,647	48,297,811	5,129,128	245,790,439	-	68,177,716	11,260,469	4,958,347
Effect of exchange difference	1,034,087,554	26,676,572	8,600,909	11,890,088	10,378,883	4,860,534	20,901,918	3,207,495	183,095,508	-	-	-	-
<b>Cash balance, end of year</b>	<b>1,665,535,914</b>	<b>153,866,631</b>	<b>24,759,519</b>	<b>26,750,261</b>	<b>36,529,604</b>	<b>9,902,254</b>	<b>73,423,345</b>	<b>6,361,484</b>	<b>181,793,721</b>	<b>292,693</b>	<b>211,213,345</b>	<b>11,701,574</b>	<b>5,641,807</b>

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2023, are as follows:

**Profit and loss****Jun-2023**

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Operating income	4,095,766	1,509,917	3,575,360
Operating expenses	(1,760,999)	(1,023,918)	(1,740,747)
Loan impairment charges	120,148	103	306,469
<b>Profit before tax</b>	<b>2,454,915</b>	<b>486,102</b>	<b>2,141,082</b>
Taxation	(736,474)	(156,714)	(642,325)
<b>Profit after tax</b>	<b>1,718,441</b>	<b>329,388</b>	<b>1,498,757</b>

**Condensed financial position****Dec-2023**

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
<b>Assets</b>			
Cash and cash equivalents	28,194,132	16,686,170	57,811,848
Loans and advances to customers	37,998,415	13,870,404	31,647,807
Investment securities:			
– Fair Value through other comprehensive Income	65,930,055	-	-
– Held at amortised cost	16,219,773	23,976,596	46,983,268
Assets pledged as collateral	-	1,176,721	-
Other assets	3,411,154	2,466,835	2,929,466
Investment in subsidiaries	19,619,414	-	-
Property and equipment	2,542,436	1,537,096	3,411,261
Intangible assets	120,036	130,330	192,245
Deferred tax assets	1,044,456	1,656,612	709,802
<b>Total assets</b>	<b>175,079,871</b>	<b>61,500,764</b>	<b>143,685,697</b>
<b>Financed by:</b>			
Deposits from banks	107,913	31,798	-
Deposits from customers	108,812,937	45,892,233	106,359,976
Current income tax liabilities	-	-	2,525,032
Other liabilities	7,296,385	1,832,243	6,416,045
Deferred tax liabilities	-	-	-
Other borrowed funds	-	-	416,877
<b>Total liabilities</b>	<b>116,217,235</b>	<b>47,756,274</b>	<b>115,717,930</b>
Equity and reserve	58,862,636	13,744,490	27,967,767
	<b>175,079,871</b>	<b>61,500,764</b>	<b>143,685,697</b>

**30 Property and equipment and Right of use assets**
**(a) Group**

In thousands of Nigerian Naira	Leasehold improvement and buildings <sup>1</sup>	ROU Assets <sup>3</sup>	Furniture & equipment	Motor vehicle	Capital work-in - progress <sup>2</sup>	Total
<b>Cost</b>						
Balance at 1 January 2024	168,845,262	54,874,874	131,836,030	21,910,162	11,072,598	388,538,926
Exchange difference	23,783,060	9,877,638	23,094,552	4,459,194	3,198,518	64,412,962
Additions	2,280,367	2,219,495	44,014,557	2,951,183	3,896,169	55,361,771
Disposals	-	-	(689,176)	(760,888)	-	(1,450,064)
Transfers	3,997,608	73,750	1,307,913	351,158	(5,730,429)	-
<b>Balance at 30 June 2024</b>	<b>198,906,297</b>	<b>67,045,757</b>	<b>199,563,876</b>	<b>28,910,809</b>	<b>12,436,856</b>	<b>506,863,595</b>
Balance at 1 January 2023	143,453,110	46,010,683	156,667,588	16,075,926	10,558,075	372,765,382
Exchange difference	14,313,662	5,501,473	15,564,277	2,985,117	1,856,194	40,220,723
Additions	8,356,499	3,362,718	21,864,022	2,547,131	5,489,950	41,620,320
Disposals	(99,659)	-	(64,753,467)	(1,214,373)	-	(66,067,499)
Transfers	2,821,650	-	2,493,610	1,516,361	(6,831,621)	-
<b>Balance at 31 December 2023</b>	<b>168,845,262</b>	<b>54,874,874</b>	<b>131,836,030</b>	<b>21,910,162</b>	<b>11,072,598</b>	<b>388,538,926</b>

All Property and equipment are non-current.

<sup>1</sup> Of this amount as at June 2024, Leasehold improvement accounts for N45,300,845,000 (22.77%) while Buildings accounts for N153,607,703,000 (77.23%)

<sup>2</sup> Capital work in progress refers to capital expenditure incurred on items of Property and Equipment which are however not ready for use and as such are not being depreciated.

<sup>3</sup> ROU Assets include Land and Prepaid Rent on Land and Building.

**Property and equipment and Right of use assets(continued)**

Group Accumulated Depreciation <i>In thousands of Nigerian Naira</i>	Leasehold improvement and buildings	ROU Assets <sup>1</sup>	Furniture & equipment	Motor vehicle	Capital work-in - progress	Total
Balance at 1 January 2024	43,183,186	17,489,205	88,374,096	15,193,787	-	164,240,274
Exchange difference	11,249,403	3,547,170	18,545,979	2,681,761	-	36,024,313
Charge for the period	4,659,491	3,040,625	14,611,491	1,805,048	-	24,116,655
Disposal	-	-	(688,348)	(739,273)	-	(1,427,621)
<b>Balance at 30 June 2024</b>	<b>59,092,080</b>	<b>24,077,000</b>	<b>120,843,218</b>	<b>18,941,323</b>	<b>-</b>	<b>222,953,621</b>
Balance at 1 January 2023	32,847,652	9,965,860	120,237,945	11,853,441	-	174,904,898
Exchange difference	6,105,397	1,864,791	13,814,038	2,149,638	-	23,933,864
Charge for the year	4,329,795	5,658,554	19,073,184	2,339,073	-	31,400,606
Disposal	(99,658)	-	(64,751,071)	(1,148,365)	-	(65,999,094)
<b>Balance at 31 December 2023</b>	<b>43,183,186</b>	<b>17,489,205</b>	<b>88,374,096</b>	<b>15,193,787</b>	<b>-</b>	<b>164,240,274</b>
Carrying amounts:						
<b>Balance at 30 June 2024</b>	<b>139,814,217</b>	<b>42,968,757</b>	<b>78,720,658</b>	<b>9,969,486</b>	<b>12,436,856</b>	<b>283,909,974</b>
<b>Balance at 31 December 2023</b>	<b>125,662,076</b>	<b>37,385,669</b>	<b>43,461,934</b>	<b>6,716,375</b>	<b>11,072,598</b>	<b>224,298,652</b>



**Property and equipment and Right of use assets (continued)**
**(b) Company**

In thousands of Nigerian Naira	Leasehold improvement and buildings	ROU Assets	Furniture & equipment	Motor vehicle	Capital work-in - progress <sup>1</sup>	Total
<b>Cost</b>						
Balance at 1 January 2024	154,083	443,238	420,514	-	-	1,017,835
<b>Balance at 30 June 2024</b>	<b>154,083</b>	<b>443,238</b>	<b>420,514</b>	-	-	<b>1,017,835</b>
Balance at 1 January 2023	154,083	443,238	420,514	-	-	1,017,835
<b>Balance at 31 December 2023</b>	<b>154,083</b>	<b>443,238</b>	<b>420,514</b>	-	-	<b>1,017,835</b>

All Property and equipment are non-current.

<sup>1</sup> Capital work in progress refers to capital expenditure incurred on items of Property and Equipment which are however not ready for use and as such are not being depreciated.

**Property and equipment and Right of use assets (continued)**

Parent Accumulated Depreciation In thousands of Nigerian Naira	Leasehold improvement and buildings	ROU Assets	Furniture & equipment	Motor vehicle	Capital work-in - progress	Total
Balance at 1 January 2024	10,793	7,855	200,917	-	-	219,565
Charge for the period	2,233	3,366	42,228	-	-	47,827
<b>Balance at 30 June 2024</b>	<b>13,026</b>	<b>11,221</b>	<b>243,145</b>	-	-	<b>267,392</b>
Balance at 1 January 2023	6,327	1,122	116,462	-	-	123,911
Charge for the year	4,466	6,733	84,455	-	-	95,654
<b>Balance at 31 December 2023</b>	<b>10,793</b>	<b>7,855</b>	<b>200,917</b>	-	-	<b>219,565</b>
Carrying amounts:						
<b>Balance at 30 June 2024</b>	<b>141,057</b>	<b>432,017</b>	<b>177,369</b>	-	-	<b>750,443</b>
<b>Balance at 31 December 2023</b>	<b>143,290</b>	<b>435,383</b>	<b>219,597</b>	-	-	<b>798,270</b>

### 31 Intangible assets

#### (a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
<b>Cost</b>			
Balance at 1 January 2024	19,160,832	43,567,679	62,728,511
Exchange translation differences	110,016	9,307,194	9,417,210
Additions	-	4,219,040	4,219,040
<b>Balance at 30 June 2024</b>	<b>19,270,848</b>	<b>57,093,913</b>	<b>76,364,761</b>
Balance at 1 January 2023	19,115,779	40,273,538	59,389,317
Exchange translation differences	45,053	4,809,349	4,854,402
Additions	-	10,978,926	10,978,926
Derecognition	-	(12,494,134)	(12,494,134)
<b>Balance at 31 December 2023</b>	<b>19,160,832</b>	<b>43,567,679</b>	<b>62,728,511</b>
<b>Amortisation and impairment losses</b>			
Balance at 1 January 2024	-	29,652,473	29,652,473
Exchange translation differences	-	8,283,486	8,283,486
Amortisation for the period	-	3,402,558	3,402,558
<b>Balance at 30 June 2024</b>	<b>-</b>	<b>41,338,517</b>	<b>41,338,517</b>
Balance at 1 January 2023	-	29,977,419	29,977,419
Exchange translation differences	-	4,474,347	4,474,347
Amortisation for the year	-	7,694,837	7,694,837
Derecognition	-	(12,494,130)	(12,494,130)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>29,652,473</b>	<b>29,652,473</b>
Carrying amounts:			
<b>Balance at 30 June 2024</b>	<b>19,270,848</b>	<b>15,755,396</b>	<b>35,026,244</b>
<b>Balance at 31 December 2023</b>	<b>19,160,832</b>	<b>13,915,206</b>	<b>33,076,038</b>

All intangible assets are non-current.

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 period ended June 2024 (December 2023: nil).

### (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*

<b>Cash Generating Units</b>	<b>Jun-24</b>	<b>Dec-23</b>
Rest of West Africa:		
- Corporate Banking	160,481	77,613
- Commercial Banking	12,470	5,856
- Retail Banking	44,804	24,271
East Africa		
- Corporate Banking	6,594,814	6,446,213
- Commercial Banking	512,423	486,390
- Retail Banking	1,841,194	2,015,829
	<b>9,166,187</b>	<b>9,056,171</b>
<b>Cash Generating Units – Non - Banking Subsidiaries</b>	<b>Jun-24</b>	<b>Dec-23</b>
Nigeria:		
- GTFund Manager	3,617,403	3,617,403
- GTPensions	6,487,258	6,487,258
	<b>10,104,661</b>	<b>10,104,661</b>

No impairment loss on goodwill was recognised for the period ended 30 June 2024 (31 December 2023: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations, using cash flow projections 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; 2.48 per cent and 5.49 per cent for CGUs in West Africa and East Africa regions respectively and 3.3% in Nigeria. The 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:

In the East Africa Region, the recoverable amount was derived as its the value in use which was determined by discounting the projected cash flows generated by the segments in the region with the weighted discount rate of 29.84% derived using CAPM approach. It would require over ₦4.88bnn reduction in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated to the identified CGU can be assumed impaired. In other words, a 3,339 basis points increase in the discount factor will make the recoverable amount of the East Africa region Commercial segment equal to its carrying amount.

