Guaranty Trust Bank plc
RC 152321

Guaranty Trust Bank

Group Financial Statements

Together with Directors' and Auditor's Reports

December 2017

#EnrichingLives

Introduction

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

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Corporate Governance

Introduction

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

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

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

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

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

The Bank continues to serve customers, clients and communities; and create value for stakeholders. Entrenched in the fibre of the Bank is the culture of openness which promotes healthy discourse and encourages employees to report improper activities. The belief that success is only worth celebrating when achieved the right way through a process supported and sustained with the right values remains one of the

Bank's guiding principles. Our commitment to this principle is for us the key to keeping public trust and confidence in our Bank and the key to our continued long-term success.

Governance Structure

The Board

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

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

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

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

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

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

Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including banking, accounting, engineering, oil and gas, manufacturing as well as law. They possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board and decisions of the Board (without prejudice to Directors' right to earn Directors' fees and hold interest in shares). They have a good understanding of the Bank's businesses and affairs to enable them properly evaluate information and responses provided by Management, and to provide objective challenge to management.

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

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

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

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

Responsibilities of the Board

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

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

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

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

Roles of Chairman and Chief Executive

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

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

Director Nomination Process

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

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

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

Induction and Continuous Training

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

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

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

Changes on the Board

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

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

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

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

Profile of Mrs. Victoria Osondu Adefala

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

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

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

She is the Managing Partner of WHITGIFT Law firm.

She is in her early fifties and is primarily resident in Nigeria.

Retirement by Rotation

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

Non-Executive Directors' Remuneration

The Bank's policy on remuneration of Non-Executive Directors is guided by the provisions of the CBN Code which stipulates that Non-Executive Directors' remuneration should be limited to sitting allowances, Directors' fees and reimbursable travel and hotel expenses.
Details of remuneration paid to Executive and Non-Executive Directors is contained in Note 47i of this report.

Board Committees

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

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

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

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

Board Risk Management Committee

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

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

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

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

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

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

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

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

Board Credit Committee

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

- To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time;
- To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration;
- To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures;
- To notify all Director related loans to the Board;
- To monitor and notify the top debtors to the attention of the Board;
- To review the Bank's internal control procedures in relation to credit risk assets and ensure that they are sufficient to safeguard the quality of the Bank's risk assets;
- To review the Asset and Liability Management of the Bank;
- To ensure that the Bank complies with regulatory requirements regarding the grant of credit facilities;
- To handle any other issue referred to the Committee from time to time by the Board.

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

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

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

S/NO	NAME	STATUS	DESIGNATION
1	Mr. O. M. Agusto	Non-Executive Director	Chairman
2	Mr. K. A. Adeola	Non-Executive Director	Member
3	Mr. I. Hassan	Non-Executive Director	Member
4	Mrs. V. O. Adefala[1]	Non-Executive (Independent) Director	Member
5	Mr. A. A. Oyedeji	Executive Director	Member
6	Mr. H. Musa	Executive Director	Member
7	Mr. J. M. Lawal[2]	Executive Director	Member

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

Board Human Resources and Nominations Committee

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

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

The membership of the Committee is as follows:

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

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

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

Board Remuneration Committee

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

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

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

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

Board Information Technology Strategy Committee

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

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

- To provide advice on the strategic direction of Information Technology issues in the Bank;

- To inform and advise the Board on important Information Technology issues in the Bank;

- To monitor overall Information Technology performance and practices in the Bank.

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

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

[1]Appointed as members of the Committee at the Board Meeting held in April, 2017

The Committee is required to hold its Meetings twice in a year. The Committee met two (2) times in the financial year ended December 31, 2017.

Board Audit Committee

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

The Terms of Reference of the Board Audit Committee include:

- To keep the effectiveness of the Bank's system of accounting, reporting and internal control under review and to ensure compliance with legal and agreed ethical requirements;

- To review the activities, findings, conclusions and recommendations of the external auditors relating to the Bank's annual audited financial statements;

- To review the Management Letter of the External Auditor and Management's response thereto;

- To review the appropriateness and completeness of the Bank's statutory accounts and its other published financial statements;

- To oversee the independence of the external auditors;

- To receive a summary of whistle blowing cases reported and the result of the investigation from the Head of Internal Audit;

- To ensure that the Bank's Investment Valuation Policy is updated to take into account changes in International Financial Reporting Standards (IFRS) as issued and/or amended from time to time by the International Accounting Standards Board and/or in valuation techniques as recommended by the European Venture Capital Association and best practices.

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

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

The Committee is required to hold its Meetings once every quarter. The Committee met four (4) times during the year under review.

Statutory Audit Committee of the Bank

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

The Committee also reviews the Bank's annual and interim financial statements, particularly the effectiveness of the Bank's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation of the Bank's results. The Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors, review and ensure that adequate whistle blowing procedures are in place and that a summary of issues reported are highlighted to the Committee and review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors and there is no conflict of interest. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

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

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

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

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

[1] Appointed as the Chairman of the Committee at the Meeting which held in April, 2017
[2] Ceased to be a member of the Committee in April 2017
[3] Elected as a member of the Committee by Shareholders at the Bank's 27th Annual General Meeting held in April, 2017

Attendance of Board and Board Committee Meetings

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

S/N	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATION COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD I.T. STRATEGY	BOARD AUDIT COMMITTEE
	DATE OF MEETINGS	25-Jan-2017 26-Apr-2017 26-July-2017 18-Oct-2017	24-Jan-2017 25-Apr-2017 25-July-2017 17-Oct-2017	24-Jan-2017 25-Apr-2017 25-July-2017 17-Oct-2017	23-Jan-2017 24-Apr-2017 24-July-2017	25-Jan-2017	24-Apr-2017 16-Oct-2017	23-Jan-2017 24-Apr-2017 24-July-2017 16-Oct-2017
	NUMBER OF MEETINGS	**4**	**4**	**4**	**3**	**1**	**2**	**4**
1	Mrs. O. A. Demuren[1]	4	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. J. K. O Agbaje	4	N/A	4	3	N/A	2	N/A
3	Mrs. C. N. Echeozo[2]	1	1	N/A	N/A	N/A	N/A	N/A
4	Mr. O. M. Agusto	4	4	N/A	N/A	1	N/A	4
5	Mr. K. A. Adeola	4	4	N/A	N/A	1	2	N/A
6	Mr. I. Hassan	4	4	N/A	3	N/A	N/A	4
7	Mr. H. A. Oyinlola	4	N/A	4	3	N/A	N/A	N/A
8	Ms. I. Akpofure	4	N/A	4	3	N/A	N/A	4
9	Mr. B. T. Soyoye	3	N/A	2	2	N/A	N/A	N/A
10	Mrs. V. O. Adefala[3]	1	N/A	N/A	N/A	N/A	N/A	N/A
11	Mr. A. A. Odeyemi	4	N/A	4	N/A	N/A	2	N/A
12	Mrs. O. O. Omotola	4	N/A	4	3	N/A	N/A	N/A
13	Mr. A. Oyedeji	4	4	N/A	N/A	N/A	N/A	N/A
14	Mr. H. Musa	4	4	N/A	N/A	N/A	N/A	N/A
15	Mr. J. M. Lawal[4]	3	2	N/A	N/A	N/A	1	N/A

[1] The Chairman is not a member of any Committee in compliance with the CBN Code which prohibits the chairman of the Board from being a member of any Committee;
[2] Retired from the Board with effect from March 16, 2017, having served the maximum term prescribed for an Executive Director as prescribed by the Bank's Code of Corporate Governance;
[3] Yet to attend any Committee Meeting as was appointed to two Board Committees at the Board Meeting held on October 16, 2017
[4] Was appointed to two Board Committees at the Board Meeting held on April 26, 2017;
N/A -Not Applicable

Tenure of Directors

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

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

Board Appraisal

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

The Annual Board and Director Review/Appraisal Report for the 2017 financial year will be presented to shareholders at the 28th Annual General Meeting of the Bank.

Shareholders

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

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

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

Protection of Shareholders' Rights

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

Communication Policy

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

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

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

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

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

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

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

(iii) **Transparency:** As an international financial institution, the Bank strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Bank and its customers, and bank secrecy. This contributes to maintaining a high level of accountability;

(iv) **Pro-activity**: The Bank proactively develops contacts with its target groups and identifies topics of possible mutual interest;

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

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

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

Information Flow

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

The Company Secretary

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

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

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

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

Insider Trading and price sensitive information

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

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

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

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

Management Committees

These are Committees comprising senior management staff of the Bank. The Committees are risk driven as they are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as necessary to immediately take action and decisions within the confines of their powers.

The standing Management Committees in the Bank are:

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

Management Risk Committee

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

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

The mandate of the Committee includes;

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

Management Credit Committee

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

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

Criticized Assets Committee

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

Assets and Liability Management Committee

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

Information Technology (IT) Steering Committee

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

1. **Planning, Budgeting and Monitoring**
   - Review and approval of the Bank's IT plan and budget (short and long term).
   - Review IT performance against plans and budgets, and recommend changes, as required.
   - Review, prioritization and approve IT investment initiatives.

- Establishment of a balance in approval of overall IT investment portfolio in terms of risk, return and strategy.

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

3. **IT Risk Assurance**
   - Review and approve governance, risk and control framework.
   - Monitoring compliance with defined standards and agreed performance metrics.
   - Ensuring that vulnerability assessments of new technology are performed.
   - Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
   - Ensuring the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
   - Reviewing key IT risk and security issues relevant to the Bank's IT processes / systems.
   - Ensuring that the Bank complies with relevant laws and regulations.

Information Technology (IT) Risk Management Committee

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

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

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

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

Whistle Blowing procedures

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

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

Code of Conduct

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

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

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors’ Report on page 45 of this Annual Report.

Employee Share-ownership Scheme

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

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

Internal Management Structure

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

Subsidiary governance

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

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

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

Oversight function

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

Subsidiary Board Representation

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

Subsidiary Board Committees

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

- **Board Audit Committee (BAC)** reviews accounting policies and practices, controls and procedures established by management for compliance with regulatory and financial reporting requirements.
- **Board Risk Management Committee (BRC)** oversees and advises the Board on risk-related matters and risk governance.
- **Board Credit Committee (BCC)** decides on requests for the extension of existing or new credit facilities with a proposed aggregate exposure above a limit fixed by the Board of Directors.
- **Board Asset and Liability Committee (BALC)** oversees a variety of risks arising from the Subsidiaries' business including market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies.

Furthermore, the Subsidiary Boards and their respective Committees are responsible for creating, evaluating and managing the subsidiaries throughout their lifecycles and promoting best practice corporate governance standards.

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

Local Board and Board Committees

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

Management of Subsidiaries

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

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

Existence of Group Co-ordination Unit

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

Monthly Management Reporting

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

Business Performance Review Session

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

Annual System and Control Audit

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

Annual Risk Management Audit

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

Group Compliance Function

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

Group Treasury Function

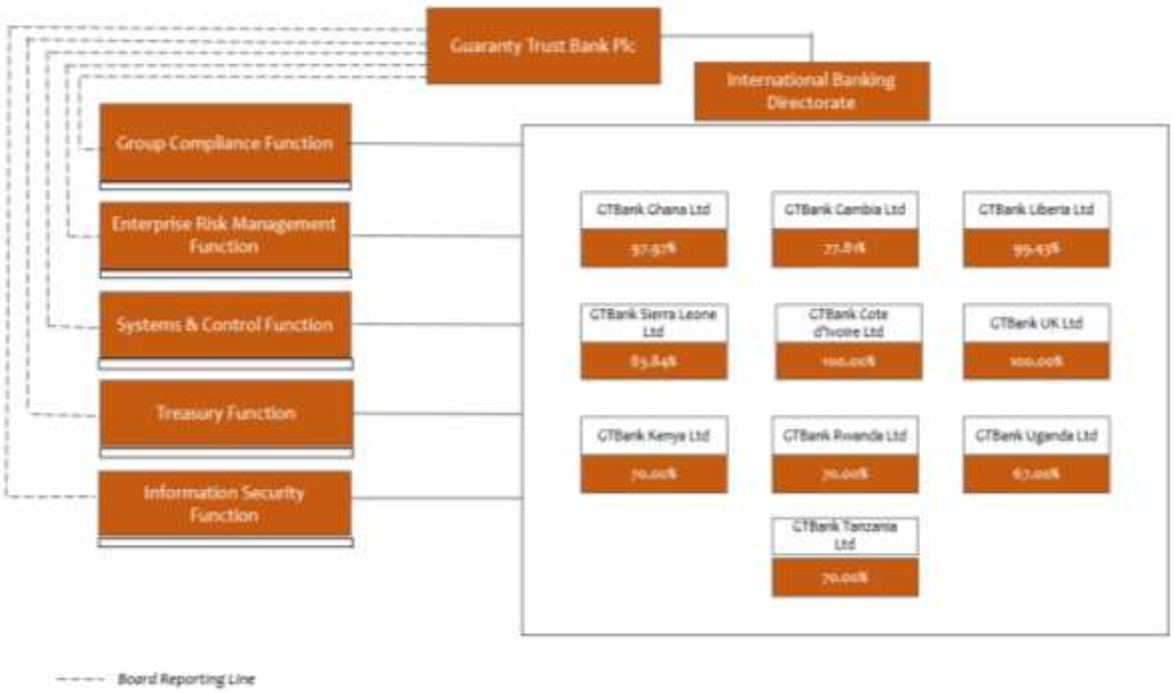
The Group Treasury function is responsible for providing required guidance in optimizing the deployment of resources in the subsidiaries except GTBank UK. The key focus is efficiency of the Balance Sheet. Monthly Assets and Liabilities review meetings are held with the Group treasury team to create synergies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

Group Information Security Assurance

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

External Auditors' Report

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



Introduction

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

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

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

Market Place

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

To support our strategic intent and also drive growth and economic development, we continue to provide various tailored services to Small and Medium Businesses in Nigeria. Our SME Market Hub provides a platform for businesses to showcase their products and e-payment solutions tailored to meet their business needs. To further reaffirm our commitment and belief in SMEs as a major tool for unlocking national economic growth, GTBank hosted the Fashion Weekend which brought together budding, talented and recognised fashion designers, brands and retail enterprises from across Nigeria and overseas to showcase the latest trends and products to a large and diverse audience of consumers, press and industry enthusiasts. The event was held on the 11th and 12th of November, 2017.

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

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

Community

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

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

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

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

Environment

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

As a result of this, fuel consumed by our vehicles reduced by 15 percent and business travel reduced by 9 percent from July to December 2017. This was attributed to our resource sharing of our vehicle assets in a centralized pool system and reduced travels by conducting meetings via video conferencing.

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

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

Workplace

At GTBank, we continuously enhance the skills of our workforce both internally and through specialized trainings. During the reporting year, our E&S Team in collaboration with the International Finance Corporation (IFC) facilitated a training on Environmental & Social Risk Management for Relationship Managers in our Corporate Bank, Risk Management Professionals from both Nigeria and Ghana, and our legal team. To reach a wider group, we developed an online module of the training to replicate the training bankwide. 333 employees had completed the course as at the end of the financial year. We also participated in the quarterly Sustainability Champions Meeting with other E&S officers in the industry where they were trained on Carbon Measurement.

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

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

Assessment against the Nigerian Sustainable Banking Principles (NSBP):

GTBank committed to the Nigerian Sustainable Banking Principles in 2012 along with all banks, discount houses and development finance institutions in Nigeria. The nine principles were developed by the Central

Bank of Nigeria and the Bankers' Committee to integrate sustainability banking policies and practices across the Nigerian banking landscape. The principles are tailored to the Sustainable Development Goals which replaced the Millennium Development Goals in 2015.

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

NSBP PRINCIPLES	DEFINITION	PROGRESS UPDATE
Principle 1	**Our Business Activities: Environmental & Social Risk Management:** Integration of environmental and social consideration into our lending activities.	• We modified the checklists and scoring template used to assess the Environmental & Social risks inherent in the Oil & Gas, Power, and Agriculture sector and developed a generic Impact Assessment checklist to assess risks inherent in other sectors. • We designed a template to track and monitor Action Plans developed for customers. • As at the end of the financial year, we had conducted Due Diligence Assessment for 73 percent of eligible customer and developed 72 Action Plans.
Principle 2	**Our Business Operations: Environmental & Social Footprint.** Avoidance of the negative impact of our Business Operations.	• During the review period, GTBank developed a methodology using online tools from the Greenhouse Gas Protocol and information provided from business supporting units to calculate our carbon emissions from electricity consumption. • We also developed a template to calculate the amount of water consumed and waste generated by the bank. We commenced a pilot to test the template on a select number of branches. This would be replicated to other branches in phases in the next financial year. • The bank's use of fossil fuels (diesel and petrol) decreased during the reporting year by 8 percent and 15 percent respectively. This is attributed to adherence to shut down time and using a carpool resource for managing our vehicles. • Business Trips decreased in the second half of the year over by an estimated 10 percent. This is attributed to the use of Skype to conduct meetings instead of conventional travel for meetings. • The Bank presently has 5 Main Branches, 5 e-branches and 17 offsite locations which are powered by a hybrid of solar and conventional energy supply (Grid and Diesel Generators). These branches have ATMs and Communication devices powered by solar panels.

Principle 3	**Human Rights:** Respect for the rights of all in Business Operations.	• We have espoused human rights in our business operations and activities, as well as dealing with employees and host communities. • GTBank is an equal opportunity employer and does not discriminate on the basis of race, ethnicity, religion, disability nor marital status in its recruitment and promotion exercises. • We maintain a grievance mechanism channel for our employees, customers and other stakeholders to channel their complaints about projects, branch operations, products etc. • The bank ensures that lending activities is screened against the exclusion list which covers issues relating to child and forced labour.
Principle 4	**Women's Economic Empowerment:** Promote economic empowerment through a gender inclusive workplace culture and provide products and services for women.	• The female gender remained 45 percent of the staff strength during the reporting year. • We observed a significant increase of about 79 percent in the expenditure on capacity building for Women Employees in the second half of the year. • We sponsored 19 female entrepreneurs under an accelerator program that seeks to empower women in Africa during the year under review.
Principle 5	**Financial Inclusion:** Promotion of financial inclusion and provision of financial services to individuals and communities that have limited or no access to the formal financial sector.	• The number of Agent Banking locations which offer banking services to the unbanked and under-banked demography increased by 6. We were able to open 246,707 accounts through these locations. • During the year under review, the bank conducted a Financial Literacy day and taught Financial Literacy Skills to Secondary School Students across Nigeria. 2,816 students were trained on savings culture; the Bank also provided scholarships for 4 students who won the financial literacy competition.
Principle 6	**E&S Governance:** Implementation of a transparent E&S governance practices within the institution and assess the E&S governance of our clients.	• The bank has developed an E&S governance and structure that supports our strategy. This is clearly defined in our Sustainability and ESRM Policy. • We provide updates on GTBank's Sustainability strategy to the Board Risk Committee on a quarterly basis. • We are able to glean the E&S Governance structure of our companies
Principle 7	**Capacity Building:** Development of capacity to identify, assess and manage E&S risks and opportunities associated with the bank's business activities and operations	• We conducted a 2 day training on Environmental and Social Risk Management in collaboration with the IFC for employees in Corporate Bank Teams, Risk Management and Legal. • The Bank participated in a training on Carbon Measurement and Management Training. • Desktop walkthrough on Environmental & Social Risk Management for Executive Trainees on job rotation was conducting on an ongoing basis.

		• The E&S Team developed presentation slides during the review period. They were learning points for assessing E&S Risks in the Oil & Gas Industry as well as key regulations and relevant permits. • An ESRM online training was conducted in collaboration with Human Resources.
Principle 8	**Collaborative Partnerships:** Collaboration across the sector and leveraging on international partnerships and move the financial sector as one and ensure consistency with international standards.	• The Bank remains a member of the network of Sustainability Champions for all members of Sustainable Bankers in Nigeria. • We are presently partnering with the Africa Agriculture and Trade Investment Fund to provide funding for agriculture related projects in Nigeria.
Principle 9	**Reporting:** Regularly review and report our progress in meeting the principles/	• The Bank reports twice yearly to the Central Bank on the implementation of the Nigerian Sustainable Banking Principles. • We also provide periodic updates to the IFC, PROPARCO and DEG on the integration Environmental and Social Risk Management in the Bank's framework.

Introduction

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

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

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

The Feedback Channels/ Customer Touch points

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

- The Complaints received via emails, letters and the portal on the Bank's website;
- 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 Bank's website.

Customers' opinion on products, services and processes

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

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

Complaints Handling and Resolution Structure

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

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

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

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

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

REPORTS TO THE CBN

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

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

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

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

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

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

RECEIVED COMPLAINTS (Per Currency)

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

RESOLVED COMPLAINTS (Per Currency)

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

UNRESOLVED COMPLAINTS (Per Currency)

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

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

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

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

Structure of the framework

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

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

Scope of the framework

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

(i) Board and Management responsibilities:

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

(ii) Reports to Senior Management and the Board:

AML & CFT reports are submitted monthly and quarterly to senior management and the Board respectively. These reports provide the Board and senior management with information to enable them assess the Bank's compliance with its regulatory obligations. The reports also ensures that Directors and senior management are kept abreast on current trends and developments in the financial industry, particularly in the area of AML/CFT risk management.

(iii) Know Your Customer (KYC) procedures:

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

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

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

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

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

(iv) Transaction Monitoring:

Transaction monitoring occurs on a manual and automated basis. The former is performed by all members of staff, who are regularly provided with red flags to look out for and the latter resides within the Compliance Unit.

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

To properly monitor transactions passing through the Bank's systems, the SAS AML tool, has been fully deployed in the Bank, providing an advancement in the means by which transactions are monitored and investigated.

(v) Transaction Reporting:

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

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

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

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

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

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

(vi) Relationship with Regulators and Law Enforcement Agencies:

The Bank understands that part of its corporate and social responsibility is to cooperate with law enforcement agencies in the fight against financial crime. To this end, the Bank maintains a cordial and supportive relationship with all regulatory and law enforcement agencies. The Bank promptly complies with all requests made, pursuant to the law, and provides information to regulators including the NFIU, the CBN and other relevant agencies.

The Bank is also at the forefront of cooperating with regulators to give feedback on new regulations and means to mitigate the risks that are being encountered in the financial industry brought on by new innovations and developing trends.

(vii) Sanctions Compliance Management:

The Bank as a policy, does not enter into any relationship with sanctioned individuals/entities. All employees, as applicable to their functions, are required to screen names of individuals and organizations who have or plan to enter a business relationship or carry out a transaction with/through the Bank against the Bank's internal watch list.

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

(viii) Politically Exposed Persons (PEPs)

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

In line with FATF's recommendation, the Bank employs the use of an automated monitoring tool in identifying and monitoring PEP transactions. This is achieved through the thorough review of information provided by customers and their transaction trends.
Establishment of new accounts for PEPs as well as continuity of such accounts (for those already existing in the system) is subject to the approval of an Executive Director and the Compliance Unit.

(ix) AML/CFT principles for Correspondent Banking:

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

(x) AML/CFT Training:

The Bank as a policy, places a high premium on the training of its employees. Trainings are carried out to ensure employees are well informed about the AML/CFT laws, KYC principles and other AML/CFT related information. Annual Compliance training is mandatory for all members of staff, including Senior Management and Directors. Trainings are done via e-learning or face to face media. Ad hoc training also takes place by way of the dissemination of topical national and international findings to employees.

(xi) AML/CFT Audits:

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

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

(xii) Record Retention:

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

(xiii) Subsidiaries:

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

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

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

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

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

The internal control and risk Management systems comprise the following area

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

Control Environment

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

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

Risk Assessment

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

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

Control Activities

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

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

Top Management Reviews

- Internal Audit Reports eliciting control weaknesses are presented periodically to Management and Board Audit Committee.

- Preparation of financial statements on a daily basis for Management review.

- Monthly and quarterly profitability review, where the Bank's financial performance is reviewed and compared with set budgets. Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Bank and the mitigants deployed.

Activity Control

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

Physical Controls

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

Compliance with Limits

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

Approval and Authorisation Limits

- There are segregation of duties; no officer can start and conclude transactions

- Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

Verifications and Reconciliations

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

Whistle Blowing

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

Information and Communication/ Monitoring

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

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

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

Directors' Report

For the financial year ended December 31, 2017

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

Legal form and principal activity

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

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

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

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

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

Operating results

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

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

Dividends

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

Withholding tax was deducted at the time of payment.

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

The Directors recommend the payment of a final dividend of N2:40k (Two Naira and Forty Kobo only) per ordinary share of 50 Kobo (bringing the total dividend for the financial year ended December 31, 2017 to N2.70k (2016: N2.00k per share). Withholding tax would be deducted at the point of payment.

Directors and their interest

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

	Names	Direct Holding December 2017	*Indirect Holding December 2017	Direct Holding December 2016	*Indirect Holding December 2016
		Shares of 50k each		Shares of 50k each	
1	Mrs. O. A. Demuren	356,581	-	356,581	-
2	Mr. Olusegun Agbaje	32,146,651	9,481,350[1]	32,146,651	9,481,350[1]
3	Mrs. Cathy Echeozo[2]	2,108,118	2,940,300[1]	5,608,118	2,940,300[1]
4	Mr. Adebayo Adeola	3,181,640	-	3,181,640	-
5	Mr. Ibrahim Hassan	630,838	-	630,838	-
6	Mr. Olabode Agusto	200,000	-	1,000,000	-
7	Mr. H. A. Oyinlola	-	-	-	-
8	Ms. Imoni Akpofure	-	-	-	-
9	Mr. B. T. Soyoye	-	-	-	-
10	Mrs. V. O. Adefala[3]	160,000	-	160,000	-
11	Mrs. Olutola Omotola	452,331	234,350[1]	452,531	234,350[1]
12	Mr. Demola Odeyemi	7,661,601	1,688,550[1]	7,661,601	1,688,550[1]
13	Mr. Wale Oyedeji	492,787	-	492,787	-
14	Mr. Haruna Musa	2,875	12,500[1]	2,875	-
15	Mr. Bolaji Lawal[4]	137,382	116,400[1]	20,195	-

[1]Indirect shareholding includes underlying shares of GDRs (Global Depository Receipts)
[2] Retired with effect from March 16, 2017
[3]Appointed to the Board with effect from September 12, 2017
[4] Appointed to the Board with effect from March 17, 2017

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

Directors' Remuneration

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

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

Type of package Fixed	Description	Timing
Basic Salary	- Part of gross salary package for Executive Directors only. - Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	Paid monthly during the financial year
13th month salary	- Part of gross salary package for Executive Directors only. - Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	Paid last month of the financial year
Director fees	- Paid annually on the day of the Annual General Meeting ('AGM') to Non-Executive Directors only	Paid annually on the day of the AGM
Sitting allowances	- Allowances paid to Non-Executive Directors only for attending Board and Board Committee Meetings.	Paid after each Meeting

Changes on the Board

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

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

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

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

Profile of Mrs. Victoria Osondu Adefala

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

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

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

She is the Managing Partner of WHITGIFT Law firm.

She is in her early fifties and is primarily resident in Nigeria.

Retirement by Rotation

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

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act (2004), Mr. K. A. Adeola disclosed to the Board his indirect interest in Touchdown Travels Limited, a company in which his brother serves as director.

Touchdown Travels Limited provided airline tickets to the Bank in the course of the half year on an ad-hoc basis.

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

Shareholding analysis

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

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

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

SHAREHOLDER	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
GTBank GDR (underlying shares)	2,911,539,387	9.8927
Stanbic Nominees Nigeria Limited	9,482,159,399	32.2200

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

Stanbic Nominees Nigeria Limited ("Stanbic") held 32.22% of the Bank's shares largely in trading accounts on behalf of various investors. Stanbic does not exercise personal voting rights on the said shares.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of ₦867,113,525 (December 31 2016: ₦449,616,533) as donations and charitable contributions during the year. 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 (₦)
Arts	Workshops for Artists - Art 635	5,179,215
	Support for African Artists - Tate Partnership	6,388,000
	Yinka Shonibare Art Exhibition	2,215,000
Community Development	Future Awards	15,000,000
	Maternal & Child Health Support	1,741,475
	Nigerian Police Force	300,000,000
	Nominate A Service Champ	725,375
	Sickle Cell Staff Support - Orange Heart	7,500,200
	Support for people living with Autism - Orange Ribbon	49,432,555
	Security Trust Fund	50,000,000
	She Leads Africa- Entrepreneurship Support	5,040,000
	Support for children affected by war & conflicts - Swiss Red Cross Partnership	66,301,793
Education	Adopt-a-School	6,546,850
	Camp GTBank	11,674,944
	Financial Literacy in Secondary Schools	8,633,126
	Masters Cup	34,571,160
	Principals Cup (Lagos & Ogun)	117,620,133
	Super Cup	10,534,206
	Tertiary Institution Support	1,756,500
	Re-build of Herbert Macaulay Library - You Read Initiative	159,453,594
Environment	Roundabout Maintenance	565,000
Others	Others	6,234,400
Grand Total		**867,113,525**

Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at December 31, 2017 and profit attributable to equity holders on the date other than as disclosed in Note 49 of the financial statements.

Research and development

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

Gender Analysis

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

	Male	Female	Total	Male	Female
		Number		**%**	
Employees	1,804	1,480	**3,284**	55%	45%

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

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

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

	Male	Female	Total	Male	Female
		Number		**%**	
Assistant General Manager	12	10	22	55%	45%
Deputy General Manager	11	7	18	61%	39%
General Manager	10	4	14	71%	29%
Executive Director	4	1	5	80%	20%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	5	3	8	63%	38%
Total	**43**	**25**	**68**	**63%**	**37%**

Human Resources Policy

(1) Recruitment

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

(2) Diversity and Inclusion

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

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

(3) Employment of Physically Challenged Persons

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

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

(4) Employee Involvement and Training

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

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

(5) Health, Safety and Welfare of Employees

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

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

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

BY ORDER OF THE BOARD

Erhi Obebeduo
Company Secretary
FRC/2017/NBA/00000016024
Plot 635, Akin Adesola Street, Victoria Island, Lagos
January 24, 2018

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

The Directors accept responsibility for the preparation of the financial statements set out from pages 55 – 319 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

Going Concern:

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

HARUNA MUSA	SEGUN AGBAJE
FRC/2017/CIBN/00000016515	FRC/2013/CIBN/00000001782
24 January, 2018	24 January, 2018

Report of the Audit Committee

For the year ended December 31, 2017

To the members of Guaranty Trust Bank Plc

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

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended December 31, 2017 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N631,288,000 (31 December, 2016: N438,857,000) was outstanding as at 31 December, 2017. The status of performance of insider related credits is as disclosed in Note 47d.

- We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

Alhaji M.A. Usman
Chairman, Audit Committee[1]
January 22, 2018

Members of the Audit Committee are:

1.	Mr. A. B. Akisanmi[2]	-	Former Chairman
2.	Alhaji M.A. Usman[3]	-	Current Chairman
3.	Mrs. Sandra Mbagwu-Fagbemi	}	Shareholder's Representatives
4.	Mrs. A. Kuye		
5.	Mr. Bode Agusto		
6.	Ibrahim Hassan		
7.	Ms. Imoni Akpofure		

In attendance:
Mr. Segun Fadahunsi - Secretary

[1] Waiver has been obtained from Financial Reporting Council (FRC) for Alhaji M. A. Usman the Chairman of Audit Committee to sign the 2017 Annual Accounts pending full registration with FRC.
[2] Ceased to be a member of the Committee in April 2017.
[3] Appointed as the Chairman of the Committee at the Meeting which held in April, 2017.

Independent auditor's report

To the Members of Guaranty Trust Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

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

What we have audited

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

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

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment assessment (N60.2billion) We focused on this area due to the size of the loans and advances balance net of impairment (N1.2trillion) and because it requires significant judgement both for the timing and recognition of impairment and the estimation of the size of any such impairment. The main components are a specific loss component that relates to individually significant exposures, and a collective loan loss impairment, established for a group of financial assets with similar credit risk characteristics that were collectively assessed for impairment. See notes 4(f), 6, 11, 28 and 29 to the consolidated and separate financial statements. We focused on: • The valuation of collaterals and other evidence of future cash flows used in the impairment calculation for the facilities individually assessed for specific impairment because of their impact on the determination of recoverable amount; • Internal rating model developed by management to assess the credit quality and measure the default risk of the obligors; • The incurred loan loss impairment model which is used in arriving at the loan impairment charge because the assumptions used in the model are subjective and highly sensitive to the changes in economic and credit conditions across the different segments and industries. Allowance for impairment is considered a key audit matter in the consolidated and separate financial statements.	We adopted a substantive approach in assessing the allowance for impairment made by management. We applied a risk based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements. Our reviews included checking the details of the borrowers' account history, the nature of the facility, the industry and other factors that could indicate deterioration in the financial condition of the borrowers and their capacity to repay. For other facilities not subjected to detailed review of customer files, we tested for impairment triggers using computer assisted audit techniques. For all facilities we selected, we formed our own judgement as to the classification of the facility and challenged management where our classification differed from theirs. We obtained and checked evidence supporting estimates of future cash flows used in the specific impairment calculation for significant facilities where impairment triggers were identified. Such evidence include collateral valuation reports and agreed terms of settlement. We confirmed that specific impairment was charged where the carrying value of the facilities exceed their recoverable value. Otherwise, we confirmed that the significant facilities were included in the collective impairment model. We assessed the reasonableness of management's assumptions with respect to inputs into the collective impairment model. In this regard, we assessed the probability of default (PD) by using the downgrades on obligor ratings between prior year and current year. We evaluated the reasonableness of the Loss Given Default (LGD) by comparing it with the bank's data. We then verified the accuracy of the inputs and recalculated the collective impairment amount.

Assessment for impairment of goodwill (N8.6billion)

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

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

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

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

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

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

On 1 January 2018, the Group transitioned to financial instruments accounting standard IFRS 9 which replaced IAS39.

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

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

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

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the bank's statement of financial position, income statement and statement of other comprehensive income are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 47 to the consolidated and separate financial statements; and

v) except for the contraventions disclosed in Note 48 to the consolidated and separate financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Obioma Ubah

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

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

26 February 2018

Financial statements

Statements of financial position

As at 31 December 2017

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

Statements of financial position (Continued)
As at 31 December 2017

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

Approved by the Board of Directors on 24 January 2018:

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

Executive Director
Haruna Musa
FRC/2017/CIBN/00000016515

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

The accompanying notes are an integral part of these financial statements

Income statements

For the year ended 31 December 2017

In thousands of Nigerian Naira	***Notes***	**Group Dec-2017**	Restated[1] **Group Dec-2016**	**Parent Dec-2017**	Restated[1] **Parent Dec-2016**
Interest income	9	327,333,512	262,494,101	284,442,547	226,579,479
Interest expense	10	(80,670,351)	(67,093,923)	(66,792,928)	(55,551,522)
Net interest income		**246,663,161**	**195,400,178**	**217,649,619**	**171,027,957**
Loan impairment charges	11	(12,169,120)	(65,290,310)	(10,834,612)	(63,542,640)
Net interest income after loan impairment charges		**234,494,041**	**130,109,868**	**206,815,007**	**107,485,317**
Fee and commission income	12	42,921,857	39,403,171	30,048,147	28,527,039
Fee and commission expense	13	(2,189,661)	(3,456,257)	(1,561,766)	(2,947,714)
Net fee and commission income		**40,732,196**	**35,946,914**	**28,486,381**	**25,579,325**
Net gains on financial instruments classified as held for trading	14	11,338,819	5,218,451	6,542,636	2,248,241
Other income	15	37,632,083	107,499,864	39,203,978	108,562,100
Net impairment loss on financial assets	16	(696,680)	-	(696,680)	-
Personnel expenses	17	(32,832,341)	(29,453,465)	(22,354,351)	(20,704,772)
Operating lease expenses	18	(1,596,413)	(1,375,228)	(654,665)	(670,172)
Depreciation and amortization	19	(15,383,697)	(15,249,366)	(13,042,425)	(12,730,298)
Other operating expenses	20	(73,445,988)	(67,560,577)	(58,095,277)	(55,764,254)
Profit before income tax		**200,242,020**	**165,136,461**	**186,204,604**	**154,005,487**
Income tax expense	21	(29,772,387)	(32,855,806)	(24,919,924)	(27,168,695)
Profit for the year		**170,469,633**	**132,280,655**	**161,284,680**	**126,836,792**
Profit attributable to:					
Equity holders of the parent entity		169,602,315	131,341,742	161,284,680	126,836,792
Non-controlling interests		867,318	938,913	-	-
		170,469,633	**132,280,655**	**161,284,680**	**126,836,792**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic	22	6.03	4.67	5.48	4.31
– Diluted	22	6.03	4.67	5.48	4.31

The accompanying notes are an integral part of these financial statements

[1]See Note 50

Statements of other comprehensive income

For the year ended 31 December 2017

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

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
December 2017
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2017	**14,715,590**	**123,471,114**	**55,734,605**	**209,185,386**	**(5,291,245)**	**(663,687)**	**8,634,790**	**90,273,587**	**496,060,140**	**8,842,695**	**504,902,835**
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	169,602,315	169,602,315	867,318	170,469,633
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	1,871,482	-	1,871,482	184,436	2,055,918
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	587,307	587,307	-	587,307
Fair value adjustment	-	-	-	-	-	5,897,865	-	-	5,897,865	878,039	6,775,904
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**5,897,865**	**1,871,482**	**587,307**	**8,356,654**	**1,062,475**	**9,419,129**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**5,897,865**	**1,871,482**	**170,189,622**	**177,958,969**	**1,929,793**	**179,888,762**
Transactions with equity holders, recorded directly in equity:											
Transfers for the year	-	-	15,483,586	56,259,500	-	-	-	(71,743,086)	-	-	-
Inflow from NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	960,750	960,750
Dividend to equity holders	-	-	-	-	-	-	-	(60,333,917)	(60,333,917)	(250,635)	(60,584,552)
	-	**-**	**15,483,586**	**56,259,500**	**-**	**-**	**-**	**(132,077,003)**	**(60,333,917)**	**710,115**	**(59,623,802)**
Balance at 31 December 2017	**14,715,590**	**123,471,114**	**71,218,191**	**265,444,886**	**(5,291,245)**	**5,234,178**	**10,506,272**	**128,386,206**	**613,685,192**	**11,482,603**	**625,167,795**

Consolidated Statement of Changes in Equity
Dec-2016
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2016	**14,715,590**	**123,471,114**	**53,793,105**	**169,730,267**	**(4,754,156)**	**3,938,817**	**(4,810,934)**	**51,089,585**	**407,173,388**	**6,388,550**	**413,561,938**
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	131,341,742	131,341,742	938,913	132,280,655
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	13,445,724	-	13,445,724	2,048,759	15,494,483
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	1,332,058	1,332,058	-	1,332,058
Fair value adjustment	-	-	-	-	-	(4,602,504)	-	-	(4,602,504)	139,353	(4,463,151)
Total other comprehensive income	-	-	-	-	-	**(4,602,504)**	**13,445,724**	1,332,058	**10,175,278**	**2,188,112**	**12,363,390**
Total comprehensive income	-	-	-	-	-	**(4,602,504)**	**13,445,724**	**132,673,800**	**141,517,020**	**3,127,025**	**144,644,045**
Transactions with equity holders, recorded directly in equity:											
Transfers for the year	-	-	1,941,500	39,455,119	-	-	-	(41,396,619)	-	-	-
Inflow from non-controlling interest	-	-	-	-	-	-	-	-	-	(470,293)	(470,293)
(Acquisition)/disposal of own shares	-	-	-	-	(537,089)	-	-	-	(537,089)	-	(537,089)
Dividends to equity holders	-	-	-	-	-	-	-	(52,093,179)	(52,093,179)	(202,587)	(52,295,766)
	-	**-**	**1,941,500**	**39,455,119**	**(537,089)**	**-**	**-**	**(93,489,798)**	**(52,630,268)**	**(672,880)**	**(53,303,148)**
Balance at 31 December 2016	**14,715,590**	**123,471,114**	**55,734,605**	**209,185,386**	**(5,291,245)**	**(663,687)**	**8,634,790**	**90,273,587**	**496,060,140**	**8,842,695**	**504,902,835**

Statement of Changes in Equity
December 2017
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2017	**14,715,590**	**123,471,114**	**52,324,178**	**203,418,152**	**(1,000,680)**	**83,989,499**	**476,917,853**
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	161,284,680	161,284,680
Other comprehensive income, net of tax							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	587,307	587,307
Fair value adjustment	-	-	-	-	5,888,438	-	5,888,438
Total other comprehensive income	**-**	**-**	**-**	**-**	**5,888,438**	**587,307**	**6,475,745**
Total comprehensive income	-	-	-	-	**5,888,438**	**161,871,987**	**167,760,425**
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	15,438,501	54,727,244	-	(70,165,745)	-
Dividend to equity holders	-	-	-	-	-	(60,333,917)	(60,333,917)
	-	**-**	**15,438,501**	**54,727,244**	-	**(130,499,662)**	**(60,333,917)**
Balance at 31 December 2017	**14,715,590**	**123,471,114**	**67,762,679**	**258,145,396**	**4,887,758**	**115,361,824**	**584,344,361**

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

Statement of Changes in Equity
Dec-2016
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2016	**14,715,590**	**123,471,114**	**52,241,013**	**165,367,114**	**3,765,486**	**46,048,031**	**405,608,348**
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	126,836,792	126,836,792
Other comprehensive income, net of tax							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	1,332,058	1,332,058
Fair value adjustment	-	-	-	-	(4,766,166)	-	**(4,766,166)**
Total other comprehensive income	-	-	-	-	**(4,766,166)**	**1,332,058**	**(3,434,108)**
Total comprehensive income	-	-	-	-	**(4,766,166)**	**128,168,850**	**123,402,684**
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	83,165	38,051,038	-	(38,134,203)	-
Dividend to equity holders	-	-	-	-	-	(52,093,179)	(52,093,179)
	-	-	**83,165**	**38,051,038**	-	**(90,227,382)**	**(52,093,179)**
Balance at 31 December 2016	**14,715,590**	**123,471,114**	**52,324,178**	**203,418,152**	**(1,000,680)**	**83,989,499**	**476,917,853**

Statements of cash flows

For the year ended 31 December 2017

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

Statements of cash flows

For the year ended 31 December 2017

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

The accompanying notes are an integral part of these financial statements

1. Reporting entity

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

2. Basis of preparation

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

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

3. (a) Significant Accounting Policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Available-for-sale financial assets are measured at fair value through equity. However, when the fair value of the Available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment.
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.

- Assets and liabilities held for trading are measured at fair value.
- Assets and Liabilities held to maturity are measured at amortised cost.
- Loans and Receivables are measured at amortised cost.

(c) Use of Estimates and Judgements

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

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

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

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

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

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

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, as long as the tax base remains at the original cost of the asset, there is a temporary difference. This now makes it possible for an entity to recognize deferred tax asset on debt instruments carried at fair value, where the carrying amount is less than the nominal value because of market changes but where the entity expects to collect all contractual cash flows. Also, deferred tax asset can be recognized on items of property, plant and equipment measured at cost and where the entity expects to generate benefits exceeding that cost. However, there must be sufficient evidence to show that it is probable that the entity will recover an asset for more than its carrying amount.

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

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

The amendments to IAS 7 became effective for annual periods beginning on or after 1 January 2017. The aim is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. As such, entities are required to provide further information on changes in liabilities and/or assets arising from financing activities such as changes from financing cash flows; changes arising from obtaining or losing control of subsidiaries or other businesses; effect of changes in foreign exchange rates; changes in fair values; and other changes. Entities are also not required to provide comparatives in the first year of adoption.

In fulfilment of this new disclosure requirement, the Bank/Group has provided a reconciliation in Note 41 between the opening and closing balances of all liabilities whose cash flow movements are disclosed as part of financing activities in the cash flow statement, for the year ended December 31, 2017.

Standards and interpretations issued/amended but not yet effective

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

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

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

IFRS 15 - Revenue from Contracts with Customers

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

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

Amendments to IAS 28 - Investment in Associates and Joint ventures

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

The IASB published an amendment to IAS 28 on 'Long-term interests in associates and joint ventures' in October 2017 to clarify that an entity should apply IFRS 9 (including its impairment requirements) to long-term interests in an associate or joint venture to which it does not apply the equity method.

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

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

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

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

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

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

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

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

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

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

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

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

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

IFRS 9 - Financial instruments

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

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

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

- Stage 1 – these are financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk at the reporting date. For these assets, entities are required to recognize a 12 month expected loss allowance on initial recognition. Interest revenue is calculated on the gross carrying amount of the asset
- Stage 2 – these are financial assets that have experienced significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these

assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

- Stage 3 – these are financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

Finally, the hedge accounting provisions of the standard requires entities to align the accounting of hedge relationships more closely with an entity's risk management practices, permits hedge accounting to be applied more broadly to a greater variety of hedging instruments and requires additional disclosures. Hedge accounting requirement aspect of the standard does not apply to the Bank as it does not have any financial instrument that qualifies for measurement in line with the provision.

IFRS 16 – Leases

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

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

IFRS 17 - Insurance Contracts

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

3. (b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the comparative period.

(i) Subsidiaries

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

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

Acquisition of subsidiaries

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

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

(ii) Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity is consolidated if the Group is exposed, or has rights to variable returns from its involvement with the Structured Entity and has the ability to affect those returns through its power over the Structured Entity. Power is the current ability to direct the activities that significantly influence returns. The Group established GTB Finance B.V. Netherlands as a Structured Entity to raise funds from the international financial market. The Bank has, however, substituted the liability and the investment in the Entity, and is now carried as Held For Sale.

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each Income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in shareholders' equity as 'Foreign currency translation reserve'.

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

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

(d) Fees and commission

Fees and Commission that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

Other fees and commissions which relates mainly to transaction and service fees, including loan account structuring and service fees, investment management and other fiduciary activity fees, sales commission, placement line fees, syndication fees and guarantee issuance fees are recognised as the related services are provided / performed.

(e) Net trading income

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

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

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

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

(g) Dividend income

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

(h) Leases

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

(a) The Group is the lessee

(i) Operating lease

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

(ii) Finance lease

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

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

(b) The Group is the lessor

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

(I) Income Tax

(a) Current income tax

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

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

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

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

(b) Deferred income tax

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

However, the deferred income tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

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

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

(j) Financial assets and liabilities

(i) Recognition

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

(ii) Measurement

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

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

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

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

(a) Amortised cost measurement

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

(b) Fair value measurement

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE, LSE) and broker quotes from Bloomberg and Reuters.

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

For financial instruments with no readily available quoted market price , fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the end of the reporting period.

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

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

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

(iii) Offsetting

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

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

(iv) De-recognition

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

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

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

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

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

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

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

(v) Classification

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

(a) Loans and Receivables

The group's loans and receivable comprises loans and advances, cash and cash equivalent and other receivables.

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

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

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

(b) Available-for-sale investments

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

Interest income from debt instruments is recognised in profit or loss using the effective interest method while Dividend income from Equity instrument is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired whereupon the cumulative gains and losses previously recognised in other comprehensive income are recognised in profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(c) Held-to-maturity

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

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

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

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

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

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

- **Financial assets and liabilities classified as held for trading**

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

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

- **Designation at fair value through profit or loss**

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

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

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

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

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

(vi) Pledge of assets as collateral

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

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial re-organisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national economic conditions that correlate with defaults on the assets in the portfolio.

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

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

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

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

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

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity category) are classified in 'Net gains/ (losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Income statement.

(b) Assets classified as available for sale

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

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Repossessed Collateral

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

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

(n) Investment in subsidiaries

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

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

(o) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to- day servicing of property and equipment are recognised in the income statement as incurred.

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(p) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

(q) Impairment of Non financial assets

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

An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

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

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

(r) Deposits, debt securities issued

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

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

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

(s) Provisions

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

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

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

(t) Financial guarantees

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

(u) Employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

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

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

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

(iii) Termination Benefits

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

(iv) Short-term employee benefits

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

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

(v) Share-based payment transactions

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

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

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

(v) Discontinued operations

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

(a) Represents a separate major line of business or geographical area of operations;

(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) Is a subsidiary acquired exclusively with a view to resale

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

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

(w) Share capital and reseves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(x) Earnings per share

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

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

(y) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect cost are allocated based on the benefits derived from such costs.

(z) Levies

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

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

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

4. Financial Risk Management

(a) Introduction and overview

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

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

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

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

(b) Risk Management Philosophy

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

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

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

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

Risk Appetite

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

Risk Appetite Statement

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

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

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

Risk Tolerance

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

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

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

(c)Risk Management Framework

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

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

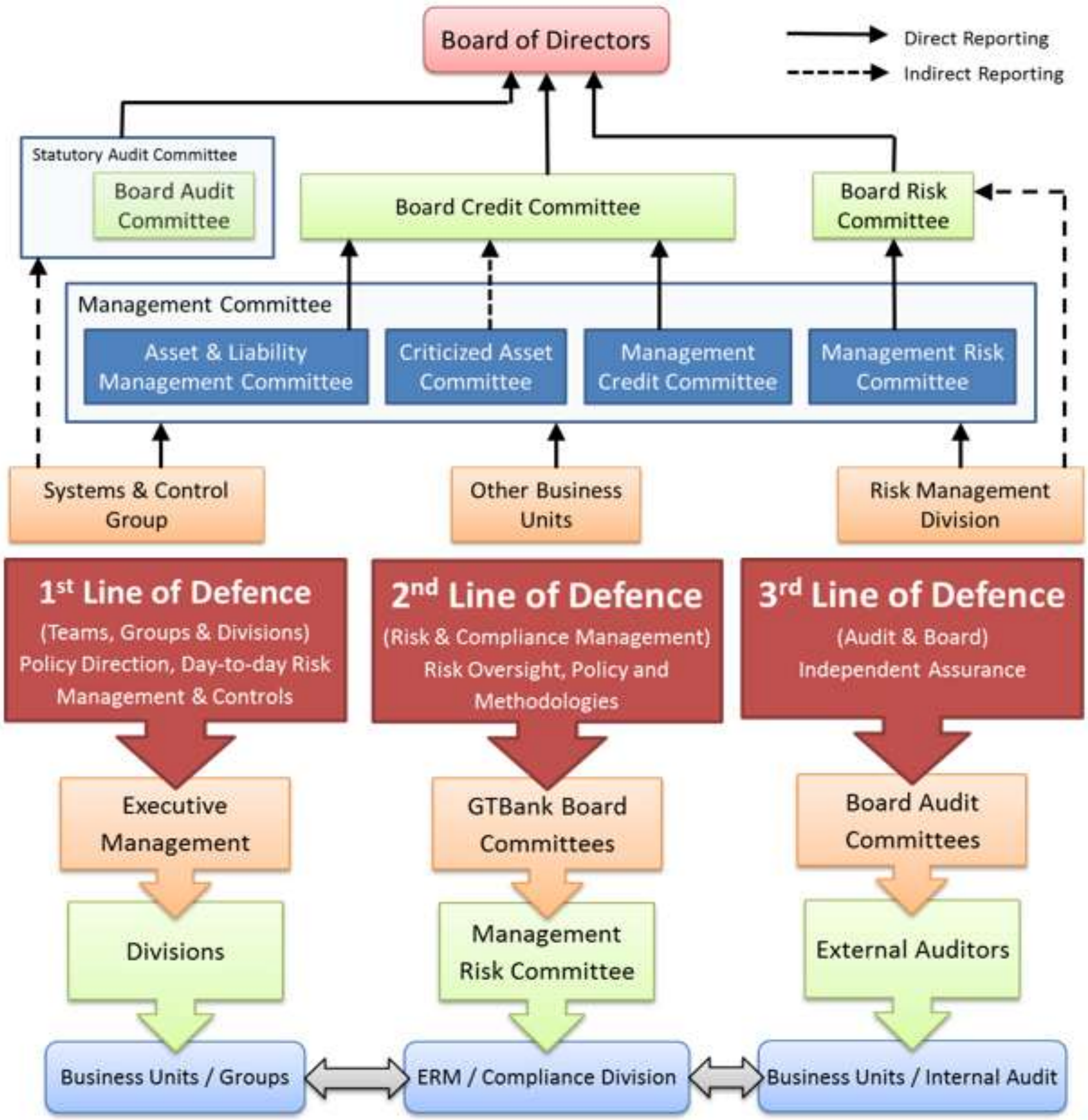
The Board of Directors has overall responsibility for the establishment of the Bank's Risk Management framework and exercises its oversight function over all the Bank's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees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

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

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

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

The Risk Governance Structure of the Group



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

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

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

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

THIRD LINE OF DEFENSE: Provides objective assurance on the effectiveness of governance, risk management and internal controls. The scope of the assurance, which is reported to Senior management and Board covers a broad range of objectives, including efficiency and effectiveness of operations, safeguarding of assets, reliability and integrity of reporting processes, and compliance with laws, regulations, policies, procedures and contracts. It also includes all elements of the risk management and internal control framework.

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

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

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

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

Management Credit Committee formulates credit policies in consultation with business units, covering credit assessment, risk grading and reporting, collateral, regulatory and statutory requirements. The committee also assesses and approves all credit exposures in excess of the Managing Director's limit set by the Board.

The **Asset & Liability Management Committee** establishes the Bank's standards and policies covering the various components of Market Risk Management. These include Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and Management Risk

Committees with regard to Market Risk is exercised, and that Market Risk exposures are monitored, reported and managed. Furthermore, the Committee limits and monitors the potential impact of specific pre-defined market movements on the comprehensive income of the Bank through stress tests and simulations.

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

The **Credit Risk Management Group** through Credit Risk Control is responsible for identifying, controlling, monitoring and reporting credit risk related issues while Credit Administration serves as the secretariat for the Management Credit Committee meetings and managing the credit exposures related to lending and investment activities as well as other unfunded credit exposures that have default probabilities; such as contingent liabilities. Credit risk is the most critical risk for the Bank as credit exposures, arising from lending activities account for the major portion of the Bank's assets and source of its revenue. Thus, the Bank ensures that credit risk related exposures are properly monitored, managed and controlled.

(d) Risk Management Methodology

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

- ERM Policy
- Credit Policy Guide
- Human Resources Policy Manual
- Quality Manual
- Standard Operating Procedures
- IT Policy

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

- Monthly Performance Review (MPR) for the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Quarterly Business Performance Review
- Annual Bank-wide performance appraisal systems
- Monthly Expense Control Monitoring Report
- Criticized Asset Committee Report

(e) Risk Management Overview

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

(i) Inherent Risk Groups – Credit, Market, Operational, Liquidity and Information Security.
(ii) Other Risk Areas – Reputational and Strategic Risk

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

(f) Credit risk

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

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

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

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

The Bank continues to focus attention on intrinsic and concentration risks inherent in its businesses in order to effectively manage the portfolio risk. The credit portfolio concentration limits that are set and measured under concentration limits per obligor, business lines, sector, rating grade, geography and collateral.

The Bank drives the credit risk management processes using appropriate scalable technology to achieve global best practices. To comply with the CBN requirements on implementation of Basel II, especially with the computation of capital adequacy ratio and market disclosure, the Group invested in two major softwares namely: Lead to Loan Credit Solution and OFSAA Basel II solution. These softwares are customised to suit the internal processes and seamlessly interact with the bank's core banking application.

To meet the Basel II (Pillar 2) requirements, the Bank developed a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) document, which detailed approaches and procedures on how the bank measures and compute its various risks and capital requirements. The document also contain details of the capital planning process and it is updated annually.

Lead to Loan is an integrated credit solution software which manages credit customers' profiles, rating scores, documents and collateral management, credit workflow processes, disbursement, recoveries and collection.

OFSAA Basel II solution is an Oracle Financial Services Analytical Application which is capable of handling the complete range of calculations covered in the Basel II Accord.

For capital adequacy computation under Basel ll Pillar l, the Bank 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 Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit heads. Larger facilities require approval by the Deputy Managing Director, Managing Director, Management Credit Committee, and the Board Credit Committee/Board of Directors as appropriate.

- Reviewing and assessing credit risk. Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Developing and maintaining the Bank's risk rating in order to categorise exposures according to the degree of risk of financial loss faced and to attention management on the attendant risks. The current risk rating framework consists of ten grades reflecting varying degrees of risk of default with rating "1" as the best and "10" as lost. The risk ratings are subject to regular reviews by Credit Risk Management Group.

- Reviewing compliance of business units with agreed exposure limits. Regular review and reports are provided by the Risk Management Group on the credit quality and appropriate corrective actions are taken.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

There were no changes in the Bank's risk management policies. Business units are required to implement the Bank's credit policies and procedures, with credit approval authorised by the Board Credit Committee.

(ii) Credit Risk Measurement

In line with IAS 39, the bank adopted Incurred Loss approach and is now prepared to adopt the Expected Credit Loss (ECL) approach as outlined under the IFRS 9 effective January 1, 2018. The Incurred Loss approach takes into consideration the Emergence Period (EP) in arriving at losses that have been incurred at the reporting date. As part of the evolving risk culture, the bank developed internal rating models along the bank's business segments (Corporate, Commercial, Retail and Small and Medium Enterprises) consistent with international rating agencies with historical data of over five years. This has enabled the bank to successfully implement the Internal Rating Based Approach as well as the implementation of Expected Credit Loss measurement.

IFRS 9 Expected Credit Loss measurement approach is a proactive way of determining the extent of future loss(es) associated with risk exposures in the bank's portfolio. Key aspect of ECL approach is the incorporation of the macroeconomic indicators (forecast) into the computation of the future credit loss. The credit impairment is determined upon known evidence(s) under the IAS 39 regime but IFRS 9 advocates a forward looking method of impairment evaluation by assuming that every risk exposures have inherent credit loss.

The Bank undertakes lending activities after careful analysis of the borrowers' character, capacity to repay, cash flow, credit history, industry conditions and other factors. In the analysis, the applied parameters are determined by each business segment because of the differences in the inherent risks.

The Bank's rating grades reflect the range of parameters internally developed to predict the default probabilities of each rating class in line with international best practices and in compliance with BASEL II requirements. The grades reflect granularities and are handled by Account Officers and Relationship Managers with validation by Credit Risk Management Group.

Rating Grade	Description	Characteristics
1 (AAA)	Exceptional Credit	• Exceptional credit quality • Obligors with overwhelming capacity to meet obligation • Top multinationals / corporations • Good track record • Strong brand name • Strong equity and assets • Strong cash flows • Full cash coverage
2 (AA)	Superior Credit	• Very high credit quality • Exceptionally high cash flow coverage (historical and projected) • Very strong balance sheets with high liquid assets • Excellent asset quality • Access to global capital markets • Typically large national corporate in stable industries and with significant market share
3 (A)	Minimal Risk	• High quality borrowers • Good asset quality and liquidity position • Strong debt repayment capacity and coverage • Very good management • Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected

		• Typically in stable industries
4 (BBB)	Above Average	• Good asset quality and liquidity • Very good debt capacity but smaller margins of debt service coverage • Good management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Good character of owner • Typically good companies in cyclical industries
5 (BB)	Average	• Satisfactory asset quality and liquidity • Good debt capacity but smaller margins of debt service coverage • Reasonable management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Satisfactory character of owner • Typically good companies in cyclical industries
6 (B)	Acceptable Risk	• Limited debt capacity and modest debt service coverage • Could be currently performing but susceptible to poor industry conditions and operational difficulties • Declining collateral quality • Management and owners are good or passable • Typically borrowers in declining markets or with small market share and operating in cyclical industries
7 (CCC)	Watch-list	• Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment • Typically start- ups / declining markets/deteriorating industries with high industry risk • Financial fundamentals below average • Weak management • Poor information disclosure
8 (CC)	Substandard Risk	• Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat • Continued strength is on collateral or residual repayment capacity of obligor • Partial losses of principal and interest possible if weaknesses are not promptly rectified • Questionable management skills
9 (C)	Doubtful Risk	• High probability of partial loss • Very weak credit fundamentals which make full debt repayment in serious doubt • Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status • Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile

10 (D)	Lost	• A definite loss of principal and interest • Lack of capacity to repay unsecured debt • Bleak economic prospects • Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs

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

In computing the credit loss at the counterparty level, the bank considers four components:

(1) The 'Probability of Default' (PD),

(2) Exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure at Default' (EAD),

(3) The likely recovery ratio on the defaulted obligations, the 'Loss Given Default' (LGD); and

(4) The Emergence Period (EP) which is the time it takes from the date a loss event occurred to the date the entity identifies it has occurred

(1) Probability of Default (PD)

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

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

(2) Exposure at Default (EAD)

EAD is the amount the Bank is owed at the time of default or at a reporting date. For a loan, this is the face value (principal plus interest) as at a particular reporting date.

(3) Loss Given Default (LGD)

Loss Given Default represents the bank's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type of exposure and seniority of claim and availability of collateral or other credit support.

(4) Emergence Period (EP)

Emergence period is the time period it takes from the date a loss event occurs to the date the bank identifies it has occurred. The emergence period is estimated by management for the identified portfolio. The factors that may influence this estimation include economic and market conditions, customer behaviour, portfolio management information, credit management techniques and collection and recovery experiences in the market. A fixed range for the period between a loss occurring and its identification is not defined across the Group and as it is assessed empirically on a periodic basis. It may vary over time as these factors change. Given that the credit policy guide requires all customers to be reviewed at least annually, we expect this estimated period would be at most 12 months in duration.

(iii) Risk Limit Control and Mitigation Policies

The Bank applies limits to control credit risk concentration and diversification of its risk assets portfolio. Limits are maintained for individual borrowers and groups of related borrowers, business lines, sectors, rating grade, collateral type and geographical area.

The obligor limit set by the regulators is currently at 20% of the Bank's shareholders' funds. This is adopted by the Bank and it covers exposures to counterparties and related parties.

In addition to the regulatory limit, other parameters are applied internally to determine the suitable limits that an individual borrower should have. These include: obligor rating, position in the industry and perceived requirements of key players (e.g. import finance limit may be determined by the customer's import cycle and volume during each cycle), financial analysis, etc.

Economic sector limits are imposed to guide against concentration risk as a result of exposures to set of counterparties operating in a particular industry. The industry limits are arrived at after rigorous analysis of the risks inherent in the industries/economic sectors.

These limits are usually recommended by Credit Risk Management Group and approved by the Board. The limits set for each industry or economic sector depend on the historical performance of the sector as well as the intelligence report on the outlook of the sector.

During a review period, limits can be realigned (by way of outright removal, reduction or increase) to meet the exigencies of the prevailing macroeconomic events.

Approval decisions are guided by strategic focus as well as the stated risk appetite and other limits established by the Board of Directors or Regulatory authorities such as Aggregate Large Exposure Limits, Single Obligor Limits, Geographical Limits, Industry/ Economic sector limits etc. Internal credit approval limits are set for various levels of officers in the credit approval process to enhance turnaround time.

The lending authority in the Group flows through the management hierarchy with the final authority residing with the Board of Directors as indicated below:

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

The above limits are subject to the following overriding approvals:

- The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.
- All new facilities, up till the Deputy Managing Director approval limit, require one-up approval i.e. approval at a level higher than that of the person that would ordinarily approve it.

Master Netting Arrangements

Master netting arrangements are entered into to manage exposure to credit losses, where applicable, with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Off-balance sheet engagements

These instruments are contingent in nature and carry the same credit risk as loans and advances. As a policy, all off-balance sheet exposures are subjected to the same rigorous credit analysis, like that of the on-balance sheet exposures, before availment. The major off-balance sheet items in the books are Bonds and Guarantees, which will only be issued where it has full cash collateral or a counter guarantee from a first class bank, or any other acceptable security.

Contingencies

Contingent assets/liabilities which include transaction related bonds and guarantees, letters of credit and short term foreign currency related transactions, are not recognized in the annual financial statements but are disclosed.

Placements

The Group has placement lines for its counterparties. The lines cover the settlement risks inherent in the activities with these counterparties. The approved limits are arrived at after conducting fundamental analysis of the counterparties, presentation of findings to, and approval by the Management Credit Committee. The lines are monitored by the Enterprise-wide Risk Management Division. As a rule, placements with local banks are backed by treasury bills.

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 31 December 2017 and 31 December 2016.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Dec-2017**	**Dec-2016**	**Dec-2017**	**Dec-2016**
Cash and cash equivalents:				
- Unrestricted balances with central banks	83,203,161	53,411,505	54,379,661	18,683,027
- Balances held with other banks	224,804,904	221,157,341	113,342,767	58,380,363
- Money market placements	266,662,035	135,916,085	245,450,392	119,989,594
Loans and advances to banks	750,361	653,718	43,480	29,943
Loans and advances to customers[1]:				
- Loans to individuals	162,458,313	154,707,793	102,698,430	111,486,978
- Loans to non-individuals	1,286,075,117	1,434,722,041	1,163,273,258	1,305,730,974
Financial assets held for trading:				
- Debt securities	23,945,661	12,053,919	16,652,356	6,321,370
- Derivative financial instruments	2,839,078	1,042,470	2,839,078	1,042,470
Investment securities:				
- Debt securities	610,938,635	524,295,537	452,085,230	409,556,558
Assets pledged as collateral:				
- Debt securities	58,976,175	48,216,412	58,961,722	48,205,702
Restricted deposits and other assets[2]	414,595,806	346,089,760	413,210,464	344,442,776
Total	**3,135,249,246**	**2,932,266,581**	**2,622,936,838**	**2,423,869,755**
Loans exposure to total exposure	46%	54%	48%	58%
Debt securities exposure to total exposure	22%	20%	20%	19%
Other exposures to total exposure	32%	26%	32%	23%

As shown above, 46% (Parent: 48%) of the total maximum exposures is derived from loans and advances to banks and customers (2016: 54% ; Parent: 58%); while 22% (Parent: 20%) represents exposure to investments in debt securities (2016: 20% ; Parent: 19%). The Directors are confident in their ability to continue to control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

[1] Further classification of Loans to Customers along product lines are provided on the next page.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit risk exposure relating to Off-Balance Sheet

In thousands of Nigerian naira	Maximum exposure Group		Maximum exposure Parent	
	Dec-2017	**Dec-2016**	**Dec-2017**	**Dec-2016**
Financial guarantees	433,620,435	503,027,562	414,229,702	468,303,919
Other contingents	60,752,732	80,470,256	22,369,921	43,091,160
Total	**494,373,167**	**583,497,818**	**436,599,623**	**511,395,079**

Contingencies are disclosed on Note 44

Classification of Maximum Exposure on Loans to Customers by Product

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

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

	Group		**Parent**	
	Dec-2017	**Dec-2016**	**Dec-2017**	**Dec-2016**
Loans to individuals:				
Overdraft	11,154,553	6,618,019	5,317,073	5,200,811
Loans	151,303,760	148,087,976	97,381,357	106,286,167
Others	-	1,798	-	-
	162,458,313	154,707,793	102,698,430	111,486,978
Loans to non-individuals:				
Overdraft	204,087,272	195,317,100	124,345,944	123,471,769
Loans	1,034,882,877	1,196,295,648	1,003,730,440	1,147,467,056
Others	47,104,968	43,109,293	35,196,874	34,792,149
	1,286,075,117	1,434,722,041	1,163,273,258	1,305,730,974

Credit quality of Financial Assets

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

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

<u>Unrestricted balances with central banks</u>

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2017**	**Dec-2016**	**Dec-2017**	**Dec-2016**
Sovereign Ratings				
B-	8,677,770	11,582,487	-	-
B+	5,425,327	7,233,231	-	-
Nigeria (B) S&P	59,016,104	18,683,027	54,379,661	18,683,027
unrated	10,083,960	15,912,760	-	-
	83,203,161	**53,411,505**	**54,379,661**	**18,683,027**

Restricted and Unrestricted balances with Central Bank of Nigeria are assigned Sovereign rating of B as assessed by S&P

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

<u>Balances held with other banks</u>

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2017**	**Dec-2016**	**Dec-2017**	**Dec-2016**
Counterparties with external credit rating (S&P)				
A	1,829,878	-	1,829,878	-
A-1	18,038,038	23,344,619	-	13,896,406
A-1+	3,409,966	26,563,394	-	26,563,394
A-2	178,488	6,282,280	-	6,282,280
A-3	27,731,180	443,868	-	443,868
A-	7,195,411	-	7,195,411	-
A+	85,132,174	-	85,132,174	-
AA-	2,812,538	-	2,812,538	-
BB+	2,313	-	2,313	-
Unrated	78,474,918	164,523,180	16,370,453	11,194,415
	224,804,904	**221,157,341**	**113,342,767**	**58,380,363**

Money Market placements

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Dec-2017**	**Dec-2016**	**Dec-2017**	**Dec-2016**
Counterparties with external credit rating (S&P)				
A-1+	13,995,885	13,776,050	49,349,047	13,776,050
A-1	159,209,971	77,454,775	131,058,929	72,378,877
A-2	317,781	312,745	331,663	312,745
A-3	-	14,060,882	-	14,060,882
B	53,657,909	-	49,746,348	-
C	-	7,506,148	-	7,506,148
	227,181,546	**113,110,600**	**230,485,987**	**108,034,702**
Sovereign Ratings				
B	9,161,348	7,503,689	7,505,548	7,503,689
	9,161,348	**7,503,689**	**7,505,548**	**7,503,689**
Counterparties without external credit rating				
Unrated	30,319,141	15,301,796	-	-
Foreign Subsidiaries	-	-	7,458,857	4,451,203
	30,319,141	**15,301,796**	**7,458,857**	**4,451,203**
	266,662,035	**135,916,085**	**245,450,392**	**119,989,594**

Financial Assets Held for trading

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

	Group		Parent	
In thousands of Nigerian naira	**Dec-2017**	**Dec-2016**	**Dec-2017**	**Dec-2016**
Soverign Ratings				
Nigeria (B) S&P	19,165,351	6,319,990	16,652,356	6,319,990
B- (S&P)	4,778,930	5,732,549	-	-
Unrated	1,380	1,380	-	1,380
	23,945,661	**12,053,919**	**16,652,356**	**6,321,370**

Investment Securities

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

In thousands of Nigerian naira		Credit quality Group Dec-2017	Credit quality Group Dec-2016	Credit quality Parent Dec-2017	Credit quality Parent Dec-2016
Counterparties with external credit rating (S&P):					
	AA	19,009,949	17,330,138	-	-
	BB-	-	4,081,574	-	4,081,574
	B+	30,385,637	32,176,235	-	-
	B-	41,293,740	30,338,621	-	-
	B	485,478,696	400,255,721	450,077,976	400,255,721
	unrated	32,518,694	30,636,421	-	-
Counterparties with external credit rating (Fitch):					
	B+	-	4,257,564	-	-
Counterparties with external credit rating (Agusto):					
	A-	-	3,211,148	-	3,211,148
	Aa-	2,251,919	-	2,007,254	-
Counterparties without external credit rating :					
	Sub-National Bonds	-	2,008,115	-	2,008,115
		610,938,635	**524,295,537**	**452,085,230**	**409,556,558**

Of the Parent's Investment Securities of N452,085,230,000 (Dec 2016: N409,556,558,000) the sum of N443,450,994,000 (2016: N400,255,721,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of B (S&P).