2024-Key Assumptions	West Africa			East Africa			Nigeria	
	Corporate	Commercial	Retail	Corporate	Commercial	Retail	GT Fund Manager	GT Pension
Revenue Growth Rate (%)	32.53%	33.53%	34.03%	24.62%	24.12%	24.72%	14.44%	50.78%
Operating Income Growth Rate (%)	30.58%	31.08%	32.58%	28.5%	28.00%	30.00%	30.95%	50.78%
Other Operating Costs (₦'Million)	109,761	8,529	30,644	22,004	1,710	6,143	2,154	2,133
Annual Capital Expenditure (₦'Million)	59,171	4,598	16,520	9,908	770	2,766	1	317
Recoverable Amount (₦'Million)	1,232,126	95,737	343,995	188,173	14,621	52,536	51,869	25,935
Long Term Growth Rate (%)	15%- 20%	15%- 20%	15%- 20%	5%- 10%	5%- 10%	5%- 10%	20%-25%	35%- 40%
Discount Rate (%)	31.97%	31.97%	31.97%	29.84%	29.84%	29.84%	37.15%	37.15%
2023-Key Assumptions	West Africa			East Africa			Nigeria	
	Corporate	Commercial	Retail	Corporate	Commercial	Retail	GT Fund Manager	GT Pension
Revenue Growth Rate (%)	15.86%	16.86%	17.36%	22.63%	22.13%	22.73%	14.75%	41.07%
Operating Income Growth Rate (%)	18.40%	18.90%	20.40%	26.13%	25.63%	27.63%	28.45%	41.07%
Other Operating Costs (₦'Million)	27,667	2,088	8,652	8,616	650	2,694	1,505	1,248
Capital Expenditure (₦'Million)	5,367	405	1,678	2,028	153	634	4	156
Recoverable Amount (₦'Million)	210,091	15,852	65,699	73,918	5,577	23,115	21,625	19,224
Long Term Growth Rate (%)	15%- 20%	15%- 20%	15%- 20%	5%- 10%	5%- 10%	5%- 10%	20%-25%	35%- 40%
Discount Rate (%)	34.75%	34.75%	34.75%	33.19%	33.19%	33.19%	23.76%	29.90%

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.

**32 Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

**Group**
**Deferred tax assets**
**Jun-2024**

<i>In thousands of Nigerian Naira</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Income statement</b>	<b>OCI</b>
Property and equipment, and software	6,935,268	-	6,935,268	1,826,302	-
Allowances for loan losses/Fraud loss provision	17,665,734	-	17,665,734	4,550,588	-
Revaluation gain and Other assets	190,092	-	190,092	62,639	-
<b>Net deferred tax assets</b>	<b>24,791,094</b>	<b>-</b>	<b>24,791,094</b>	<b>6,439,529</b>	<b>-</b>

## Group

## Deferred tax assets

Dec-2023

<i>In thousands of Nigerian Naira</i>	Assets	Liabilities	Net	Income statement	OCI
Property and equipment, and software	5,108,966	-	5,108,966	1,813,783	-
Allowances for loan losses/Fraud loss provision	13,115,146	-	13,115,146	5,521,608	-
Revaluation gain and Other assets	61,742	-	61,742	(76,368)	-
<b>Net deferred tax assets</b>	<b>18,285,854</b>	<b>-</b>	<b>18,285,854</b>	<b>7,237,045</b>	<b>-</b>

**Group****Deferred tax liabilities****Jun-2024***In thousands of Nigerian Naira*

	Assets	Liabilities	Net	Income statement	OCI
Property and equipment, and software	-	37,577,057	37,577,057	9,457,873	-
Fair value reserves	-	1,727,509	1,727,509	(864,108)	(4,645,749)
Allowances for loan losses	(6,856,421)	-	(6,856,421)	(1,850,730)	-
Defined benefit obligation/actuarial loss	(536,226)	-	(536,226)	-	-
Revaluation loss/gain and other assets	(24,228,854)	86,596,927	62,368,073	(14,050,585)	46,160,917
<b>Net deferred tax (assets)/liabilities</b>	<b>(31,621,501)</b>	<b>125,901,493</b>	<b>94,279,992</b>	<b>(7,307,550)</b>	<b>41,515,168</b>

**Company****Deferred tax liabilities****Jun-2024***In thousands of Nigerian Naira*

	Assets	Liabilities	Net	Income statement	OCI
Property and equipment, and software	-	89,481	89,481	77,620	-
Fair value reserves	-	-	-	-	-
Allowances for loan losses	-	-	-	-	-
Defined benefit obligation/actuarial loss	-	-	-	-	-
Revaluation loss/gain and other assets	-	-	-	-	-
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>89,481</b>	<b>89,481</b>	<b>77,620</b>	<b>-</b>



**Group****Deferred tax liabilities****Dec-2023***In thousands of Nigerian Naira*

	Assets	Liabilities	Net	Income statement	OCI
Property and equipment, and software	-	27,797,697	27,797,697	6,371,952	-
Fair value reserves	-	7,233,101	7,233,101	5,103,776	3,054,132
Allowances for loan losses	(4,863,061)	-	(4,863,061)	3,479,788	-
Defined benefit obligation/actuarial loss	(536,226)	-	(536,226)	(1,975,306)	1,686,771
Revaluation loss/gain and other assets	(12,224,617)	42,274,011	30,049,394	(12,986,322)	42,530,743
<b>Net deferred tax (assets)/liabilities</b>	<b>(17,623,904)</b>	<b>77,304,809</b>	<b>59,680,905</b>	<b>(6,112)</b>	<b>47,271,646</b>

**Company****Deferred tax liabilities****Dec-2023***In thousands of Nigerian Naira*

	Assets	Liabilities	Net	Income statement	OCI
Property and equipment, and software	-	11,862	11,862	-	-
Fair value reserves	-	-	-	-	-
Allowances for loan losses	-	-	-	-	-
Defined benefit obligation/actuarial loss	-	-	-	-	-
Revaluation loss/gain and other assets	-	-	-	-	-
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>11,862</b>	<b>11,862</b>	<b>-</b>	<b>-</b>

**33 Restricted deposits and other assets**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Prepayments (See note 33(iii) below)	212,516,004	65,957,321	814,513	-
Accounts Receivable	160,551,448	181,855,979	-	-
Stocks	2,463,638	2,477,259	-	-
Foreign Banks - cash collateral (See note 33(iv) below)	185,932,120	62,556,044	-	-
Restricted deposits with central banks (See note 33(i) below)	1,782,420,118	1,646,506,036	-	-
Contribution to AGSMEIS (See note 34(ii) below)	54,991,740	54,991,740	-	-
Recognised assets for defined benefit obligations (See note 38)	24,218,604	24,218,604	-	-
	<b>2,423,093,672</b>	<b>2,038,562,983</b>	<b>814,513</b>	-
Impairment on other financial assets (See note 33(v) below)	(25,968,347)	(25,747,637)	-	-
	<b>2,397,125,325</b>	<b>2,012,815,346</b>	<b>814,513</b>	-
Current	2,370,443,083	1,986,119,483	814,513	-
Non-current	26,682,242	26,695,863	-	-

- (i) Restricted deposits with central banks comprises of restricted deposits with central banks not available for use in the Group's day-to-day operations. The GTBank Nigeria had restricted balances of N1,782,166,540,000 with the Central Bank of Nigeria (CBN) as at 30 June 2024 (December 2023: N1,646,348,063,000). 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) This relates to Prepaid property and equipments and other prepaid expenses
- (iv) This relates to cash collateral for trade transactions
- (v) **Movement in impairment of other financial assets:**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Opening Balance	25,747,637	268,669	-	-
Charge for the period	220,710	25,478,968	-	-
<b>Closing Balance</b>	<b>25,968,347</b>	<b>25,747,637</b>	-	-

**34 Deposits from banks**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Money market deposits	116,697,056	49,121,466	-	-
Other deposits from banks	179,384,395	86,931,943	-	-
	<b>296,081,451</b>	<b>136,053,409</b>	-	-
Current	296,081,451	136,053,409	-	-
Non-current	-	-	-	-

**35 Deposits from customers**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
<b>Retail customers:</b>				
Term deposits	855,059,218	517,940,937	-	-
Current deposits	1,791,774,296	1,280,221,534	-	-
Savings	2,592,204,791	2,120,455,235	-	-
<b>Corporate customers:</b>				
Term deposits	510,336,341	328,145,811	-	-
Current deposits	4,504,767,385	3,164,070,673	-	-
	<b>10,254,142,031</b>	<b>7,410,834,190</b>	-	-
Current	10,249,711,213	7,398,937,749	-	-
Non-current	4,430,818	11,896,441	-	-

**36 Financial liabilities at fair value through profit or loss**

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Bond short positions	4,386,012	589,122	-	-
Treasury bills short positions	136,321	220,220	-	-
	<b>4,522,333</b>	<b>809,342</b>	-	-
Current	4,522,333	809,342	-	-
Non-current	-	-	-	-

## 37 Other liabilities

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Cash settled share based payment liability (Note 37(c))	12,480,045	9,401,874	-	-
Lease liabilities (Note 37(f))	23,903,059	11,417,411	-	-
Liability for defined contribution obligations (Note 37(a))	1,808,699	1,240,914	-	-
Deferred income on financial guarantee contracts	817,670	543,253	-	-
Litigation claims provision (Note 37(d))	9,398,605	9,333,463	-	-
Certified cheques	16,321,344	11,248,125	-	-
Provision for restoration cost (Note 37(f))	191,916	306,396	-	-
Customers' deposit for foreign trade (Note 37(b))	417,343,380	118,438,562	-	-
Customers' escrow balances	187,822,588	79,863,107	-	-
Account payables	164,261,817	102,152,375	12,595,412	16,433,941
Creditors and agency services	174,753,309	82,405,798	50,000	50,000
Customers deposit for shares of other Corporates	1,841,953	959,328	-	-
Impairment on contingents (Note 37(e))	79,837,922	66,015,319	-	-
	<b>1,090,782,307</b>	<b>493,325,925</b>	<b>12,645,412</b>	<b>16,483,941</b>
Current	960,431,058	389,140,376	12,645,412	16,483,941
Non-current	130,351,249	104,185,549	-	-

- (a) The Group 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 credit transactions. Of the sum of N417,343,380,000 reported, the sum of N185,932,120,000 represents customers cash collateral balances with the corresponding balance included in Foreign Banks - Cash Collateral in other assets. The balance of N231,411,260,000 represents customer's FEM balances.
- (c) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	<b>Jun-2024</b>		<b>Dec-2023</b>	
	Average	Share Rights (thousands)	Average	Share Rights (thousands)
	Exercise Price Per Share		Exercise Price Per Share	
<b>At 1 January</b>	27.36	343,649	22.54	282,874
Granted	5.88	83,798	41.64	80,261
Exercised	31.58	(7,335)	25.54	(19,487)
<b>As at end of the period</b>	<b>29.71</b>	<b>420,112</b>	<b>27.36</b>	<b>343,649</b>

The total unit of shares of the scheme stood at 1,433,194,890 as at June 2024 (Dec 2023: 1,409,179,046), out of which 420,111,519 (Dec 2023: 343,648,725) have been granted. Out of the 420,111,519 Share Appreciation Right (SARs) granted as at June 2024 (Dec 2023: 343,648,725 SARs ), 234,652,484.32 SARs (Dec 2023: 223,416,981.88) have met the vesting criteria. SARs exercised in 2024 resulted in 7,335,331 shares (Dec 2023: 19,486,705) being granted at a weighted average price of N31.58 each (Dec 2023: N25.54 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 9.52% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

As at 30th June 2024, the impact of the SAR on the statement of financial position of the Group stood at N12,480,045,000 (Dec 2023: N9,401,873,740).

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 30th June 2024, the impact of the SAR on the statement of financial position of the Group stood at N12,408,045,000 (Dec 2023: N9,401,873,740). Of this amount, the liability on vested but unexercised SARs was N7,273,318,990 (Dec 2023: N6,153,715,005 )

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Grant-Vest	Exercise price		Share options (thousands of Naira)	
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
2004-2009	30.39	27.43	3,770,656	3,403,631
2005-2010	29.38	27.25	546,166	506,519
2006-2011	30.39	27.51	211,269	156,559
2007-2012	29.81	27.44	451,460	296,607
2007-2013	29.60	27.39	186,753	127,542
2007-2014	31.00	27.54	82,800	73,578
2007-2016	29.00	27.36	392,178	178,456
2008-2013	29.92	27.46	257,290	167,459
2008-2014	29.79	27.34	147,561	119,533
2008-2015	30.83	27.51	109,669	97,875
2008-2017	29.70	27.48	137,702	75,470
2009-2014	31.00	27.54	17,424	15,484
2009-2015	29.58	27.34	55,517	36,280
2010-2015	29.08	27.20	145,593	91,194
2010-2017	31.00	27.54	31,435	27,933
2010-2018	30.70	27.46	86,375	75,070
2011-2016	29.64	27.39	733,153	546,487
2011-2018	29.42	27.37	145,641	81,477
2011-2019	29.08	27.29	109,045	70,084
2011-2020	29.58	27.22	168,589	155,151
2012-2017	29.63	27.47	129,798	75,816
2013-2018	29.86	27.37	701,809	473,358
2014-2019	29.66	27.35	470,198	343,141
2014-2022	29.06	27.39	40,962	19,186
2015-2020	29.78	27.41	334,005	251,765
2015-2022	29.89	27.40	137,489	100,018
2015-2023	28.77	27.21	96,144	52,358
2016-2021	29.61	27.34	674,746	494,189
2017-2022	29.11	27.24	283,282	186,752
2017-2023	28.64	27.24	60,262	12,259
2018-2023	28.88	27.23	419,200	244,049
2019-2024	29.09	27.15	370,080	259,062
2020-2025	28.56	27.07	249,942	196,094
2021-2026	28.40	27.00	261,433	203,409
2021-2029	28.33	27.00	2,658	1,002
2022-2027	28.00	27.00	131,987	86,257
2023-2028	28.00	27.00	108,549	82,415
2023-2029	28.00	27.00	8,551	3,907
2023-2032	28.00	27.00	9,002	5,108
2023-2033	28.00	27.00	61,600	9,340
2024-2029	28.00	-	111,084	-
2024-2030	28.00	-	5,600	-
2024-2034	28.00	-	25,386	-
			<b>12,480,045</b>	<b>9,401,874</b>

- (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 June 30, 2024. Please see Note 42 for further information on Litigations.