Assets pledged as collateral

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

In thousands of Nigerian naira		Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Soverign Ratings					
	Nigeria (B) S&P	58,961,722	48,205,702	58,961,722	48,205,702
	B	14,453	10,710	-	-
		58,976,175	**48,216,412**	**58,961,722**	**48,205,702**

Restricted deposits and other assets

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

In thousands of Nigerian naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Soverign Ratings				
Nigeria (B) S&P	379,833,531	327,100,025	379,833,531	327,100,025
Counterparties with external credit rating (S&P)				
A-1	7,127,658	16,180,544	5,768,420	3,346,689
A-1+	-	857,957	-	857,957
A-2	849,069	9,138	147,787	9,138
B+	5,063,719	-	-	-
Unrated	17,619,438	1,942,096	23,358,335	13,128,967
Counterparties with external credit rating (Moodys)				
P-3	177,982	-	177,982	-
F1+	268,902	-	268,902	-
F1	3,655,507	-	3,655,507	-
	414,595,806	**346,089,760**	**413,210,464**	**344,442,776**

Rating Legend:

External credit rating (S&P)

AA-:Very Strong Capacity to Repay
A+: Strong Capacity to Repay
A: Strong Capacity to Repay
A-: Strong Capacity to Repay
A-1+ : Prime Rating
A-1 : Upper Medium Credit Rating
A-2 : Upper Medium Credit Rating
A-3 : Lower Medium Credit Rating
BB+:Moderate Capacity to Repay

External credit rating (S&P)

BB: Speculative credit rating
B+: Highly Speculative Credit Rating
B: Highly Speculative Credit Rating
B-: Highly Speculative Credit Rating
C: Speculative Credit Rating

External credit rating (Moody's)

P-3: Moderate Capacity to Repay
F1+:Strong capacity to meet its bligation
F1:Strong capacity to meet its bligation

External credit rating (Agusto):

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

External credit rating (Fitch)

B: Speculative credit rating
B+: Speculative credit rating

Credit Concentration

IFRS 7 requires disclosures on credit risk concentration. Concentration of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. This information has been provided along geographical areas and economic sectors.

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Group's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Credit risk exposure relating to On-Balance Sheet

Group

Dec-2017

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	54,379,661	28,823,500	-	83,203,161
- Balances held with other banks	147,329	18,793,420	205,864,155	224,804,904
- Money market placements	7,505,548	28,670,499	230,485,988	266,662,035
Loans and advances to banks	43,480	-	706,881	750,361
Loans and advances to customers [1] :				
- Loans to individuals	102,698,494	21,771,267	37,988,552	162,458,313
- Loans to non-individuals	1,161,844,696	124,230,421	-	1,286,075,117
Financial assets held for trading				
- Debt securities	16,652,356	7,293,305	-	23,945,661
- Derivative financial instruments	2,839,078	-	-	2,839,078
Investment securities:				
- Debt securities	445,458,247	129,709,466	35,770,922	610,938,635
Assets pledged as collateral:				
- Debt securities	58,961,722	14,453	-	58,976,175
Restricted deposits and other assets[2]	393,981,658	1,563,323	19,050,825	414,595,806
	2,244,512,269	**360,869,654**	**529,867,323**	**3,135,249,246**

Of the Group's Credit risk exposure outside Africa relating to On-balance sheet, 11% relates to exposures in United States of America, 87% relates to exposures in United Kingdom and 2% relates to exposures in other countries.

[1] Further classification of Loans & Advances to Customers along product lines is provided on the next page.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit risk exposure relating to Off-Balance Sheet

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

Group
Dec-2017

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	414,229,702	19,200,178	190,555	433,620,435
Other contingents	22,369,921	21,112,321	17,270,490	60,752,732
	436,599,623	**40,312,499**	**17,461,045**	**494,373,167**

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of Loans & advances across geographical region and product lines is shown below:

Group
Dec-2017

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,317,139	5,795,070	42,344	11,154,553
Loans	97,381,355	15,976,197	37,946,208	151,303,760
	102,698,494	**21,771,267**	**37,988,552**	**162,458,313**
Loans to non-individuals:				
Overdraft	122,917,384	81,169,888	-	204,087,272
Loans	1,003,730,440	31,152,437	-	1,034,882,877
Others[#]	35,196,872	11,908,096	-	47,104,968
	1,161,844,696	**124,230,421**	**-**	**1,286,075,117**

[#] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Group
Dec-2016

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	18,683,027	34,728,478	-	53,411,505
- Balances held with other banks	113,229	20,779,786	200,264,326	221,157,341
- Money market placements	15,009,836	20,377,695	100,528,554	135,916,085
Loans and advances to banks	29,943	494,109	129,666	653,718
Loans and advances to customers [1] :				
- Loans to individuals	111,487,043	15,368,699	27,852,051	154,707,793
- Loans to non-individuals	1,303,654,635	131,067,406	-	1,434,722,041
Financial assets held for trading				
- Debt securities	6,321,370	5,732,549	-	12,053,919
- Derivative financial instruments	1,042,470	-	-	1,042,470
Hedging derivatives				
Investment securities:				
- Debt securities	400,363,926	97,408,841	26,522,770	524,295,537
Assets pledged as collateral:				
- Debt securities	48,205,702	10,710	-	48,216,412
Restricted deposits and other assets[2]	334,274,132	1,650,786	10,164,842	346,089,760
	2,239,185,313	**327,619,059**	**365,462,209**	**2,932,266,581**

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

[1] Further classification of Loans & Advances to Customers along product lines is provided on the next page.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit risk exposure relating to Off-Balance Sheet

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

Group
Dec-2016

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	468,303,919	17,044,885	17,678,758	503,027,562
Other contingents	43,091,160	28,146,505	9,232,591	80,470,256
	511,395,079	**45,191,390**	**26,911,349**	**583,497,818**

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of loans and advances across geographical regions and product lines is shown below

Group
Dec-2016

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	5,200,877	1,375,226	41,916	6,618,019
Loans	106,286,166	13,991,675	27,810,135	148,087,976
Others	-	1,798	-	1,798
	111,487,043	**15,368,699**	**27,852,051**	**154,707,793**
Loans to non-individuals:				
Overdraft	121,395,432	73,921,668	-	195,317,100
Loans	1,147,467,056	48,828,592	-	1,196,295,648
Others[1]	34,792,147	8,317,146	-	43,109,293
	1,303,654,635	**131,067,406**	**-**	**1,434,722,041**

[1] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Dec-2017

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	54,379,661	-	-	54,379,661
- Balances held with other banks	-	2,313	113,340,454	113,342,767
- Money market placements	7,505,548	-	237,944,844	245,450,392
Loans and advances to banks	43,480	-	-	43,480
Loans and advances to customers [1] :				
- Loans to individuals	102,698,430	-	-	102,698,430
- Loans to non-individuals	1,163,273,258	-	-	1,163,273,258
Financial assets held for trading:				
- Debt securities	16,652,356	-	-	16,652,356
- Derivative financial instruments	2,839,078	-	-	2,839,078
Hedging derivatives				
Investment securities:				
- Debt securities	445,458,247	-	6,626,983	452,085,230
Assets pledged as collateral:				
- Debt securities	58,961,722	-	-	58,961,722
Restricted deposits and other assets[2]	393,981,657	177,982	19,050,825	413,210,464
	2,245,793,437	**180,295**	**376,963,106**	**2,622,936,838**

Of the Parent's Credit risk exposure outside Africa relating to On-balance sheet, 23% relates to exposures in United States of America, 74% relates to exposures in United Kingdom and 3% relates to exposures in other countries.

[1] Further classification of Loans & Advances to Customers along product lines is provided on the next page.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit risk exposure relating to Off-Balance Sheet

Parent
Dec-2017

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	414,229,702	-	-	414,229,702
Other contingents	22,369,921	-	-	22,369,921
	436,599,623	**-**	**-**	**436,599,623**

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of loans and advances across geographical regions and product lines is shown below

Parent

Dec-2017

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,317,073	-	-	5,317,073
Loans	97,381,357	-	-	97,381,357
	102,698,430	**-**	**-**	**102,698,430**
Loans to non-individuals:				
Overdraft	124,345,944	-	-	124,345,944
Loans	1,003,730,440	-	-	1,003,730,440
Others[1]	35,196,874	-	-	35,196,874
	1,163,273,258	**-**	**-**	**1,163,273,258**

[1] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Dec-2016

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	18,683,027	-	-	18,683,027
- Balances held with other banks	-	2,168,475	56,211,888	58,380,363
- Money market placements	15,009,836	-	104,979,758	119,989,594
Loans and advances to banks	29,943	-	-	29,943
Loans and advances to customers [1] *:*				
- Loans to individuals	111,486,978	-	-	111,486,978
- Loans to non-individuals	1,305,730,974	-	-	1,305,730,974
Financial assets held for trading				
- Debt securities	6,321,370	-	-	6,321,370
- Derivative financial instruments	1,042,470	-	-	1,042,470
Investment securities:				
- Debt securities	400,363,926	-	9,192,632	409,556,558
Assets pledged as collateral:				
- Debt securities	48,205,702	-	-	48,205,702
Restricted deposits and other assets[2]	334,274,134	3,800	10,164,842	344,442,776
	2,241,148,360	**2,172,275**	**180,549,120**	**2,423,869,755**

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

[1] Further classification of Loans & Advances to Customers along product lines is provided on the next page.

[2] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit risk exposure relating to Off-Balance Sheet

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

Parent
Dec-2016

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	468,303,919	-	-	468,303,919
Other contingents	43,091,160	-	-	43,091,160
	511,395,079	**-**	**-**	**511,395,079**

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

The maximum credit exposure of loans and advances across geographical regions and product lines is shown below

Parent
Dec-2016

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	5,200,811	-	-	5,200,811
Loans	106,286,167	-	-	106,286,167
	111,486,978	**-**	**-**	**111,486,978**
Loans to non-individuals:				
Overdraft	123,471,769	-	-	123,471,769
Loans	1,147,467,056	-	-	1,147,467,056
Others[1]	34,792,149	-	-	34,792,149
	1,305,730,974	**-**	**-**	**1,305,730,974**

[1] Others include Usances and Usance Settlement.

(ii) Industry sectors

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

Credit Risk Exposure to on-balance sheet items

Group

Dec-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	83,203,161	-	-	-	-	-	83,203,161
- Balances held with other banks	-	224,804,904	-	-	-	-	-	-	-	-	-	224,804,904
- Money market placements	-	249,961,633	-	-	8,363,411	8,336,991	-	-	-	-	-	266,662,035
Loans and advances to banks	-	750,361	-	-	-	-	-	-	-	-	-	750,361
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	162,458,313	-	162,458,313
- Loans to non-individuals	27,712,920	43,322,999	109,007,277	8,305,543	60,242,354	52,905,237	244,568,505	533,027,479	89,358,891	-	117,623,912	1,286,075,117
Financial assets held for trading												
- Debt securities	-	-	-	-	-	23,945,661	-	-	-	-	-	23,945,661
- Derivative financial instruments	-	609,654	-	-	682	-	27,925	2,200,817	-	-	-	2,839,078
Investment securities:												
- Debt securities	-	6,626,983	-	-	227,777	604,083,875	-	-	-	-	-	610,938,635
Assets pledged as collateral:												
- Debt securities	-	-	-	-	14,453	58,961,722	-	-	-	-	-	58,976,175
Restricted deposits and other assets[4]	-	-	-	-	-	6,341,840	-	-	-	-	408,253,966	414,595,806
	27,712,920	**526,076,534**	**109,007,277**	**8,305,543**	**68,848,677**	**837,778,487**	**244,596,430**	**535,228,296**	**89,358,891**	**162,458,313**	**525,877,878**	**3,135,249,246**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

[3] Further classification of Loans to Customers along product lines are provided on the next page.

[4] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit Risk Exposure to off-balance sheet items

Group
Dec-2017
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,431,584	2,857,604	284,677,004	204,169	13,429,837	75,000	9,147,497	62,017,924	2,553,838	-	57,225,978	433,620,435
Other contingents	503,629	838,082	960,614	-	6,500,861	-	11,744,259	5,202,698	971,620	-	34,030,969	60,752,732
Total	**1,935,213**	**3,695,686**	**285,637,618**	**204,169**	**19,930,698**	**75,000**	**20,891,756**	**67,220,622**	**3,525,458**	**-**	**91,256,947**	**494,373,167**

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group
Dec-2017
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	11,154,553	-	11,154,553
Loans	-	-	-	-	-	-	-	-	-	151,303,760	-	151,303,760
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**162,458,313**	**-**	**162,458,313**
Loans to non-individuals:												
Overdraft	7,548,718	4,295,262	24,264,885	2,180,320	17,019,523	1,778,023	42,972,200	66,255,743	4,697,892	-	33,074,706	204,087,272
Loans	19,289,302	39,027,724	84,056,792	5,722,865	37,008,481	51,127,214	193,033,878	443,307,818	84,660,999	-	77,647,804	1,034,882,877
Others	874,900	13	685,600	402,358	6,214,350	-	8,562,427	23,463,918	-	-	6,901,402	47,104,968
	27,712,920	**43,322,999**	**109,007,277**	**8,305,543**	**60,242,354**	**52,905,237**	**244,568,505**	**533,027,479**	**89,358,891**	**-**	**117,623,912**	**1,286,075,117**

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

Credit Risk Exposure to on-balance sheet items

Group
Dec-2016
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	53,411,505	-	-	-	-	-	53,411,505
- Balances held with other banks	-	221,157,341	-	-	-	-	-	-	-	-	-	221,157,341
- Money market placements	-	118,621,773	-	-	10,730,794	6,563,518	-	-	-	-	-	135,916,085
Loans and advances to banks	-	159,610	-	-	494,108	-	-	-	-	-	-	653,718
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	154,707,793	-	154,707,793
- Loans to non-individuals	25,032,726	44,697,669	106,781,477	9,593,043	61,434,017	56,084,289	264,289,203	576,848,646	127,769,351	-	162,191,620	1,434,722,041
Financial assets held for trading												
- Debt securities	-	5,732,549	-	-	-	6,321,370	-	-	-	-	-	12,053,919
- Derivative financial instruments	-	649,458	6,065	-	9,278	-	56,569	319	320,781	-	-	1,042,470
Investment securities:												
- Debt securities	-	39,531,255	-	-	-	484,764,282	-	-	-	-	-	524,295,537
Assets pledged as collateral:												
- Debt securities	-	-	-	-	10,710	48,205,702	-	-	-	-	-	48,216,412
Restricted deposits and other assets[4]	-	-	-	-	-	-	-	-	-	-	346,089,760	346,089,760
	25,032,726	**430,549,655**	**106,787,542**	**9,593,043**	**72,678,907**	**655,350,666**	**264,345,772**	**576,848,965**	**128,090,132**	**154,707,793**	**508,281,380**	**2,932,266,581**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

[3] Further classification of Loans to Customers along product lines are provided on the next page.

[4] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit Risk Exposure to off-balance sheet items

Group
Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	61,428	1,804,479	303,403,846	200,000	8,953,057	243,853	8,792,540	98,532,887	3,422,986	-	77,612,486	503,027,562
Other contingents	1,019,823	1,204,692	90,375	-	10,923,747	-	43,016,060	5,698,883	48,110	-	18,468,566	80,470,256
Total	**1,081,251**	**3,009,171**	**303,494,221**	**200,000**	**19,876,804**	**243,853**	**51,808,600**	**104,231,770**	**3,471,096**	**-**	**96,081,052**	**583,497,818**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group
Dec-2016
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	6,618,019	-	6,618,019
Loans	-	-	-	-	-	-	-	-	-	148,087,976	-	148,087,976
Others	-	-	-	-	-	-	-	-	-	1,798	-	1,798
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**154,707,793**	**-**	**154,707,793**
Loans to non-individuals:												
Overdraft	8,239,184	4,166,854	26,902,394	2,621,523	27,864,023	383,118	44,409,773	30,123,160	4,923,134	-	45,683,937	195,317,100
Loans	14,215,495	40,530,815	78,852,160	6,968,582	32,090,022	55,701,171	216,440,500	516,764,460	122,789,432	-	111,943,011	1,196,295,648
Others	2,578,047	-	1,026,923	2,938	1,479,972	-	3,438,930	29,961,026	56,785	-	4,564,672	43,109,293
	25,032,726	**44,697,669**	**106,781,477**	**9,593,043**	**61,434,017**	**56,084,289**	**264,289,203**	**576,848,646**	**127,769,351**	**-**	**162,191,620**	**1,434,722,041**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

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

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	54,379,661	-	-	-	-	-	54,379,661
- Balances held with other banks	-	113,342,767	-	-	-	-	-	-	-	-	-	113,342,767
- Money market placements	-	245,450,392	-	-	-	-	-	-	-	-	-	245,450,392
Loans and advances to banks	-	43,480	-	-	-	-	-	-	-	-	-	43,480
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	102,698,430	-	102,698,430
- Loans to non-individuals	20,559,824	43,988,130	89,273,394	5,527,681	55,102,458	51,158,902	221,734,026	517,295,744	89,358,891	-	69,274,208	1,163,273,258
Financial assets held for trading												
- Debt securities	-	-	-	-	-	16,652,356	-	-	-	-	-	16,652,356
- Derivative financial instruments	-	609,654	-	-	682	-	27,925	2,200,817	-	-	-	2,839,078
Investment securities:												
- Debt securities	-	6,626,983	-	-	-	445,458,247	-	-	-	-	-	452,085,230
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	58,961,722	-	-	-	-	-	58,961,722
Restricted deposits and other assets[4]	-	-	-	-	-	6,341,840	-	-	-	-	406,868,624	413,210,464
	20,559,824	**410,061,406**	**89,273,394**	**5,527,681**	**55,103,140**	**632,952,728**	**221,761,951**	**519,496,561**	**89,358,891**	**102,698,430**	**476,142,832**	**2,622,936,838**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.
[2] Includes Telecoms, Logistics, Maritime and Haulage.
[3] Further classification of Loans to Customers along product lines are provided on the next page.
[4] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2017
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,420,000	2,857,604	280,566,466	200,000	11,848,295	75,000	8,995,208	60,599,154	2,553,838	-	45,114,137	414,229,702
Other contingents	-	-	275,878	-	5,466,130	-	9,888,076	3,587,927	971,620	-	2,180,290	22,369,921
Total	**1,420,000**	**2,857,604**	**280,842,344**	**200,000**	**17,314,425**	**75,000**	**18,883,284**	**64,187,081**	**3,525,458**	**-**	**47,294,427**	**436,599,623**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent

Dec-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,317,073	-	5,317,073
Loans	-	-	-	-	-	-	-	-	-	97,381,357	-	97,381,357
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**102,698,430**	**-**	**102,698,430**
Loans to non-individuals:												
Overdraft	1,064,992	4,985,388	12,384,901	363,953	12,413,669	31,688	32,101,685	52,184,029	4,697,892	-	4,117,747	124,345,944
Loans	19,055,333	39,002,742	76,842,507	5,163,728	36,932,004	51,127,214	182,536,677	443,272,533	84,660,999	-	65,136,703	1,003,730,440
Others	439,499	-	45,986	-	5,756,785	-	7,095,664	21,839,182	-	-	19,758	35,196,874
	20,559,824	**43,988,130**	**89,273,394**	**5,527,681**	**55,102,458**	**51,158,902**	**221,734,026**	**517,295,744**	**89,358,891**	**-**	**69,274,208**	**1,163,273,258**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	18,683,027	-	-	-	-	-	18,683,027
- Balances held with other banks	-	58,380,363	-	-	-	-	-	-	-	-	-	58,380,363
- Money market placements	-	119,989,594	-	-	-	-	-	-	-	-	-	119,989,594
Loans and advances to banks	-	29,943	-	-	-	-	-	-	-	-	-	29,943
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	111,486,978	-	111,486,978
- Loans to non-individuals	16,132,294	44,897,760	92,046,114	7,180,311	49,451,356	55,831,434	247,766,100	558,236,236	127,769,350	-	106,420,019	1,305,730,974
Financial assets held for trading												
- Debt securities	-	-	-	-	-	6,321,370	-	-	-	-	-	6,321,370
- Derivative financial instruments	-	649,458	6,065	-	9,278	-	56,569	319	320,781	-	-	1,042,470
Investment securities:												
- Debt securities	-	9,192,632	-	-	-	400,363,926	-	-	-	-	-	409,556,558
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	48,205,702	-	-	-	-	-	48,205,702
Restricted deposits and other assets[4]	-	-	-	-	-	327,100,025	-	-	-	-	17,342,751	344,442,776
	16,132,294	**233,139,750**	**92,052,179**	**7,180,311**	**49,460,634**	**856,505,484**	**247,822,669**	**558,236,555**	**128,090,131**	**111,486,978**	**123,762,770**	**2,423,869,755**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

[3] Further classification of Loans to Customers along product lines are provided on the next page.

[4] Balances included in Restricted deposits and other assets above are those subject to credit risks. Items not subject to credit risk, which include Recognised assets for defined benefit obligations have been excluded.

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2016
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	-	1,804,479	299,684,364	200,000	9,548,739	170,115	8,789,201	95,618,759	3,422,986	-	49,065,276	468,303,919
Other contingents	380,712	-	-	-	5,040,314	-	36,905,010	-	48,110	-	717,014	43,091,160
Total	**380,712**	**1,804,479**	**299,684,364**	**200,000**	**14,589,053**	**170,115**	**45,694,211**	**95,618,759**	**3,471,096**	**-**	**49,782,290**	**511,395,079**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent
Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans and advances to customers:												
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,200,811	-	5,200,811
Loans	-	-	-	-	-	-	-	-	-	106,286,167	-	106,286,167
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**111,486,978**	**-**	**111,486,978**
Loans to non-individuals:												
Overdraft	1,247,559	6,243,194	17,039,825	711,136	17,113,086	130,263	39,735,099	26,422,263	4,923,134	-	9,906,210	123,471,769
Loans	12,926,244	38,654,566	74,974,315	6,469,175	31,306,426	55,701,171	206,251,894	501,880,368	122,789,431	-	96,513,466	1,147,467,056
Others	1,958,491	-	31,974	-	1,031,844	-	1,779,107	29,933,605	56,785	-	343	34,792,149
	16,132,294	**44,897,760**	**92,046,114**	**7,180,311**	**49,451,356**	**55,831,434**	**247,766,100**	**558,236,236**	**127,769,350**	**-**	**106,420,019**	**1,305,730,974**

[1] Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

[2] Includes Telecoms, Logistics, Maritime and Haulage.

(vii) Impairment and provisioning policies

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

(1) Loan Categorization

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

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

- **Past due but not impaired:**

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

- **Individually impaired:**

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

- **Collectively impaired:**

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

[1] Ratings 1	Exceptional capacity
Ratings 2	Very strong capacity
Ratings 3-5	Strong repayment capacity
Ratings 6	Acceptable Risk
Ratings 1-7	Collectively impaired
Ratings 8-10	Individually impaired

This classification is in line with disclosures in note 4 on page 102-104

(2) Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Specific Impairment – This is derived by identifying exposure at default and recoverable cash-flows. The Cash-flows are then discounted to present value using the original effective interest rate on the exposures. The shortfall between the discounted cash-flows and the exposure at default is recognized as individual impairment.

Collective Impairment - This is arrived at using the incurred loss model under IAS 39 by incorporating emergence period (EP) into the expected loss model under Basel II.

Realizable collaterals are important component of cash flows.

(3) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

(4) Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Group Management Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Categorization of Loans and advances

The table below analyses the Group's Loans and advances based on the categorization by Performance of the Loans and the allowances taken on them.

Group

In thousands of Nigerian Naira

	Dec-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Neither past due nor impaired	151,857,920	992,401,184	737,683	1,144,996,787	147,590,217	1,207,493,825	652,994	1,355,737,036
Past due but not impaired	2,999	10,367,137	-	10,370,136	-	798,424	-	798,424
Individually impaired	1,970,023	114,227,644	-	116,197,667	1,968,140	58,429,529	-	60,397,669
Collectively Impaired	12,235,508	233,260,725	14,308	245,510,541	8,369,935	245,427,601	1,845	253,799,381
Gross Loans and Advances	**166,066,450**	**1,350,256,690**	**751,991**	**1,517,075,131**	**157,928,292**	**1,512,149,379**	**654,839**	**1,670,732,510**
Less allowances for impairment:								
Individually impaired	1,309,374	47,605,013	-	48,914,387	1,085,240	19,891,322	-	20,976,562
Portfolio allowance	2,298,763	16,576,560	1,630	18,876,953	2,135,259	57,536,016	1,121	59,672,396
Total allowance	**3,608,137**	**64,181,573**	**1,630**	**67,791,340**	**3,220,499**	**77,427,338**	**1,121**	**80,648,958**
Net Loans and Advances	**162,458,313**	**1,286,075,117**	**750,361**	**1,449,283,791**	**154,707,793**	**1,434,722,041**	**653,718**	**1,590,083,552**

The total impairment allowances for loans and advances is N67,791,340,000 (2016: N80,648,958,000) of which N48,914,387,000 (2016: N20,976,562,000) represents the impairment allowance on individually impaired loans and the remaining amount of N18,876,953,000 (2016: N59,672,396,000) represents the portfolio allowance.
Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes and 29.

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

Group

In thousands of Nigerian Naira

	Dec-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	144,028,918	834,381,575	706,672	979,117,165	142,509,830	1,054,282,459	623,775	1,197,416,064
Overdrafts	7,829,002	148,984,106	31,011	156,844,119	5,078,719	147,004,115	29,219	152,112,053
Others	-	9,035,503	-	9,035,503	1,668	6,207,251	-	6,208,919
Neither past due nor impaired	**151,857,920**	**992,401,184**	**737,683**	**1,144,996,787**	**147,590,217**	**1,207,493,825**	**652,994**	**1,355,737,036**
Loans	2,706	5,780,211	-	5,782,917	-	689,427	-	689,427
Overdrafts	293	4,581,976	-	4,582,269	-	106,492	-	106,492
Others	-	4,950	-	4,950	-	2,505	-	2,505
Past due but not impaired	**2,999**	**10,367,137**	**-**	**10,370,136**	**-**	**798,424**	**-**	**798,424**
Loans	1,828,654	97,118,340	-	98,946,994	1,737,685	47,279,632	-	49,017,317
Overdrafts	141,369	15,945,663	-	16,087,032	230,415	10,427,676	-	10,658,091
Others	-	1,163,641	-	1,163,641	40	722,221	-	722,261
Individually impaired	**1,970,023**	**114,227,644**	**-**	**116,197,667**	**1,968,140**	**58,429,529**	**-**	**60,397,669**
Loans	8,090,978	146,458,877	2,055	154,551,910	6,163,180	122,338,042	1,845	128,503,067
Overdrafts	4,144,530	48,939,294	12,253	53,096,077	2,206,624	46,084,478	-	48,291,102
Others	-	37,862,554	-	37,862,554	131	77,005,081	-	77,005,212
Collectively Impaired	**12,235,508**	**233,260,725**	**14,308**	**245,510,541**	**8,369,935**	**245,427,601**	**1,845**	**253,799,381**

The impairment allowance on loans of the Group is further analysed along the product lines as follows:

	Dec-2017				Dec-2016			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Specific allowance:								
Loans	1,219,772	39,243,656	-	40,463,428	1,048,642	16,387,454	-	17,436,096
Overdrafts	89,602	7,820,027	-	7,909,629	36,559	3,244,652	-	3,281,211
Others	-	541,330	-	541,330	39	259,216	-	259,255
	1,309,374	**47,605,013**	**-**	**48,914,387**	**1,085,240**	**19,891,322**	**-**	**20,976,562**
Portfolio allowance:								
Loans	1,427,724	9,612,470	1,109	11,041,303	1,274,077	11,906,458	1,108	13,181,643
Overdrafts	871,039	6,543,740	521	7,415,300	861,180	5,061,009	13	5,922,202
Others	-	420,350	-	420,350	2	40,568,549	-	40,568,551
	2,298,763	**16,576,560**	**1,630**	**18,876,953**	**2,135,259**	**57,536,016**	**1,121**	**59,672,396**
Total allowance	**3,608,137**	**64,181,573**	**1,630**	**67,791,340**	**3,220,499**	**77,427,338**	**1,121**	**80,648,958**

The table below analyses the Parent's Loans and advances based on the categorization by Performance of the Loans and the allowances taken on them.

Parent

In thousands of Nigerian Naira

	Dec-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Neither past due nor impaired	97,512,132	899,222,829	31,011	996,765,972	107,348,702	1,111,225,215	29,219	1,218,603,136
Past due but not impaired	-	10,316,092	-	10,316,092	-	759,575	-	759,575
Individually impaired	522,787	102,227,628	-	102,750,415	1,016,435	47,228,570	-	48,245,005
Collectively Impaired	7,284,110	209,164,817	14,099	216,463,026	5,202,731	218,336,488	1,845	223,541,064
Gross Loans and Advances	**105,319,029**	**1,220,931,366**	**45,110**	**1,326,295,505**	**113,567,868**	**1,377,549,848**	**31,064**	**1,491,148,780**
Less allowances for impairment:								
Individually impaired	392,090	42,022,563	-	42,414,653	2,500	15,871,130	-	15,873,630
Portfolio allowance	2,228,509	15,635,545	1,630	17,865,684	2,078,390	55,947,744	1,121	58,027,255
Total allowance	**2,620,599**	**57,658,108**	**1,630**	**60,280,337**	**2,080,890**	**71,818,874**	**1,121**	**73,900,885**
Net Loans and Advances	**102,698,430**	**1,163,273,258**	**43,480**	**1,266,015,168**	**111,486,978**	**1,305,730,974**	**29,943**	**1,417,247,895**

The total impairment allowances for loans and advances is N60,280,337,000 (2016: N73,900,885,000) of which N42,414,653,000 (2016: N15,873,630,000) represents the impairment allowance on individually impaired loans and the remaining amount of N17,865,684,000 (2016: N58,027,255,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Parent
In thousands of Nigerian Naira

	Dec-2017				Dec-2016			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Loans	94,991,749	810,744,043	-	905,735,792	103,589,506	1,017,840,706	-	1,121,430,212
Overdrafts	2,520,383	88,478,786	31,011	91,030,180	3,759,196	93,384,509	29,219	97,172,924
Others[1]	-	-	-	-	-	-	-	-
Neither past due nor impaired	**97,512,132**	**899,222,829**	**31,011**	**996,765,972**	**107,348,702**	**1,111,225,215**	**29,219**	**1,218,603,136**
Loans	-	5,767,262	-	5,767,262	-	674,721	-	674,721
Overdrafts	-	4,548,830	-	4,548,830	-	84,854	-	84,854
Others[1]	-	-	-	-	-	-	-	-
Past due but not impaired	**-**	**10,316,092**	**-**	**10,316,092**	**-**	**759,575**	**-**	**759,575**
Loans	522,787	94,074,170	-	94,596,957	817,226	43,039,594	-	43,856,820
Overdrafts	-	8,153,458	-	8,153,458	199,209	4,188,976	-	4,388,185
Others[1]	-	-	-	-	-	-	-	-
Individually impaired	**522,787**	**102,227,628**	**-**	**102,750,415**	**1,016,435**	**47,228,570**	**-**	**48,245,005**
Loans	3,623,244	140,346,215	1,846	143,971,305	3,099,960	112,082,906	1,845	115,184,711
Overdrafts	3,660,866	33,292,628	12,253	36,965,747	2,102,771	30,995,294	-	33,098,065
Others[1]	-	35,525,974	-	35,525,974	-	75,258,288	-	75,258,288
Collectively Impaired	**7,284,110**	**209,164,817**	**14,099**	**216,463,026**	**5,202,731**	**218,336,488**	**1,845**	**223,541,064**

[1] Others include Usances and Usance Settlement.

The impairment allowance on loans of the Parent is further analysed along the product lines as follows:

	Dec-2017				Dec-2016			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Specific allowance:								
Loans	392,090	37,827,497	-	38,219,587	1,450	14,865,641	-	14,867,091
Overdrafts	-	4,195,066	-	4,195,066	1,050	1,005,489	-	1,006,539
Others	-	-	-	-	-	-	-	-
	392,090	**42,022,563**	**-**	**42,414,653**	**2,500**	**15,871,130**	**-**	**15,873,630**
Portfolio allowance:								
Loans	1,364,333	9,373,753	1,109	10,739,195	1,219,075	11,305,230	1,108	12,525,413
Overdrafts	864,176	5,932,692	521	6,797,389	859,315	4,176,375	13	5,035,703
Others	-	329,100	-	329,100	-	40,466,139	-	40,466,139
	2,228,509	**15,635,545**	**1,630**	**17,865,684**	**2,078,390**	**55,947,744**	**1,121**	**58,027,255**
Total allowance	**2,620,599**	**57,658,108**	**1,630**	**60,280,337**	**2,080,890**	**71,818,874**	**1,121**	**73,900,885**

The sensitivity of carrying amount of loans and advances to changes in probability of default, loss given default, and emergence period are disclosed in note 4(i) under market risk above.

IFRS 7 requires that the group disclose information about the credit quality of financial assets that are neither past due nor impaired, an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired, and an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period. This information is provided in the tables below.

(i) Credit quality of Loans and advances Neither Past Due Nor Impaired.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

Group
Dec-2017
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	Overdraft	Loans	Others	Overdraft	Loans	Others	Overdraft	Loans	Total
Exceptional capacity	3,326,573	4,046,191	-	61,772,145	19,294,642	-	-	-	88,439,551
Very strong capacity	2,108,203	72,064,834	-	23,729,292	277,449,611	-	1,290	-	375,353,230
Strong repayment capacity	849,861	48,649,423	-	37,801,217	411,570,468	9,035,503	-	706,672	508,613,144
Acceptable risk	1,544,365	19,268,470	-	25,681,452	126,066,854	-	29,721	-	172,590,862
Total	**7,829,002**	**144,028,918**	**-**	**148,984,106**	**834,381,575**	**9,035,503**	**31,011**	**706,672**	**1,144,996,787**

Group
Dec-2016
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	Overdraft	Loans	Others	Overdraft	Loans	Others	Overdraft	Loans	Total
Exceptional capacity	571,886	6,012,114	-	55,611,710	21,437,423	-	-	-	83,633,133
Very strong capacity	1,527,432	77,910,390	-	12,530,036	320,105,929	-	1,678	-	412,075,465
Strong repayment capacity	1,158,834	26,089,523	1,668	47,462,974	547,873,531	6,207,251	-	623,775	629,417,556
Acceptable risk	1,820,567	32,497,803	-	31,399,395	164,865,576	-	27,541	-	230,610,882
Total	**5,078,719**	**142,509,830**	**1,668**	**147,004,115**	**1,054,282,459**	**6,207,251**	**29,219**	**623,775**	**1,355,737,036**

Parent
Dec-2017
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	24,178,377	3,741,279	-	-	-	27,919,656
Very strong capacity	1,592,699	71,342,424	-	13,487,246	277,018,243	-	1,290	-	363,441,902
Strong repayment capacity	666,280	16,624,007	-	33,509,011	404,108,822	-	-	-	454,908,120
Acceptable risk	261,404	7,025,318	-	17,304,152	125,875,699	-	29,721	-	150,496,294
Total	**2,520,383**	**94,991,749**	**-**	**88,478,786**	**810,744,043**	**-**	**31,011**	**-**	**996,765,972**

Parent
Dec-2016
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	17,943,838	1,055,838	-	-	-	18,999,676
Very strong capacity	1,505,389	77,286,145	-	8,909,161	319,223,050	-	1,678	-	406,925,423
Strong repayment capacity	523,198	11,863,538	-	36,888,982	539,444,716	-	-	-	588,720,434
Acceptable risk	1,730,609	14,439,823	-	29,642,528	158,117,102	-	27,541	-	203,957,603
Total	**3,759,196**	**103,589,506**	**-**	**93,384,509**	**1,017,840,706**	**-**	**29,219**	**-**	**1,218,603,136**

(ii) **Loans and advances past due but not impaired**

Clearing cheques, late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Group
Dec-2017
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	2,999	51,045	54,044
91 - 180 days	-	-	-
181 - 365 days	-	10,316,092	10,316,092
	2,999	**10,367,137**	**10,370,136**
FV of collateral	4,207	50,611,829	50,616,036
Amount of undercollateralisation	-	-	-

Maturity of past due but not impaired loans by type of loan is further analysed below:

Group
Dec-2017
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	2,706	28,485	31,191
91 - 180 days	-	-	-
181 - 365 days	-	5,751,726	5,751,726
	2,706	**5,780,211**	**5,782,917**
Overdrafts			
0 - 90 days	293	17,610	17,903
91 - 180 days	-	-	-
181 - 365 days	-	4,564,366	4,564,366
	293	**4,581,976**	**4,582,269**
Others			
0 - 90 days	-	4,950	4,950
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**4,950**	**4,950**

FV of collateral[1]	Loans to Individual	Loans to Non-individual	Total
Loans	2,972	26,718,598	26,721,570
Overdrafts	305	23,815,354	23,815,659
Others	930	77,877	78,807
	4,207	**50,611,829**	**50,616,036**
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	**-**	**-**

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

Group
Dec-2016
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	798,424	798,424
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**798,424**	**798,424**
FV of collateral	-	1,163,624	1,163,624
Amount of undercollateralisation	-	-	-

Group
Dec-2016
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	689,427	689,427
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**689,427**	**689,427**
Overdrafts			
0 - 90 days	-	106,492	106,492
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**106,492**	**106,492**
Others			
0 - 90 days	-	2,505	2,505
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**2,505**	**2,505**
FV of collateral[1]			
Loans	-	1,006,275	1,006,275
Overdrafts	-	153,077	153,077
Others	-	4,272	4,272
	-	**1,163,624**	**1,163,624**
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2017
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	10,316,092	10,316,092
	-	**10,316,092**	**10,316,092**
FV of collateral	-	49,407,838	49,407,838
Amount of undercollateralisation	**-**	**-**	**-**

Maturity of past due but not impaired loans by type of loan is further analysed below:

Parent
Dec-2017
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	5,767,262	5,767,262
	-	**5,767,262**	**5,767,262**
Overdrafts			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	4,548,830	4,548,830
	-	**4,548,830**	**4,548,830**
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
FV of collateral[1]			
Loans	-	26,158,542	26,158,542
Overdrafts	-	23,249,296	23,249,296
Others	-	-	-
	-	**49,407,838**	**49,407,838**
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2016
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	759,575	759,575
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**759,575**	**759,575**
FV of collateral	-	1,075,187	1,075,187
Amount of undercollateralisation	**-**	**-**	**-**

Maturity of past due but not impaired loans by type of loan is further analysed below:

Parent
Dec-2016
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	674,721	674,721
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**674,721**	**674,721**
Overdrafts			
0 - 90 days	-	84,854	84,854
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**84,854**	**84,854**
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
FV of collateral[1]			
Loans	-	959,733	959,733
Overdrafts	-	115,454	115,454
Others	-	-	-
	-	**1,075,187**	**1,075,187**
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

(iii) **Loans and advances individually impaired**

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

Group
Dec-2017
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	1,828,654	97,118,340	-	98,946,994
Overdraft	141,369	15,945,663	-	16,087,032
Others	-	1,163,641	-	1,163,641
	1,970,023	**114,227,644**	**-**	**116,197,667**
Impairment:				
Loans	1,219,772	39,243,656	-	40,463,428
Overdraft	89,602	7,820,027	-	7,909,629
Others	-	541,330	-	541,330
	1,309,374	**47,605,013**	**-**	**48,914,387**
Net Amount:				
Loans	608,882	57,874,684	-	58,483,566
Overdraft	51,767	8,125,636	-	8,177,403
Others	-	622,311	-	622,311
	660,649	**66,622,631**	**-**	**67,283,280**
FV of collateral[1]:				
Loans	11,249,190	232,627,132	-	243,876,322
Overdraft	869,649	29,253,051	-	30,122,700
Others	-	2,573,774	-	2,573,774
FV of collateral	**12,118,839**	**264,453,957**	**-**	**276,572,796**
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	**660,649**	**66,622,631**	**-**	**67,283,280**
Amount of undercollateralisation on net loans	-	-	-	-

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

Group
Dec-2016
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	1,737,685	47,279,632	-	49,017,317
Overdraft	230,415	10,427,676	-	10,658,091
Others	40	722,221	-	722,261
	1,968,140	**58,429,529**	**-**	**60,397,669**
Impairment:				
Loans	1,048,642	16,387,454	-	17,436,096
Overdraft	36,559	3,244,652	-	3,281,211
Others	39	259,216	-	259,255
	1,085,240	**19,891,322**	**-**	**20,976,562**
Net Amount:				
Loans	689,043	30,892,178	-	31,581,221
Overdraft	193,856	7,183,024	-	7,376,880
Others	1	463,005	-	463,006
	882,900	**38,538,207**	**-**	**39,421,107**
FV of collateral[1]:				
Loans	6,149,816	61,991,466	-	68,141,282
Overdraft	815,458	25,140,994	-	25,956,452
Others	142	1,292,099	-	1,292,241
FV of collateral	**6,965,416**	**88,424,559**	**-**	**95,389,975**
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	**882,900**	**38,538,207**	**-**	**39,421,107**
Amount of undercollateralisation on net loans	-	-	-	-

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

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

Parent
Dec-2017
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	522,787	94,074,170	-	94,596,957
Overdraft	-	8,153,458	-	8,153,458
Others	-	-	-	-
	522,787	**102,227,628**	**-**	**102,750,415**
Impairment:				
Loans	392,090	37,827,497	-	38,219,587
Overdraft	-	4,195,066	-	4,195,066
Others	-	-	-	-
	392,090	**42,022,563**	**-**	**42,414,653**
Net Amount:				
Loans	130,697	56,246,673	-	56,377,370
Overdraft	-	3,958,392	-	3,958,392
Others	-	-	-	-
	130,697	**60,205,065**	**-**	**60,335,762**
FV of collateral[1]:				
Loans	522,788	224,965,688	-	225,488,476
Overdraft	-	11,625,988	-	11,625,988
Others	-	-	-	-
FV of collateral	**522,788**	**236,591,676**	**-**	**237,114,464**
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	**130,697**	**60,205,065**	**-**	**60,335,762**
Amount of undercollateralisation on net loans	-	-	-	-

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

Parent
Dec-2016
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	817,226	43,039,594	-	43,856,820
Overdraft	199,209	4,188,976	-	4,388,185
Others	-	-	-	-
	1,016,435	**47,228,570**	**-**	**48,245,005**
Impairment:				
Loans	1,450	14,865,641	-	14,867,091
Overdraft	1,050	1,005,489	-	1,006,539
Others	-	-	-	-
	2,500	**15,871,130**	**-**	**15,873,630**
Net Amount:				
Loans	815,776	28,173,953	-	28,989,729
Overdraft	198,159	3,183,487	-	3,381,646
Others	-	-	-	-
	1,013,935	**31,357,440**	**-**	**32,371,375**
FV of collateral[1]:				
Loans	815,777	53,247,226	-	54,063,003
Overdraft	198,160	14,377,888	-	14,576,048
Others	-	-	-	-
FV of collateral	**1,013,937**	**67,625,114**	**-**	**68,639,051**
Amount of undercollateralisation:				
Loans	1,449	-	-	-
Overdraft	1,049	-	-	-
Others	-	-	-	-
	2,498	**-**	**-**	**-**
Net Loans	**1,013,935**	**31,357,440**	**-**	**32,371,375**
Amount of undercollateralisation on net loans	-	-	-	-

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

(iv) **Undercollaterisation of past due and impaired and collectively impaired loans is shown below:**

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Past due and impaired:				
Gross loans	116,197,667	60,397,669	102,750,415	48,245,005
Collateral	276,572,796	95,389,975	237,114,464	68,639,051
Undercollaterisation	-	-	-	-
Collectively impaired				
Gross loans	245,496,233	253,797,536	216,448,927	223,539,219
Collateral	554,685,676	509,493,167	407,963,242	441,798,806
Undercollaterisation	-	-	-	-

(v) Credit collateral

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

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

All collateral offered must have the following attributes:

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

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

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

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

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

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation.The Bank uses external agents to realize the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

Summary of collaterals pledged by customers against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

Group
Dec-2017

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	116,197,667	276,572,796	-	-
Against collectively impaired	245,496,233	554,685,676	14,308	45,092
Against past due but not impaired	10,370,136	50,616,036	-	-
Against neither past due nor impaired	1,144,259,104	11,040,391,465	737,683	47,790
Total	**1,516,323,140**	**11,922,265,973**	**751,991**	**92,882**

Group
Dec-2016

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	60,397,669	95,389,975	-	-
Against collectively impaired	253,797,536	509,493,167	1,845	1,841
Against past due but not impaired	798,424	1,163,624	-	-
Against neither past due nor impaired	1,355,084,042	11,241,623,600	652,994	85,678
Total	**1,670,077,671**	**11,847,670,366**	**654,839**	**87,519**

Parent
Dec-2017

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	102,750,415	237,114,464	-	-
Against collectively impaired	216,448,927	407,963,242	14,099	45,092
Against past due but not impaired	10,316,092	49,407,838	-	-
Against neither past due nor impaired	996,734,961	10,846,981,917	31,011	47,790
Total	**1,326,250,395**	**11,541,467,461**	**45,110**	**92,882**

Parent
Dec-2016

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against individually impaired	48,245,005	68,639,051	-	-
Against collectively impaired	223,539,219	441,798,806	1,845	1,841
Against past due but not impaired	759,575	1,075,187	-	-
Against neither past due nor impaired	1,218,573,917	11,157,163,096	29,219	85,678
Total	**1,491,117,716**	**11,668,676,140**	**31,064**	**87,519**

Group

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

	Loans and advances to customers		Loans and advances to banks	
In thousands of Nigerian Naira	**Dec-2017**	**Dec-2016**	**Dec-2017**	**Dec-2016**
Against individually impaired:				
Property	70,160,044	76,932,528	-	-
Equities	195,476,802	-	-	-
Cash	23,834	-	-	-
Guarantees	-	1,156,779	-	-
ATC*, stock hypothecation and ISPO*	528,287	-	-	-
Others #	10,383,829	17,300,668	-	-
Total	**276,572,796**	**95,389,975**	**-**	**-**
Against collectively impaired:				
Property	373,140,034	208,968,715	42,000	-
Equities	632,257	132,139	-	-
Treasury bills	4,109,375	13,316,963	-	-
Cash	21,021,894	8,786,621	-	-
Guarantees	12,653,253	66,317,977	-	-
Negative pledge	40,252,497	47,651,670	-	-
ATC*, stock hypothecation and ISPO*	1,463,533	2,081,773	-	-
Others #	101,412,833	162,237,309	3,092	1,841
Total	**554,685,676**	**509,493,167**	**45,092**	**1,841**
Against past due but not impaired:				
Property	49,407,838	1,163,624	-	-
Equities	1,208,198	-	-	-
Total	**50,616,036**	**1,163,624**	**-**	**-**
Against neither past due nor impaired:				
Property	3,887,520,460	1,694,540,240	46,500	84,000
Equities	31,412,909	26,154,665	-	-
Treasury bills	9,421,575	638,388	-	-
Cash	13,705,244	15,261,390	-	-
Guarantees	87,061,449	261,967,864	-	-
Negative pledge	38,072,099	133,371,048	-	-
ATC*, stock hypothecation and ISPO*	1,239,734	2,800,718	-	-
Others #	6,971,957,995	9,106,889,287	1,290	1,678
Total	**11,040,391,465**	**11,241,623,600**	**47,790**	**85,678**
Grand total	**11,922,265,973**	**11,847,670,366**	**92,882**	**87,519**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Parent

In thousands of Nigerian Naira	Loans and advances to customers Dec-2017	Loans and advances to customers Dec-2016	Loans and advances to banks Dec-2017	Loans and advances to banks Dec-2016
Against individually impaired:				
Property	31,019,176	50,189,049	-	-
Equities	195,476,802	-	-	-
Guarantees	-	1,156,779	-	-
ATC*, stock hypothecation and ISPO*	528,287	-	-	-
Others #	10,090,199	17,293,223	-	-
Total	**237,114,464**	**68,639,051**	**-**	**-**
Against collectively impaired:				
Property	227,736,352	144,640,228	42,000	-
Equities	632,257	132,139	-	-
Treasury bills	4,109,375	13,316,963	-	-
Cash	19,769,016	6,462,044	-	-
Guarantees	12,634,159	66,317,977	-	-
Negative pledge	40,252,497	47,651,670	-	-
ATC*, stock hypothecation and ISPO*	1,416,753	2,081,773	-	-
Others #	101,412,833	161,196,012	3,092	1,841
Total	**407,963,242**	**441,798,806**	**45,092**	**1,841**
Against past due but not impaired:				
Property	49,407,838	1,075,187	-	-
Total	**49,407,838**	**1,075,187**	**-**	**-**
Against neither past due nor impaired:				
Property	3,711,490,734	1,632,042,871	46,500	84,000
Equities	31,412,909	26,154,665	-	-
Treasury bills	9,139,437	638,388	-	-
Cash	12,132,100	12,059,660	-	-
Guarantees	72,671,245	253,398,866	-	-
Negative pledge	36,937,763	132,555,104	-	-
ATC*, stock hypothecation and ISPO*	1,239,734	2,800,718	-	-
Others #	6,971,957,995	9,097,512,824	1,290	1,678
Total	**10,846,981,917**	**11,157,163,096**	**47,790**	**85,678**
Grand total	**11,541,467,461**	**11,668,676,140**	**92,882**	**87,519**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group

Dec-2017

	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	**Term Loans**	**Overdrafts**	**Others**	**Total**	**Term Loans**	**Overdrafts**	**Others**	**Total**
Against individually impaired:								
Property	47,295,915	20,311,063	2,553,066	70,160,044	-	-	-	-
Equities	191,817,991	3,658,811	-	195,476,802	-	-	-	-
Cash	11,106	11,173	1,555	23,834	-	-	-	-
ATC*, stock hypothecation and ISPO*	278,093	250,194	-	528,287	-	-	-	-
Others #	4,473,217	5,891,459	19,153	10,383,829	-	-	-	-
Total	**243,876,322**	**30,122,700**	**2,573,774**	**276,572,796**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	230,533,838	116,206,584	26,399,612	373,140,034	-	-	42,000	42,000
Equities	534,508	97,749	-	632,257	-	-	-	-
Treasury bills	87,235	-	4,022,140	4,109,375	-	-	-	-
Cash	689,221	3,650,680	16,681,993	21,021,894	-	-	-	-
Guarantees	10,913,750	33,858	1,705,645	12,653,253	-	-	-	-
Negative pledge	30,304,709	6,817,693	3,130,095	40,252,497	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,165,587	294,895	3,051	1,463,533	-	-	-	-
Others #	20,179,659	7,132,926	74,100,248	101,412,833	-	1,841	1,251	3,092
Total	**294,408,507**	**134,234,385**	**126,042,784**	**554,685,676**	**-**	**1,841**	**43,251**	**45,092**
Against past due but not impaired:								
Property	26,158,542	23,249,296	-	49,407,838	-	-	-	-
Equities	563,028	566,362	78,808	1,208,198	-	-	-	-
Total	**26,721,570**	**23,815,658**	**78,808**	**50,616,036**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	3,608,192,950	267,845,511	11,481,999	3,887,520,460	-	-	46,500	46,500
Equities	27,354,502	4,058,407	-	31,412,909	-	-	-	-
Treasury bills	2,780,181	6,622,991	18,403	9,421,575	-	-	-	-
Cash	10,848,431	2,754,201	102,612	13,705,244	-	-	-	-
Guarantees	67,363,743	18,759,067	938,639	87,061,449	-	-	-	-
Negative pledge	12,911,057	25,087,052	73,990	38,072,099	-	-	-	-
ATC*, stock hypothecation and ISPO*	930,761	308,973	-	1,239,734	-	-	-	-
Others #	6,623,874,328	348,083,667	-	6,971,957,995	-	-	1,290	1,290
Total	**10,354,255,953**	**673,519,869**	**12,615,643**	**11,040,391,465**	**-**	**-**	**47,790**	**47,790**
Grand total	**10,919,262,352**	**861,692,612**	**141,311,009**	**11,922,265,973**	**-**	**1,841**	**91,041**	**92,882**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Group
Dec-2016

In thousands of Nigerian Naira	Loans and advances to customers Term Loans	Overdrafts	Others	Total	Loans and advances to banks Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	57,806,951	17,833,696	1,291,881	76,932,528	-	-	-	-
Guarantees	1,156,779	-	-	1,156,779	-	-	-	-
Others #	9,177,552	8,122,756	360	17,300,668	-	-	-	-
Total	**68,141,282**	**25,956,452**	**1,292,241**	**95,389,975**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	92,998,930	69,613,555	46,356,230	208,968,715	-	-	-	-
Equities	125,488	6,651	-	132,139	-	-	-	-
Treasury bills	50,000	-	13,266,963	13,316,963	-	-	-	-
Cash	1,541,168	1,606,443	5,639,010	8,786,621	-	-	-	-
Guarantees	56,045,752	9,412,797	859,428	66,317,977	-	-	-	-
Negative pledge	34,797,412	10,754,806	2,099,452	47,651,670	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,533,404	548,369	-	2,081,773	-	-	-	-
Others #	101,876,190	17,406,200	42,954,919	162,237,309	-	1,841	-	1,841
Total	**288,968,344**	**109,348,821**	**111,176,002**	**509,493,167**	**-**	**1,841**	**-**	**1,841**
Against past due but not impaired:								
Property	1,006,275	153,077	4,272	1,163,624	-	-	-	-
Total	**1,006,275**	**153,077**	**4,272**	**1,163,624**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	1,478,469,060	213,052,157	3,019,023	1,694,540,240	-	-	84,000	84,000
Equities	23,596,013	2,558,652	-	26,154,665	-	-	-	-
Treasury bills	124,331	514,057	-	638,388	-	-	-	-
Cash	11,525,584	3,581,142	154,664	15,261,390	-	-	-	-
Guarantees	114,488,893	147,065,034	413,937	261,967,864	-	-	-	-
Negative pledge	32,789,657	100,541,976	39,415	133,371,048	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,168,391	632,327	-	2,800,718	-	-	-	-
Others #	8,899,914,878	206,521,466	452,943	9,106,889,287	-	-	1,678	1,678
Total	**10,563,076,807**	**674,466,811**	**4,079,982**	**11,241,623,600**	**-**	**-**	**85,678**	**85,678**
Grand total	**10,921,192,708**	**809,925,161**	**116,552,497**	**11,847,670,366**	**-**	**1,841**	**85,678**	**87,519**

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

Parent
Dec-2017

In thousands of Nigerian Naira	Loans and advances to customers Term Loans	Overdrafts	Others	Total	Loans and advances to banks Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	29,056,008	1,963,168	-	31,019,176	-	-	-	-
Equities	191,817,991	3,658,811	-	195,476,802	-	-	-	-
ATC*, stock hypothecation and ISPO*	278,093	250,194	-	528,287	-	-	-	-
Others #	4,336,384	5,753,815	-	10,090,199	-	-	-	-
Total	**225,488,476**	**11,625,988**	**-**	**237,114,464**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	162,774,745	48,046,331	16,915,276	227,736,352	-	-	42,000	42,000
Equities	534,508	97,749	-	632,257	-	-	-	-
Treasury bills	87,235	-	4,022,140	4,109,375	-	-	-	-
Cash	105,371	3,063,374	16,600,271	19,769,016	-	-	-	-
Guarantees	10,904,852	24,907	1,704,400	12,634,159	-	-	-	-
Negative pledge	30,304,709	6,817,693	3,130,095	40,252,497	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,143,787	272,966	-	1,416,753	-	-	-	-
Others #	20,179,659	7,132,926	74,100,248	101,412,833	-	1,841	1,251	3,092
Total	**226,034,866**	**65,455,946**	**116,472,430**	**407,963,242**	**-**	**1,841**	**43,251**	**45,092**
Against past due but not impaired:								
Property	26,158,542	23,249,296	-	49,407,838	-	-	-	-
Total	**26,158,542**	**23,249,296**	**-**	**49,407,838**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	3,526,161,913	185,328,821	-	3,711,490,734	-	-	46,500	46,500
Equities	27,354,502	4,058,407	-	31,412,909	-	-	-	-
Treasury bills	2,648,703	6,490,734	-	9,139,437	-	-	-	-
Cash	10,115,335	2,016,765	-	12,132,100	-	-	-	-
Guarantees	60,657,811	12,013,434	-	72,671,245	-	-	-	-
Negative pledge	12,382,449	24,555,314	-	36,937,763	-	-	-	-
ATC*, stock hypothecation and ISPO*	930,761	308,973	-	1,239,734	-	-	-	-
Others #	6,623,874,328	348,083,667	-	6,971,957,995	-	-	1,290	1,290
Total	**10,264,125,802**	**582,856,115**	**-**	**10,846,981,917**	**-**	**-**	**47,790**	**47,790**
Grand total	**10,741,807,686**	**683,187,345**	**116,472,430**	**11,541,467,461**	**-**	**1,841**	**91,041**	**92,882**

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

Parent
Dec-2016

	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	**Term Loans**	**Overdrafts**	**Others**	**Total**	**Term Loans**	**Overdrafts**	**Others**	**Total**
Against individually impaired:								
Property	43,732,590	6,456,459	-	50,189,049	-	-	-	-
Guarantees	1,156,779	-	-	1,156,779	-	-	-	-
Others #	9,173,634	8,119,589	-	17,293,223	-	-	-	-
Total	**54,063,003**	**14,576,048**	**-**	**68,639,051**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	59,144,608	42,246,868	43,248,752	144,640,228	-	-	-	-
Equities	125,488	6,651	-	132,139	-	-	-	-
Treasury bills	50,000	-	13,266,963	13,316,963	-	-	-	-
Cash	317,807	617,519	5,526,718	6,462,044	-	-	-	-
Guarantees	56,045,752	9,412,797	859,428	66,317,977	-	-	-	-
Negative pledge	34,797,412	10,754,806	2,099,452	47,651,670	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,533,404	548,369	-	2,081,773	-	-	-	-
Others #	101,328,184	16,963,210	42,904,618	161,196,012	-	1,841	-	1,841
Total	**253,342,655**	**80,550,220**	**107,905,931**	**441,798,806**	**-**	**1,841**	**-**	**1,841**
Against past due but not impaired:								
Property	959,733	115,454	-	1,075,187	-	-	-	-
Total	**959,733**	**115,454**	**-**	**1,075,187**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	1,445,578,405	186,464,466	-	1,632,042,871	-	-	84,000	84,000
Equities	23,596,013	2,558,652	-	26,154,665	-	-	-	-
Treasury bills	124,331	514,057	-	638,388	-	-	-	-
Cash	9,840,601	2,219,059	-	12,059,660	-	-	-	-
Guarantees	109,979,263	143,419,603	-	253,398,866	-	-	-	-
Negative pledge	32,360,248	100,194,856	-	132,555,104	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,168,391	632,327	-	2,800,718	-	-	-	-
Others #	8,894,980,302	202,532,522	-	9,097,512,824	-	-	1,678	1,678
Total	**10,518,627,554**	**638,535,542**	**-**	**11,157,163,096**	**-**	**-**	**85,678**	**85,678**
Grand total	**10,826,992,945**	**733,777,264**	**107,905,931**	**11,668,676,140**	**-**	**1,841**	**85,678**	**87,519**

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

(b) Credit risk (continued)

Debt securities

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

Group
Dec-2017

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	6,940,582	46,528,115	-	53,468,697
State government bonds	-	7,026,793	-	7,026,793
Corporate bonds	-	6,982,980	-	6,982,980
Treasury bills	17,005,079	550,400,747	58,976,175	626,382,001
	23,945,661	**610,938,635**	**58,976,175**	**693,860,471**

The Group's investment in risk-free Government securities constitutes 98% of debt instruments portfolio (December 2016: 99%). Investment in corporate and State Government bonds accounts for the outstanding 2% (December 2016: 1%).

Group
Dec-2016

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	391,141	19,117,901	-	19,509,042
State government bonds	-	9,361,461	-	9,361,461
Corporate bonds	-	9,512,842	-	9,512,842
Treasury bills	11,662,778	486,303,333	48,216,412	546,182,523
	12,053,919	**524,295,537**	**48,216,412**	**584,565,868**

Parent
Dec-2017

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,124,124	10,356,140	-	14,480,264
State government bonds	-	2,007,253	-	2,007,253
Corporate bonds	-	6,626,983	-	6,626,983
Treasury bills	12,528,232	433,094,854	58,961,722	504,584,808
	16,652,356	**452,085,230**	**58,961,722**	**527,699,308**

The Bank's investment in risk-free Government securities constitutes 98% of debt instruments portfolio (December 2016: 99%). Investment in corporate and State Government bonds accounts for the outstanding 2% (December 2016: 1%).

Parent
Dec-2016

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	391,141	9,640,011	-	10,031,152
State government bonds	-	5,219,262	-	5,219,262
Corporate bonds	-	9,192,632	-	9,192,632
Treasury bills	5,930,229	385,504,653	48,205,702	439,640,584
	6,321,370	**409,556,558**	**48,205,702**	**464,083,630**

(g) Liquidity Risk

The Group continues to develop and improve its liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk across its network. Seeking at all times to balance safety, liquidity, profitability and regulatory requirements

A brief overview of the bank's liquidity management processes during the period includes the following:

1. Control of liquidity risk by the setting of dynamic limits on metrics such as liquidity ratio, reserve ratio, asset and liability gap measures, amongst others. Internal limits are typically more stringent than regulatory limits across all jurisdictions of the Group's operation.

2. The limits are monitored regularly with exceptions reported to the Management Risk Committee (MRC) and the Board.

3. Based on its judgement of financial market trends, the Group actively adjusts its business strategies to prevent and control liquidity risk.

4. Control of non-earning assets proportion to the overall financial position.

5. Performing regular liquidity stress tests.

6. Ensuring proper diversification of funding sources in order to control concentration risk.

7. Monitoring the level of undrawn commitments.

8. Maintaining a contingency funding plan.

9. Regular conduct of the Asset and Liability Management Committee (ALMAC) meetings.

The Group's Asset and Liability Management Committee (ALMAC) is charged with the following responsibilities.

1. Establishing policies and tolerance levels for liquidity, interest and valuation management.

2. Ensure the Bank operates within the guidelines and limits set.

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

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

(i) Funding approach

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

1. Consistently grow funding pool at the lowest possible cost.
2. Maintain an appropriate funding structure that enables the Group operate under a variety of adverse circumstance, including potential firm-specific and/or market liquidity events.
3. Maintain appropriate capital to support the Bank's risk level and strategic intent.

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

(ii) Exposure to Liquidity Risk

One of the key measure used by the Group for managing liquidity risk is the ratio of liquid assets to short term liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market. Short term liabilities include local currency deposits from banks and customers. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

	Dec-2017	Dec-2016
At end of period	47.56%	42.19%
Average for the period	47.22%	38.56%
Maximum for the period	50.79%	42.19%
Minimum for the period	41.86%	36.13%
Regulatory requirement	30.00%	30.00%

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of naira liquid assets to local currency deposits and it is expressed in percentages.

Financial risk management (continued)

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

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

Group
Dec-2017

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	641,973,784	649,258,905	610,835,270	22,907,998	3,928,189	7,454,268	4,133,180
Financial assets held for trading	24	23,945,661	30,041,981	3,496,388	6,123,573	6,423,948	2,088,948	11,909,124
Derivative financial assets	25	2,839,078	2,845,468	2,845,468	-	-	-	-
Investment securities:								
– Available for sale[2]	26	514,472,037	569,014,297	126,416,990	230,587,291	169,195,738	8,769,117	34,045,161
– Held to maturity	26	96,466,598	101,854,146	36,262,791	7,701,410	29,174,811	11,711,909	17,003,225
Assets pledged as collateral	27	58,976,175	62,808,453	8,044,000	22,500,000	32,264,453	-	-
Loans and advances to banks	28	750,361	750,151	750,151	-	-	-	-
Loans and advances to customers	29	1,448,533,430	2,045,361,880	383,817,010	201,440,846	229,680,455	1,002,952,402	227,471,167
Restricted deposits and other assets[3]	34	424,254,168	424,254,166	396,931,387	10,170,903	3,879,110	13,263,080	9,686
		3,212,211,292	**3,886,189,447**	**1,569,399,455**	**501,432,021**	**474,546,704**	**1,046,239,724**	**294,571,543**
Financial liabilities								
Deposits from banks	35	85,430,514	85,429,976	77,361,661	729,226	7,339,089	-	-
Deposits from customers	36	2,062,047,633	2,063,404,347	1,931,074,243	75,873,929	46,797,661	9,658,514	-
Financial liabilities held for trading	37	2,647,469	2,741,423	1,715,138	797,216	229,069	-	-
Derivative financial liabilities	25	2,606,586	2,612,617	2,612,617	-	-	-	-
Other liabilities[4]	39	218,031,898	218,034,216	38,543,415	163,227,914	6,791,814	9,471,073	-
Debt securities issued	38	92,131,923	97,212,031	-	2,751,284	94,460,747	-	-
Other borrowed funds	41	220,491,914	236,136,046	14,583,044	15,538,569	25,398,888	149,154,903	31,460,642
		2,683,387,937	**2,705,570,656**	**2,065,890,118**	**258,918,138**	**181,017,268**	**168,284,490**	**31,460,642**
Gap (asset - liabilities)				(496,490,663)	242,513,883	293,529,436	877,955,234	263,110,901
Cumulative liquidity gap				(496,490,663)	(253,976,780)	39,552,656	917,507,890	1,180,618,791

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under Gross Nominal consideration.

[3] Excludes Prepayments

[4] Excludes Deferred Income and Provision for Litigations

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2016

In thousands of Nigerian Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and cash equivalents	23	455,863,305	456,345,091	429,723,448	7,755,804	18,865,839	-	-
Financial assets held for trading	24	12,053,919	12,936,924	5,215,088	3,423,900	2,937,038	796,435	564,463
Derivative financial assets	25	1,042,470	1,074,105	1,074,105	-	-	-	-
Investment securities:								
– Available for sale[2]	26	444,139,712	540,643,280	105,859,400	116,833,779	265,752,469	13,555,014	38,642,618
– Held to maturity	26	80,155,825	78,975,572	53,792,346	6,873,202	1,275,277	12,630,081	4,404,666
Assets pledged as collateral	27	48,216,412	53,399,280	-	29,788,570	23,600,000	10,710	-
Loans and advances to banks	28	653,718	653,486	653,486	-	-	-	-
Loans and advances to customers	29	1,589,429,834	1,818,949,753	651,718,966	182,901,343	237,162,757	660,540,947	86,625,740
Restricted deposits and other assets[3]	34	353,596,062	354,509,167	342,403,474	2,240,706	2,321,797	7,543,190	-
		2,985,151,257	**3,317,486,658**	**1,590,440,313**	**349,817,304**	**551,915,177**	**695,076,377**	**130,237,487**
Financial liabilities								
Deposits from banks	35	125,067,848	125,067,332	122,827,864	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,980,709,606	1,898,367,175	41,611,164	34,720,016	6,011,251	-
Financial liabilities held for trading	37	2,065,402	3,614,473	391,069	245,891	973,756	-	2,003,757
Derivative financial liabilities	25	987,502	1,016,999	1,016,999	-	-	-	-
Other liabilities[4]	39	115,540,806	116,269,473	91,938,998	2,849,529	12,524,399	8,956,547	-
Debt securities issued	38	126,237,863	126,238,016	8	-	-	126,238,008	-
Other borrowed funds	41	219,633,604	251,687,471	10,718,490	22,381,881	24,693,895	149,699,286	44,193,919
		2,575,779,257	**2,604,603,370**	**2,125,260,603**	**67,390,040**	**74,849,959**	**290,905,092**	**46,197,676**
Gap (asset - liabilities)				(534,820,290)	282,427,264	477,065,218	404,171,285	84,039,811
Cumulative liquidity gap				(534,820,290)	(252,393,026)	224,672,192	628,843,477	712,883,288

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under Gross Nominal consideration.

[3] Excludes Prepayments

[4] Excludes Deferred Income and Provision for Litigations

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2017

In thousands of Nigerian Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and cash equivalents	23	455,296,196	456,078,361	426,673,247	21,950,846	-	7,454,268	-
Financial assets held for trading	24	16,652,356	22,748,676	3,450,885	5,191,354	4,657,300	-	9,449,137
Derivative financial assets	25	2,839,078	2,845,468	2,845,468	-	-	-	-
Investment securities:								
– Available for sale[2]	26	450,077,977	504,620,235	84,294,927	226,551,982	150,950,000	8,769,117	34,054,209
– Held to maturity	26	2,007,253	3,980,924	-	-	-	-	3,980,924
Assets pledged as collateral	27	58,961,722	62,794,000	8,044,000	22,500,000	32,250,000	-	-
Loans and advances to banks	28	43,480	43,479	43,479	-	-	-	-
Loans and advances to customers	29	1,265,971,688	1,862,384,983	347,396,046	159,039,767	197,369,232	942,910,932	215,669,006
Restricted deposits and other assets[3]	34	422,868,826	422,868,824	395,546,045	10,170,903	3,879,110	13,263,080	9,686
		2,674,718,576	**3,338,364,950**	**1,268,294,097**	**445,404,852**	**389,105,642**	**972,397,397**	**263,162,962**
Financial liabilities								
Deposits from banks	35	42,360	42,360	42,360	-	-	-	-
Deposits from customers	36	1,697,560,947	1,698,918,266	1,694,275,117	3,120,759	1,517,920	4,470	-
Financial liabilities held for trading	37	2,647,469	2,741,423	1,715,138	797,216	229,069	-	-
Derivative financial liabilities	25	2,606,586	2,612,617	2,612,617	-	-	-	-
Other liabilities[4]	39	197,035,772	197,038,073	30,163,263	162,877,238	3,997,572	-	-
Debt securities issued	38	92,131,923	97,212,031	-	2,751,284	94,460,747	-	-
Other borrowed funds	41	210,671,384	226,257,014	12,506,190	15,519,745	25,398,888	141,371,549	31,460,642
		2,202,696,441	**2,224,821,784**	**1,741,314,685**	**185,066,242**	**125,604,196**	**141,376,019**	**31,460,642**
Gap (asset - liabilities)				(473,020,588)	260,338,610	263,501,446	831,021,378	231,702,320
Cumulative liquidity gap				(473,020,588)	(212,681,978)	50,819,468	881,840,846	1,113,543,166

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under Gross Nominal consideration.