**Movement in provision for litigation claims during the period ended is as follows:**

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Opening Balance	9,333,463	233,111	-	-
Increase during the period ended	65,142	9,100,352	-	-
<b>Closing Balance</b>	<b>9,398,605</b>	<b>9,333,463</b>	-	-

This relates to provision on pending cases that the Company is currently involved in. Please refer to Note 42 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 period is as follows:**

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Opening balance	66,015,319	3,042,428	-	-
Effect of exchange rate fluctuation	1,284,812	21,437	-	-
Charge for the period ended	12,537,791	62,951,454	-	-
<b>Closing Balance</b>	<b>79,837,922</b>	<b>66,015,319</b>	-	-

- (f) The Group leases a number of properties to serve as its branch outlets. The Group and Company has applied 13.72% as the weighted average incremental borrowing rate to lease liability on transition date. The present value of lease liabilities is as follows:

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Less than 3 months	226,307	28,768	-	-
3-6 months	312,619	34,320	-	-
6-12 months	971,611	156,656	-	-
1-5years	3,947,475	1,194,073	-	-
More than 5 years	18,445,047	10,003,594	-	-
	<b>23,903,059</b>	<b>11,417,411</b>	-	-

The period of future economic outflows of the lease liabilities is analysed below:

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Less than 3 months	228,302	28,984	-	-
3-6 months	317,378	34,835	-	-
6-12 months	1,001,192	161,356	-	-
1-5years	4,561,940	1,373,184	-	-
More than 5 years	24,187,374	13,004,672	-	-
	<b>30,296,186</b>	<b>14,603,031</b>	-	-

The movement in lease liabilities is shown below:

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Opening Balance	11,417,411	3,947,540	-	-
Exchange difference	14,160,509	9,383,764	-	-
Finance cost	231,489	-	-	-
Payments	(1,906,350)	(1,913,893)	-	-
	<b>23,903,059</b>	<b>11,417,411</b>	-	-

The movement in provision for restoraton cost is shown below:

<i>In thousands of Nigerian Naira</i>	Group	Group	Company	Company
	Jun-2024	Dec-2023	Jun-2024	Dec-2023
Opening Balance	306,396	283,371	-	-
Restoration Cost of lease liabilities	(114,480)	23,025	-	-
	<b>191,916</b>	<b>306,396</b>	-	-

### 38 Defined benefit obligations

The Group 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 with FRC Number: FRC/2012/000000000504.

The report was sign by Management Partner Wayne van Jaarsveld with FRC Number: FRC/2021/002/00000024507.

(a) The amounts recognised in the statement of financial position are as follows:

<i>In thousands of Nigerian Naira</i>	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Present value of funded obligations	(1,787,419)	(1,787,419)	-	-
Total present value of defined benefit obligations	(1,787,419)	(1,787,419)	-	-
Fair value of plan assets	26,006,023	26,006,023	-	-
Present value of net asset/(obligations)	24,218,604	24,218,604	-	-
<b>Recognized net assets for defined benefit plan</b>	<b>24,218,604</b>	<b>24,218,604</b>	-	-

The Company has a right to the surplus on its plan assets. 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 33.

(b) Movement in the present value of defined benefit obligations:

<i>In thousands of Nigerian Naira</i>	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
surplus on defined benefit obligations, beginning of year	24,218,604	16,709,808	-	-
Net Income recognised in Profit and Loss	-	2,392,316	-	-
Past Service Cost	-	(897,424)	-	-
Re-measurements recognised in Other Comprehensive Income	-	5,622,571	-	-
Contributions paid	-	391,333	-	-
<b>Surplus for defined benefit obligations, end of year</b>	<b>24,218,604</b>	<b>24,218,604</b>	-	-

<sup>1</sup>Net (Expense) / Income recognised in Profit and Loss is analysed below:

<i>In thousands of Nigerian Naira</i>	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Interest income on Net defined benefit obligation <sup>a</sup>	-	2,441,679	-	-
Current service costs	-	(49,363)	-	-
	-	<b>2,392,316</b>	-	-

<sup>a</sup>Interest cost on Net Defined benefit Obligation is analysed below:

<i>In thousands of Nigerian Naira</i>	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Interest income on plan assets	-	2,682,923	-	-
Interest cost on defined benefit obligation	-	(241,244)	-	-
	-	<b>2,441,679</b>	-	-

<sup>2</sup>Remeasurements recognised in Other Comprehensive income is analysed below:

<i>In thousands of Nigerian Naira</i>	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Return on plan assets, excluding amounts included in interest expense/income	-	5,787,657	-	-
Loss due to experience variance	-	(60,028)	-	-
Gain due to economic assumptions	-	351,303	-	-
Loss from change in demographic assumptions	-	(456,361)	-	-
	-	<b>5,622,571</b>	-	-



## (c) Plan assets consist of the following:

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
<b>Equity securities:</b>				
- Quoted	4,099,185	4,099,185	-	-
<b>Government securities</b>				
- Quoted	1,046,711	1,046,711	-	-
<b>Cash and bank balances</b>				
- Unquoted	20,860,127	20,860,127	-	-
	<b>26,006,022</b>	<b>26,006,022</b>	-	-

<b>Group</b>	<b>Jun-2024</b>		<b>Dec-2023</b>	
<i>In thousands of Nigerian Naira</i>				
Equity securities	4,099,185	16%	4,099,185	16%
Government securities	1,046,711	4%	1,046,711	4%
Cash and bank balances	20,860,127	80%	20,860,127	80%
	<b>26,006,022</b>	<b>100%</b>	<b>26,006,022</b>	<b>100%</b>

<b>Company</b>	<b>Jun-2024</b>		<b>Dec-2023</b>	
<i>In thousands of Nigerian Naira</i>				
Equity securities	-	0%	-	0%
Government securities	-	0%	-	0%
Cash and bank balances	-	0%	-	0%
	-	<b>0%</b>	-	<b>0%</b>

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited

The N4,099,185,000 equity investments of the scheme includes the Group's ordinary shares with a fair value of N3,679,893,950 (Dec 2023: N3,679,893,950 ). Additionally, out of the cash and bank balances of N20,860,127,000 an amount with a fair value of Zero balance (Dec 2023: N20,860,127,000) represents deposit with the Group.

Expected contributions to post-employment benefit plans for the period ending 30 June 2024 are N187,085,000 (December 2023: N187,085,000) while gratuity payments are estimated to be N187,085,000 (December 2023: N95,070,000 )

**(d) Defined benefit cost for the period ended June 2024 is expected to be as follows:**

	Company Jun-2025	Company Jun-2024
Net Interest on Net benefit assets	4,343,461	2,559,324
Current service cost	(46,998)	(29,739)
Income recognised in profit or loss	4,296,463	2,529,585

Components of net interest on defined benefit liability for period ended June 2024 is estimated to be as follows:

	Company Jun-2025	Company Jun-2024
Interest income on assets	4,655,078	2,682,923
Interest cost on defined benefit obligation	(311,617)	(123,599)
Total net interest income	4,343,461	2,559,324

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:**

<i>In thousands of Nigerian Naira</i>	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Fair value of plan assets, beginning of the period	26,006,023	17,535,443	-	-
Contributions paid into the plan	-	391,333	-	-
Benefits paid by the plan	-	(391,333)	-	-
Actuarial loss	-	5,787,657	-	-
Return on plan assets	-	2,682,923	-	-
<b>Fair value of plan assets, end of the period</b>	<b>26,006,023</b>	<b>26,006,023</b>	-	-

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:**

<i>In thousands of Nigerian Naira</i>	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Present value of obligation, beginning of the period	1,787,419	825,635	-	-
Interest cost	-	241,244	-	-
Current service cost	-	49,363	-	-
Past service cost	-	897,424	-	-
Benefits paid	-	(391,333)	-	-
Actuarial loss/(gain) on obligation <sup>1</sup>	-	165,086	-	-
<b>Present value of obligation at end of the period</b>	<b>1,787,419</b>	<b>1,787,419</b>	-	-

<sup>1</sup> The actuarial loss/(gain) on obligation arose from the following:

	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Experience variance	-	60,028	-	-
Change in economic assumptions	-	(351,303)	-	-
Change in demographic assumptions	-	456,361	-	-
	-	<b>165,086</b>	-	-

**(g) Actuarial assumptions**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Discount rate	17.9%	17.9%
Salary increase rate	4.2%	4.2%
Inflation	17.2%	17.2%
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 A1967/70 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 17.9%. 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 4.2% p.a. The inflation component has been worked out at 17.2% 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****Jun-2024***In thousands of Nigerian Naira except percentages***Impact on defined benefit obligation**

	Change in Defined benefit obligation		
	assumption	Increase	Decrease
Discount rate	1.00%	(1,677,763)	880,452
Salary increase rate	1.00%	1,926,613	(770,982)
Mortality rate	1 year	1,792,078	(823,459)

**Group****Jun-2023***In thousands of Nigerian Naira except percentages***Impact on defined benefit obligation**

	Change in Defined benefit obligation		
	assumption	Increase	Decrease
Discount rate	1.00%	(779,685)	927,617
Salary increase rate	1.00%	886,422	(803,888)
Mortality rate	1 year	828,056	(862,992)

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:

<i>In thousands of Nigerian Naira</i>	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Present value of the defined benefit obligation	16,619	13,011	98,850	29,823,167	29,951,647
	16,619	13,011	98,850	29,823,167	29,951,647

(j) **Defined Benefit Risk Management**

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

**Asset volatility**

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

**Changes in bond yields**

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

**Inflation risk**

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

## 39 Other borrowed funds

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Due to BOI (see note (i) below)	3,549,870	4,624,108	-	-
Due to CACS (see note (ii) below)	1,395,926	2,159,052	-	-
MSME Development Fund (see note (iii) below)	846	846	-	-
Excess Crude Account -Secured Loans Fund (see note (iv) below)	12,647,538	12,526,250	-	-
RSSF on lending (see note (v) below)	9,231,327	10,017,685	-	-
SANEF Intervention Fund (see note (vi) below)	817,644	835,735	-	-
NESF Fund (see note (vii) below)	88,087	170,107	-	-
Due to Anchor Borrowers' Fund (see note (viii) below)	-	40,397,274	-	-
Economic Recovery Fund (see note (ix) below)	455,963	416,877	-	-
Due To P-Aads Loan (see note (x) below)	868,965	971,551	-	-
Due To Cbn (see note (xi) below)	266,620,427	-	-	-
	<b>295,676,593</b>	<b>72,119,485</b>	-	-
Current	277,281,069	50,688,777	-	-
Non-current	18,395,524	21,430,708	-	-

- i). The amount of N3,549,870,000 (December 2023: N4,624,108,000) 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 and to fast-track 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.
- ii). The amount of N1,395,925,000 (December 2023: N2,159,052,000) 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.
- iii). The amount of N846,000 (December 2023: N846,000) 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.
- iv). The amount of N12,647,538,000 (December 2023: N12,526,250,000) 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.
- v). The amount of N9,231,327,000 (December 2023: N10,017,685,000) 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.
- vi). 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 9% per annum.
- vii). 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.
- viii). Due to Anchor Borrowers' fund is an initiative of the Central Bank of Nigeria broadly aimed to create economic linkages between small holder farmers and reputable anchor companies involved in the production and processing of key agricultural commodities with a view to increase agricultural output, reduce food import bills and create jobs. The tenor of the facility depends on the gestation period of the targeted commodity but not exceeding 2 years. The facility is disbursed at an all-inclusive interest rate of 9%.
- ix). The Economic Recovery Fund (ERF) was introduced by the Government of Rwanda with the objective of supporting the recovery of businesses adversely affected by COVID-19 so that the businesses can survive, resume operations, safeguard employment and expand domestic production of essential goods.