[3] Excludes Prepayments

[4] Excludes Deferred Income and Provision for Litigations

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2016

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	233,847,233	233,959,513	210,887,257	5,064,689	18,007,567	-	-
Financial assets held for trading	24	6,321,370	7,204,375	2,853,534	817,000	2,725,937	466,573	341,331
Derivative financial assets	25	1,042,470	1,074,105	1,074,105	-	-	-	-
Investment securities:								
– Available for sale[2]	26	404,337,296	479,957,397	80,147,798	99,106,000	251,438,751	13,555,014	35,709,834
– Held to maturity	26	5,219,262	7,935,492	-	-	-	3,630,000	4,305,492
Assets pledged as collateral	27	48,205,702	52,994,000	-	29,394,000	23,600,000	-	-
Loans and advances to banks	28	29,943	29,711	29,711	-	-	-	-
Loans and advances to customers	29	1,417,217,952	1,641,976,516	597,854,062	160,156,302	200,576,778	610,856,762	72,532,612
Restricted deposits and other assets[3]	34	351,949,078	352,862,183	340,756,490	2,240,706	2,321,797	7,543,190	-
		2,468,170,306	**2,777,993,292**	**1,233,602,957**	**296,778,697**	**498,670,830**	**636,051,539**	**112,889,269**
Financial liabilities								
Deposits from banks	35	40,438	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,682,707,505	1,678,682,175	3,606,055	415,115	4,160	-
Financial liabilities held for trading	37	2,065,402	3,614,473	391,069	245,891	973,756	-	2,003,757
Derivative financial liabilities	25	987,502	1,016,999	1,016,999	-	-	-	-
Other liabilities[4]	39	90,013,993	90,088,198	83,989,447	2,365,652	2,696,641	1,036,458	-
Other borrowed funds	41	332,317,881	367,437,911	5,906,688	18,851,266	24,693,895	273,792,143	44,193,919
		2,106,610,036	**2,144,905,524**	**1,770,026,816**	**25,068,864**	**28,779,407**	**274,832,761**	**46,197,676**
Gap (asset - liabilities)				(536,423,859)	271,709,833	469,891,423	361,218,778	66,691,593
Cumulative liquidity gap				(536,423,859)	(264,714,026)	205,177,397	566,396,175	633,087,768

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under Gross Nominal consideration.

[3] Excludes Prepayments

[4] Excludes Deferred Income and Provision for Litigations

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

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

Financial risk management (continued)

(i) Residual contractual maturities of financial assets and liabilities

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

Group

Dec-2017

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	641,973,784	609,174,896	21,908,872	3,928,189	6,961,827	-
Financial assets held for trading	24	23,945,661	3,406,651	5,857,062	6,008,889	2,088,948	6,584,111
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[2]	26	514,472,037	113,049,064	231,691,436	151,313,653	7,397,511	11,020,373
– Held to maturity	26	96,466,598	30,462,374	6,294,067	32,529,783	12,150,820	15,029,554
Assets pledged as collateral	27	58,976,175	7,932,612	21,302,083	29,741,480	-	-
Loans and advances to banks	28	750,361	750,361	-	-	-	-
Loans and advances to customers	29	1,448,533,430	344,103,883	166,239,139	168,924,196	712,327,803	56,938,409
Restricted deposits and other assets[3]	34	424,254,168	396,931,388	10,170,903	3,879,110	13,263,080	9,687
		3,212,211,292	**1,508,650,307**	**463,463,562**	**396,325,300**	**754,189,989**	**89,582,134**
Financial liabilities							
Deposits from banks	35	85,430,514	77,362,199	729,226	7,339,089	-	-
Deposits from customers	36	2,062,047,633	1,908,129,133	74,577,242	46,208,621	33,132,637	-
Financial liabilities held for trading	37	2,647,469	1,686,240	752,814	208,415	-	-
Derivative financial liabilities	25	2,606,586	2,606,586	-	-	-	-
Other liabilities[4]	39	218,031,898	38,541,097	163,227,914	6,791,814	9,471,073	-
Debt securities issued	38	92,131,923	-	595,757	91,536,166	-	-
Other borrowed funds	41	220,491,914	13,460,824	13,787,329	22,892,708	139,330,124	31,020,929
		2,683,387,937	**2,041,786,079**	**253,670,282**	**174,976,813**	**181,933,834**	**31,020,929**
Gap (asset - liabilities)			(533,135,772)	209,793,280	221,348,487	572,256,155	58,561,205
Cumulative liquidity gap			(533,135,772)	(323,342,492)	(101,994,005)	470,262,150	528,823,355

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under liquidity consideration.

[3] Excludes prepayments

[4] Excludes Deferred Income and Provision for Litigations

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

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

Residual contractual maturities of contingencies

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

Group
Dec-2017

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	433,620,435	23,854,303	21,014,933	33,813,741	51,140,980	303,796,478
Clean line facilities and letters of credit	44	51,861,890	36,097,670	7,535,095	7,452,231	775,968	926
Other commitments	44	8,890,842	2,851,972	-	6,038,870	-	-
		494,373,167	**62,803,945**	**28,550,028**	**47,304,842**	**51,916,948**	**303,797,404**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
Group
Dec-2016

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	455,863,305	432,548,424	5,392,912	17,921,969	-	-
Financial assets held for trading	24	12,053,919	5,177,779	3,374,715	2,558,670	637,605	305,150
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[2]	26	444,139,712	105,229,594	94,358,809	221,584,235	11,168,287	11,798,787
– Held to maturity	26	80,155,825	54,186,895	5,900,054	5,237,423	8,650,833	6,180,620
Assets pledged as collateral	27	48,216,412	-	26,922,755	21,282,947	10,710	-
Loans and advances to banks	28	653,718	653,718	-	-	-	-
Loans and advances to customers	29	1,589,429,834	625,567,344	176,261,021	193,656,248	526,515,980	67,429,241
Restricted deposits and other assets[3]	34	353,596,062	341,490,369	2,240,706	2,321,797	7,543,190	-
		2,985,151,257	**1,565,896,593**	**314,450,972**	**464,563,289**	**554,526,605**	**85,713,798**
Financial liabilities							
Deposits from banks	35	125,067,848	122,828,380	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,881,368,658	40,238,264	36,316,423	28,322,887	-
Financial liabilities held for trading	37	2,065,402	383,259	228,332	824,609	-	629,202
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[4]	39	115,540,806	90,676,925	2,841,106	12,503,222	9,519,553	-
Debt securities issued	38	126,237,863	-	-	-	126,237,863	-
Other borrowed funds	41	219,633,604	4,730,497	17,978,530	22,657,143	131,067,345	43,200,089
		2,575,779,257	**2,100,975,221**	**61,587,807**	**74,239,290**	**295,147,648**	**43,829,291**
Gap (asset - liabilities)			(535,078,628)	252,863,165	390,323,999	259,378,957	41,884,507
Cumulative liquidity gap			(535,078,628)	(282,215,463)	108,108,536	367,487,493	409,372,000

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under liquidity consideration.

[3] Excludes prepayments

[4] Excludes Deferred Income and Provision for Litigations

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

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

Residual contractual maturities of contingencies

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

Group
Dec-2016

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	503,027,562	45,056,512	30,937,756	48,969,031	38,573,087	339,491,176
Short term foreign currency related transactic	44	1,641,614	1,641,614	-	-	-	-
Clean line facilities and letters of credit	44	70,895,854	22,342,241	4,112,683	31,943,501	12,497,429	-
Other commitments	44	7,932,788	3,144,561	517,130	3,882,851	276,769	111,477
		583,497,818	**72,184,928**	**35,567,569**	**84,795,383**	**51,347,285**	**339,602,653**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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

Parent
Dec-2017

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	455,296,196	426,425,497	21,908,872	-	6,961,827	-
Financial assets held for trading	24	16,652,356	3,361,148	4,924,843	4,242,241	-	4,124,124
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[2]	26	450,077,977	83,512,121	214,113,932	135,468,801	6,626,983	10,356,140
– Held to maturity	26	2,007,253	-	-	-	-	2,007,253
Assets pledged as collateral	27	58,961,722	7,932,612	21,302,083	29,727,027	-	-
Loans and advances to banks	28	43,480	43,480	-	-	-	-
Loans and advances to customers	29	1,265,971,688	308,110,771	124,996,040	135,900,712	654,201,062	42,763,103
Restricted deposits and other assets[3]	34	422,868,826	395,546,046	10,170,903	3,879,110	13,263,080	9,687
		2,674,718,576	**1,227,770,753**	**397,416,673**	**309,217,891**	**681,052,952**	**59,260,307**
Financial liabilities							
Deposits from banks	35	42,360	42,360	-	-	-	-
Deposits from customers	36	1,697,560,947	1,693,051,098	3,052,562	1,453,204	4,083	-
Financial liabilities held for trading	37	2,647,469	1,686,240	752,814	208,415	-	-
Derivative financial liabilities	25	2,606,586	2,606,586	-	-	-	-
Other liabilities[4]	39	197,035,772	30,160,962	162,877,238	3,997,572	-	-
Debt securities issued	38	92,131,923	-	595,757	91,536,166	-	-
Other borrowed funds	41	210,671,384	11,383,969	13,787,329	22,892,708	131,586,449	31,020,929
		2,202,696,441	**1,738,931,215**	**181,065,700**	**120,088,065**	**131,590,532**	**31,020,929**
Gap (asset - liabilities)			(511,160,462)	216,350,973	189,129,826	549,462,420	28,239,378
Cumulative liquidity gap			(511,160,462)	(294,809,489)	(105,679,663)	443,782,757	472,022,135

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

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

Residual contractual maturities of contingencies

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

Parent
Dec-2017

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	414,229,702	21,066,730	18,279,279	23,559,895	47,531,525	303,792,273
Clean line facilities and letters of credit	44	22,369,921	16,826,101	5,543,820	-	-	-
		436,599,623	**37,892,831**	**23,823,099**	**23,559,895**	**47,531,525**	**303,792,273**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2016

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	233,847,233	210,862,662	5,062,602	17,921,969	-	-
Financial assets held for trading	24	6,321,370	2,816,225	767,815	2,347,569	307,743	82,018
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[2]	26	404,337,296	78,447,073	92,731,238	214,334,107	9,192,632	9,632,246
– Held to maturity	26	5,219,262	-	-	-	3,211,147	2,008,115
Assets pledged as collateral	27	48,205,702	-	26,922,755	21,282,947	-	-
Loans and advances to banks	28	29,943	29,943	-	-	-	-
Loans and advances to customers	29	1,417,217,952	546,230,745	156,427,412	158,642,280	502,955,141	52,962,374
Restricted deposits and other assets[3]	34	351,949,078	339,843,385	2,240,706	2,321,797	7,543,190	-
		2,468,170,306	**1,179,272,503**	**284,152,528**	**416,850,669**	**523,209,853**	**64,684,753**
Financial liabilities							
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,677,258,300	3,527,076	395,777	3,667	-
Financial liabilities held for trading	37	2,065,402	383,259	228,332	824,609	-	629,202
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[4]	39	90,013,993	83,970,576	2,357,229	2,675,465	1,010,723	-
Other borrowed funds	41	332,317,881	4,730,496	14,447,915	17,845,341	252,094,040	43,200,089
		2,106,610,036	**1,767,370,571**	**20,560,552**	**21,741,192**	**253,108,430**	**43,829,291**
Gap (asset - liabilities)			(588,098,068)	263,591,976	395,109,477	270,101,423	20,855,462
Cumulative liquidity gap			(588,098,068)	(324,506,092)	70,603,385	340,704,808	361,560,270

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under liquidity consideration.
[3] Excludes prepayments
[4] Excludes Deferred Income and Provision for Litigations
Management of this liquidity gap is as disclosed in Note 4(g)
Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

Residual contractual maturities of contingencies

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

Parent
Dec-2016

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	468,303,919	22,596,062	23,590,361	44,862,879	37,763,441	339,491,176
Clean line facilities and letters of credit	44	43,091,160	-	-	30,637,467	12,453,693	-
		511,395,079	**22,596,062**	**23,590,361**	**75,500,346**	**50,217,134**	**339,491,176**

[1] Includes balances with no specific contractual maturities

(ii) Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group
Dec-2017

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	641,973,784	609,174,896	21,908,872	3,928,189	6,961,827	-
Financial assets held for trading	24	23,945,661	3,406,651	5,857,062	6,008,889	2,088,948	6,584,111
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[1]	26	517,492,733	113,049,060	231,691,436	151,313,657	7,397,511	14,041,069
– Held to maturity	26	96,466,598	30,462,374	6,294,067	32,529,783	12,150,820	15,029,554
Assets pledged as collateral	27	58,976,175	7,932,612	21,302,083	29,741,480	-	-
Loans and advances to banks	28	750,361	750,361	-	-	-	-
Loans and advances to customers	29	1,448,533,430	1,070,986,791	168,440,049	52,361,798	110,530,605	46,214,187
Restricted deposits and other assets[2]	34	424,254,168	396,931,386	10,170,905	3,879,110	13,263,080	9,687
		3,215,231,988	**2,235,533,209**	**465,664,474**	**279,762,906**	**152,392,791**	**81,878,608**
Financial liabilities							
Deposits from banks	35	85,430,514	77,362,199	729,226	7,339,089	-	-
Deposits from customers	36	2,062,047,633	1,904,747,009	76,478,685	47,689,302	33,132,637	-
Financial liabilities held for trading	37	2,647,469	2,647,469	-	-	-	-
Derivative financial liabilities	25	2,606,586	2,606,586	-	-	-	-
Other liabilities[3]	39	218,031,898	40,263,058	163,227,914	5,069,853	9,471,073	-
Debt securities issued	38	92,131,923	-	595,757	91,536,166	-	-
Other borrowed funds	41	220,491,914	13,460,824	13,787,329	22,892,708	139,330,124	31,020,929
		2,683,387,937	**2,041,087,145**	**254,818,911**	**174,527,118**	**181,933,834**	**31,020,929**
		531,844,051	**194,446,064**	**210,845,563**	**105,235,788**	**(29,541,043)**	**50,857,679**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income and Provision for Litigations

Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group
Dec-2016

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	455,863,305	432,548,424	5,392,912	17,921,969	-	-
Financial assets held for trading	24	12,053,919	5,177,779	3,374,715	2,558,670	637,605	305,150
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[1]	26	448,056,733	95,777,214	95,790,469	228,647,826	9,192,632	18,648,592
– Held to maturity	26	80,155,825	54,186,895	5,900,054	5,237,423	8,650,833	6,180,620
Assets pledged as collateral	27	48,216,412	-	26,922,754	21,282,948	10,710	-
Loans and advances to banks	28	653,718	653,718	-	-	-	-
Loans and advances to customers	29	1,589,429,834	1,402,549,405	25,368,132	36,747,821	42,498,939	82,265,537
Restricted deposits and other assets[2]	34	353,596,062	341,490,368	2,240,707	2,321,797	7,543,190	-
		2,989,068,278	**2,333,426,273**	**164,989,743**	**314,718,454**	**68,533,909**	**107,399,899**
Financial liabilities							
Deposits from banks	35	125,067,848	122,828,380	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,878,575,881	41,808,374	37,539,090	28,322,887	-
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[3]	39	115,540,806	98,742,784	2,841,106	4,437,363	9,519,553	-
Debt securities issued	38	126,237,863	-	-	-	126,237,863	-
Other borrowed funds	41	219,633,604	4,730,497	17,978,530	22,657,143	131,067,345	43,200,089
		2,575,779,257	**2,107,930,446**	**62,929,585**	**66,571,489**	**295,147,648**	**43,200,089**
		413,289,021	**225,495,827**	**102,060,158**	**248,146,965**	**(226,613,739)**	**64,199,810**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income and Provision for Litigations

Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Parent
Dec-2017

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	455,296,196	426,425,497	21,908,872	-	6,961,827	-
Financial assets held for trading	24	16,652,356	3,361,148	4,924,843	4,242,241	-	4,124,124
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[1]	26	453,089,625	83,512,121	214,113,932	135,468,801	6,626,983	13,367,788
– Held to maturity	26	2,007,253	-	-	-	-	2,007,253
Assets pledged as collateral	27	58,961,722	7,932,612	21,302,083	29,727,027	-	-
Loans and advances to banks	28	43,480	43,480	-	-	-	-
Loans and advances to customers	29	1,265,971,688	1,034,993,678	125,294,918	14,914,675	58,729,536	32,038,881
Restricted deposits and other assets[2]	34	422,868,826	395,546,044	10,170,905	3,879,110	13,263,080	9,687
		2,677,730,224	**1,954,653,658**	**397,715,553**	**188,231,854**	**85,581,426**	**51,547,733**
Financial liabilities							
Deposits from banks	35	42,360	42,360	-	-	-	-
Deposits from customers	36	1,697,560,947	1,693,051,098	3,052,562	1,453,204	4,083	-
Financial liabilities held for trading	37	2,647,469	2,647,469	-	-	-	-
Derivative financial liabilities	25	2,606,586	2,606,586	-	-	-	-
Other liabilities[3]	39	197,035,772	30,160,962	162,877,238	3,997,572	-	-
Debt securities issued	38	92,131,923	-	595,757	91,536,166	-	-
Other borrowed funds	41	210,671,384	11,383,969	13,787,329	22,892,708	131,586,449	31,020,929
		2,202,696,441	**1,739,892,444**	**180,312,886**	**119,879,650**	**131,590,532**	**31,020,929**
		475,033,783	**214,761,214**	**217,402,667**	**68,352,204**	**(46,009,106)**	**20,526,804**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income and Provision for Litigations

Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Parent
Dec-2016

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	233,847,233	210,862,662	5,062,602	17,921,969	-	-
Financial assets held for trading	24	6,321,370	2,816,225	767,815	2,347,569	307,743	82,018
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:		-					
– Available for sale[1]	26	408,246,905	78,447,073	92,731,238	214,334,107	9,192,632	13,541,855
– Held to maturity	26	5,219,262	-	-	-	3,211,147	2,008,115
Assets pledged as collateral	27	48,205,702	-	26,922,754	21,282,948	-	-
Loans and advances to banks	28	29,943	29,943	-	-	-	-
Loans and advances to customers	29	1,417,217,952	1,323,545,484	-	2,029,226	23,844,572	67,798,670
Restricted deposits and other assets[2]	34	351,949,078	339,843,384	2,240,707	2,321,797	7,543,190	-
		2,472,079,915	**1,956,587,241**	**127,725,116**	**260,237,616**	**44,099,284**	**83,430,658**
Financial liabilities							
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,677,258,300	3,527,076	395,777	3,667	-
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[3]	39	90,013,993	83,970,576	2,357,229	2,675,465	1,010,723	-
Other borrowed funds	41	332,317,881	4,730,496	14,447,915	17,845,341	252,094,040	43,200,089
		2,106,610,036	**1,769,052,714**	**20,332,220**	**20,916,583**	**253,108,430**	**43,200,089**
		365,469,879	**187,534,527**	**107,392,896**	**239,321,033**	**(209,009,146)**	**40,230,569**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income and Provision for Litigations

(h) Settlement Risk

The Treasury Group activities with counterparties may give rise to settlement risk at the time of settlement of trade transactions. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations i.e. deliver cash, securities or other assets, as contractually agreed.

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

(i) Market Risk

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

(i) Management of Market Risk

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

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

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

(ii) Exposure to Market Risks – Trading Book

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

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

1. Treasury Bills
2. Bonds (Spot and Repo transactions)
3. Foreign Currencies (Spot and Forwards)
4. Money Market Instruments

(iii) Exposure to Interest Rate Risk – Banking Book

The principal risk to which non-trading portfolios are exposed to, is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally using interest rate gaps. The Asset & Liability Management (ALM) Group is responsible for managing and monitoring mismatches between the bank's assets and liabilities. The Asset & Liability Management Committee (ALMAC) is responsible for ensuring compliance with these limits while the limits are independently verified by Market & Liquidity Risk Management group.

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

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity.

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

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

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

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

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

At 31 Dec 2017, the group's interest rate risk arises principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group therefore analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for assets and liabilities that represent the major interest-earning and bearing positions. Major assumptions underlying the sensitivity are as follows:

- 100 basis point changes in floating interest rate on assets and liabilities held at amortized cost; and Assets and liabilities accounted at fair value through profit or loss (Dec 2017 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table on page 179.

  In arriving at the 100 basis point used for the sensitivity analysis of interest rate, the fluctuation in the interest rate of the Group's major assets and liabilities were considered as shown below:

- The prime lending rate on loans and advances which ranged between 16.91% and 17.88% over the period, a change of about 100 basis points is therefore probable.

- The discount rate on various maturities of treasury bills ranged between 12.80% and 18.98% over the financial period as published by Central Bank of Nigeria (CBN)

- A 100 basis point proportional change in the cost of fund was also assumed because costs of funds seldom vary beyond 100 basis point.

The table below shows the changes that would impact the income statement after carrying out interest rate sensitivity:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	**1,936,690**	**1,615,548**	**2,769,296**	**2,250,053**
Asset	(23,628,424)	(19,710,363)	(21,664,895)	(17,602,727)
Liabilities	25,565,114	21,325,911	24,434,191	19,852,780
Increase	**(1,936,690)**	**(1,615,548)**	**(2,769,296)**	**(2,250,053)**
Asset	23,628,424	19,710,363	21,664,895	17,602,727
Liabilities	(25,565,114)	(21,325,911)	(24,434,191)	(19,852,780)

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	**1,047,587**	**890,449**	**1,227,951**	**1,014,533**
Asset	(19,920,939)	(16,932,804)	(18,536,870)	(15,315,162)
Liabilities	20,968,526	17,823,253	19,764,821	16,329,695
Increase	**(1,047,587)**	**(890,449)**	**(1,227,951)**	**(1,014,533)**
Asset	19,920,939	16,932,804	18,536,870	15,315,162
Liabilities	(20,968,526)	(17,823,253)	(19,764,821)	(16,329,695)

The aggregated figures presented above are further segregated into their various components as shown in the following tables:

Components of Statement of financial position Interest Rate sensitivity (Fair Value and Cash Flow Interest Rate Risk)

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(1,833,944)	(1,529,840)	(664,057)	(539,547)
Loans and advances to banks	(7,506)	(6,262)	(41,901)	(34,044)
Loans and advances to customers	(15,006,384)	(12,518,028)	(15,620,539)	(12,691,688)
Financial assets held for trading	(175,902)	(146,734)	(188,373)	(153,053)
Investment securities	(6,050,658)	(5,047,339)	(4,574,484)	(3,716,768)
Assets pledged as collateral	(554,029)	(462,160)	(575,541)	(467,627)
	(23,628,424)	**(19,710,363)**	**(21,664,895)**	**(17,602,727)**
Liabilities				
Deposits from banks	858,041	715,760	1,261,724	1,025,150
Deposits from customers	21,205,059	17,688,840	19,580,822	15,909,418
Financial liabilities held for trading	136,021	113,466	6,292	5,112
Debt securities issued	1,188,711	991,599	1,262,379	1,025,683
Other borrowed funds	2,177,282	1,816,245	2,322,974	1,887,417
	25,565,114	**21,325,911**	**24,434,191**	**19,852,780**
Total	**1,936,690**	**1,615,548**	**2,769,296**	**2,250,053**
Increase				
Assets				
Cash and cash equivalents	1,833,944	1,529,840	664,057	539,547
Loans and advances to banks	7,506	6,262	41,901	34,044
Loans and advances to customers	15,006,384	12,518,028	15,620,539	12,691,688
Financial assets held for trading	175,902	146,734	188,373	153,053
Investment securities	6,050,658	5,047,339	4,574,484	3,716,768
Assets pledged as collateral	554,029	462,160	575,541	467,627
	23,628,424	**19,710,363**	**21,664,895**	**17,602,727**
Liabilities				
Deposits from banks	(858,041)	(715,760)	(1,261,724)	(1,025,150)
Deposits from customers	(21,205,059)	(17,688,840)	(19,580,822)	(15,909,418)
Financial liabilities held for trading	(136,021)	(113,466)	(6,292)	(5,112)
Debt securities issued	(1,188,711)	(991,599)	(1,262,379)	(1,025,683)
Other borrowed funds	(2,177,282)	(1,816,245)	(2,322,974)	(1,887,417)
	(25,565,114)	**(21,325,911)**	**(24,434,191)**	**(19,852,780)**
Total	**(1,936,690)**	**(1,615,548)**	**(2,769,296)**	**(2,250,053)**

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(1,621,828)	(1,378,554)	(504,792)	(417,059)
Loans and advances to Banks	(437)	(372)	(156)	(129)
Loans and advances to Customers	(13,176,136)	(11,199,719)	(13,898,420)	(11,482,875)
Financial assets held for trading	(102,969)	(87,524)	(131,047)	(108,271)
Investment securities	(4,465,684)	(3,795,833)	(3,427,020)	(2,831,404)
Assets pledged as collateral	(553,885)	(470,802)	(575,435)	(475,424)
	(19,920,939)	**(16,932,804)**	**(18,536,870)**	**(15,315,162)**
Liabilities				
Deposits from banks	4,159	3,535	11,450	9,460
Deposits from customers	17,560,604	14,926,519	16,530,208	13,657,258
Financial liabilities held for trading	136,021	115,618	31,549	26,066
Debt securities issued	1,188,711	1,010,405	-	-
Other borrowed funds	2,079,030	1,767,176	3,191,614	2,636,912
	20,968,526	**17,823,253**	**19,764,821**	**16,329,695**
Total	**1,047,587**	**890,449**	**1,227,951**	**1,014,533**
Increase				
Assets				
Cash and cash equivalents	1,621,828	1,378,554	504,792	417,059
Loans and advances to Banks	437	372	156	129
Loans and advances to Customers	13,176,136	11,199,719	13,898,420	11,482,875
Financial assets held for trading	102,969	87,524	131,047	108,271
Investment securities	4,465,684	3,795,833	3,427,020	2,831,404
Assets pledged as collateral	553,885	470,802	575,435	475,424
	19,920,939	**16,932,804**	**18,536,870**	**15,315,162**
Liabilities				
Deposits from banks	(4,159)	(3,535)	(11,450)	(9,460)
Deposits from customers	(17,560,604)	(14,926,519)	(16,530,208)	(13,657,258)
Financial liabilities held for trading	(136,021)	(115,618)	(31,549)	(26,066)
Debt securities issued	(1,188,711)	(1,010,405)	-	-
Other borrowed funds	(2,079,030)	(1,767,176)	(3,191,614)	(2,636,912)
	(20,968,526)	**(17,823,253)**	**(19,764,821)**	**(16,329,695)**
Total	**(1,047,587)**	**(890,449)**	**(1,227,951)**	**(1,014,533)**

As for Cash flow interest rate risk, this risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates.

At 31 Dec 2017, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on cash flow would have been as set out below:

Group

In thousands of Nigerian Naira	**Dec-17 Pre-tax**	**Dec-17 Post-tax**	**Dec-16 Pre-tax**	**Dec-16 Post-tax**
Decrease	1,079,831	900,774	969,542	787,753
Increase	(1,079,831)	(900,774)	(969,542)	(787,753)

Parent

In thousands of Nigerian Naira	**Dec-17 Pre-tax**	**Dec-17 Post-tax**	**Dec-16 Pre-tax**	**Dec-16 Post-tax**
Decrease	1,030,705	876,100	912,499	753,907
Increase	(1,030,705)	(876,100)	(912,499)	(753,907)

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

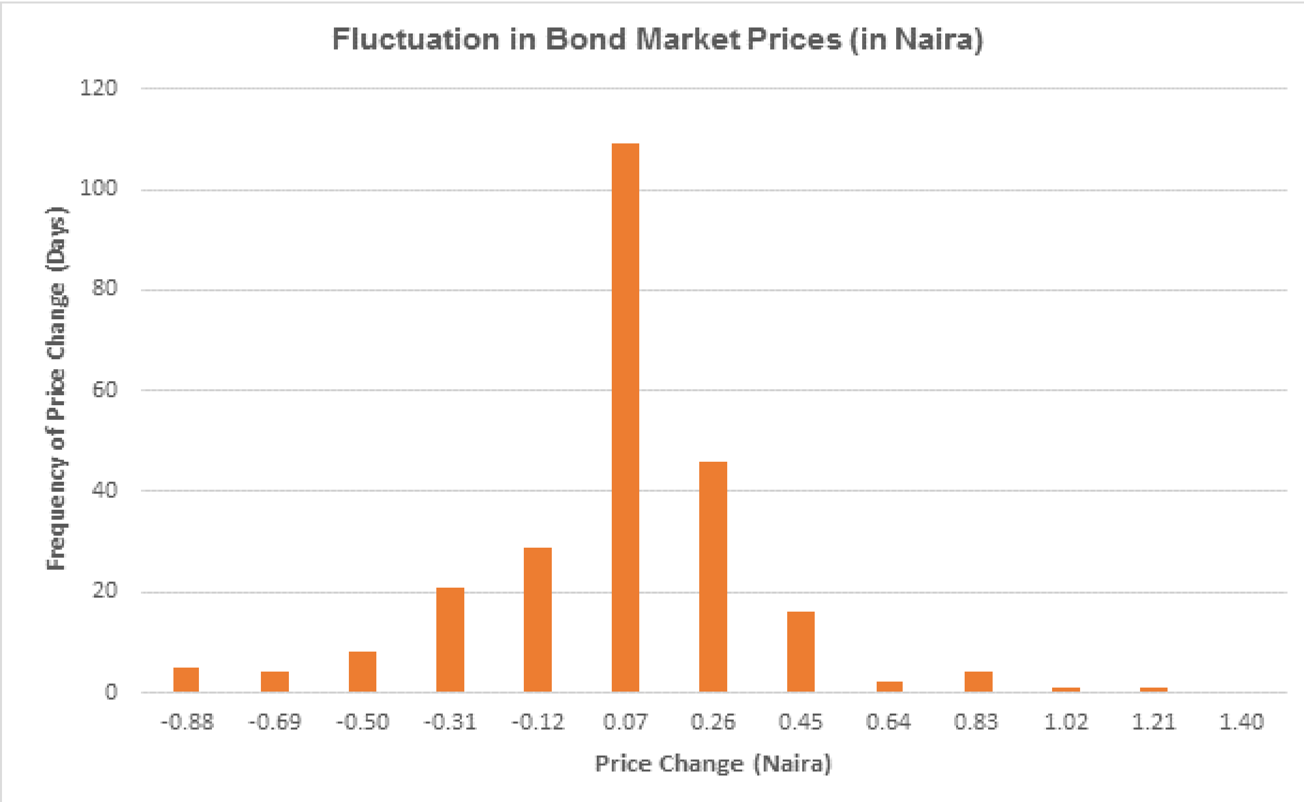
1. Held for Trade - Bond price sensitivity

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

- Daily bond prices were obtained and trended for the different series of Bonds in issue as at the reporting date.

- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in bond prices. The graph below indicates that large proportion of changes in price falls within the range of ± 1 naira.

- The chosen reasonable change in market prices was then applied to the bank's holding of trading bonds as at end of the period.



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 Dec 2017, when price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-17 Pre-tax**	**Dec-17 Post-tax**	**Dec-16 Pre-tax**	**Dec-16 Post-tax**
Decrease	(38,000)	(31,699)	(4,019)	(3,321)
Increase	38,000	31,699	4,019	3,321

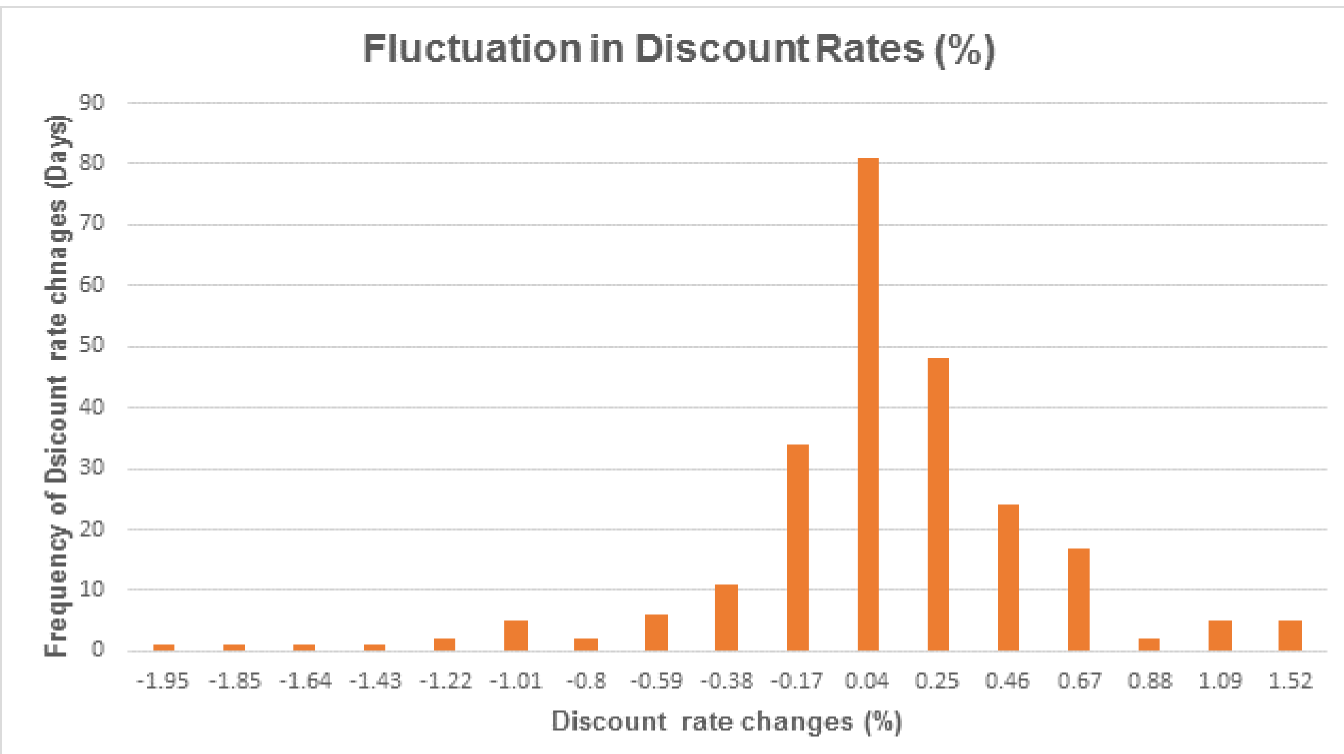
Parent

In thousands of Nigerian Naira	**Dec-17 Pre-tax**	**Dec-17 Post-tax**	**Dec-16 Pre-tax**	**Dec-16 Post-tax**
Decrease	(38,000)	(32,300)	(4,019)	(3,266)
Increase	38,000	32,300	4,019	3,266

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

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

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



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 31 Dec 2017, if discount rates of treasury bills, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	56,921	47,482	25,874	21,377
Increase	(56,921)	(47,482)	(25,874)	(21,377)

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	56,921	48,383	25,874	21,022
Increase	(56,921)	(48,383)	(25,874)	(21,022)

(vi) Sensitivity Analysis of Available for Sale Portfolio to Price and its Impact on OCI

3. Financial Instrument fair value through equity - Other Comprehensive Income (OCI)

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at 31 Dec 2017 and the comparative period in 2016. The Group carried out the following in determining sensitivity of the Group's other comprehensive income to fluctuations in market prices of the financial assets:

Available for Sale Bonds to be fair valued through equity - Other Comprehensive Income (OCI)

- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in market prices. The results were that fluctuations were in the range of ± 1 naira.