- x). The amount of N868,965,000 (December 2023: 971,551,000) represents the outstanding balance on the on-lending facility granted by the Central Bank of Nigeria relative to Private sector led accelerated agriculture development scheme(P-AADS). This is a CBN initiative aimed at empowering 370,000 youths in the agricultural sector. This was introduced to complement AADS, which was implemented initially to address food security and youth unemployment. The maximum amount per obligor has been affixed at N2billion. The facility will be repaid from economics of production for cultivating on the cleared farm land. Collateral to be pledged will be the cleared farm land and any other acceptable type of collateral under the scheme.
- xi). The amount of N266,620,427,000 (December 2023: Nil) represents the outstanding balance on Due to CBN, which represents borrowings with the financier CBN. The contractual agreement is a cross currency swap transaction for a tenor of 2 years with a maturity date of 22nd of March 2026. Interest rate on the facility is 17%.

### 39b Reconciliation of Financial Liabilities

#### Group

##### Jun-2024

In thousands of Nigerian Naira	Long term borrowings
<b>Opening Balance</b>	<b>72,119,485</b>
Cash inflow - Principal	255,016,083
Cash outflow - Principal	(43,322,111)
Cash outflow - Interest	10,662,019
Effect of exchange rate fluctuation	361,811
Other non-cash <sup>1</sup>	839,306
<b>Closing Balance</b>	<b><u>295,676,593</u></b>

#### Group

##### Jun-2023

In thousands of Nigerian Naira	Long term borrowings
<b>Opening Balance</b>	<b>126,528,105</b>
Cash inflow - Principal	413,695
Cash outflow - Principal	(10,866,259)
Cash outflow - Interest	(2,705,919)
Effect of exchange rate fluctuation	139,770
Other non-cash <sup>1</sup>	1,994,435
<b>Closing Balance</b>	<b><u>115,503,827</u></b>



39c **Statement of cash flow reconciliation**

In thousands of Nigerian Naira	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
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(i) **Financial assets at fair value through profit or loss**

Opening Balance	28,066,613	128,782,374	-	-
Closing Balance	(33,888,440)	(133,492,245)	-	-
<b>Movement during the period</b>	<b>(5,821,827)</b>	<b>(4,709,871)</b>	-	-
Exchange difference	1,634,827	2,303,609	-	-
Mark to Market Gains on Trading Investments	(328,450)	(4,477,654)	-	-
<b>Recognised in cash flow statement</b>	<b>(4,515,450)</b>	<b>(6,883,916)</b>	-	-

(ii) **Assets pledged as collateral**

Opening Balance	86,552,701	80,909,062	-	-
Closing Balance	(128,874,959)	(87,870,280)	-	-
<b>Movement during the period</b>	<b>(42,322,258)</b>	<b>(6,961,218)</b>	-	-
Exchange difference	5,231,515	2,890,378	-	-
<b>Recognised in cash flow statement</b>	<b>(37,090,743)</b>	<b>(4,070,840)</b>	-	-

(iii) **Loans and advances to banks**

Opening Balance	66,935	54,765	-	-
Closing Balance	(87,900)	(84,751)	-	-
<b>Movement during the period</b>	<b>(20,965)</b>	<b>(29,986)</b>	-	-
Impairment on financial assets	9,651	(13,779)	-	-
Opening Balance of placements(more than 3mths)	(612,137,632)	(42,470,107)	-	-
Closing Balance of placements(more than 3mths)	303,682,500	25,022,530	-	-
Movement in Interest Receivables on Placements	9,029,747	2,578,382	-	-
Impairment reversal on placements	-	(1,958,322)	-	-
<b>Recognised in cash flow statement</b>	<b>(299,436,699)</b>	<b>(16,871,282)</b>	-	-

(iv) **Loans and advances to customers**

Opening Balance	2,480,183,368	1,885,798,639	-	-
Closing Balance	(3,112,246,997)	(2,315,345,655)	-	-
<b>Movement during the period</b>	<b>(632,063,629)</b>	<b>(429,547,016)</b>	-	-
Exchange difference	260,600,653	152,605,809	-	-
Impairment Charge	(47,404,716)	(82,948,134)	-	-
Exchange gain or loss	617,064,883	572,838,787	-	-
Movement in Interest Receivables on Loans advances to customers	140,647,238	45,143,601	-	-
<b>Recognised in cash flow statement</b>	<b>338,844,429</b>	<b>258,093,047</b>	-	-

(v) **Restricted deposits and other assets**

Opening Balance	2,012,815,346	1,232,611,251	-	144,538
Closing Balance	(2,397,125,325)	(1,508,875,271)	(814,513)	(20,648)
<b>Movement during the period</b>	<b>(384,309,979)</b>	<b>(276,264,020)</b>	<b>(814,513)</b>	<b>123,890</b>
Impairment Charges on Other Assets	(220,710)	(1,051,967)	-	-
Effect Exchange fluctuation	98,667,636	(345,400,817)	-	-
<b>Recognised in cash flow statement</b>	<b>(285,863,053)</b>	<b>(622,716,804)</b>	<b>(814,513)</b>	<b>123,890</b>

	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
In thousands of Nigerian Naira				
<b>(vi) Deposits from banks</b>				
Opening Balance	(136,053,409)	(125,229,187)	-	-
Closing Balance	296,081,451	79,004,640	-	-
<b>Movement during the period</b>	<b>160,028,042</b>	<b>(46,224,547)</b>	-	-
Exchange Difference	(192,047,865)	(153,160,802)	-	-
<b>Recognised in cash flow statement</b>	<b>(32,019,823)</b>	<b>(199,385,349)</b>	-	-
<b>(vii) Deposits from customers</b>				
Opening Balance	(7,410,834,190)	(4,485,113,979)	-	-
Closing Balance	10,254,142,031	6,238,793,423	-	-
<b>Movement during the period</b>	<b>2,843,307,841</b>	<b>1,753,679,444</b>	-	-
Effect of exchange fluctuation	(1,958,309,459)	(1,318,381,746)	-	-
Movement in Interest payable	(287,259)	464,470	-	-
<b>Recognised in cash flow statement</b>	<b>884,711,123</b>	<b>435,762,168</b>	-	-
<b>(viii) Financial Liabilities at fair value through profit or loss</b>				
Opening Balance	(809,342)	(1,830,228)	-	-
Closing Balance	4,522,333	20,559,887	-	-
<b>Recognised in cash flow statement</b>	<b>3,712,991</b>	<b>18,729,659</b>	-	-
<b>(ix) Other liabilities</b>				
Opening Balance	(493,325,925)	(724,902,202)	(16,483,941)	(26,043,503)
Closing Balance	1,090,782,307	728,368,471	12,645,412	22,544,025
<b>Movement during the period</b>	<b>597,456,382</b>	<b>3,466,269</b>	<b>(3,838,529)</b>	<b>(3,499,478)</b>
Exchange Difference	(177,709,065)	(19,334,240)	-	-
Impairment charge on Contingent and Litigation	(12,537,791)	(65,126,693)	-	-
Restoration cost of Lease Liabilities	114,480	-	-	-
Lease Liability	1,906,350	4,036,388	-	-
<b>Recognised in cash flow statement</b>	<b>409,230,356</b>	<b>(76,958,276)</b>	<b>(3,838,529)</b>	<b>(3,499,478)</b>
<b>(x) Interest Received</b>				
Interest Income	617,887,755	225,945,791	-	-
Movement in interest receivables	(164,642,964)	(49,230,746)	-	-
Exchange Difference	92,238,618	-	-	-
<b>Recognised in cash flow statement</b>	<b>545,483,409</b>	<b>176,715,045</b>	-	-
<b>(xi) Interest Paid</b>				
Interest Expense	(126,376,160)	(48,487,073)	-	-
Movement in interest payables	(329,673)	(464,470)	-	-
Interest Paid on other borrowed fund	12,118,257	(711,484)	-	-
<b>Recognised in cash flow statement</b>	<b>(114,587,576)</b>	<b>(49,663,027)</b>	-	-

In thousands of Nigerian Naira	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
<b>(xii) Impairment on financial assets</b>				
Impairment on Loans and Advance to Banks	(9,634)	13,779	-	-
Impairment on Loans and Advance to Customers	47,404,716	82,948,134	-	-
Impairment on Other Assets	220,710	1,051,967	-	-
Impairment charge on Contingents	12,537,791	56,115,882	-	-
Impairment charge on Investment Securities	(12,400,949)	22,187,190	-	-
Impairment reversal on Placement	-	1,958,322	-	-
<b>Recognised in cash flow statement</b>	<b>47,752,634</b>	<b>164,275,274</b>	-	-
<b>(xiii) Redemption of investment securities</b>				
Opening Balance of FVOCI Investment Securities	894,064,002	357,704,355	-	-
Closing Balance of FVOCI Investment Securities	(2,376,325,089)	(632,952,350)	-	-
Opening Balance of FVPL Investment Securities	3,947,850	3,904,458	-	-
Closing Balance of FVPL Investment Securities	(3,947,850)	(3,904,458)	-	-
Opening Balance of Amortised cost Investment Securities	1,571,317,478	863,421,525	-	-
Closing Balance of Amortised Cost Investment Securities	(1,489,833,901)	(1,200,302,150)	-	-
<b>Movement during the period</b>	<b>(1,400,777,510)</b>	<b>(612,128,620)</b>	-	-
Exchange Difference	659,417,853	228,087,070	-	-
Income tax relating to Net change in fair value of available for sale	(4,641,484)	2,495,386	-	-
Fair value adjustment	(10,416,871)	5,857,295	-	-
Movement in Interest Receivables on Investment Securities	14,965,962	1,508,763	-	-
Impairment charges on investment securities	12,400,949	(13,176,383)	-	-
purchase of investment securities	3,999,679,217	1,953,296,041	-	-
<b>Recognised in cash flow statement</b>	<b>3,270,628,116</b>	<b>1,565,939,553</b>	-	-
<b>(xiv) Purchase of investment securities</b>				
Purchase of FVOCI Bills	(1,149,629,529)	(222,601,700)	-	-
Purchase of FVOCI Bonds	(393,096,146)	(31,221,000)	-	-
Purchase of Special bills	(410,849,259)	(1,172,689,683)	-	-
Purchase of promisory Notes	-	(1,909,000)	-	-
Purchase of Commercial paper	-	(25,000,000)	-	-
Purchase of subsidiary's investment securities	(2,046,104,283)	(499,874,658)	-	-
<b>Recognised in cash flow statement</b>	<b>(3,999,679,217)</b>	<b>(1,953,296,041)</b>	-	-

## 40 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.

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Issued and fully paid: 29,431,179,224 ordinary shares of 50 kobo each (30 June 2024: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590
<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
28,076,546,987 ordinary shares (Non-GDR) of 50k each (30 June 2024: 28,076,330,837 )	14,038,274	14,038,166	14,038,274	14,038,166
1,354,632,237 ordinary shares (GDR) of 50k each (30 June 2024: 1,354,848,387)	677,316	677,424	677,316	677,424
	<b>14,715,590</b>	<b>14,715,590</b>	<b>14,715,590</b>	<b>14,715,590</b>

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the period ended was as follows:

<i>In thousands of Nigerian Naira</i>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>	<b>Company Jun-2024</b>	<b>Company Dec-2023</b>
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the period	-	-	-	-
<b>Balance, end of period</b>	<b>14,715,590</b>	<b>14,715,590</b>	<b>14,715,590</b>	<b>14,715,590</b>

**Share capital**

Movement in the components of share capital for the Group is as shown below:

	shares	Ordinary shares	Share premium	Treasury shares
At January 2023	29,431,180	14,715,590	123,471,114	(8,125,998)
Purchases of treasury shares	-	-	-	-
<b>At 31 Decemeber 2023</b>	<b>29,431,180</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>(8,125,998)</b>
Purchases of treasury shares	-	-	-	(896,739)
<b>At 30 June 2024</b>	<b>29,431,180</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>(9,022,737)</b>

**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, the small and medium enterprises equity investment reserve and Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS).

- (i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. In the current year, the Company appropriated N129,707,805,000 representing 15% of its profit after tax to statutory reserves. Total statutory reserves was N617,515,476,000 at the end of the period.
- (ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. Total SMEEIS reserves was N4,232,478,000 at the end of the period.
- (iii) **Treasury shares:** Treasury shares in the sum of N9,022,737,000 (31 December 2023:N8,125,998,000) represents the Company's shares held by the Staff Investment Trust as at 30 June 2024
- (iv) **Fair value reserve:** The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired.
- (v) **Regulatory risk reserve:** The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IFRS 9 Expected credit loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required under IFRS 9. Therefore it has been recognised in Regulatory Risk Reserve. The Group's total balance in Regulatory Risk Reserve is N75,108,462,000.
- (vi) **Retained earnings:** Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

(vii) **Non-controlling interests**

The analysis of non-controlling interest per subsidiary is as shown below:

	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Jun-2024</b>	<b>Dec-2023</b>
	%	%	N'000	N'000
GTB (Gambia) Limited	22.19	22.19	7,409,505	5,370,793
GTB (Sierra Leone) Limited	16.26	16.26	6,671,580	3,570,193
GTB (Ghana) Limited	1.68	1.68	3,709,923	2,433,527
GTB Liberia	0.57	0.57	203,250	116,746
GTB Kenya Limited	23.10	23.10	30,423,869	16,680,965
GTB Tanzania	23.80	23.80	2,193,819	1,314,097
			<b>50,611,946</b>	<b>29,486,321</b>

Please refer to Note 43 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**

In thousands of Nigerian Naira	<b>SMEEIS Reserves</b>	<b>Group Jun-2024 AGSMEIS Reserves</b>	<b>Total</b>
Opening Balance	4,232,478	55,010,215	59,242,693
<b>Total comprehensive income for the period:</b>			
Transfers for the period	-	(18,475)	(18,475)
Total transactions with equity holders	-	(18,475)	(18,475)
<b>Balance as at 30 June 2024</b>	<b>4,232,478</b>	<b>54,991,740</b>	<b>59,224,218</b>

In thousands of Nigerian Naira	SMEEIS Reserves	Group Dec-2023 AGSMEIS	Total
Opening Balance	4,232,478	49,178,175	53,410,653
<b>Total comprehensive income for the year:</b>			
Transfers for the year	-	5,832,040	5,832,040
Total transactions with equity holders	-	<b>5,832,040</b>	<b>5,832,040</b>
<b>Balance as at 31 December 2023</b>	<b>4,232,478</b>	<b>55,010,215</b>	<b>59,242,693</b>

## 41

**Dividends**

The following dividends were declared and paid by the Group during the period :

In thousands of Nigerian Naira	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Balance, beginning of period	-	-	-	-
Final dividend declared for FY-2022& FY-2023 <sup>1</sup>	79,464,184	84,601,004	79,464,184	82,407,301
Interim dividend declared for H1-2023 <sup>2</sup>	-	14,715,590	-	14,715,590
Payment during the period-Final & Interim	(79,464,184)	(99,316,594)	(79,464,184)	(97,122,891)
<b>Balance, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> This relates to the Final dividend declared for 2022 and 2023 financial year in the Sum of N2.80k and N2.70k on the issued ordinary shares of 29,431,179,224 of 50k each respectively

<sup>2</sup> This relates to the interim dividend declared for H1-2023 financial year in the Sum of N0.50k on the issued ordinary shares of 29,431,179,224 of 50k each.

\*Subsequent to the balance sheet date of H1-2024, the Board of directors proposed an Interim dividend of N1.00k per share (Jun 2023: 50k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

The following dividend per share were declared by the group during the period :

	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Final dividend per share declared	270Kobo	280Kobo	270Kobo	280Kobo
Interim dividend per share declared	-	50Kobo	-	50Kobo
<b>Total Dividend per share</b>	<b>270Kobo</b>	<b>330Kobo</b>	<b>270Kobo</b>	<b>330Kobo</b>

## 42

**Contingencies****Claims and litigation**

The Group in its ordinary course of business, is presently involved in 1047 cases as a defendant (31 December 2023: 1064) and 482 as a plaintiff (31 December 2023: 486). The total amount claimed in the 1047 cases against the Group is estimated at N 600.7 Billion and \$82.09 Million (31 December 2023: N599.2 Billion and \$92.07Million) while the total amount claimed in the 482 cases instituted by the Group is N252.77 Billion (31 December 2023: N236.58 Billion). However, the solicitors of the Group are of the view that the probable liability which may arise from the cases pending against the Group is not likely to exceed N9.39 Billion (31 December 2023: N9.33 Billion). This probable liability has been fully provided for by the Group (please refer to Note37d).

**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 Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
<b>Contingent liabilities:</b>				
Transaction related bonds and guarantees	734,619,684	623,937,083	-	-
	<b>734,619,684</b>	<b>623,937,083</b>	-	-
<b>Commitments:</b>				
Clean line facilities and letters of credit	40,242,684	19,416,461	-	-
Other commitments	40,430,690	16,940,851	-	-
	<b>80,673,374</b>	<b>36,357,312</b>	-	-

**(ai) Loan commitments**

Loan commitments are irrevocable commitments to provide credits under pre-specified terms and conditions.

At the reporting date, the Gtbank Nigeria had loan commitments amounting to N403.7 billion (December 2023: N499.8 billic in respect of various loan contracts.



### 43. Group entities

The Group is controlled by Guaranty Trust Holding Company Plc “the ultimate Parent” (incorporated in Nigeria). The controlling interest of Guaranty Trust Holding Company Plc in the Group entities is disclosed in the table below:

	Jun-2024	Dec-2023	Jun-2024	Dec-2023
	% ownership	% ownership	₦'000	₦'000
GTBank Nigeria Limited*	100.00	100.00	138,186,703	138,186,703
Habari Pay	100.00	100.00	3,100,000	3,100,000
GT Fund Managers	100.00	100.00	4,036,560	4,036,560
GT Pension Fund Administrator	100.00	100.00	17,633,296	17,633,296
			<b>162,956,559</b>	<b>162,956,559</b>

\*GTBank Nigeria Limited has investment in the following subsidiaries:

	Country of incorporation	Ownership Interest	Ownership NCI	Ownership interest	Ownership NCI	
		Jun-24	Jun-24	Dec-23	Dec-23	
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	76.90%	23.10%	76.90%	23.10%
8	Guaranty Trust Bank Tanzania Limited	Tanzania	76.20%	23.80%	76.20%	23.80%
<b>Special purpose entity:</b>						
	Staff Investment Trust	Nigeria	100.00%	0.00%	100.00%	0.00%

ii Indirect investment in Subsidiaries						
		Country of incorporation	Ownership interest	Ownership NCI	Ownership interest	Ownership NCI
			Jun-24	Jun-24	Dec-23	Dec-23
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 GTBank Nigeria Limited 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 Bank 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 14<sup>th</sup> 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.

### Non -controlling interest of significant subsidiaries

The following relates to the Company's accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for the period ended 30 June 2024:

Significant subsidiaries	Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
		Jun-24	Dec-23	Jun-24	Jun-23
In thousands of Nigerian Naira					
1 Guaranty Trust Bank Gambia Limited	Gambia	7,409,505	5,370,793	2,071,502	525,280
2 Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	6,801,302	3,570,193	1,059,871	372,515
3 Guaranty Trust Bank Ghana Limited	Ghana	3,714,085	2,433,527	826,532	215,055
4 Guaranty Trust Bank Liberia Limited	Liberia	203,250	116,746	54,525	10,334
5 Guaranty Trust Bank Kenya Limited	Kenya	30,423,870	16,634,784	1,641,812	876,318
6 Guaranty Trust Bank Tanzania Limited	Tanzania	2,193,819	1,314,097	17,308	(8,067)

#### 44. 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 the Company 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.

As at 30 June 2024, GTBank Limited had receivables from its subsidiaries, which is shown below;

Receivables from Subsidiaries		
In Nigerian Naira	Jun-24	Dec-23
GTBank Kenya	465,364	358,716
GTBank Sierra Leone	6,950,868	14,306,973
GTBank Gambia	25,401,650	6,126,844
GTBank Ghana	-	8,714,709
GTBank UK	8,181,986	2,446,120
GTBank Liberia	478,928	194,226
GTBank Tanzania	20,503,927	83,362,250

GTBank Limited also received interest of ₦107,996,000 on its placement with GTBank UK (Jun 2023: ₦24,960,000).

##### (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 Holding Company Plc and its subsidiaries.

**(d) Risk assets outstanding 30 June 2024**

During the year the Group granted various credit facilities to companies whose directors are also directors of Company (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 N180,728,000 (31 December 2023:N253,375,000 ) was outstanding on these facilities at the end of the period.

<b>Name of company /individual</b> In thousands of Nigerian Naira	<b>Relationship</b>	<b>Facility type</b>	<b>Status</b>	<b>Nature of Security</b>	<b>Group Jun-2024</b>	<b>Group Dec-2023</b>
Hassan Ibrahim	Director related (Bank)	Credit Card	Performing	Legal Mortgage	138,454	228,282
Rockwood Trading Company Ltd	Director related (Holdco)	Over Draft	Performing	Cash	26	3,657
Hassan Ibrahim	Director related (Bank)	Term Loan	Performing	Legal Mortgage	42,248	21,436
					<b>180,728</b>	<b>253,375</b>

## (e) Director/insiders related deposit liabilities

Name of company/Individual	Relationship	Type of Deposit	Group Jun-2024	Group Dec-2023
In thousands of Nigerian Naira				
Hassan Ibrahim	Director related (Bank)	Demand Deposit	-	10,870
Jaykay Pharmacy Limited	Director related (Holdco)	Demand Deposit	42	42
Hydrodive Nigeria Limited	Director related (Bank)	Demand Deposit	2,530,389	1,927,906
Barau Suleiman	Director related (Holdco)	Demand Deposit	154,069	-
Martins, Agnes Olatokunbo	Director related (Bank)	Demand Deposit	658,539	-
Olusanya, Olufunsho	Director related (Bank)	Demand Deposit	1,093	-
Omidire, Kolapo	Director related (Bank)	Demand Deposit	12,413	-
Oyinlola Hezekiah Adesola	Director related (Bank)	Demand Deposit	41,017	-
Jaykay Pharmaceutical & Chem.	Director related (Holdco)	Demand Deposit	5	5
Akprofure Imoni Lolia & Omesiri	Director related (Bank)	Demand Deposit	-	1,420
Adefala Victoria, Osondu	Director related (Bank)	Demand Deposit	19,689	3,210
Echeozo, Catherine Nwakaego	Director related (Holdco)	Demand Deposit	11,544	9,540
			<b>3,428,800</b>	<b>1,952,993</b>

## (f) Subsidiaries' deposit account balances

Name of company/Individual In thousands of Nigerian Naira	Relationship	Type of Deposit	Jun-2024	Dec-2023
GTB Sierra Leone	Subsidiaries	Domicilliary	5,571	3,357
GTB Ghana	Subsidiaries	Demand Deposit	3,462	3,462
GTB Ghana	Subsidiaries	Domicilliary	178,510	107,572
GTB Rwanda	Subsidiaries	Domicilliary	65,875	1,025,327
			<b>253,418</b>	<b>1,139,718</b>

**(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 Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Secured loans	180,728	253,375	180,728	253,375
<b>Secured loans</b>				
Secured loans				
In thousands of Nigerian Naira	Group Jun-2024	Group Dec-2023	Company Jun-2024	Company Dec-2023
Total deposits	3,428,800	1,952,993	3,428,800	1,952,993

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 year 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 period.

**(h) Key management personnel compensation for the period comprises:**

In thousands of Nigerian Naira	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
Wages and salaries	749,834	674,689	194,291	168,853
Post-employment benefits	8,660	-	-	-
Share-based payments	81,223	194,683	-	-
Increase/(decrease) in share appreciation rights	4,220,108	1,043,157	-	-
	<b>5,059,825</b>	<b>1,912,529</b>	<b>194,291</b>	<b>168,853</b>

**(i) (i) Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	Group Jun-2024	Group Jun-2023	Company Jun-2024	Company Jun-2023
Fees as directors	1,156,947	420,171	23,110	23,110
Other allowances	118,558	88,682	54,780	23,173
	1,275,505	508,853	77,890	46,283
Executive compensation	598,060	491,195	264,303	245,845
	<b>1,873,565</b>	<b>1,000,048</b>	<b>342,193</b>	<b>292,128</b>



(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Company Jun-2024	Company Jun-2023
Chairman	14,650	10,150
Highest paid director	201,883	196,438

(iii) The emoluments of all other directors fell within the following ranges:

	Company Jun-2024	Company Jun-2023
N6,500,001 - N11,000,000	-	2
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	2	-
Above N22,500,001	3	3
	5	5

#### 45 Contraventions

INFRACTION	AMOUNT
<b>NIGERIA</b>	
Penalty paid in respect of 2023 CBN's FX Examination on the Bank.	N8,000,000
Penalty paid in respect of Consumer Protection Regulations.	N54,000,000
Penalty paid in respect of 2024 Compliance Related/Bank e-Mail Returns	N124,250,000
Penalty paid in respect of 2024 CBN's Mystery Shopping Exercise on the Bank.	N2,000,000
<b>GHANA</b>	
Breaching foreign exchange market operational guidelines	N1,297,244,000
<b>RWANDA</b>	
Non compliance noted with respect to the Bank taking fees which are not allowed by the regulator.	N560,000
Non compliance with the exchange rate applied by commercial banks	N311,000

#### 46 Subsequent events

there were no other events subsequent, to the financial position date which require adjustments to, or disclosure in, these financial statements.