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 Dec 2017, when price of bonds designated as available for sales increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(111,143)	(92,714)	(214,940)	(177,584)
Increase	111,143	92,714	214,940	177,584

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(111,143)	(94,472)	(214,940)	(174,639)
Increase	111,143	94,472	214,940	174,639

Available for Sale Treasury Bills to be fair valued through equity - Other Comprehensive Income (OCI)

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

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

The result of the price sensitivity i.e. impact on other comprehensive income as at 31 Dec 2017, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	2,016,086	1,681,779	2,497,907	2,063,770
Increase	(2,016,086)	(1,681,779)	(2,497,907)	(2,063,770)

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	2,016,086	1,713,673	2,497,907	2,029,549
Increase	(2,016,086)	(1,713,673)	(2,497,907)	(2,029,549)

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

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

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

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

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

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(252,054)	(214,120)	(321,198)	(260,973)
Increase	252,054	214,120	321,198	260,973

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(252,054)	(218,407)	(321,198)	(265,374)
Increase	252,054	218,407	321,198	265,374

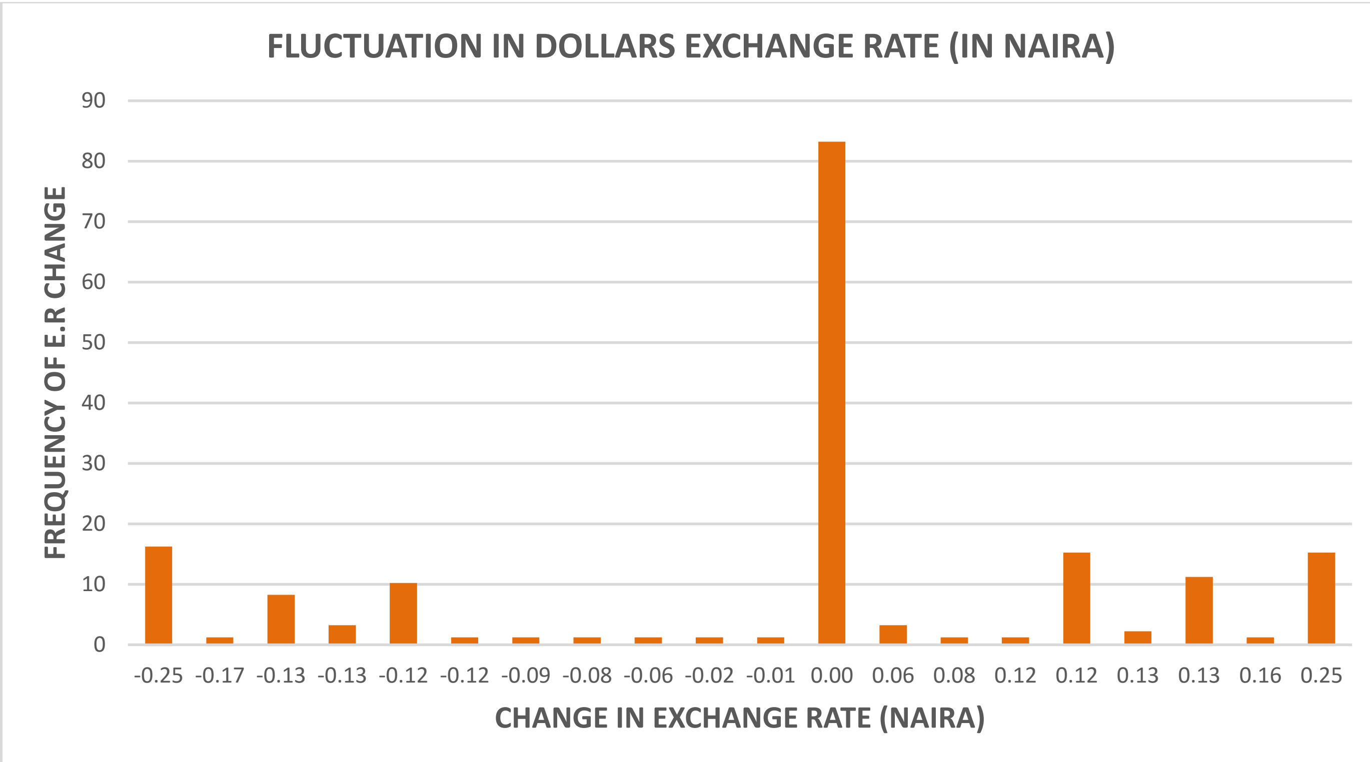
(viii) Exposure to foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, UK pound and Euro. Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt amongst others. The value of these instruments fluctuate with changes in the level or volatility of currency exchange rates or foreign interest rates. The Group deploys foreign derivative instruments whose values hedges currency debts to foreign currency loans and advances to eliminate exchange exposures on such borrowings.

Foreign exchange profit or loss (Dollars)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of dollars:

- Daily dollar exchange rates were obtained and trended
- A reasonably possible change of ± 0.25 (Dec 2016: ± 7.27) was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 0.25 (Dec 2016: ± 7.27)
- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the period.



At 31 Dec 2017, if the Naira had strengthened/weakened by ± 0.25 Naira against the Dollar with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(312,542)	(260,717)	(6,810,537)	(5,533,561)
Increase	312,542	260,717	6,810,537	5,533,561

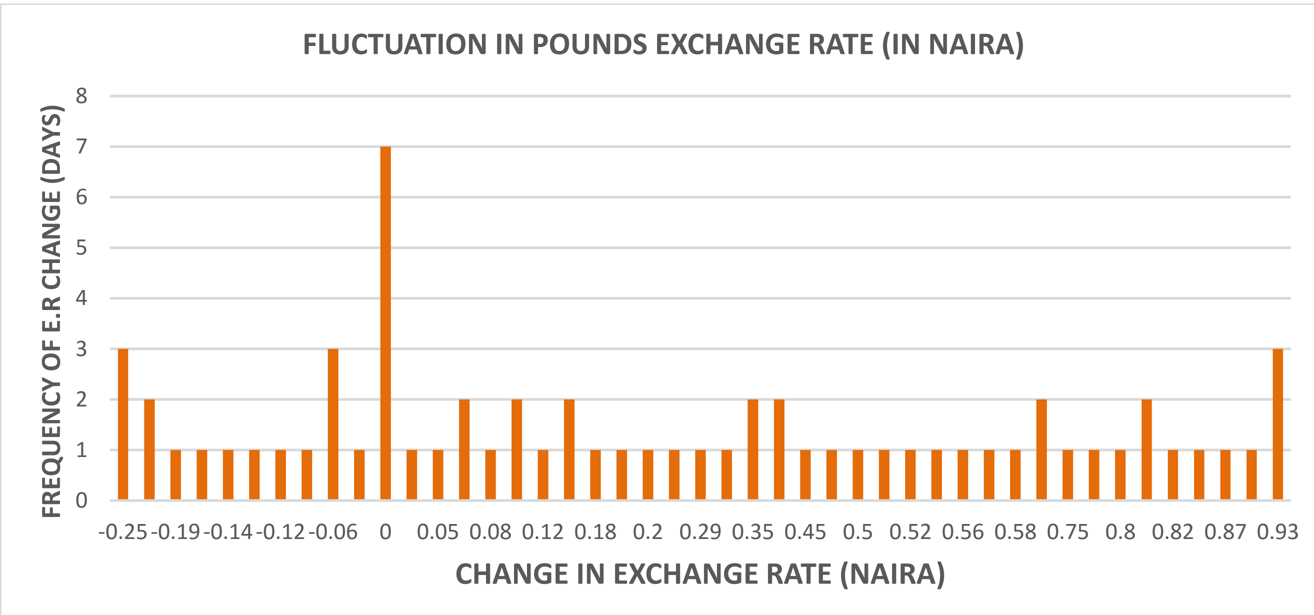
Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(308,507)	(262,231)	(6,860,097)	(5,667,812)
Increase	308,507	262,231	6,860,097	5,667,812

Foreign exchange profit or loss (Pounds)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of pounds:

- Daily pound exchange rates were obtained and trended
- A reasonably possible change of (0.25)/0.93 (Dec 2016: ± 9.19) was determined based on the distribution of one year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of (0.25)/0.93 (Dec 2016: ± 9.19)
- The chosen reasonable change in exchange rates was then applied to the bank's position as at end of the period.



At 31 Dec 2017, if the Naira had weakened/strengthened by (0.25)/0.93 Naira against the Pounds with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(10,414)	(8,687)	(117,115)	(95,156)
Increase	2,799	2,335	117,115	95,156

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(10,854)	(9,226)	(119,782)	(98,964)
Increase	2,918	2,480	119,782	98,964

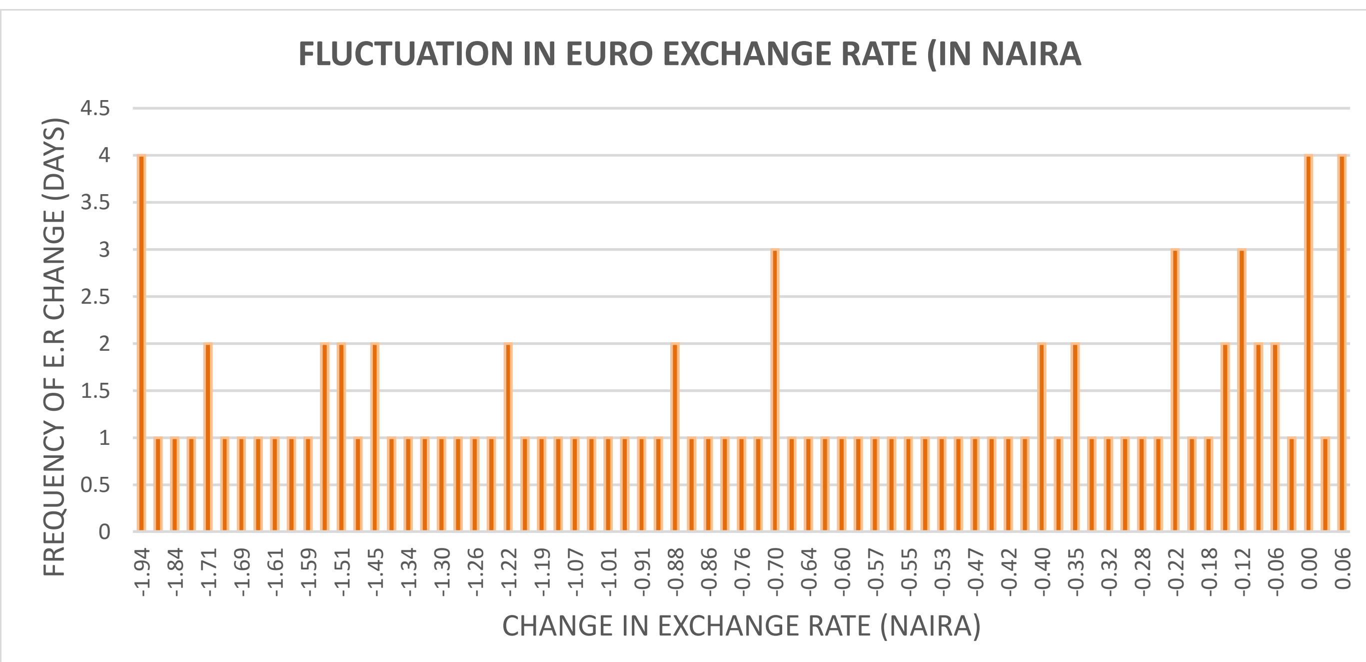
Foreign exchange profit or loss (Euros)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of Euro:

• Daily Euro exchange rates were obtained and trended

• A reasonably possible change of (1.94)/0.06 (Dec 2016: ± 9.19) was determined based on the distribution of two year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of (1.94)/0.06 (Dec 2016: ± 9.19).

• The chosen reasonable change in exchange rates was then applied to the bank's euro position as at end of the period.



At 31 Dec 2017, if the Naira had weakened/strengthened by (1.94)/0.06 Naira (Dec 2016: ± 9.19) against the Euro with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(194)	(161)	(168,391)	(136,818)
Increase	6,257	5,219	168,391	136,818

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(195)	(165)	(168,103)	(138,887)
Increase	6,294	5,350	168,103	138,887

Foreign Exchange Profit or Loss (Other Currencies)

At 31 Dec 2017, if Naira had weakened/strengthened by (0.81)/0.41 (Dec 2016: ± 8.33) against the other currencies with all other variables held constant the pre-tax and post-tax profit for the period, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(849)	(708)	(18,081)	(14,691)
Increase	1,670	1,393	18,081	14,691

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(795)	(676)	(17,488)	(14,488)
Increase	1,564	1,330	17,488	14,488

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

At 31 Dec 2017, if the Naira had strengthened/weakened by ± N0.25 (Dec 2016: ± N7.27) against the Dollar with all other variables held constant, the pre-tax and post-tax impact on equity would have been as set out in the table below mainly as a result of foreign exchange gains or losses on the translation:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(312,542)	(218,780)	(6,810,537)	(4,767,376)
Increase	312,542	218,780	6,810,537	4,767,376

(ix) Sensitivity analysis of derivative valuation

The fair value of foreign exchange contracts varies largely due to changes in foreign currency exchange rates. For the purpose of assessing specific risks, the Group carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Group's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained and trended; with all other variables kept constant and a proportional foreign exchange rate movement of ±₦0.25 (Dec 2016: ±₦7.27) depreciation of the Nigerian Naira and ±₦0.25 (Dec 2016: ±₦7.27) appreciation of the Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of two years daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at 31 December, 2017 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign currency exchange rates. A favourable change indicates a weakening of the Nigerian Naira against the U.S. Dollar and an unfavourable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar. The selection of ± ₦5.00(Dec 2016: ±₦7.27) favourable or unfavourable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

The net impact of sensitivity for both favorable and unfavorable exchange rate of ± ₦0.25 will be Nil as the total FX purchased equal FX sold.

Group
Dec-17
Total derivatives

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

Dec-16
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Liability	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Less Favourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading *	30,451,250	1,042,470	(987,502)	40,166	(40,166)	33,185	(33,185)
Derivative assets/(liabilities)	**30,451,250**	**1,042,470**	**(987,502)**	**40,166**	**(40,166)**	**33,185**	**(33,185)**

*See Note 25 for the components of the Derivative assets/liabilities

Parent
Dec-17
Total derivatives

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

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

Dec-16
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value		Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement
		Asset	Liability				
Total derivative assets/(liabilities) held for trading *	30,451,250	1,042,470	(987,502)	40,166	40,166	33,165	(33,165)
Derivative assets/(liabilities)	**30,451,250**	**1,042,470**	**(987,502)**	**40,166**	**(40,166)**	**33,165**	**(33,165)**

*See Note 25 for the components of the Derivative assets/liabilities

(x) Sensitivity of Loan Loss Impairment to changes in Risk Parameter

Loan loss impairment as stated on the statement of financial position is subject to interplay of three key variables: probability of default, loss given default, and emergence period. Therefore changes to these three key variables would directly impact the credit losses reported for the financial period.

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

The Group carried out the following activities in assessing the sensitivity of the Group's profit to fluctuations in the probability of default:

- The probability of default was obtained on a monthly basis.
- A possible change of five per cent was determined based on the distribution of monthly change in the probability of default.
- The chosen change in the probability of default was then applied to the bank's loan portfolio as at end of the period.

As at 31 December 2017, if probability of default increased or decreased by 5%, with all other variables (exposure at default, emergence period and loss given default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Dec-17 Pre-tax**	**Dec-17 Post-tax**	**Dec-16 Pre-tax**	**Dec-16 Post-tax**
Decrease	335,422	279,803	2,393,162	1,938,753
Increase	(299,001)	(249,421)	(2,393,162)	(1,938,953)

Parent

In thousands of Nigerian Naira	**Dec-17 Pre-tax**	**Dec-17 Post-tax**	**Dec-16 Pre-tax**	**Dec-16 Post-tax**
Decrease	299,001	254,151	2,192,921	1,806,060
Increase	(299,001)	(254,151)	(2,192,921)	(1,806,060)

Sensitivity of Loan Loss Impairment – Emergence Period (EP) The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss emergence period adjusted the timing gap between the emergence of impairment triggers and the time at which management becomes aware of the loss by 1 month. The chosen change in emergence period was then applied to the bank's loan portfolio as at year ended 31 December 2017.

As at 31 December 2017, if the emergence period increased or decreased by 1 month, with all other variables (exposure at default, probability of default and loss given default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	2,189,242	1,826,222	2,993,049	2,424,734
Increase	(1,751,982)	(1,461,468)	(2,993,049)	(2,424,734)

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	(1,951,530)	(1,658,801)	(2,742,614)	(2,258,779)
Increase	1,561,748	1,327,486	2,742,614	2,258,779

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

The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss given default, assumed a 1% change in the loss given default. The chosen change in the loss given default was then applied to the bank's loan portfolio as at end of the period.

As at 31 December 2017, if the loss given default increased or decreased by one per cent, with all other variables (exposure at default, emergence period and probability of default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	1,171,982	977,506	1,180,443	956,303
Increase	(2,104,816)	(1,755,506)	(1,301,819)	(1,054,632)

Parent

In thousands of Nigerian Naira	Dec-17 Pre-tax	Dec-17 Post-tax	Dec-16 Pre-tax	Dec-16 Post-tax
Decrease	1,044,578	887,892	1,081,673	890,851
Increase	(1,876,391)	(1,594,933)	(1,192,893)	(982,450)

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

Group
Dec-2017
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	641,973,784	76,841,539	454,505,562	35,653,052	22,715,913	52,257,718
Financial assets held for trading	24	23,945,661	16,652,369	-	-	-	7,293,292
Derivative financial assets	25	2,839,078	28,607	2,810,471	-	-	-
Investment securities:							
– Available for sale	26	517,492,733	446,462,642	27,710,024	8,060,899	-	35,259,168
– Held to maturity	26	96,466,598	2,007,253	2,643,736	-	-	91,815,609
Assets pledged as collateral	27	58,976,175	58,961,722	-	-	-	14,453
Loans and advances to banks	28	750,361	42,190	708,171	-	-	-
Loans and advances to customers	29	1,448,533,430	582,626,271	723,817,992	38,118,703	1,205,446	102,765,018
Restricted deposits and other assets[1]	34	424,254,168	398,462,585	20,780,647	326,844	4,126,625	557,467
		3,215,231,988	**1,582,085,178**	**1,232,976,603**	**82,159,498**	**28,047,984**	**289,962,725**
Deposits from banks	35	85,430,514	42,360	67,512,125	8,495,146	4,895,718	4,485,165
Deposits from customers	36	2,062,047,633	1,265,431,268	523,231,248	52,134,061	14,496,063	206,754,993
Financial liabilities held for trading	37	2,647,469	2,647,469	-	-	-	-
Derivative financial liabilities	25	2,606,586	564,528	2,042,058	-	-	-
Other liabilities[2]	39	218,031,898	181,179,898	22,593,191	1,158,327	4,066,085	9,034,397
Debt securities issued	38	92,131,923	-	92,131,923	-	-	-
Other borrowed funds	41	220,491,914	104,745,684	115,746,230	-	-	-
		2,683,387,937	**1,554,611,207**	**823,256,775**	**61,787,534**	**23,457,866**	**220,274,555**
Financial Instrument Gap		**531,844,051**	**27,473,971**	**409,719,828**	**20,371,964**	**4,590,118**	**69,688,170**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Group

Dec-2016

Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	455,863,305	44,254,895	325,605,863	37,228,555	16,583,677	32,190,315
Financial assets held for trading	24	12,053,919	6,321,354	-	-	-	5,732,565
Derivative financial assets	25	1,042,470	649,458	393,012	-	-	-
Investment securities:							
– Available for sale	26	448,056,733	419,367,419	20,743,060	5,779,713	-	2,166,541
– Held to maturity	26	80,155,825	17,501,262	525,505	-	-	62,129,058
Assets pledged as collateral	27	48,216,412	48,216,412	-	-	-	-
Loans and advances to banks	28	653,718	522,373	131,345	-	-	-
Loans and advances to customers	29	1,589,429,834	669,116,447	807,742,569	27,866,064	1,034,421	83,670,333
Restricted deposits and other assets[1]	34	353,596,062	340,071,081	11,014,741	438,571	1,373,564	698,105
		2,989,068,278	**1,546,020,701**	**1,166,156,095**	**71,312,903**	**18,991,662**	**186,586,917**
Deposits from banks	35	125,067,848	648,008	111,092,170	124,313	2,648,263	10,555,094
Deposits from customers	36	1,986,246,232	1,290,461,271	508,535,474	50,850,163	12,968,046	123,431,278
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	314,971	672,531	-	-	-
Other liabilities[2]	39	115,540,806	61,788,399	47,861,037	901,639	1,363,746	3,625,985
Debt securities issued	38	126,237,863	-	125,639,951	-	-	597,912
Other borrowed funds	41	219,633,604	84,248,088	135,378,584	-	-	6,932
		2,575,779,257	**1,439,526,139**	**929,179,747**	**51,876,115**	**16,980,055**	**138,217,201**
Financial Instrument Gap		**413,289,021**	**106,494,562**	**236,976,348**	**19,436,788**	**2,011,607**	**48,369,716**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Parent
Dec-2017
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	455,296,196	76,694,210	345,585,593	21,368,909	10,987,764	659,720
Financial assets held for trading	24	16,652,356	16,652,356	-	-	-	-
Derivative financial assets	25	2,839,078	28,607	2,810,471	-	-	-
Investment securities:							
– Available for sale	26	453,089,625	446,462,642	6,626,983	-	-	-
– Held to maturity	26	2,007,253	2,007,253	-	-	-	-
Assets pledged as collateral	27	58,961,722	58,961,722	-	-	-	-
Loans and advances to banks	28	43,480	42,190	1,290	-	-	-
Loans and advances to customers	29	1,265,971,688	582,626,271	683,344,264	5	1,148	-
Restricted deposits and other assets[1]	34	422,868,826	398,462,585	19,965,949	254,714	4,000,314	185,264
		2,677,730,224	**1,581,937,836**	**1,058,334,550**	**21,623,628**	**14,989,226**	**844,984**
Deposits from banks	35	42,360	42,360	-	-	-	-
Deposits from customers	36	1,697,560,947	1,265,431,269	406,629,207	16,041,984	9,457,278	1,209
Financial liabilities held for trading	24	2,647,469	2,647,469	-	-	-	-
Derivative financial liabilities	25	2,606,586	564,528	2,042,058	-	-	-
Other liabilities[2]	39	197,035,772	172,633,981	19,874,566	312,270	4,026,086	188,869
Debt securities issued	38	92,131,923	-	92,131,923	-	-	-
Other borrowed funds	41	210,671,384	104,745,684	105,925,700	-	-	-
		2,202,696,441	**1,546,065,291**	**626,603,454**	**16,354,254**	**13,483,364**	**190,078**
Financial Instrument Gap		**475,033,783**	**35,872,545**	**431,731,096**	**5,269,374**	**1,505,862**	**654,906**

[1] Excludes prepayments [2] Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Parent
Dec-2016
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	233,847,233	31,027,677	172,859,505	20,627,067	8,762,922	570,062
Financial assets held for trading	24	6,321,370	6,321,370	-	-	-	-
Derivative financial assets	25	1,042,470	649,458	393,012	-	-	-
Investment securities:							
– Available for sale	26	408,246,905	399,054,273	9,192,632	-	-	-
– Held to maturity	26	5,219,262	5,219,262	-	-	-	-
Assets pledged as collateral	27	48,205,702	48,205,702	-	-	-	-
Loans and advances to banks	28	29,943	28,265	1,678	-	-	-
Loans and advances to customers	29	1,417,217,952	644,366,023	772,833,257	4	18,668	-
Restricted deposits and other assets[1]	34	351,949,078	340,004,870	10,241,866	361,353	1,311,162	29,827
		2,472,079,915	**1,474,876,900**	**965,521,950**	**20,988,424**	**10,092,752**	**599,889**
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,249,610,067	406,864,859	16,442,362	8,264,559	2,973
Financial liabilities held for trading	36	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	314,971	672,531	-	-	-
Other liabilities[2]	39	90,013,993	43,305,740	44,960,787	388,363	1,328,185	30,918
Other borrowed funds	41	332,317,881	84,248,088	248,069,793	-	-	-
		2,106,610,036	**1,379,584,706**	**700,567,970**	**16,830,725**	**9,592,744**	**33,891**
Financial Instrument Gap		**365,469,879**	**95,292,194**	**264,953,980**	**4,157,699**	**500,008**	**565,998**

[1] Excludes prepayments
[2] Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

5. Capital management and other risks

(a) Regulatory capital

The Bank's lead regulator, the Central Bank of Nigeria (CBN), sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria (CBN) and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

The Bank's Capital Adequacy Ratio have been computed in line with the CBN's guidance on Regulatory capital, Credit risk, Market risk and Operational risk under the Basel II Framework. With effect from July 1, 2017, the CBN requires that banks designated as Domestic Systemically Important Banks (D-SIBs) maintain additional Higher Loss Absorbency (HLA) of 1% in respect of their capital, which will require that D-SIBs maintain a minimum capital adequacy ratio of 16%.

(b) Capital Adequacy Position in line with Basel II Accord

The International Convergence of Capital Measurement and Capital Standards: a Revised Framework, popularly known as the Basel II Framework was introduced in 2004 as a new set of international standards and best practices that define the minimum capital requirements for internationally active banks. The Basel II framework stipulates a minimum level of capital that banks must maintain to ensure that they can meet their obligations, cover unexpected losses; and can, very importantly, promote public confidence.

Basel II is a three-pronged approach relying on three Pillars -Minimum Capital Requirements (Pillar 1), Supervisory Review Process (Pillar 2) and Market Discipline (Pillar 3).

Pillar 1 Minimum Capital Requirements: It prescribes the capital allocation methodology against the core traditional credit, market and operational risks to ensure these are adequately measured and that banks have adequate capital to mitigate these risks.

Pillar 2 Supervisory Review: It requires banks to establish a risk management framework to identify, assess and manage major risks inherent in the institution and allocate adequate capital against those risks. It emphasizes that supervisors should be able to evaluate the soundness of these assessments.

Pillar 3 Market Discipline: It sets out to encourage market discipline by requiring a number of disclosure requirements in respect of a bank's risk exposures, risk assessment process and capital adequacy.

The CBN specifies approaches for quantifying the risk weighted assets for credit, market and operational risk for the purpose of determining regulatory capital. Although the computations are consistent with the requirements of Pillar 1 Basel II Accord, certain sections have been adjusted to reflect the peculiarities of the Nigerian environment. In compliance with CBN, the Bank adopted the Standardized Approach (SA) in determining capital charge for Credit Risk and Market Risk while capital charge for Operational Risk was determined using the Basic Indicator Approach (BIA).

Pillar 1 focuses mainly on CAR, also known as Capital to Risk (Weighted) Assets Ratio (CRAR). This is the ratio of a bank's capital to its risk. CBN requires the minimum requirement of 10% or 15% of Capital to risk weighted assets be maintained by Nigerian banks or banking groups with regional/national license and international banking license respectively.

CAR is measured as:

$$\frac{\text{Total Capital}}{\text{(Credit Risk Weighted Assets + Market Risk Weighted Assets + Operational Risk Weighted Assets)}}$$

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, statutory reserves, and other reserves excluding regulatory reserves. Intangible assets and investments in subsidiaries were also deducted from Tier I capital for capital adequacy purposes.

Tier 2 capital comprises Fair Value Reserves.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the period.

Period under review

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

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

The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN-mandated regulatory minimum of 16% for Domestic Systemically Important. As at 31 December, 2017, the Bank's capital adequacy ratio was 25.50% (December 31, 2016- 19.79%). Group capital stood at 25.68%.

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

Capital adequacy ratio

Bank

In thousands of Nigerian Naira	*Note*	Dec-2017	Dec-2016
Tier 1 capital			
Share capital	42	14,715,590	14,715,590
Share premium	42	123,471,114	123,471,114
Retained profits		115,361,824	83,989,499
Statutory Reserve		247,571,078	199,185,674
SMEEIS Reserve		10,574,318	4,232,478
Other reserves		-	28,279,386
Tier 1 Sub-Total		**511,693,924**	**453,873,741**
Less Regulatory deductions :			
Other intangible assets	32	(4,501,296)	(3,377,961)
Deferred Tax Assets	33	-	-
100% of investments in unconsolidated Banking and financial subsidiary/associate companies.	30	(46,207,004)	(43,968,474)
Net Total Tier 1 Capital (A)		**460,985,624**	**406,527,306**
Tier 2 capital			
Fair Value Reserves		4,887,758	(1,000,680)
Net Total Tier 2 Capital (B)		**4,887,758**	**(1,000,680)**
Total Qualifying Capital (C= A+B)		**465,873,382**	**405,526,626**
Composition Of Risk-Weighted Assets			
Risk-Weighted Amount For Credit Risk		1,453,391,802	1,700,022,945
Risk-Weighted Amount For Operational Risk		371,126,769	347,267,040
Risk-Weighted Amount For Market Risk		2,765,436	1,797,607
Aggregate Risk-Weighted Assets		**1,827,284,008**	**2,049,087,592**
Total Risk-Weighted Capital Ratio		**25.50%**	**19.79%**
Tier 1 Risk-Based Capital Ratio		**25.23%**	**19.84%**

(c) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Group Enterprise Risk Management Division, and is subject to review by the Group Credit Committee or ALMAC as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Consideration is also given to synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

These disclosures supplement the commentary on financial risk management (see note 4).

(a) Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j)(viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated. Please refer to pages 197-198 for sensitivity analysis of the exposure at default to changes to the EP, LGD and PD.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy **3b(j)(v).**

2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy **3b (j)(vb).**

3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy **3b (j)(vc).**

Details of the Group's classification of financial assets and liabilities are given in note **8** and sensitivity analysis are as stated on page 179.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Translation of FX position during the period: This is referenced to Nigeria Interbank Foreign Exchange (NIFEX) rate quoted on FMDQ.

Defined benefits plan

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

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

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The sensitivity analysis of level 3 equity Instruments and its impact on OCI are shown in note 4(d) under market risk above.

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in note 3(q). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates. Goodwill and Goodwill Impairment testing are shown in note 32(c) below.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 3b (j)(iib).

The Group measures fair values using the following hierarchy of methods.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

All fair values are on a recurring basis.The sensitivity of investments and derivatives to fluctuation in market prices and yields are disclosed in note 4(i) under market risk above.

Group
Dec-2017
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading					
-Debt securities	24	23,945,661	-	-	23,945,661
Derivative financial assets	25	-	2,839,078	-	2,839,078
Available-for-sale financial assets:					
-Investment securities-debt	26	507,845,054	6,626,983	-	514,472,037
-Investment securities-equity	26	-	-	3,011,648	3,011,648
Assets pledged as collateral	27	58,976,175	-	-	58,976,175
Total assets		**590,766,890**	**9,466,061**	**3,011,648**	**603,244,599**
Liabilities					
Financial liabilities held for trading	37	2,647,469	-	-	2,647,469
Derivative financial liabilities	25	-	2,606,586	-	2,606,586
Total liabilities		**2,647,469**	**2,606,586**	**-**	**5,254,055**

Group
Dec-2016
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading					
-Debt securities	24	12,053,919	-	-	12,053,919
Derivative financial assets	25	-	1,042,470	-	1,042,470
Available-for-sale financial assets:					
-Investment securities-debt	26	397,735,340	46,404,372	-	444,139,712
-Investment securities-equity	26	-	-	3,771,445	3,771,445
Assets pledged as collateral	27	48,216,412	-	-	48,216,412
Total assets		**458,005,671**	**47,446,842**	**3,771,445**	**509,223,958**
Liabilities					
Financial liabilities held for trading	37	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	987,502
Total liabilities		**2,065,402**	**987,502**	**-**	**3,052,904**

Parent
Dec-2017
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	16,652,356	-	-	16,652,356
-Equity Securities	24	-	-	-	-
Derivative financial assets	25	-	2,839,078	-	2,839,078
Available-for-sale financial assets:					
-Investment securities-debt	26	443,450,994	6,626,983	-	450,077,977
-Investment securities-equity	26	-	-	3,011,648	3,011,648
Assets pledged as collateral	27	58,961,722	-	-	58,961,722
Total assets		**519,065,072**	**9,466,061**	**3,011,648**	**531,542,781**
Liabilities					
Financial liabilities held for trading	37	2,647,469	-	-	2,647,469
Derivative financial liabilities	25	-	2,606,586	-	2,606,586
Total liabilities		**2,647,469**	**2,606,586**	**-**	**5,254,055**

Parent
Dec-2016
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	6,321,370	-	-	6,321,370
Derivative financial assets	25	-	1,042,470	-	1,042,470
Available-for-sale financial assets:					
-Investment securities-debt	26	357,932,924	46,404,372	-	404,337,296
-Investment securities-equity	26	-	-	3,771,445	3,771,445
Assets pledged as collateral	27	48,205,702	-	-	48,205,702
Total assets		**412,459,996**	**47,446,842**	**3,771,445**	**463,678,283**
Liabilities					
Financial liabilities held for trading	37	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	987,502
Total liabilities		**2,065,402**	**987,502**	**-**	**3,052,904**

Reconciliation of Level 3 Items
-Available for sale financial assets (unquoted equity securities)

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
At 1 January	3,771,445	3,608,972	3,771,445	3,608,972
Total unrealised gains or (losses)				
in Profit and Loss	-	-	-	-
in OCI	22,330	162,473	22,330	162,473
Transfers out of Level 3	(782,127)	-	(782,127)	-
	3,011,648	**3,771,445**	**3,011,648**	**3,771,445**

Sensitivity of financial instruments to changes in market variables are disclosed in note (4i) under market risk above
Transfer out of Level 3 relates to equity investments transferred to equity investments at cost

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3 on Offsetting Financial Instruments. For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Group

Dec-2017 *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets							
Cash and cash equivalents (a)		22,099,833	(5,425,498)	16,674,335	-	-	16,674,335
Other Assets (b)		19,984,387	-	19,984,387	-	19,984,387	-
		42,084,220	**(5,425,498)**	**36,658,722**	**-**	**19,984,387**	**16,674,335**
Financial liabilities							
Other Liabilities (b)		19,984,387	-	19,984,387	19,984,387	-	-
		19,984,387	**-**	**19,984,387**	**19,984,387**	**-**	**-**

Group **Dec-2016** *In thousands of Nigerian Naira*	***Note***	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets							
Cash and cash equivalents (a)		3,936,463	42,749,377	(38,812,914)	-	-	(38,812,914)
Other Assets (b)		11,944,208	-	11,944,208	-	11,944,208	-
		15,880,671	**42,749,377**	**(26,868,706)**	**-**	**11,944,208**	**(38,812,914)**
Financial liabilities							
Other Liabilities (b)		11,944,208	-	11,944,208	11,944,208	-	-
		11,944,208	**-**	**11,944,208**	**11,944,208**	**-**	**-**

Parent
Dec-2017

In thousands of Nigerian Naira	***Note***	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets							
Cash and cash equivalents (a)		22,099,833	(5,425,498)	16,674,335	-	-	16,674,335
Other Assets (b)		19,984,387	-	19,984,387	-	19,984,387	-
		42,084,220	**(5,425,498)**	**36,658,722**	**-**	**19,984,387**	**16,674,335**
Financial liabilities							
Other Liabilities (b)		19,984,387	-	19,984,387	19,984,387	-	-
		19,984,387	**-**	**19,984,387**	**19,984,387**	**-**	**-**

Parent
Dec-2016

In thousands of Nigerian Naira	***Note***	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets							
Cash and cash equivalents (a)		3,936,463	42,749,377	(38,812,914)	-	-	(38,812,914)
Other Assets (b)		11,944,208	-	11,944,208	-	11,944,208	-
		15,880,671	**42,749,377**	**(26,868,706)**	**-**	**11,944,208**	**(38,812,914)**
Financial liabilities							
Other Liabilities (b)		11,944,208	-	11,944,208	11,944,208	-	-
		11,944,208	**-**	**11,944,208**	**11,944,208**	**-**	**-**

(a) Standard terms of clearing in Nigeria include provisions allowing net settlements of payments in the normal course of business.

(b) Certain customers provide monies to the Bank to serve as cash collateral for their LC transactions. The Bank simultaneously increases its balances with the correspondent banks to reflect this. As such, the Bank intends to realise the asset and settle the liability simultaneously.

(e) Disclosure Requirement for Level 2 and 3 Financial Instruments

Valuation control framework

The key elements of the control framework for the valuation of financial instruments include model validation, product implementation review and independent price verification. These functions are carried out by an appropriately skilled finance team, independent of the business area responsible for the products.

Model validation covers both qualitative and quantitative elements relating to new models. In respect of new products, model validation examines the explanatory power of the implemented model, actively monitoring model parameters and comparing in-house pricing to external sources.

Independent price verification procedures cover financial instruments carried at fair value. The frequency of the review is matched to the availability of independent data, monthly being the minimum. Valuation differences in breach of established thresholds are escalated to senior management. The results from independent pricing and valuation reserves are reviewed monthly by senior management.

Valuation technique and Input used in Level 2 Fair Value Measurement

Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

Available for Sale Corporate Bonds:

As at 31 December 2017, the Group disclosed its investment in Available for Sale Corporate bond as N6,626,983,000 (December 2016: N9,192,632,000) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of the asset obtained from an Over the Counter Securities Exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierarchy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. It is important to note that no adjustment was made to the input price.

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique:

The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

IFRS 13 - Fair Value Measurement outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the income approach.

The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

The fair value of the other unquoted equity securities were derived using the Discounted Cash Flow technique. The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: A five-year forecast of the Free Cash Flow to the Firm (FCFF) for each of the equity investments was made (see (a) below for the definition, explanation and derivation of FCFF).

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below).

Step 4: The terminal value was discounted to present value using the company's WACC.

Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e. Firm value minus market value of debt = Equity value).

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – Changes in FCInv – Changes in WCInv

Where:

NI = Net Income

NCC = Non- Cash Charges

Int = Interest

T= tax rate

FCI = Fixed Capital Investment

WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

This is the average cost of both equity and debt capital used in financing a business.

WACC= {(D/D+E) x Kd(1-T)} + {(E/D+E) x Ke }
Where:
D = Value of Debt
E = Equity value
Ke = Cost of equity
Kd = Cost of debt
T = Tax rate

c**.** *Capitalization Rate= WACC – g*

Terminal value = ($FCFF_5$ *(1+g))/ (WACC – g)

Where:

FCFF = $Year_5$ FCFF
g = Growth rate
WACC = *Weighted average Cost of Capital*

Valuation Assumptions – Discounted Cash flow

1. The bank applies Capital Asset Pricing Model in determining the cost of equities for its various unquoted equities which were fair valued at the reporting period.
2. The risk free rate was determined using the yield on the 10 year Nigerian Government bond (for unquoted securities denominated in Naira) of 14.12% and the yield on the 10 year US Government bond (for unquoted securities denominated in US $) of 2.41%.
3. Market premium of 5.8% was adopted based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Beta = 1 or Less than 1
5. Growth rate used is growth rate in earnings between the latest year and prior period.

Summary of carrying amounts of equity Securities at fair value through equity

In thousands of Nigerian Naira	**Dec-17**	**Dec-16**
Historical cost	(787,879)	(2,415,699)
Fair value	3,011,648	4,279,461
Unrealized Fair Value Gain recognized in Equity (OCI)	2,223,768	1,863,762

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

In thousands of Nigerian Naira	**Group Dec-17**	**Group Dec-16**	**Parent Dec-17**	**Parent Dec-16**
Balance, beginning of the year	4,279,462	4,116,988	4,279,462	4,116,988
Reclassification to unquoted equity investments at cost	(1,290,144)	-	(1,290,144)	-
Fair value movement recognised in OCI	22,330	162,474	22,330	162,474
Write off	-	-	-	-
Disposals (cost)	-	-	-	-
	3,011,648	**4,279,462**	**3,011,648**	**4,279,462**
Impairment charges on equity	**-**	**(508,016)**	**-**	**(508,016)**
Balance, end of the year	**3,011,648**	**3,771,446**	**3,011,648**	**3,771,446**

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 31 December 2017 of ₦2,223,768 (31 December, 2016: ₦1,863,762) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

The movement in unquoted equity securities (i.e. SMEEIS Investments) at cost during the year is as follows:

In thousands of Nigerian Naira	Group Dec-17	Group Dec-16	Parent Dec-17	Parent Dec-16
Balance, beginning of the year	3,085,126	3,555,125	3,085,126	3,555,125
Reclassification from equity Securities at fair value through equity	1,127,820	-	1,127,820	-
Equity securities at cost disposed	(61,288)	-	(61,288)	-
Reclassification to equity Securities at fair value through equity	-	(469,999)	-	(469,999)
Balance, end of the period	**4,151,658**	**3,085,126**	**4,151,658**	**3,085,126**

The movement in other unquoted equity securities at cost during the period is as follows:

In thousands of Nigerian Naira	Group Dec-17	Group Dec-16	Parent Dec-17	Parent Dec-16
Balance, beginning of the period	7,412	4,972	-	-
Reclassification to equity Securities at fair value through equity	-	-	-	-
Disposals	-	-	-	-
Exchange difference- gain/(loss)	1,636	2,440	-	-
Balance, end of the period	**9,048**	**7,412**	**-**	**-**

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

The Group estimated the fair value of its Foreign exchange derivatives as at 31 December 2017 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

The Bank transferred a sum of N15,438,501,000 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity in the Year. The total regulatory risk reserve was N67,762,679,000. Regulatory risk reserve represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses under the Prudential Guideline and the Loan Impairment allowance determined in accordance with provisions of IFRS. As at December 31, 2017 CBN recommended provision amounted to N127,652,484,000. Of the amount recommended by the Central Bank of Nigeria, N23,981,770,000 relates to 2% General Loan Loss Provision on performing loans. Also, N4,151,066,000 recommended by CBN for Other Known Losses was adequately provided for in the December 2017 Financial Statements.

The Reconciliation between the CBN Recommended provisions and that under IFRS as at December 2017 is as shown in the table below:

	In thousands of Nigerian Naira	**Reference**	**Specific**	**General**	**Total**
a	**Loans and Advances:**				
	Provision per CBN Prudential Guidelines		103,670,715	23,981,770	127,652,484
	Impairment allowance per IAS 39:				
	(Inclusive of collective allowance)	(Note 28 & 29)	(60,280,337)	-	(60,280,337)
	Amount required in Regulatory Risk Reserve[1]		**43,390,378**	**23,981,770**	**67,372,147**

b	**Provision for Other Known Losses:**		
	Provision for Other Known Losses - CBN		**4,151,066**
	Provision for Other Known Losses - IFRS		
	Specific impairment for equities	(Note 26)	3,454,978
	Impairment on other assets	(Note 34)	126,846
	Litigation Claims Provisions	(Note 39)	178,710
	Others – Regulatory Risk Reserve		390,532
			4,151,066
	Amount required in Regulatory Risk Reserve[2]		**-**

[1]Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

c Impairment of loans and advances and Other Known Losses (OKL)

Regulatory reserve required for loans and advances		**67,372,147**
Regulatory reserve required for Other Known Losses		390,532
Balance required per Regulatory Risk Reserve		**67,762,679**
Balance per Regulatory Risk Reserve	(SOCIE - Page 62)	**67,762,679**
Excess amount in regulatory risk reserve		**-**

d Movement in Regulatory Reserves

	Specific	**General**	**Others**	**Total**
Movement in Regulatory Reserves				
Balance as at 1 January	23,840,782	28,092,869	390,527	52,324,178
Transfer during the year	-	-	-	-
(Reversal)/Addition during the year	19,549,596	(4,111,099)	5	15,438,501
Balance, end of the year	**43,390,378**	**23,981,770**	**390,532**	**67,762,679**

The regulatory risk reserve for the Group as at Dec 2017 was N70,794,789,000 (Dec 2016: N55,734,605,000)

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis.

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

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.
- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.
- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.
- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment (see note 30(b)). There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Operating segments (Continued)

Information about operating segments

Group

Dec-2017

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	311,851,202	50,279,577	38,452,885	9,204,870	8,870,563	418,659,097
Derived from other business segments	(50,466,814)	36,803,472	3,257,160	9,929,501	476,681	-
Total revenue	**261,384,388**	**87,083,049**	**41,710,045**	**19,134,371**	**9,347,244**	**418,659,097**
Interest expenses	(66,844,028)	(6,084,565)	(4,592,694)	(1,737,831)	(1,411,233)	(80,670,351)
Fee and commission expenses	(752,071)	(951,242)	(322,574)	(136,818)	(26,956)	(2,189,661)
Net operating income	**193,788,289**	**80,047,242**	**36,794,777**	**17,259,722**	**7,909,055**	**335,799,085**
Expense:						
Operating expenses	(38,908,019)	(35,259,671)	(18,616,023)	(10,075,391)	(5,015,638)	(107,874,742)
Net impairment loss on financial assets	(7,069,003)	(2,043,781)	(2,417,520)	(974,638)	(360,858)	(12,865,800)
Depreciation and amortization	(2,668,886)	(6,745,863)	(3,027,139)	(2,504,531)	(437,278)	(15,383,697)
Total cost	**(48,645,908)**	**(44,049,315)**	**(24,060,682)**	**(13,554,560)**	**(5,813,774)**	**(136,124,239)**
Profit before income tax from reportable segments	**145,142,381**	**35,997,927**	**12,734,095**	**3,705,162**	**2,095,281**	**199,674,846**
Tax	(21,641,359)	(5,367,447)	(1,898,709)	(552,456)	(312,416)	(29,772,387)
Profit after income tax from reportable segments	**123,501,022**	**30,630,480**	**10,835,386**	**3,152,706**	**1,782,865**	**169,902,459**
Assets and liabilities:						
Total assets	2,041,954,109	695,290,754	378,030,718	151,940,157	85,309,426	3,352,525,164
Total liabilities	(1,022,638,991)	(1,044,170,116)	(375,641,600)	(249,188,312)	(25,752,080)	(2,717,391,099)
Net assets/ (liabilities)	**1,019,315,118**	**(348,879,362)**	**2,389,118**	**(97,248,155)**	**59,557,346**	**635,134,065**
Additions to Non-Current Assets	**3,793,622**	**9,588,737**	**4,302,850**	**3,560,003**	**621,557**	**21,866,769**
Assets:						
Loans and advances to banks	750,361	-	-	-	-	750,361
Loans and advances to customers	1,047,732,908	131,469,187	186,268,672	24,798,229	58,264,434	1,448,533,430
Others	993,470,840	563,821,567	191,762,046	127,141,928	27,044,992	1,903,241,373
	2,041,954,109	**695,290,754**	**378,030,718**	**151,940,157**	**85,309,426**	**3,352,525,164**
Liabilities:						
Deposits from banks	85,430,514	-	-	-	-	85,430,514
Deposits from customers	537,048,866	958,021,845	325,611,262	220,975,596	20,390,064	2,062,047,633
Others	400,159,611	86,148,271	50,030,338	28,212,716	5,362,016	569,912,952
	1,022,638,991	**1,044,170,116**	**375,641,600**	**249,188,312**	**25,752,080**	**2,717,391,099**

Operating segments (Continued)

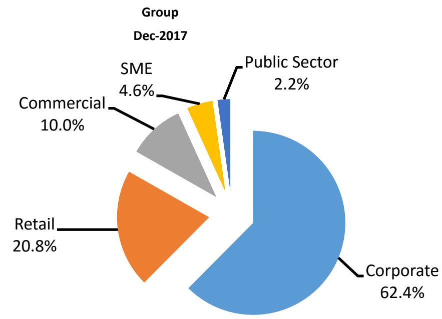
Information about operating segments

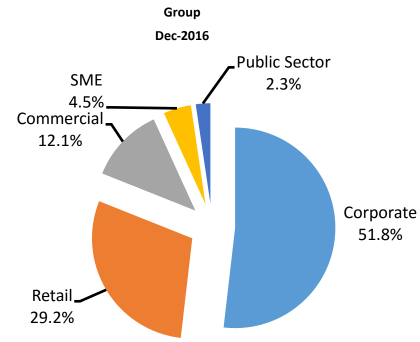
Group
Dec-2016

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	228,195,391	109,833,936	49,099,820	15,442,320	9,583,238	412,154,705
Derived from other business segments	(14,559,633)	10,526,263	971,919	3,010,143	51,308	-
Total revenue	**213,635,758**	**120,360,199**	**50,071,739**	**18,452,463**	**9,634,546**	**412,154,705**
Interest expenses	(48,447,403)	(8,666,866)	(5,911,891)	(2,209,545)	(1,858,218)	(67,093,923)
Fee and commission expenses	(1,046,466)	(1,798,254)	(410,195)	(163,366)	(37,976)	(3,456,257)
Net operating income	**164,141,889**	**109,895,079**	**43,749,653**	**16,079,552**	**7,738,352**	**341,604,525**
Expense:						
Operating expenses	(26,897,524)	(54,008,118)	(3,610,074)	(9,813,300)	(4,060,254)	(98,389,270)
Net impairment loss on financial assets	(18,408,931)	(16,218,421)	(27,247,938)	(1,731,916)	(1,683,104)	(65,290,310)
Depreciation and amortization	(3,836,222)	(5,235,053)	(3,471,920)	(2,161,213)	(544,958)	(15,249,366)
Total cost	**(49,142,677)**	**(75,461,592)**	**(34,329,932)**	**(13,706,429)**	**(6,288,316)**	**(178,928,946)**
Profit before income tax from reportable segments	**114,999,212**	**34,433,487**	**9,419,721**	**2,373,123**	**1,450,036**	**162,675,579**
Tax	(23,226,545)	(6,954,578)	(1,902,514)	(479,303)	(292,866)	(32,855,806)
Profit after income tax from reportable segments	**91,772,667**	**27,478,909**	**7,517,207**	**1,893,820**	**1,157,170**	**129,819,773**
Assets and liabilities:						
Total assets	2,055,936,178	532,308,775	330,810,288	108,146,592	91,274,910	3,118,476,743
Total liabilities	(984,447,374)	(1,007,677,907)	(357,362,530)	(222,512,324)	(31,570,380)	(2,603,570,515)
Net assets/ (liabilities)	**1,071,488,804**	**(475,369,132)**	**(26,552,242)**	**(114,365,732)**	**59,704,530**	**514,906,228**
Additions to Non-Current Assets	**4,447,339**	**6,069,007**	**4,025,004**	**2,505,498**	**1,098,930**	**18,145,778**
Assets:						
Loans and advances to banks	653,718	-	-	-	-	653,718
Loans and advances to customers	1,150,005,477	164,343,230	191,244,145	21,477,471	62,359,511	1,589,429,834
Others	905,276,983	367,965,545	139,566,143	86,669,121	28,915,399	1,528,393,191
	2,055,936,178	**532,308,775**	**330,810,288**	**108,146,592**	**91,274,910**	**3,118,476,743**
Liabilities:						
Deposits from banks	125,067,848	-	-	-	-	125,067,848
Deposits from customers	481,505,928	946,037,722	317,784,727	211,315,602	29,602,253	1,986,246,232
Others	377,873,598	61,640,185	39,577,803	11,196,722	1,968,127	492,256,435
	984,447,374	**1,007,677,907**	**357,362,530**	**222,512,324**	**31,570,380**	**2,603,570,515**

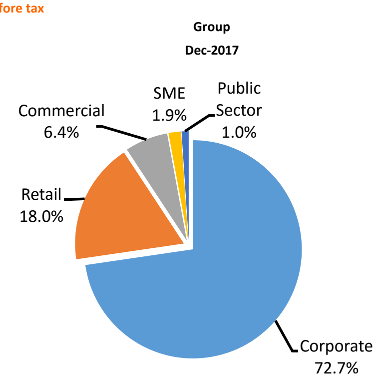
Operating segments (Continued)
Information about operating segments

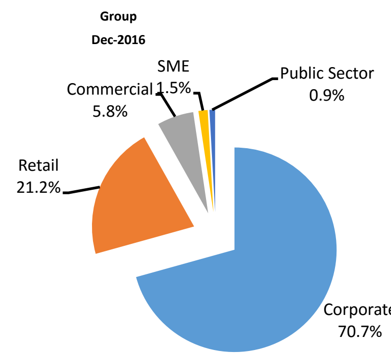
Revenue



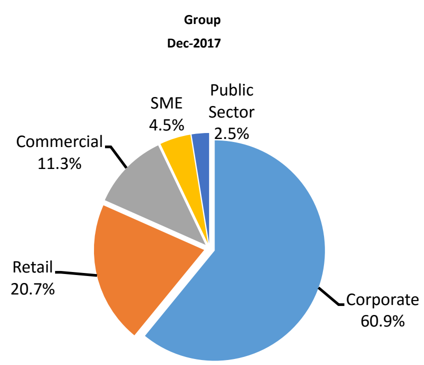


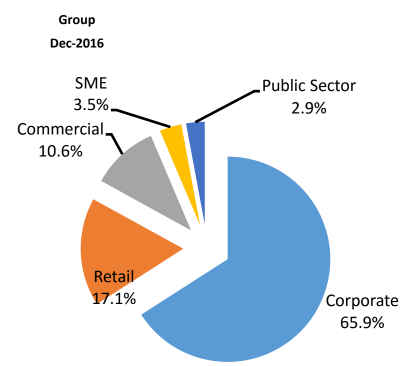
Profit before tax



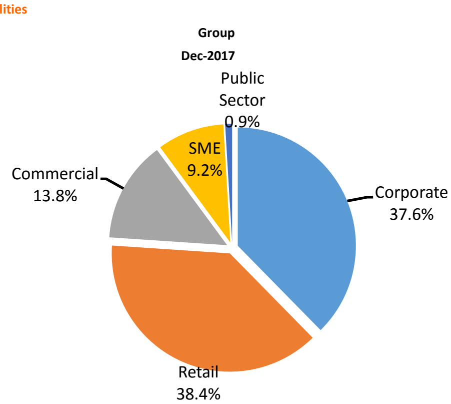


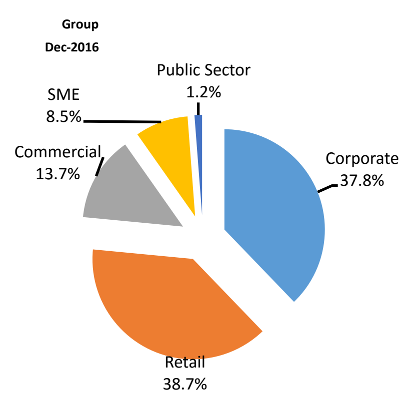
Assets





Liabilities





Operating segments (Continued)

Information about operating segments

Parent

Dec-2017

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	266,619,758	41,707,854	32,806,848	7,805,680	7,681,030	356,621,170	-	356,621,170
Derived from other business segments	(43,633,767)	31,820,398	2,816,151	8,585,078	412,140	-	-	-
Total revenue	**222,985,991**	**73,528,252**	**35,622,999**	**16,390,758**	**8,093,170**	**356,621,170**	**-**	**356,621,170**
Interest expenses	(55,345,096)	(5,037,860)	(3,802,630)	(1,438,879)	(1,168,463)	(66,792,928)	-	(66,792,928)
Fee and commission expenses	(536,412)	(678,469)	(230,074)	(97,585)	(19,226)	(1,561,766)	-	(1,561,766)
Net operating income	**167,104,483**	**67,811,923**	**31,590,295**	**14,854,294**	**6,905,481**	**288,266,476**	**-**	**288,266,476**
Expense:								
Operating expenses	(27,050,456)	(27,342,341)	(13,955,408)	(8,645,227)	(4,110,861)	(81,104,293)	-	(81,104,293)
Net impairment loss on financial assets	(6,335,770)	(1,831,789)	(2,166,762)	(873,543)	(323,428)	(11,531,292)	-	(11,531,292)
Depreciation and amortization	(2,262,704)	(5,719,198)	(2,566,433)	(2,123,362)	(370,728)	(13,042,425)	-	(13,042,425)
Total cost	**(35,648,930)**	**(34,893,328)**	**(18,688,603)**	**(11,642,132)**	**(4,805,017)**	**(105,678,010)**	**-**	**(105,678,010)**
Profit before income tax from reportable segments	**131,455,553**	**32,918,595**	**12,901,692**	**3,212,162**	**2,100,464**	**182,588,466**	**-**	**182,588,466**
Tax	(17,941,235)	(4,492,775)	(1,760,840)	(438,400)	(286,674)	(24,919,924)	-	(24,919,924)
Profit after income tax from reportable segments	**113,514,318**	**28,425,820**	**11,140,852**	**2,773,762**	**1,813,790**	**157,668,542**	**-**	**157,668,542**
Assets and liabilities:								
Total assets	1,720,087,914	585,694,466	318,443,037	127,990,353	71,862,395	2,824,078,165	850,820	2,824,928,985
Total liabilities	(842,882,871)	(860,629,326)	(309,612,554)	(205,386,809)	(21,225,464)	(2,239,737,024)	(847,600)	(2,240,584,624)
Net assets/ (liabilities)	**877,205,043**	**(274,934,860)**	**8,830,483**	**(77,396,456)**	**50,636,931**	**584,341,141**	**3,220**	**584,344,361**
Additions to Non-Current Assets	**1,085,956**	**2,841,167**	**1,272,525**	**2,850,140**	**497,619**	**8,547,407**	**-**	**8,547,407**
Assets:								
Loans and advances to banks	43,480	-	-	-	-	43,480	-	43,480
Loans and advances to customers	915,684,907	114,899,847	162,792,836	21,672,856	50,921,242	1,265,971,688	-	1,265,971,688
Others	804,359,527	470,794,619	155,650,201	106,317,497	20,941,153	1,558,062,997	850,820	1,558,913,817
	1,720,087,914	**585,694,466**	**318,443,037**	**127,990,353**	**71,862,395**	**2,824,078,165**	**850,820**	**2,824,928,985**
Liabilities:								
Deposits from banks	42,360	-	-	-	-	42,360	-	42,360
Deposits from customers	442,120,330	788,682,300	268,056,351	181,916,041	16,785,925	1,697,560,947	-	1,697,560,947
Others	400,720,181	71,947,026	41,556,203	23,470,768	4,439,539	542,133,717	847,600	542,981,317
	842,882,871	**860,629,326**	**309,612,554**	**205,386,809**	**21,225,464**	**2,239,737,024**	**847,600**	**2,240,584,624**

Parent
Dec-2016

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	199,573,902	92,978,895	48,556,224	13,601,687	8,443,736	363,154,444	-	363,154,444
Derived from other business segments	(13,236,029)	9,569,330	883,563	2,736,493	46,643	-	-	-
Total revenue	**186,337,873**	**102,548,225**	**49,439,787**	**16,338,180**	**8,490,379**	**363,154,444**	**-**	**363,154,444**
Interest expenses	(40,112,828)	(7,175,875)	(4,894,848)	(1,829,429)	(1,538,542)	(55,551,522)	-	(55,551,522)
Fee and commission expenses	(892,492)	(1,533,665)	(349,840)	(139,329)	(32,388)	(2,947,714)	-	(2,947,714)
Net operating income	**145,332,553**	**93,838,685**	**44,195,099**	**14,369,422**	**6,919,449**	**304,655,208**	**-**	**304,655,208**
Expense:								
Operating expenses	(17,587,510)	(41,319,494)	(6,155,898)	(8,611,021)	(3,465,275)	(77,139,198)	-	(77,139,198)
Net impairment loss on financial assets	(17,916,166)	(15,784,292)	(26,518,574)	(1,685,557)	(1,638,051)	(63,542,640)	-	(63,542,640)
Depreciation and amortization	(3,202,510)	(4,370,266)	(2,898,388)	(1,804,199)	(454,935)	(12,730,298)	-	(12,730,298)
Total cost	**(38,706,186)**	**(61,474,052)**	**(35,572,860)**	**(12,100,777)**	**(5,558,261)**	**(153,412,136)**	**-**	**(153,412,136)**
Profit before income tax from reportable segments	**106,626,367**	**32,364,633**	**8,622,239**	**2,268,645**	**1,361,188**	**151,243,072**	**-**	**151,243,072**
Tax	(19,153,931)	(5,813,852)	(1,548,864)	(407,530)	(244,518)	(27,168,695)	-	(27,168,695)
Profit after income tax from reportable segments	**87,472,436**	**26,550,781**	**7,073,375**	**1,861,115**	**1,116,670**	**124,074,377**	**-**	**124,074,377**

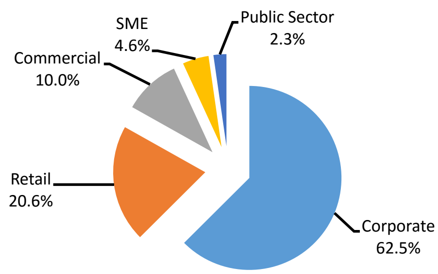
Dec-2016
Assets and liabilities:

	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Total assets	1,722,911,807	446,084,409	277,225,022	90,628,806	76,490,030	2,613,340,074	-	2,613,340,074
Total liabilities	(807,811,901)	(826,874,271)	(293,242,394)	(182,587,823)	(25,905,832)	(2,136,422,221)	-	(2,136,422,221)
Net assets/ (liabilities)	**915,099,906**	**(380,789,862)**	**(16,017,372)**	**(91,959,017)**	**50,584,198**	**476,917,853**	**-**	**476,917,853**
Additions to Non-Current Assets	**3,971,191**	**5,419,237**	**3,594,072**	**2,237,251**	**981,274**	**16,203,025**	**-**	**16,203,025**
Assets:								
Loans and advances to banks	29,943	-	-	-	-	29,943	-	29,943
Loans and advances to customers	1,025,404,440	146,536,934	170,523,184	19,150,425	55,602,969	1,417,217,952	-	1,417,217,952
Others	697,477,424	299,547,475	106,701,838	71,478,381	20,887,061	1,196,092,179	-	1,196,092,179
	1,722,911,807	**446,084,409**	**277,225,022**	**90,628,806**	**76,490,030**	**2,613,340,074**	**-**	**2,613,340,074**
Liabilities:								
Deposits from banks	40,438	-	-	-	-	40,438	-	40,438
Deposits from customers	407,552,922	800,738,716	268,977,154	178,860,293	25,055,735	1,681,184,820	-	1,681,184,820
Others	400,218,541	26,135,555	24,265,240	3,727,530	850,097	455,196,963	-	455,196,963
	807,811,901	**826,874,271**	**293,242,394**	**182,587,823**	**25,905,832**	**2,136,422,221**	**-**	**2,136,422,221**

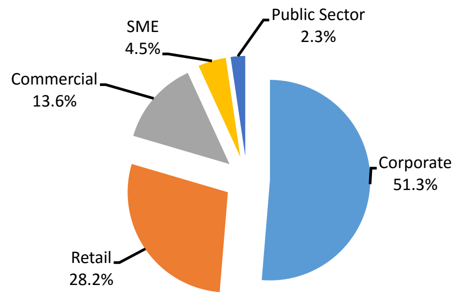
Operating segments (Continued)
Information about operating segments

Revenue

Parent
Dec-2017

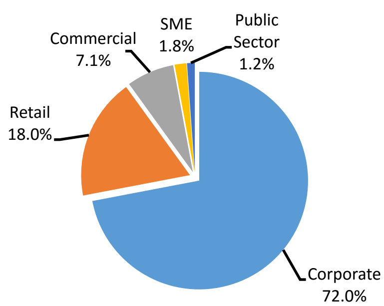


Parent
Dec-2016

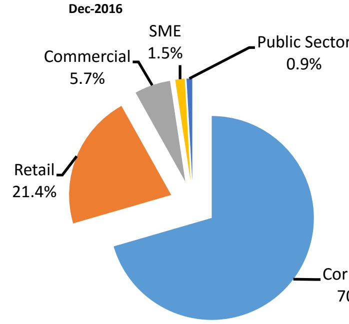


Profit before tax

Parent
Dec-2017

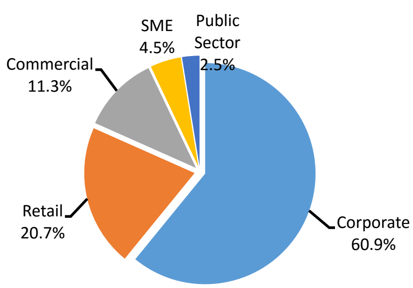


Parent
Dec-2016

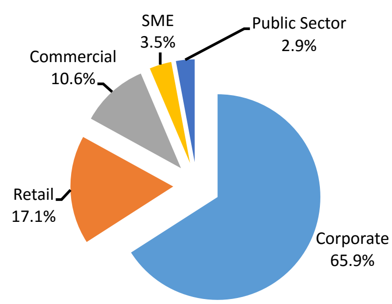


Assets

Parent
Dec-2017

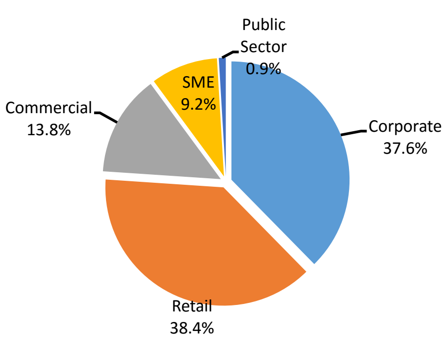


Parent
Dec-2016

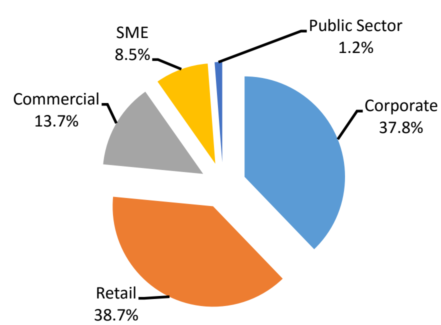


Liabilities

Parent
Dec-2017



Parent
Dec-2016



Operating segments (Continued)

The following is an analysis of the Group's revenue and gains from continuing operations by products and services;

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Bonds	3,445,810	3,388,249	2,960,953	2,990,281
Placements	16,765,891	11,428,492	14,406,777	10,086,157
Treasury Bills	116,685,055	55,054,225	100,266,403	48,587,824
Loans	248,356,233	238,228,733	213,410,251	210,247,546
Contingents	33,973,282	106,515,888	29,192,924	94,005,051
	419,226,271	**414,615,587**	**360,237,308**	**365,916,859**

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Continuing Operations:				
Total revenue from reportable segments	418,659,097	412,154,705	356,621,170	363,154,444
Consolidation and adjustments:				
- Other operating income	267,565	1,691,942	-	-
Revenue from continuing operations	**418,926,662**	**413,846,647**	**356,621,170**	**363,154,444**

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

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Interest income	327,333,512	262,494,101	284,442,547	226,579,479
Fee and commission income	42,921,857	39,403,171	30,048,147	28,527,039
Net gains on financial instruments classified as held for trading	11,338,819	5,218,451	6,542,636	2,248,241
Other operating income	37,632,083	107,499,864	39,203,978	108,562,100
Revenue and gains from continuing operations	419,226,271	414,615,587	360,237,308	365,916,859
Less gains:				
- Gain on disposal of fixed assets	(101,587)	(74,948)	(38,594)	(36,266)
- Dividends income	(179,310)	(93,237)	(3,558,832)	(2,546,148)
- Net portfolio gain on SMEEIS investments	(18,712)	(600,755)	(18,712)	(180,001)
Revenue from continuing operations	**418,926,662**	**413,846,647**	**356,621,170**	**363,154,444**

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Continuing Operations:				
Total operating expense from reportable segments	107,874,742	98,389,270	81,104,293	77,139,198
Operating expense from continuing operations	**107,874,742**	**98,389,270**	**81,104,293**	**77,139,198**

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

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Personnel expenses (See Note17)	32,832,341	29,453,465	22,354,351	20,704,772
Operating lease expenses	1,596,413	1,375,228	654,665	670,172
Other operating expenses (See Note20)	73,445,988	67,560,577	58,095,277	55,764,254
	107,874,742	**98,389,270**	**81,104,293**	**77,139,198**

Reconciliation of profit or loss

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Continuing Operations:				
Total profit or loss for reportable segments	199,674,846	162,675,579	182,588,466	151,243,072
Consolidation and adjustments:				
- Other operating income	267,565	1,691,942	-	-
Gains:				
- Gain on disposal of fixed assets	101,587	74,948	38,594	36,266
- Dividends income	179,310	93,237	3,558,832	2,546,148
- Net portfolio gain on SMEEIS investments	18,712	600,755	18,712	180,001
Profit before income tax from continuing operations	**200,242,020**	**165,136,461**	**186,204,604**	**154,005,487**

Reconciliation of assets

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Continuing Operations:				
Total assets for reportable segments	3,352,525,164	3,118,476,743	2,824,078,165	2,613,340,074
Consolidation and adjustments	(1,428,505)	(2,083,304)	-	-
Total assets	**3,351,096,659**	**3,116,393,439**	**2,824,078,165**	**2,613,340,074**
Discontinued Operations:				
Total assets for reportable segments (See note 34(b))	-	-	850,820	-
Total assets	**-**	**-**	**850,820**	**-**

Reconciliation of liabilities

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Continuing Operations:				
Total liabilities for reportable segments	2,717,391,099	2,603,570,515	2,239,737,024	2,136,422,221
Consolidation and adjustments	8,537,765	7,920,089	-	-
Total liabilities	**2,725,928,864**	**2,611,490,604**	**2,239,737,024**	**2,136,422,221**
Discontinued Operations:				
Total liabilities for reportable segments (See note 34(b))	-	-	847,600	-
Total liabilities	**-**	**-**	**847,600**	**-**

Geographical segments

The Group operates in four geographic regions, being:

- Nigeria
- Rest of West Africa (comprising Ghana, Gambia, Sierra Leone, Liberia, Cote D'Ivoire)
- East Africa (comprising Kenya, Uganda, Rwanda and Tanzania)
- Europe (UK and the Netherlands)

Dec-2017

In thousands of Nigerian Naira	Nigeria	Rest of West Africa	East Africa	Europe	Total
Derived from external customers	355,764,006	40,782,931	14,388,649	8,290,685	419,226,271
Derived from other segments	-	-	-	-	-
Total Revenue	355,764,006	40,782,931	14,388,649	8,290,685	419,226,271
Interest expense	(64,390,224)	(9,047,370)	(4,075,265)	(3,157,492)	(80,670,351)
Fee and commission expenses	(1,561,762)	(237,813)	(390,086)	-	(2,189,661)
Net interest margin	289,812,020	31,497,748	9,923,298	5,133,193	336,366,259
Profit before income tax	**182,342,058**	**15,785,422**	**705,452**	**1,409,088**	**200,242,020**
Assets and liabilities:					
Total assets	2,736,918,894	273,168,725	140,670,482	200,338,558	3,351,096,659
Total liabilities	(2,248,222,881)	(218,203,350)	(102,418,365)	(157,084,268)	(2,725,928,864)
Net assets/(liabilities)	**488,696,013**	**54,965,375**	**38,252,117**	**43,254,290**	**625,167,795**

Dec-2016

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	354,300,301	32,473,266	14,174,650	13,667,370	414,615,587
Derived from other segments	-	-	-	-	-
Total Revenue	354,300,301	32,473,266	14,174,650	13,667,370	414,615,587
Interest expense	(46,631,441)	(6,876,310)	(4,234,923)	(9,351,249)	(67,093,923)
Fee and commission expenses	(2,947,710)	(210,738)	(297,809)	-	(3,456,257)
Net interest margin	304,721,150	25,386,218	9,641,918	4,316,121	344,065,407
Profit before income tax	**150,377,773**	**11,564,401**	**1,667,659**	**1,526,628**	**165,136,461**
Assets and liabilities:					
Total assets	2,417,496,427	304,556,278	122,680,359	271,660,375	3,116,393,439
Total liabilities	(2,018,287,800)	(250,041,949)	(98,185,279)	(244,975,576)	(2,611,490,604)
Net assets/(liabilities)	**399,208,627**	**54,514,329**	**24,495,080**	**26,684,799**	**504,902,835**

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities and their fair values.