## Other National disclosures/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 Group'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 Group'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 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 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



## (e) Statement of Prudential Adjustment

The GTBank Limited's provision level adequately meets the recommended provision by the Regulators. The reassessed CBN recommended provision as at June 30, 2024 amounted to N164,980,728,000. Of the amount recommended by the Central Bank of Nigeria, N51,165,676,000 largely relates to 2% General Loan Loss Provision on performing loans and contingents, while N17,284,922,000 relates to Other Known Losses. The Bank maintained a Regulatory Risk Reserve of N74,784,235,000 at the end of the period. 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 Reconciliation between the CBN Recommended provisions and that under IFRS as at June 2024 is as shown in the table below:

<i>In thousands of Nigerian Naira</i>	Reference	Specific	General	Total
<b>a Loans and Advances:</b>				
Provision per CBN Prudential Guidelines		113,815,052	51,165,676	164,980,728
<b>Provision for Other Known Losses – CBN recommended</b>				
- Other known losses		17,284,922	-	17,284,922
<b>Total recommended provision per CBN (A)</b>		<b>131,099,974</b>	<b>51,165,676</b>	<b>182,265,650</b>
<b>Impairment allowance per IFRS 9:</b>				
(Stages 1,2,3)	(Note 27 & 28)	(215,487,642)	-	(215,487,642)
Impairment on EuroBond and US treasury notes	(Note 25)	(8,579,147)	-	(8,579,147)
Impairment on other financial assets	(Note 33)	(1,316,050)	-	(1,316,050)
Impairment on Placements	(Note 22)	(3,830,040)	-	(3,830,040)
Litigation claims provision	(Note 37)	(9,205,380)	-	(9,205,380)
<b>Total IFRS Provision (B)</b>		<b>(238,418,259)</b>	<b>-</b>	<b>(238,418,259)</b>
<b>Required Amount in Risk Reserve (A- B)</b>				<b>(56,152,609)</b>
<b>Amount in Regulatory Risk Reserve<sup>1</sup></b>				<b>74,784,235</b>
<b>(Excess)/Deficit over required regulatory provisions.</b>				<b>(130,936,844)</b>

<sup>1</sup>Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

## b Movement in Regulatory Reserves

	<b>Specific</b>	<b>General</b>	<b>Others</b>	<b>Total</b>
Balance as at 1 January	-	71,186,544	3,597,691	74,784,235
Movement during the period	-	(3,165,801)	3,165,801	-
<b>Balance, end of the period</b>	<b>-</b>	<b>68,020,743</b>	<b>6,763,492</b>	<b>74,784,235</b>

### **Operational Risk Management**

Guaranty Trust Holding Company 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 Company’s staff, its processes and systems, activities of interested parties and events that have direct or indirect impact on the Company.

In GTCO, 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 Company manages Operational risk by continually using up to date qualitative and quantitative techniques while adopting various risk mitigating strategies in the day-to-day management of operational risk touch points. The following practices, tools, methodologies, and techniques have been deployed to further integrate the Operational Risk Management culture in the Company.

### **Risk and Control Self-Assessment (RCSA)**

RCSA exercise assesses and examines operational risks at inherent and residual levels and the effectiveness of controls used to mitigate them. It is a qualitative risk identification tool deployed company-wide. A risk-based approach is in use for RCSAs to be conducted by branches, departments, groups, and divisions of the Company. All branches and Head-Office teams are required to complete the Risk Self-Assessment process at least once a year. These assessments enable risk profiling and risk mapping which provides a consolidated view of all identified operational risks emanating from the business and functional units of the Company and the effectiveness of controls adopted to mitigate the risks.

All branches and head office teams in the Company are assigned individual risk ratings upon completion of the exercise. A detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

Risk Assessments are also carried out for the Company’s key processes, new and existing products, services, branches, and vendors/contractors.

### **Key Risk Indicators (KRI)**

These quantitative parameters are deployed for the purpose of monitoring operational risk trends across the Company. A comprehensive KRI Dashboard set with thresholds is in place, supported by specific KRIs for key departments in the Company. Medium to High-risk trends are reported in the Monthly and Quarterly Operational Risk Status reports circulated to Board, Management, and key stakeholders.

### Loss Incident Reporting

Loss incidents are reported to the Operational Risk Management Company by all business areas in the Company to enable collection of internal OpRisk losses and near misses. Additionally, all operational issues which could negatively impact on the organisation's process, people, systems, and other incidents are required to be reported by stakeholders (whether these risks crystallize into actual losses or not) making use of the available channels of communication. Owing to this, the Company maintains a robust OpRisk loss database detailing the various categories of losses and relevant OpRisk loss data within a 13-year period. Information collated is analyzed for identification of risk concentrations, appropriate OpRisk risk profiling and capital estimation.

**Business Continuity Management (BCM) in line with ISO 22301:2019 Standards** – In guaranteeing the resilience of the Company's business to any disruptive incidence, the Company has a robust Business Continuity Management System (BCMS). The system assures timely resumption of critical business activities with minimal financial losses or reputational damage and continuity of excellent service to the Company's customers, vendors, and regulators. GTCO has remained certified to international standard ISO 22301 compliant by the globally recognized Professional Evaluation and Certification Board (PECB) for over 10 years and has continued to improve its BCM maturity, thereby signifying that the Company 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 BCP testing and training programs are conducted Company-wide at predetermined and ad-hoc timelines to ensure that recovery coordinators are aware of their roles and responsibilities and ultimately guarantee that the Company remains a going concern.

**Occupational Health and Safety Procedure Initiatives** – In line with ISO 45001 and global best practices, the Company commits to ensuring the health, safety and welfare of all staff, customers and 3rd parties visiting the Company's premises. Branch Risk Assessments and Fire Risk Assessments are conducted to identify health and safety hazards and recommend adequate control measures for identified risks. Branches are mandated to conduct fire drills on a quarterly basis. For areas with high security risks, Table Talk Fire Drills have also been introduced to ensure staff are apprised of their roles and responsibilities during emergency evacuations.

Health and Safety related incidents reported to Operational Risk Management are thoroughly investigated for identification of causal factors and implementation of appropriate mitigants to prevent reoccurrence. In addition, awareness on health and safety issues are presented periodically on the intranet and other forums.

Safety audits are conducted on the Company by the Federal and various State Safety Commissions on the Company's occupational Health and safety management system and standards. The Company has always been certified a safety compliant organization according to the standards.

**Operational Risk Champions & BCM Champions** – Members of staff from various teams are selected and undergo intensive Operational Risk Management trainings. They become Operational Risk ambassadors and further enshrine the OpRisk standards, culture and practices in their various departments/ groups. The same is done in selecting Business continuity Champions (BCM).

**Fraud Risk Management Initiatives** – Root cause analysis of key fraud and forgery incidents (over the counter or cybercrimes) identified in the Company or predominant in local and global business environments are carried out and reported in the Operational Risk Status reports circulated to the Board, Management, and key stakeholders. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The objective of Fraud Risk Management is to ensure that the processes for preventing, deterring, and detecting fraud and forgery incidents, and sanctioning offenders are efficient.

**Reputational and Strategic Risk Monitoring**– To ensure a holistic framework is implemented; Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The Company 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 Company by its stakeholders. It is linked with customers' expectations regarding the Company's ability to conduct business securely and responsibly. A detailed template with internal and external factors that might impact the Company adversely is used to monitor the Company's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

GTCO considers strategic risk as the risks that not only affect but are created by the Company's strategic decision. It is the possibility that the Company'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 Company aligns strategy and risk by identifying, assessing, and managing risks and uncertainties, affected by internal and external events or factors, which could inhibit the Company's ability to achieve its strategic objectives. This is done with the goal of creating and protecting stakeholder value.

There is a specialized template deployed for tracking key business activities designed or defined by the Company to measure and monitor performance in the achievement of its strategic intent in the short, medium and long term.

**Legal Risk Monitoring** – Operational Risk Management monitors and identifies potential consequences of failure in our internal process and people that may lead to risk associated with legal or regulatory breaches. Trends are reported in the Monthly and Quarterly Operational Risk Status reports which is circulated to Board, Management, and key stakeholders.

## Operational Risk Management Philosophy and Principles

**Approach to Managing OpRisk** – GTCO continually adopts operational risk procedures and practices that are “fit for purpose” this increases the efficiency and effectiveness of the Group's resources, minimize losses and utilize opportunities.

This outlook entrenches OpRisk practices in the Company's day-to-day business activities.

The Company adopts an Operational Risk Management framework that fits into its culture but also reflects sound practices recommended by various local and globally accepted regulatory agencies such as Basel II & III Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organizations (COSO) and International Organization for Standardization (ISO).

**Operational Risk Capital Calculation** – In line with the directive of the CBN, the Company maintains 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. However, the Company 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 Company of Nigeria's (CBN) recommendation for all Companies 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) continues to oversee the operational risk function in the Company and reviews OpRisk reports on a quarterly basis. It ensures that the OpRisk policy is robust and provides an updated framework for the Company's OpRisk profile and limits. It also determines the adequacy and completeness of the Company's risk detection, measurement systems and mitigants whilst ensuring review and approval of the Company'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 across the Group. It considers and approves key decisions relating to Operational Risk before presentation to the Board. The Committee ensures that all departments in the Company 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 across the Group.

### TREATMENT OF OPERATIONAL RISKS

GTCO maintains several risk treatment strategies to mitigate identified operational risks. These mitigants are applied to achieve a residual risk level aligned with the Company'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 Company 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.

## 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 upgrades of our card systems to ensure optimal security, efficiency, cost effectiveness and best in class customer satisfaction. To reduce financial loss to both customers and the Group, we have implemented stringent fraud control measures to achieve this.

With relentless focus on delivering exceptional service to our customers, we diversified our card portfolio and offered a range of new products and services spanning various retail customer segments – from mass market to premium. Additionally, we increased operational efficiency via process automations and self-service enabled channels which created an improved customer experience.

We continually encourage the usage of our cards both locally and internationally by providing an 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 the period ended 30 June 2024. With less stringent restriction on travel, there has been a gradual increase in international spend on our foreign currency cards, when comparing the same period last year. However, due to the volatile fluctuation in the exchange rate, we were compelled to disable our Naira denominated card products from carrying out transactions outside Nigeria.

### 5.1. Table below shows a summary of Card transactions

Category	No. of Transactions		Value of International Transaction		Value of Local Transactions	
	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23
	'000	'000	₦'mm	₦'mm	₦'mm	₦'mm
Naira denominated debit cards	408,566	828,122	-	-	6,095,137	9,094,066
Foreign currency credit cards	227	458	43,947	85,632	-	-
Foreign currency debit cards	1,587	3,585	195,099	462,628	-	-



**Breakdown of transactions done using Cards (Number of transactions)**

<i>In thousands</i>	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23
Naira MasterCard debit	0	0	0	0	18,287	52,623	390,279	775,498
Foreign Currency								
Denominated Cards:								
MasterCard debit	52	86	1,191	2,547	-	-	-	-
MasterCard credit	4	7	121	211	-	-	-	-
Visa classic debit	13	35	338	790	-	-	-	-
Visa classic credit	2	5	75	183	-	-	-	-
World credit	0.2	0.4	6	13	-	-	-	-
<b>Total</b>	<b>71.2</b>	<b>133.4</b>	<b>1,731</b>	<b>3,744</b>	<b>18,287</b>	<b>52,623</b>	<b>390,279</b>	<b>775,498</b>

**Breakdown of transactions done using Cards (Value of Transactions)**

<i>In millions of Naira</i>	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23
Naira MasterCard debit	0	0	0	0	238,737	415,229	5,856,400	8,678,837
MasterCard debit	15,898	60,729	135,320	304,266	-	-	-	-
MasterCard credit	1,614	3,387	18,854	33,357	-	-	-	-
Visa classic debit	4,535	10,948	41,989	107,348	-	-	-	-
Visa classic credit	775	1,912	14,173	35,088	-	-	-	-
World credit	275	496	3,020	6,106	-	-	-	-
<b>Total</b>	<b>23,097</b>	<b>77,472</b>	<b>213,356</b>	<b>486,165</b>	<b>238,737</b>	<b>415,229</b>	<b>5,856,400</b>	<b>8,678,837</b>

## 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	<p>Dynamic currency conversion transactions (Naira billing)</p> <p>Restriction on Naira Cards from carrying out International Transactions</p> <p>Insufficient funds</p> <p>Restriction on international ATM withdrawals</p>	Awareness
Complaints on delayed debits & double debits for Domestic POS & Web Transactions	Delayed Debits & Double Debits	System glitch/ Technical error from Third party processors	<p>Continuous engagement with Third party processors to ensure adequate and effective maintenance of their systems to prevent such incidences.</p> <p>Escalation to the relevant department of the regulators (CBN) to assist to check the activities of processors/switches responsible for persistent incidents.</p>
Dispense Error	ATM and POS /WEB transactions (Value not received for transactions)	<p>This occurs when an ATM attempts to dispense cash after an account has been debited but fails due to network failure.</p> <p>This also occurs when a customer's account has been debited for a certain amount for goods/services on POS/WEB terminals, but value is not received</p>	<p>Strict adherence to resolution of customers' complaints within stipulated SLA .</p> <p>Proactive reversal of failed transactions that are not auto reversed.</p> <p>Constant follow up with relevant stakeholders (e.g. switches and TPPs) to address any identified cause(s) of delayed refund.</p>

**37. Involvement with Unconsolidated Structured Entities**

The table below describes the various investment funds which the Group does not consolidate but in which it holds interest. The funds are not consolidated because they are held in other entities which are considered as legally separate from the Group.

Type of Investment funds	Nature and purpose	Revenues
<b>Mutual Funds</b>	<ul style="list-style-type: none"> <li>- To generate fees arising from managing assets on behalf of third party investors.</li> <li>- These vehicles are financed through the issue of units to investors.</li> </ul>	Investments in units issued by the funds from which the Group earns Management Fees
<ul style="list-style-type: none"> <li>- Retirement Savings Accounts (RSAs);</li> <li>- Approved Existing Schemes;</li> <li>- Closed Pension Fund Administrators</li> </ul>	<ul style="list-style-type: none"> <li>- To generate fees arising from managing pension contributions and investing same in safe and high yield investment opportunities on behalf of Pension Contributors.</li> <li>- To seamlessly handle benefit payment to Retirees</li> </ul>	Administrative and Management Fees earned by the Group on the Net asset Value of the Funds under Management

The table below sets out an analysis of the Investment funds managed by the Group, their Assets Under Management, and the carrying amounts of interest held by the Group in the investment funds. The maximum exposure to loss is the carrying amount of the interest held by the Group.

**Assets under Management (AuM)- Guaranty Trust Fund Managers Limited**

In thousands of Nigerian Naira	Asset under Management		Interest Held by the Group	
	Jun-24	Dec-23	Jun-24	Dec-23
<b>Investment funds</b>				
<b>Guaranty Trust Money Market Fund</b>	27,752,224	20,355,812	173,716	122,794
<b>Guaranty Trust Guaranteed Income Fund</b>	11,383,560	11,164,911	125,207	168,704
<b>Guaranty Trust Balanced Fund</b>	2,799,632	2,776,814	-	-
<b>Guaranty Trust Dollar Fund</b>	58,429,374	25,473,343	129,146	119,373
<b>Guaranty Trust Equity Income Fund</b>	546,085	585,902	38,580	40,914
<b>Kedari Investment Fund</b>	-	-	-	-
<b>TOTAL</b>	<b>100,910,875</b>	<b>60,356,784</b>	<b>466,649</b>	<b>451,785</b>

## Funds under Management (FuM)- Guaranty Trust Pension Managers Limited

In thousands of Nigerian Naira	Funds under Management	
	Jun-24	Dec-23
<b>Retirement Savings Account Fund Classes:</b>		
<b>Fund I</b>	309,708	197,167
<b>Fund II</b>	44,407,900	37,996,225
<b>Fund III</b>	7,001,904	5,943,874
<b>Fund IV</b>	1,788,487	1,724,829
<b>Fund V</b>	7,810	5,086
<b>Fund VI</b>	93,074	49,034
<b>TCF<sup>1</sup> And Reconciliation</b>	567,059	616,351
<b>Privately Managed Funds:</b>		
<b>Approved Existing Schemes</b>	35,941,159	33,882,334
<b>TOTAL</b>	<b>90,117,100</b>	<b>80,414,900</b>

<sup>1</sup> Transitional Contribution Fund- A Nominal Retirement Savings Account for any employee that has failed to open RSA within a period of six months, to enable the remittance of pension contributions by Employer.

### 7. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) **Guaranty Trust Holding Company Plc** maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

**Value Added Statements***For the Period ended 30 June 2024*

Group	Jun-2024			Jun-2023			%
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	
In thousands of Nigerian Naira							
Gross earnings	1,392,549,807	-	1,392,549,807	672,602,957	-	672,602,957	
Interest expense:							
- Local	(71,404,721)	-	(71,404,721)	(32,502,035)	-	(32,502,035)	
- Foreign	(54,971,438)	-	(54,971,438)	(15,985,038)	-	(15,985,038)	
	1,266,173,648	-	1,266,173,648	624,115,884	-	624,115,884	
Loan impairment charges / Net impairment loss on financial assets	(47,752,634)	-	(47,752,634)	(164,275,274)	-	(164,275,274)	
	1,218,421,014	-	1,218,421,014	459,840,610	-	459,840,610	
Bought in materials and services							
- Local	(140,442,364)	-	(140,442,364)	(86,740,513)	-	(86,740,513)	
- Foreign	(5,183,122)	-	(5,183,122)	(5,548,318)	-	(5,548,318)	
<b>Value added</b>	<b>1,072,795,528</b>	<b>-</b>	<b>1,072,795,528</b>	<b>367,551,779</b>	<b>-</b>	<b>367,551,779</b>	<b>100</b>
<b>Distribution</b>							
<b>Employees</b>							
- Wages, salaries, pensions, gratuity and other employee benefits	41,500,689	-	41,500,689	20,793,562	-	20,793,562	6
<b>Government</b>							
- Taxation	98,208,308	-	98,208,308	46,915,680	-	46,915,680	13
<b>Retained in the Group</b>							
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	27,519,213	-	27,519,213	19,360,484	-	19,360,484	5
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	905,567,318	-	905,567,318	280,482,053	-	280,482,053	76
	<b>1,072,795,528</b>	<b>-</b>	<b>1,072,795,528</b>	<b>367,551,779</b>	<b>-</b>	<b>367,551,779</b>	<b>100</b>

**Value Added Statements**

For the Period ended 30 June 2024

**Company**

In thousands of Nigerian Naira	Jun-2024			Jun-2023			%	%
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total		
Gross earnings	86,250,792	-	86,250,792	86,959,748	-	86,959,748		
<b>Interest expense:</b>								
-Local	-	-	-	-	-	-		
- Foreign	-	-	-	-	-	-		
	86,250,792	-	86,250,792	86,959,748	-	86,959,748		
Loan impairment charges / Net impairment loss on financial assets	-	-	-	-	-	-		
	86,250,792	-	86,250,792	86,959,748	-	86,959,748		
Bought in materials and services								
- Local	(174,567)	-	(174,567)	(252,688)	-	(252,688)		
- Foreign	-	-	-	-	-	-		
<b>Value added</b>	<b>86,076,225</b>	<b>-</b>	<b>86,076,225</b>	<b>86,707,060</b>	<b>-</b>	<b>86,707,060</b>	<b>100</b>	<b>100</b>
<b>Distribution</b>								
<b>Employees</b>								
- Wages, salaries, pensions, gratuity and other employee benefits	656,238	-	656,238	575,957	-	575,957	1	1
<b>Government</b>								
- Taxation	791,969	-	791,969	311,291	-	311,291	1	-
<b>Retained in the Bank</b>								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	47,827	-	47,827	47,827	-	47,827	-	-
- Profit for the year (including statutory and regulatory risk reserves)	84,580,191	-	84,580,191	85,771,985	-	85,771,985	98	99
	<b>86,076,225</b>	<b>-</b>	<b>86,076,225</b>	<b>86,707,060</b>	<b>-</b>	<b>86,707,060</b>	<b>100</b>	<b>100</b>

**Five Year Financial Summary**  
**Statements of financial Position**  
**Group**

<i>In thousands of Nigerian Naira</i>	<b>Jun-2024</b>	<b>Dec-2023</b>	<b>Dec-2022</b>	<b>Dec-2021</b>	<b>Dec-2020</b>
<b>Assets</b>					
Cash and bank balances	4,465,742,705	2,309,618,698	1,621,101,169	933,591,069	745,557,370
Financial assets at fair value through profit or loss	33,888,440	28,066,613	128,782,374	-	-
Financial assets held for trading	-	-	-	104,397,651	67,535,363
Derivative financial assets	159,168,390	28,961,143	33,913,351	24,913,435	26,448,550
Investment securities:					
– Fair Value through profit or loss	4,371,058	3,947,850	3,904,458	3,904,458	3,273,771
– Fair Value through other comprehensive Income	2,375,901,881	894,064,002	357,704,355	276,041,190	693,371,711
– Held at amortised cost	1,489,833,901	1,571,317,478	863,421,525	846,923,215	283,582,832
Assets pledged as collateral	128,874,959	86,552,701	80,909,062	79,273,911	62,200,326
Loans and advances to banks	87,900	66,935	54,765	115,014	99,043
Loans and advances to customers	3,112,246,997	2,480,183,368	1,885,798,639	1,802,587,381	1,662,731,699
Restricted deposits and other assets	2,397,125,325	2,012,815,346	1,232,611,251	1,137,554,208	1,226,481,116
Property and equipment	283,909,974	224,298,652	197,860,484	203,971,924	148,782,835
Intangible assets	35,026,244	33,076,038	29,411,898	19,573,604	19,872,523
Deferred tax assets	24,791,094	18,285,854	10,983,098	3,187,937	4,716,154
<b>Total assets</b>	<b>14,510,968,868</b>	<b>9,691,254,678</b>	<b>6,446,456,429</b>	<b>5,436,034,997</b>	<b>4,944,653,293</b>
<b>Liabilities</b>					
Deposits from banks	296,081,451	136,053,409	125,229,187	118,027,576	101,509,550
Deposits from customers	10,254,142,031	7,410,834,190	4,485,113,979	4,012,305,554	3,509,319,237
Financial liabilities at fair value through profit or loss	4,522,333	809,342	1,830,228	-	-
Derivative financial liabilities	-	-	4,367,494	1,580,971	2,758,698
Other liabilities	1,090,782,307	493,325,925	724,902,202	231,519,271	356,222,575
Current income tax liabilities	75,857,760	41,303,351	35,307,860	22,676,168	21,592,016
Debt securities issued	-	-	-	-	-
Other borrowed funds	295,676,593	72,119,485	126,528,105	153,897,499	113,894,768
Deferred tax liabilities	94,279,992	59,680,905	12,028,172	12,800,866	24,960,772
<b>Total liabilities</b>	<b>12,111,342,467</b>	<b>8,214,126,607</b>	<b>5,515,307,227</b>	<b>4,552,807,905</b>	<b>4,130,257,616</b>
<b>Capital and reserves attributable to equity holders of the parent entity</b>					
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	(9,022,737)	(8,125,998)	(8,125,998)	(8,125,998)	(6,928,103)
Retained earnings	1,270,753,178	580,033,938	214,858,054	198,358,025	193,921,810
Other components of equity	949,097,309	737,547,106	567,085,367	535,938,145	473,434,457
<b>Capital and reserves attributable to equity holders of the parent entity</b>	<b>2,349,014,454</b>	<b>1,447,641,750</b>	<b>912,004,127</b>	<b>864,356,876</b>	<b>798,614,868</b>
Non-controlling interests in equity	50,611,947	29,486,321	19,145,075	18,870,216	15,780,809
<b>Total equity</b>	<b>2,399,626,401</b>	<b>1,477,128,071</b>	<b>931,149,202</b>	<b>883,227,092</b>	<b>814,395,677</b>
<b>Total equity and liabilities</b>	<b>14,510,968,868</b>	<b>9,691,254,678</b>	<b>6,446,456,429</b>	<b>5,436,034,997</b>	<b>4,944,653,293</b>



## Five Year Financial Summary Cont'd

### Statements of comprehensive income

#### Group

<i>In thousands of Nigerian Naira</i>	Jun-2024	Jun-2023	Jun-2022	Jun-2021	Jun-2020
Interest income	617,887,755	225,945,791	147,199,607	126,091,101	153,708,481
Interest expense	(126,376,159)	(48,487,073)	(26,351,379)	(19,035,826)	(26,093,017)
<b>Net interest income</b>	<b>491,511,596</b>	<b>177,458,718</b>	<b>120,848,228</b>	<b>107,055,275</b>	<b>127,615,464</b>
Loan impairment charges	(47,395,082)	(82,961,912)	(3,519,038)	(4,714,675)	(6,769,093)
<b>Net interest income after loan impairment charges</b>	<b>444,116,514</b>	<b>94,496,806</b>	<b>117,329,190</b>	<b>102,340,600</b>	<b>120,846,371</b>
Fee and commission income	113,919,194	58,415,082	46,479,355	38,284,192	26,457,209
Fee and commission expense	(12,850,000)	(6,866,914)	(6,713,478)	(1,428,928)	(2,435,031)
<b>Net fee and commission income</b>	<b>101,069,194</b>	<b>51,548,168</b>	<b>39,765,877</b>	<b>36,855,264</b>	<b>24,022,178</b>
Net gains on financial instruments classified as held for trading	30,471,780	16,018,282	23,598,680	10,430,087	10,791,307
Other income	630,271,078	372,223,802	22,011,310	33,109,025	34,181,820
<b>Total other income</b>	<b>660,742,858</b>	<b>388,242,084</b>	<b>45,609,990</b>	<b>43,539,112</b>	<b>44,973,127</b>
Total Operating income	1,205,928,566	534,287,058	202,705,057	182,734,976	189,841,676
Net impairment reversal / (charge) on other financial assets	(357,552)	(81,313,362)	(543)	(341,707)	3,180,078
<b>Net operating income after net impairment loss on financial assets</b>	<b>1,205,571,014</b>	<b>452,973,696</b>	<b>202,704,514</b>	<b>182,393,269</b>	<b>193,021,754</b>
Personnel expenses	(41,500,689)	(20,793,562)	(18,539,903)	(17,234,789)	(17,449,311)
Right-of-use asset depreciation	-	-	-	(2,430,876)	(958,621)
Depreciation and amortisation	(27,519,213)	(19,360,484)	(17,345,473)	(15,330,912)	(14,024,670)
Other operating expenses	(132,775,486)	(85,421,917)	(63,569,791)	(54,340,633)	(50,875,308)
<b>Total expenses</b>	<b>(201,795,388)</b>	<b>(125,575,963)</b>	<b>(99,455,167)</b>	<b>(89,337,210)</b>	<b>(83,307,910)</b>
<b>Profit before income tax</b>	<b>1,003,775,626</b>	<b>327,397,733</b>	<b>103,249,347</b>	<b>93,056,059</b>	<b>109,713,844</b>
Income tax expense	(98,208,308)	(46,915,680)	(25,692,310)	(13,641,336)	(15,442,834)
<b>Profit for the period</b>	<b>905,567,318</b>	<b>280,482,053</b>	<b>77,557,037</b>	<b>79,414,723</b>	<b>94,271,010</b>

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

– Basic	32.12	9.94	2.70	2.79	3.32
– Diluted	32.12	9.94	2.70	2.79	3.32

## **CORPORATE SOCIAL RESPONSIBILITY REPORT**

At GTCO, we believe that our success is deeply intertwined with the well-being of people we serve and the prosperity of the communities where we operate. Our Corporate Social Responsibility (CSR) initiatives are not just a facet of our business operations but a reflection of our core values and the promise we make to our customers, employees, shareholders, and the broader society. Each year, we are inspired by the positive changes we see around us and remain committed to expanding our impact, driving inclusive growth, and fostering a culture of responsibility and care.

In this report, we are proud to highlight the significant strides we have made in various CSR domains, encompassing education, sports, community development, education, health, and financial inclusion. Each initiative is a testament to our dedication to fostering a positive impact and creating shared value.

### **Empowering Young Minds**

#### **Take on Squad Hackathon 1.0 for Young Innovators**

In line with its mission of empowering businesses and young innovators across Africa, HabariPay's Squad launched its first-ever coding sprint, Take on Squad Hackathon 1.0. The two-day social coding event was held at the state-of-the-art GTCO Training Complex, Tayo's Plaza, Abeokuta, Ogun State.

A total of nine Teams representing different institutions of higher learning across Nigeria participated in the inaugural Take on Squad Hackathon. After a series of intense brainstorming and programming, three teams – Team Within, Team X, and Team Storepoint – emerged winners in the Hackathon. Team Storepoint, represented by Haruna Faruk and Ladipo Samuel from the University of Lagos, secured third position. Their winning solution facilitates quick access to an online marketplace for local shops and small businesses within 5 minutes, using Squad's API to streamline the payment process. Team X, consisting of Muktar Jimoh Yusuf, Rasheed Taiwo Mudasiru, and Mukhtar Abdulfatai, from the Federal University of Technology, Minna, was runner up. Their solution leverages advanced AI and machine learning algorithms to revolutionise bundled payments. The coveted first place went to Team Within, comprising Inuoluwadunsi Daniel Ola-oladeinde, Atayero Ayomide Samuel, and Hamzat Victor Oluwabori, students of Obafemi Awolowo University, for their innovative solution focused on streamlining school departmental payments and contributions. The top three teams were awarded ₦2.5 million, ₦1.5 million, and ₦1 million in prize money, respectively.

Take on Squad Hackathon is designed to impact young Nigerians positively by providing a platform to equip aspiring entrepreneurs and innovators with transformative technological capabilities, enabling them to collaboratively develop practical, innovative tech solutions and refine their coding skills. The winning teams will have the unique opportunity to join the Squad Hackademy where they will receive mentorship and access internship, and job opportunities facilitated by Squad.

### **World Youth Day: YouRead Initiative**

Literacy and a passion for knowledge are fundamental to personal and societal growth. Through various programs and activities, we have created an engaging and supportive environment that encourages young minds to explore the joys of reading. Central to the YouRead Initiative is our commitment to celebrating and promoting the works of indigenous writers. Nigeria boasts a rich literary heritage, and it is our mission to ensure that the voices of our local authors are heard and appreciated.

For World Book Day 2024, we hosted a book reading featuring Jude Idada, the award-winning author of *Boom Boom* – a heartwarming children’s book that vividly portrays the importance of humanistic values such as sacrifice, resilience, loyalty and trust, against the backdrop of a family’s struggles with debilitating loss caused by sickle cell anaemia. Attendees at the event, mostly children, were thrilled to receive their personal copies of the book signed by the author, thus reinforcing our commitment to the promotion of literacy and the celebration of Nigerian literature.

The YouRead Initiative embodies GTCO’s dedication to making a meaningful difference in the lives of young people and in the cultural landscape of Nigeria. By fostering a love for reading and promoting the works of indigenous writers, we are not only enriching individual lives but also contributing to the broader development of our communities.

### **Financial Literacy**

Global Money Week was celebrated from 18th to 22nd March 2024, with the theme “Protect Your Money, Secure Your Future.” The annual campaign aims to raise awareness on the importance of financial literacy, ensuring that young people, from an early age, are financially aware and supported to acquire the knowledge, skills, attitudes, and behaviours necessary to make sound financial decisions and ultimately achieve financial well-being and resilience.

This year, we inspired young Nigerian students to understand the concepts of planning, saving, investing, and donating their money to worthwhile causes, as well as finding ways to earn even while still schooling, a skill that would serve them well into the future. Our team of staff volunteers visited Government Secondary School Television, Kaduna, to provide training on financial literacy and engaged the students with an interactive presentation and a Q&A session on finance, budgeting, savings, and investment.

### **Building Life-long Healthy Habits**

#### **NPA Lagos International Polo Tournament**

Over the years, the Lagos Polo Club, Ikoyi, has played host to some of Polo’s finest players from around the world, alongside their equine athletes, to an annual sporting fiesta – the NPA Lagos International Polo Tournament. The 2024 Lagos International Polo Tournament which coincided with the 120th anniversary of playing polo in Lagos featured a total of 39 teams competing for major honours over the course of four weeks, with the GTCO-sponsored Majekodunmi Cup as the marquee event.

In a keenly contested game, Leighton Kings defeated the hard-fighting Art Hotel Shoreline to retain the prestigious Majekodunmi Cup, with the winning goal coming off a penalty in the last seconds of the thrilling six chukkas encounter. Art Hotel Shoreline who finished runners-up in both the Majekodunmi Cup and the Independence Cup, dispatched the visiting Abuja Rubicon team to lift the Italian Ambassador's Cup and emerged the second best performing Lagos based high-goal team of the 120th edition of the international polo festival.

Our continuing support of the NPA Lagos International Polo Tournament demonstrates our unwavering commitment to offering great experiences, particularly in celebrating the rich heritage of the 'Sport of Kings'. Our partnership with the Lagos Polo Club has brought increased exposure to the sport of polo in Nigeria, contributing to the remarkable stories of sportsmanship being told across Africa.

### **Promoting Enterprise**

#### **2024 GTCO Food and Drink Festival: A Celebration of Authentic Flavours**

The GTCO Food and Drink Festival is widely recognised as the continent's biggest food and drink fair, bringing together millions of food lovers and entrepreneurs to celebrate the rich and diverse culinary heritage of Africa with a vibrant display of flavours, aromas, and cultures.

Over the three-day period, attendees were treated to an array of culinary delights, from traditional African dishes to innovative fusion cuisines from other parts of the world. With over 200 food retailers showcasing a diverse range of mouth-watering offerings, the festival also featured live cooking demonstrations and tasting sessions. In addition to its culinary offerings, the GTCO Food and Drink Festival is renowned for its family-friendly atmosphere. A well-fitted play area kept the little ones entertained with games, interactive exhibits, and more, ensuring that the festival is an unforgettable experience for the whole family.

As a new and exciting feature, the 2024 GTCO Food and Drink Festival included a children's baking class, providing young aspiring chefs with a wonderful opportunity to discover the joys of baking, while also fostering creativity and confidence in the kitchen. From decorating cupcakes to crafting their own signature treats, children showcased their culinary genius and developed valuable cooking skills in a fun and supportive environment.

### **The Orange Ribbon Initiative**

#### **2024 GTCO Autism Programme: A Spectrum of Possibilities**

The Orange Ribbon Initiative is one of the ways we demonstrate our support for persons with developmental disabilities, focusing on those with ASD as part of our Corporate Social Responsibility (CSR). A major component of this initiative is the annual GTCO Autism Conference, designed to amplify the challenges faced by individuals with ASD and provide practical support to help them integrate successfully into society.

The 2024 Autism Conference themed "A Spectrum of Possibilities" focused on acknowledging and celebrating diversity amongst every individual. Collaborating with specialists and partner organisations both within and outside Nigeria, the conference included lectures, panel discussions, and performances meticulously designed to highlight the diverse talents within the autism community. It also provided a platform for individuals with ASD and their families to connect and exchange ideas with experts on various aspects of the autism spectrum.

Individuals impacted by autism in both urban and rural areas of Nigeria and Ghana have consistently benefited from our advocacy and intervention efforts. The conference for Nigeria took place at the Muson Centre in Lagos on July 15th and 16th, and a free one-on-one clinic was held at the Chapel of Light in Alausa, Ikeja, from July 17th to 20th. The programme for Ghana included a one-day workshop at the University of Professional Studies in Accra on August 23rd and consultations followed from August 24th to August 27th.

### **An Enduring Commitment to Humanitarian Causes**

#### **Partnership With the Swiss Red Cross**

Our participation in the Gala Gstaad 2024, an esteemed event held in the heart of the Swiss Alps, represents more than just an annual tradition; it is a testament to our enduring dedication to uplifting disadvantaged communities worldwide.

The 2024 Gala was themed "Empowering Young Mothers and Children for a better Tomorrow" to bring global attention to the plight of disadvantaged young mothers and children around the world, who face significant challenges in accessing basic healthcare, nutrition, and education. Funds raised at the Gala will go to make a significant contribution to sustainably enhance the quality of life, safety, and health of those in need.

While reflecting on the success of Gala Gstaad 2024, we reaffirm our dedication to fostering a more equitable world where everyone, regardless of their circumstances, has the opportunity to thrive.