Group
Dec-2017

In thousands of Nigerian Naira	*Note*	Carrying amount: Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Total Fair value
Loans and advances to banks	28	-	-	-	750,361	-	-	750,361	-	750,361	-	750,361
Loans and advances to customers	29	-	-	-	1,448,533,430	-	-	1,448,533,430	-	1,309,855,418	159,214,701	1,469,070,119
Financial assets held for trading	24	23,945,661	-	-	-	-	-	23,945,661	23,945,661	-	-	23,945,661
Derivative financial assets	25	-	2,839,078	-	-	-	-	2,839,078	-	2,839,078	-	2,839,078
Assets pledged as collateral	27	-	-	-	-	58,976,175	-	58,976,175	58,976,175	-	-	58,976,175
Investment securities:												
– Available for sale		-	-	-	-	517,492,733	-	517,492,733	507,845,054	6,626,983	3,020,696	517,492,733
– Held to maturity	26	-	-	96,466,598	-	-	-	96,466,598	94,459,345	2,007,253	-	96,466,598
Restricted deposits and other assets[1]	34	-	-	-	424,254,168	-	-	424,254,168	-	424,254,168	-	424,254,168
		23,945,661	**2,839,078**	**96,466,598**	**1,873,537,959**	**576,468,908**	**-**	**2,573,258,204**	**685,226,235**	**1,746,333,261**	**162,235,397**	**2,593,794,893**
Deposits from banks	35	-	-	-	-	-	85,430,514	85,430,514	-	84,933,772	-	84,933,772
Deposits from customers	36	-	-	-	-	-	2,062,047,633	2,062,047,633	-	2,060,101,998	-	2,060,101,998
Financial liabilities held for trading	37	2,647,469	-	-	-	-	-	2,647,469	2,647,469	-	-	2,647,469
Derivative financial liabilities	25	-	2,606,586	-	-	-	-	2,606,586	-	2,606,586	-	2,606,586
Debt securities issued	38	-	-	-	-	-	92,131,923	92,131,923	-	90,311,905	-	90,311,905
Other borrowed funds	41	-	-	-	-	-	220,491,914	220,491,914	-	219,063,376	-	219,063,376
Other liabilities	39	-	-	-	-	-	218,031,898	218,031,898	-	218,031,898	-	218,031,898
		2,647,469	**2,606,586**	**-**	**-**	**-**	**2,678,133,882**	**2,683,387,937**	**2,647,469**	**2,675,049,535**	**-**	**2,677,697,004**

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

Group
Dec-2016

In thousands of Nigerian Naira	*Note*	Carrying amount: Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Total Fair value
Loans and advances to banks	28	-	-	-	653,718	-	-	653,718	-	653,902	-	653,902
Loans and advances to customers	29	-	-	-	1,589,429,834	-	-	1,589,429,834	-	1,439,913,995	152,375,070	1,592,289,065
Financial assets held for trading	24	12,053,919	-	-	-	-	-	12,053,919	12,053,919	-	-	12,053,919
Derivative financial assets	25	-	1,042,470	-	-	-	-	1,042,470	-	1,042,470	-	1,042,470
Assets pledged as collateral	27	-	-	-	-	48,216,412	-	48,216,412	48,216,412	-	-	48,216,412
Investment securities:												
– Available for sale	26	-	-	-	-	448,056,733	-	448,056,733	397,735,340	46,404,372	3,917,021	448,056,733
– Held to maturity	26	-	-	80,155,825	-	-	-	80,155,825	79,209,621	-	-	79,209,621
Restricted deposits and other assets[1]	34	-	-	-	353,290,506	-	-	353,290,506	-	353,290,506	-	353,290,506
		12,053,919	**1,042,470**	**80,155,825**	**1,943,374,058**	**496,273,145**	**-**	**2,532,899,417**	**537,215,292**	**1,841,305,245**	**156,292,091**	**2,534,812,628**
Deposits from banks	35	-	-	-	-	-	125,067,848	125,067,848	-	93,921,196	-	93,921,196
Deposits from customers	36	-	-	-	-	-	1,986,246,232	1,986,246,232	-	1,626,889,651	-	1,626,889,651
Financial liabilities held for trading	37	2,065,402	-	-	-	-	-	2,065,402	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	-	-	-	987,502	-	987,502	-	987,502
Debt securities issued	38	-	-	-	-	-	126,237,863	126,237,863	-	126,238,007	-	126,238,007
Other borrowed funds	41	-	-	-	-	-	219,633,604	219,633,604	-	219,633,606	-	219,633,606
Other liabilities	39	-	-	-	-	-	115,540,806	115,540,806	-	115,540,806	-	115,540,806
		2,065,402	**987,502**	**-**	**-**	**-**	**2,572,726,353**	**2,575,779,257**	**2,065,402**	**2,183,210,768**	**-**	**2,185,276,170**

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

Parent
Dec-2017

		Carrying amount							Fair Value			
In thousands of Nigerian Naira	*Note*	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Loans and advances to banks	28	-	-	-	43,480	-	-	43,480	-	43,480	-	43,480
Loans and advances to customers	29	-	-	-	1,265,971,688	-	-	1,265,971,688	-	1,186,553,424	98,467,280	1,285,020,704
Financial assets held for trading	24	16,652,356	-	-	-	-	-	16,652,356	16,652,356	-	-	16,652,356
Derivative financial assets	25	-	2,839,078	-	-	-	-	2,839,078	-	2,839,078	-	2,839,078
Assets pledged as collateral	27	-	-	-	-	58,961,722	-	58,961,722	58,961,722	-	-	58,961,722
Investment securities:												
– Available for sale	26	-	-	-	-	453,089,625	-	453,089,625	443,450,994	6,626,983	3,011,648	453,089,625
– Held to maturity	26	-	-	2,007,253	-	-	-	2,007,253	-	2,007,253	-	2,007,253
Restricted deposits and other assets[1]	34	-	-	-	422,868,826	-	-	422,868,826	-	422,868,826	-	422,868,826
		16,652,356	**2,839,078**	**2,007,253**	**1,688,883,994**	**512,051,347**	**-**	**2,222,434,028**	**519,065,072**	**1,620,939,044**	**101,478,928**	**2,241,483,044**
Deposits from banks	35	-	-	-	-	-	42,360	42,360	-	42,360	-	42,360
Deposits from customers	36	-	-	-	-	-	1,697,560,947	1,697,560,947	-	1,695,615,510	-	1,695,615,510
Financial liabilities held for trading	37	2,647,469	-	-	-	-	-	2,647,469	2,647,469	-	-	2,647,469
Derivative financial liabilities	25	-	2,606,586	-	-	-	-	2,606,586	-	2,606,586	-	2,606,586
Debt securities issued	38	-	-	-	-	-	92,131,923	92,131,923	-	90,311,905	-	90,311,905
Other borrowed funds	41	-	-	-	-	-	210,671,384	210,671,384	-	210,671,385	-	210,671,385
Other liabilities	39	-	-	-	-	-	197,035,772	197,035,772	-	197,035,772	-	197,035,772
		2,647,469	**2,606,586**	**-**	**-**	**-**	**2,197,442,386**	**2,202,696,441**	**2,647,469**	**2,196,283,518**	**-**	**2,198,930,987**

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

Parent
Dec-2016

In thousands of Nigerian Naira	***Note***	**Carrying amount** **Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial assets / liabilities at amortized cost**	**Total carrying amount**	**Fair Value** **Level 1**	**Level 2**	**Level 3**	**Total Fair value**
Loans and advances to banks	28	-	-	-	29,943	-	-	29,943	-	29,943	-	29,943
Loans and advances to customers	29	-	-	-	1,417,217,951	-	-	1,417,217,951	-	1,311,833,825	108,014,646	1,419,848,471
Financial assets held for trading	24	6,321,370	-	-	-	-	-	6,321,370	6,321,370	-	-	6,321,370
Derivative financial assets	25	-	1,042,470	-	-	-	-	1,042,470	-	1,042,470	-	1,042,470
Assets pledged as collateral	27	-	-	-	-	48,205,702	-	48,205,702	48,205,702	-	-	48,205,702
Investment securities:												
– Available for sale	26	-	-	-	-	408,246,905	-	408,246,905	357,932,924	46,404,372	3,909,609	408,246,905
– Held to maturity	26	-	-	5,219,262	-	-	-	5,219,262	4,273,058	-	-	4,273,058
Restricted deposits and other assets[1]	34	-	-	-	351,643,522	-	-	351,643,522	-	351,643,522	-	351,643,522
		6,321,370	**1,042,470**	**5,219,262**	**1,768,891,416**	**456,452,607**	**-**	**2,237,927,125**	**416,733,054**	**1,710,954,132**	**111,924,255**	**2,239,611,441**
Deposits from banks	35	-	-	-	-	-	40,438	40,438	-	40,438	-	40,438
Deposits from customers	36	-	-	-	-	-	1,681,184,820	1,681,184,820	-	1,349,441,434	-	1,349,441,434
Financial liabilities held for trading	37	2,065,402	-	-	-	-	-	2,065,402	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	-	-	-	987,502	-	987,502	-	987,502
Debt securities issued	38	-	-	-	-	-	-	-	-	-	-	-
Other borrowed funds	41	-	-	-	-	-	332,317,881	332,317,881	-	319,868,847	-	319,868,847
Other liabilities	39	-	-	-	-	-	90,013,993	90,013,993	-	90,013,993	-	90,013,993
		2,065,402	**987,502**	**-**	**-**	**-**	**2,103,557,132**	**2,106,610,036**	**2,065,402**	**1,760,352,214**	**-**	**1,762,417,616**

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

Fair value of loans and advances

The fair values of non retail loans have been determined based on observable market data (transactions) (level 2) whilst those of retail loans have been 'estimated using Discounted Cash Flow (DCF) valuation models (level 3). Inputs into this valuation technique include: expected cash flows, expected losses, tenor and interest rates, risk premium between interest rate on the loan and risk free rate in the economy.

The expected cash flows (estimated recoverable amount from receivables, collateral and otherwise) are thus discounted to obtain the fair value of the retail loans. To improve the accuracy of fair value of retail loans, these loans are grouped into homogenous portfolio along product and customer type.

Fair value of customers' deposits

Fair values of customers' deposits have been determined using discounted cash flow techniques applying the rates on deposits of similar maturities and terms to discount the contractual cash flows.

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for -sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves and prices.

9 Interest income

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Loans and advances to banks	1,628,715	718,344	5,768	1,403
Loans and advances to customers	201,601,525	195,434,614	178,213,368	173,340,268
	203,230,240	196,152,958	178,219,136	173,341,671
Cash and cash equivalents	10,286,671	6,091,764	6,400,143	2,735,024
Financial assets held for trading	2,535,671	1,215,246	1,827,629	1,139,045
Investment securities:				
– Available for sale	87,811,265	46,197,640	86,105,553	43,639,814
– Held to maturity	12,329,568	7,540,698	749,989	428,130
Assets pledged as collateral	11,140,097	5,295,795	11,140,097	5,295,795
	327,333,512	262,494,101	284,442,547	226,579,479

Geographical location

Interest income earned in Nigeria	282,700,544	226,209,508	282,700,545	226,209,509
Interest income earned outside Nigeria	44,632,968	36,284,593	1,742,002	369,970
	327,333,512	262,494,101	284,442,547	226,579,479

Interest income for the period ended 31 December 2017 includes nil (December 2016:N10,295,000) interest accrued on impaired financial assets.

10 **Interest expense**

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Deposit from banks	1,050,674	1,470,101	23,219	64,236
Deposit from customers	59,557,389	48,920,848	48,515,349	39,824,956
	60,608,063	50,390,949	48,538,568	39,889,192
Financial liabilities held for trading	2,119,104	710,882	2,119,104	439,295
Other borrowed funds	10,773,781	7,072,009	8,965,853	15,223,035
Debt securities	7,169,403	8,920,083	7,169,403	-
Total interest expense	80,670,351	67,093,923	66,792,928	55,551,522
Geographical location				
Interest expense paid in Nigeria	52,668,184	41,294,160	52,884,240	41,477,841
Interest expense paid outside Nigeria	28,002,167	25,799,763	13,908,688	14,073,681
	80,670,351	67,093,923	66,792,928	55,551,522

11 **Loan impairment charges**

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Loans and advances to banks (Note 28)	**509**	**857**	**509**	**857**
Increase/(reversal) in collective impairment	509	857	509	857
Loans and advances to customers (Note 29)	**12,168,611**	**65,289,453**	**10,834,103**	**63,541,783**
Increase/(reversal) in collective impairment	(18,819,383)	50,795,566	(18,197,044)	50,636,771
Increase in specific impairment	34,244,571	27,021,902	31,012,480	24,350,376
Reversal of loans provisioned	(2,408,841)	(11,691,277)	(1,684,474)	(10,961,233)
Amounts written off during the period as uncollectible	-	70	-	-
Recovery of loan amounts previously written off	(847,736)	(836,808)	(296,859)	(484,131)
	12,169,120	**65,290,310**	**10,834,612**	**63,542,640**

12 Fee and commission income

In thousands of Nigerian Naira	Group Dec-2017	Group Restated[1] Dec-2016	Parent Dec-2017	Parent Restated[1] Dec-2016
Credit related fees and commissions	7,880,415	9,287,158	5,161,610	6,753,429
Account Maintenance Charges	9,413,300	8,447,586	8,146,989	7,376,169
Corporate finance fees	3,755,735	1,823,928	3,755,735	1,823,928
E-business Income	7,471,981	6,701,553	6,302,245	5,730,533
Commission on foreign exchange deals	2,767,592	1,981,943	2,767,592	1,981,943
Commission On Touch Points	781,112	734,400	781,112	734,400
Income from financial guarantee contracts issued	3,400,290	3,486,337	1,958,114	2,684,478
Account services, maintenance and anciliary banking charges	5,410,210	5,362,071	1,174,750	1,442,159
Transfers related charges	2,041,222	1,578,195	-	-
	42,921,857	**39,403,171**	**30,048,147**	**28,527,039**

[1]Non-vatable items have been appropriately reclassified from Fee and Commission to Other Income (see Note 50)

13 Fee and commission expense

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Bank charges	1,066,008	2,191,731	772,045	1,947,916
Loan recovery and brokerage expenses	1,123,653	1,264,526	789,721	999,798
	2,189,661	**3,456,257**	**1,561,766**	**2,947,714**

14 Net gains on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Bonds trading	130,576	49,114	130,576	49,114
Treasury bills trading	4,036,759	1,320,515	3,227,226	826,090
Foreign exchange	7,171,484	3,848,822	3,184,834	1,373,037
Net trading income	**11,338,819**	**5,218,451**	**6,542,636**	**2,248,241**

All unrealised gains on financial instruments held for trading are recognised within Other Income.

15 Other income

In thousands of Nigerian Naira	Group Dec-2017	Group Restated[1] Dec-2016	Parent Dec-2017	Parent Restated[1] Dec-2016
Mark to market gains on trading investments	7,692	(7,754)	7,692	(7,754)
Foreign exchange revaluation gain	25,540,198	87,289,532	23,926,663	86,358,293
Gain on disposal of fixed assets	101,587	74,948	38,594	36,266
Net portfolio gain on disposal of SMEEIS and long term investments	18,712	600,755	18,712	180,001
Discounts And Recoverables (FX)	6,745,778	2,988,222	6,745,778	2,988,222
Mark - Up Exchange Income	1,430,838	8,882,517	1,430,838	8,882,517
Valuation income - Others	-	3,656,317	-	3,656,317
Valuation income on repossessed collateral	3,607,968	3,922,090	3,476,869	3,922,090
Dividends income	179,310	93,237	3,558,832	2,546,148
	37,632,083	**107,499,864**	**39,203,978**	**108,562,100**

[1]Non-vatable items have been appropriately reclassified to Other Income from Fee and Commission (see Note 50)

16 Net impairment on other financial assets

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Impairment charges on equity investments	696,680	-	696,680	-
	696,680	-	696,680	-

17 Personnel expenses

(a)

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Wages and salaries	30,337,132	27,374,803	22,202,806	20,491,636
Contributions to defined contribution plans	1,234,808	1,007,785	846,702	691,713
Defined benefit costs	(1,083,110)	(395,489)	(1,176,734)	(454,606)
Cash-settled share-based payments (see 17(b) below)	234,622	(280,628)	234,622	(280,628)
Staff welfare expenses	2,108,889	1,746,994	246,955	256,657
	32,832,341	**29,453,465**	**22,354,351**	**20,704,772**

Staff loans

Staff receive loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the PV of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit which is amortised to personnel expense (staff welfare expenses) over the life of the loan.

Cash- settled share-based payments

The Group operates a cash-settled share based compensation plan (share appreciation rights (SARs)) for its management personnel. The management personnel are entitled to the share appreciation rights after spending ten years in the Bank. Qualified employees must have been in the scheme for five years and must have held the shares for at least three years. The amount of cash payment is determined based on the fair value of the shares of the Bank. The details of SARs granted at the reporting date are provided below:

In thousands	Number of shares
SARs granted to senior management employees at 31 December 2017	378,859
SARs granted to senior management employees at 31 December 2016	403,531

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira		Group Dec-2017	Group Dec-2016
Total carrying amount of liabilities for cash-settled arrangements	39	8,537,765	7,920,089

The carrying amount of liabilities for cash-settled share based payments includes:

In thousands of Nigerian Naira	Note	Group Dec-2017	Group Dec-2016
Balance, beginning of year		7,920,089	8,136,942
Effect of changes in fair value of SAR at year end		234,622	(280,628)
Share rights granted during the year		383,054	63,775
Balance, end of period	**39**	**8,537,765**	**7,920,089**

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

	Group	Group	Parent	Parent
	Dec-2017	Dec-2016	Dec-2017	Dec-2016
	Number	Number	Number	Number
Executive directors	6	6	6	6
Management	191	239	54	57
Non-management	5,040	4,961	3,224	3,286
	5,237	5,206	3,284	3,349

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

	Group	Group	Parent	Parent
	Dec-2017	Dec-2016	Dec-2017	Dec-2016
	Number	Number	Number	Number
Commercial Banking Abuja	35	38	35	38
Commercial Banking Lagos	169	178	169	178
Commercial Banking North East	44	50	44	50
Commercial Banking North West	51	55	51	55
Commercial Banking South East	44	42	44	42
Commercial Banking South South	48	62	48	62
Communication and External Affairs	184	159	31	28
Compliance Group	28	30	28	30
Corporate Services	115	183	63	135
Digital Banking Division	141	154	106	124
Enterprise Risk Management	155	159	76	85
Chief Executive Director	1	1	1	1
Financial Control, Group Reporting & Strategy	29	30	29	30
Human Resources	27	26	27	26
Institutional Banking	363	379	152	168
International Banking	72	82	26	39
Operations	179	177	179	177
Public Sector Abuja	30	34	30	34
Public Sector Lagos	20	18	20	18
Retail Lagos	161	184	161	184
Retail Abuja	53	52	53	52
Retail South East	15	22	15	22
South West Division	93	98	93	98
Retail South-South	41	38	41	38
SME Abuja	41	42	41	42
SME Division - Lagos	100	97	100	97
SME Division - South East	37	39	37	39
Systems and Control	140	130	85	90
Technology	221	228	145	157
Transaction Services	1,701	1,644	1,231	1,178
Wholesale Banking	49	43	28	32
Commercial Banking Subsidiaries	108	101	-	-
Retail Subsidiaries	129	127	-	-
Public Sector Subsidiaries	11	10	-	-
Other Support Services Subsidiaries	507	494	-	-

Customer Experience Management Division	59	-	59	-
Data Analytics Division	4	-	4	-
Fintech and Innovation Division	7	-	7	-
Legal Group	25	-	25	-
	5,237	5,206	3,284	3,349

(iii) Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group Dec-2017 Number	Group Dec-2016 Number	Parent Dec-2017 Number	Parent Dec-2016 Number
N720,001 - ₦1,400,000	1,635	1,538	-	-
N1,400,001 - ₦2,050,000	123	732	7	613
N2,190,001 - ₦2,330,000	51	51	-	-
N2,330,001 - ₦2,840,000	674	16	654	-
N2,840,001 - ₦3,000,000	20	18	-	-
N3,001,001 - N3,830,000	793	843	780	834
N3,830,001 - ₦4,530,000	5	5	-	-
N4,530,001 - ₦5,930,000	699	659	685	650
N6,000,001 - N6,800,000	362	419	362	406
N6,800,001 - ₦7,300,000	10	10	-	-
N7,300,001 - ₦7,800,000	8	326	-	318
N7,800,001 - ₦8,600,000	308	8	300	-
N8,600,001 - ₦11,800,000	345	367	329	351
Above ₦11,800,000	198	208	161	171
	5,231	5,200	3,278	3,343

18 Operating lease expense

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Operating lease expense	1,596,413	1,375,228	654,665	670,172
	1,596,413	**1,375,228**	**654,665**	**670,172**

This relates to lease rentals on branches leased by the Bank. Lease rentals are fully paid in advance with the effect that there are no future minimum lease payments to be made in respect of the leases

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Amortisation of intangible assets (see note 32)	1,963,074	1,712,220	1,602,909	1,268,979
Depreciation of property, plant and equipment (see note 31)	13,420,623	13,537,146	11,439,516	11,461,319
	15,383,697	**15,249,366**	**13,042,425**	**12,730,298**

20 Other operating expenses

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Finance costs	78,517	141,075	72,811	138,514
Deposit insurance premium	7,935,028	6,028,346	7,784,041	5,897,997
Other insurance premium	1,751,863	1,314,467	1,673,326	1,164,267
Auditors' remuneration[1]	712,254	596,234	475,000	400,000
Professional fees and other consulting costs	1,091,991	1,137,316	883,654	894,752
AMCON expenses	13,066,700	11,388,146	13,066,700	11,388,146
Stationery and postage	1,512,264	2,193,166	1,089,842	1,858,138
Business travel expenses	734,489	705,635	421,028	421,464
Advert, promotion and corporate gifts	7,016,750	7,454,120	5,704,650	6,430,187
Repairs and maintenance	6,485,929	7,173,638	5,029,620	5,985,134
Occupancy costs[2]	9,539,798	6,516,937	7,408,200	4,734,646
Directors' emoluments	879,294	669,761	269,580	247,127
Outsourcing services	8,589,309	8,312,649	7,115,198	7,068,944
Administrative expense	4,736,061	3,971,197	2,447,079	2,900,727
Communications and sponsorship related expense	5,883,081	5,806,941	2,523,178	2,947,449
Human capital related expenses	1,767,149	2,384,548	1,626,634	2,304,112
Customer service related expenses	1,665,511	1,766,401	504,736	982,650
	73,445,988	**67,560,577**	**58,095,277**	**55,764,254**

[1] Auditor's remuneration represents fees for both the interim and full year audits of the Group and Bank for the year ended 31 December 2017. The Bank also paid the auditors professional fees in the sum of N8,400,000 for non-audit service (certification of financial covenant with the Bank's foreign lenders) rendered during the year. This service, in the Bank's opinion, did not impair the independence and objectivity of the external auditor.

[2] This relates to diesel, fuel, and electricity cost as well as ground rates and water cost

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
a) Current tax expense:				
Company income tax	13,239,655	19,877,967	9,027,858	14,236,106
Education Tax	957,276	1,353,365	957,276	1,353,365
NITDA Levy	1,862,046	1,540,055	1,862,046	1,540,055
	16,058,977	22,771,387	11,847,180	17,129,526
Prior year's under provision	228,595	-	228,595	-
Dividend tax	14,811,398	2,896,852	14,811,398	2,896,852
Deferred tax expense:				
Origination of temporary differences	(1,326,583)	7,187,567	(1,967,249)	7,142,317
	29,772,387	32,855,806	24,919,924	27,168,695

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	Dec-2017	Dec-2017	Dec-2016	Dec-2016
Profit before income tax	200,242,020		165,136,461	
Income tax using the domestic corporation tax rate	60,072,606	30.0%	49,540,938	30.0%
Effect of tax rates in foreign jurisdictions	641,240	0.3%	2,347,820	1.4%
Tax reliefs/WHT Credits	-	0.0%	(525,677)	-0.3%
Non-deductible expenses	4,606,833	2.3%	19,055,532	11.5%
Education tax levy	957,276	0.5%	1,353,365	0.8%
NITDEF tax levy	1,862,046	0.9%	1,540,055	0.9%
Tax exempt income	(52,848,993)	-26.4%	(42,891,063)	-26.0%
Deductible expenses	(558,614)	-0.3%	(462,016)	-0.3%
Dividend tax	14,811,398	7.4%	2,896,852	1.8%
Prior year's under provision	228,595	0.1%	-	0.0%
Total income tax expense	29,772,387	14.9%	32,855,806	19.9%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	**Dec-2017**	**Dec-2017**	**Dec-2016**	**Dec-2016**
Profit before income tax	186,204,604		154,005,487	
Income tax using the domestic corporation tax rate	55,861,383	30.0%	46,201,647	30.0%
Tax reliefs/WHT Credits	-	0.0%	(525,677)	-0.3%
Non-deductible expenses	4,606,833	2.5%	19,055,532	12.4%
Education tax levy	957,276	0.5%	1,353,365	0.9%
NITDEF tax levy	1,862,046	1.0%	1,540,055	1.0%
Tax exempt income[1]	(52,848,993)	-28.4%	(42,891,063)	-27.9%
Deductible expenses	(558,614)	-0.3%	(462,016)	-0.3%
Dividend tax	14,811,398	8.0%	2,896,852	1.9%
Prior year's under provision	228,595	0.1%	-	0.0%
Total income tax expense	24,919,924	13.4%	27,168,695	17.6%

[1] Non-deductible expense include depreciation, collective impairment, non-allowable donations ,etc

[1] Tax exempt income include Deferred Tax Expense, and a percentage of other deductible lines; FX translation gains, Dividends, interest earned on treasury bills and bonds etc

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Income tax relating to actuarial gains and losses	251,703	570,882	251,703	570,882
Income tax relating to Foreign currency translation differences for foreign operations	881,108	6,640,493	-	-
Income tax relating to Net change in fair value of available for sale financial assets	2,963,957	(1,982,410)	2,583,614	(2,112,274)
	4,096,768	5,228,965	2,835,317	(1,541,392)

(b) *Current income tax payable*

The movement on the current income tax payable account during the period was as follows:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Balance, beginning of the year	17,928,279	17,739,676	17,819,039	19,378,526
Exchange difference on translation	121,717	590,906	-	-
Charge for the year	16,058,977	22,771,387	11,847,180	17,129,526
Payments during the year	(25,001,610)	(26,070,542)	(20,696,442)	(21,585,865)
Prior year's under provision	228,595	-	228,595	-
Dividend Tax	14,811,398	2,896,852	14,811,398	2,896,852
Balance, end of the period	24,147,356	17,928,279	24,009,770	17,819,039

22 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N169,602,315,000 and a weighted average number of ordinary shares outstanding of 28,112,933,000 (after adjusting for Treasury shares) and it is calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Net profit attributable to equity holders of the Company	169,602,315	131,341,742	161,284,680	126,836,792
Net profit used to determine diluted earnings per share	169,602,315	131,341,742	161,284,680	126,836,792

Number of ordinary shares

In thousands of shares	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Weighted average number of ordinary shares in issue	28,112,933	28,112,933	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	6.03	4.67	5.48	4.31

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS for continuing operations are the same for the Group.

23 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Cash in hand	67,303,684	45,378,374	42,123,376	36,794,249
Balances held with other banks	224,804,904	221,157,341	113,342,767	58,380,363
Unrestricted balances with central banks	83,203,161	53,411,505	54,379,661	18,683,027
Money market placements	266,662,035	135,916,085	245,450,392	119,989,594
	641,973,784	**455,863,305**	**455,296,196**	**233,847,233**

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

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Cash and cash equivalents	641,973,785	455,863,305	455,296,196	233,847,233
Cash and cash equivalents above three months	(32,798,888)	(23,314,881)	(28,870,700)	(22,984,571)
	609,174,897	**432,548,424**	**426,425,496**	**210,862,662**

24 Financial assets held for trading

(a)

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Trading bonds (see note 24(b) below)	6,940,582	391,141	4,124,124	391,141
Trading treasury bills (see note 24(c) below)	17,005,079	11,662,778	12,528,232	5,930,229
	23,945,661	**12,053,919**	**16,652,356**	**6,321,370**
Current	15,272,602	11,111,164	12,528,232	5,931,609
Non-current	8,673,059	942,755	4,124,124	389,761

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Local Contractor Bond	-	1,380	-	1,380
9th FGN Bond Series 3 (16.00%)	-	100,462	-	100,462
12th FGN Bond Series 1 (15.54%)	-	105,098	-	105,098
13th FGN Bond Series 3 (14.50%)	-	102,183	-	102,183
13th FGN Bond Series 2 (12.40%)	291,320	82,018	291,320	82,018
13th FGN Bond Series 1 (12.50%)	389,307	-	389,307	-
14th FGN Bond Series 1 (16.2884%)	2,082,272	-	2,082,272	-
11th FGN Bond Series 2 (12.15%)	93,183	-	93,183	-
11th FGN Bond Series 2 (14.20%)	209,143	-	209,143	-
14th FGN Bond Series 2 (16.2499%)	119,180	-	119,180	-
FGN Sukuk 16.47 26-SEPT-2024/7Y	939,719	-	939,719	-
Non-Nigerian trading bonds	2,816,458	-	-	-
	6,940,582	**391,141**	**4,124,124**	**391,141**

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Nigerian treasury bills' maturities:				
05-January-2017	-	727,461	-	727,461
19-January-2017	-	772,557	-	772,557
02-February-2017	-	441	-	441
16-February-2017	-	624,201	-	624,201
23-February-2017	-	245,763	-	245,763
02-March-2017	-	274,950	-	274,950
09-March-2017	-	16,044	-	16,044
16-March-2017	-	152,949	-	152,949
30-March-2017	-	1,859	-	1,859
06-April-2017	-	44,406	-	44,406
13-April-2017	-	46,871	-	46,871
20-April-2017	-	1,880	-	1,880
27-April-2017	-	237,041	-	237,041
04-May-2017	-	236,184	-	236,184
11-May-2017	-	6,174	-	6,174
18-May-2017	-	38,232	-	38,232
25-May-2017	-	9,576	-	9,576
15-June-2017	-	45,288	-	45,288
22-June-2017	-	78,732	-	78,732
29-June-2017	-	23,429	-	23,429
06-July-2017	-	138,765	-	138,765
13-July-2017	-	59,987	-	59,987
20-July-2017	-	391,436	-	391,436
27-July-2017	-	28,660	-	28,660
03-August-2017	-	53,461	-	53,461
10-August-2017	-	1,402	-	1,402
17-August-2017	-	694	-	694
24-August-2017	-	9,178	-	9,178
31-August-2017	-	138,456	-	138,456
07-September-2017	-	80,316	-	80,316
14-September-2017	-	163,199	-	163,199
21-September-2017	-	22,380	-	22,380
28-September-2017	-	393,336	-	393,336
05-October-2017	-	12,610	-	12,610
19-October-2017	-	28,894	-	28,894
09-November-2017	-	62,457	-	62,457
16-November-2017	-	13,693	-	13,693
30-November-2017	-	13,881	-	13,881

14-December-2017	-	10,044	-	10,044
21-December-2017	-	723,342	-	723,342
25-January-2018	12,122	-	12,122	-
01-February-2018	92,768	-	92,768	-
08-February-2018	1,644	-	1,644	-
15-February-2018	202,006	-	202,006	-
01-March-2018	735	-	735	-
08-March-2018	9,686	-	9,686	-
15-March-2018	2,826,433	-	2,826,433	-
29-March-2018	215,755	-	215,755	-
05-April-2018	4,906	-	4,906	-
12-April-2018	1,568,097	-	1,568,097	-
19-April-2018	40,246	-	40,246	-
26-April-2018	4,039	-	4,039	-
03-May-2018	105,021	-	105,021	-
10-May-2018	431,788	-	431,788	-
24-May-2018	1,163,996	-	1,163,996	-
31-May-2018	80,627	-	80,627	-
07-June-2018	928,720	-	928,720	-
14-June-2018	3,514	-	3,514	-
21-June-2018	593,890	-	593,890	-
05-July-2018	556,460	-	556,460	-
12-July-2018	307,129	-	307,129	-
19-July-2018	340,636	-	340,636	-
26-July-2018	126,060	-	126,060	-
16-August-2018	108,015	-	108,015	-
23-August-2018	14,255	-	14,255	-
30-August-2018	1,388,767	-	1,388,767	-
13-September-2018	2,167	-	2,167	-
20-September-2018	25,343	-	25,343	-
04-October-2018	16,868	-	16,868	-
18-October-2018	886,724	-	886,724	-
01-November-2018	224,159	-	224,159	-
15-November-2018	245,656	-	245,656	-
Non-Nigerian treasury bills	4,476,847	5,732,549	-	-
	17,005,079	**11,662,778**	**12,528,232**	**5,930,229**

25 Derivative financial instruments

(a) Group

Dec-2017

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,688,033	638,261	(592,320)
Put and Call options	33,346,156	2,200,817	(2,014,266)
Derivative assets/(liabilities)	64,034,189	2,839,078	(2,606,586)

Group

Dec-2016

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,451,250	1,042,470	(987,502)
Derivative assets/(liabilities)	30,451,250	1,042,470	(987,502)

Parent

Dec-2017

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,688,033	638,261	(592,320)
Put and Call options	33,346,156	2,200,817	(2,014,266)
Derivative assets/(liabilities)	64,034,189	2,839,078	(2,606,586)

Parent

Dec-2016

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,451,250	1,042,470	(987,502)
Derivative assets/(liabilities)	30,451,250	1,042,470	(987,502)

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives and Options

The Group enters into foreign exchange forward contracts and currency swaps designated as held for trading. A foreign exchange forward contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a fund flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The Group also offered its customers derivatives in connection with their risk management objectives to transfer or reduce market risk (commodity price) for their own trading purpose. The hedge transaction with the customer is backed by visible trade transaction. The foreign currency forward and options contracts are subject to the same risk management policies.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

26 Investment securities

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
(a) (i) Available for sale investment securities				
Treasury bills	492,469,374	421,164,870	433,094,854	385,504,653
Bonds	15,375,680	13,782,210	10,356,140	9,640,011
Corporate bond	6,626,983	9,192,632	6,626,983	9,192,632
Equity securities at fair value (See note 26(a)(ii) below	3,011,648	4,279,461	3,011,648	4,279,461
Unquoted equity securities at cost (see note 26(b) below)	4,160,706	3,092,538	4,151,658	3,085,126
	521,644,391	451,511,711	457,241,283	411,701,883
Specific impairment for equities (see note 26(c) below)	(4,151,658)	(3,454,978)	(4,151,658)	(3,454,978)
Total available for sale investment securities	**517,492,733**	**448,056,733**	**453,089,625**	**408,246,905**
Held to maturity investment securities				
Bonds	38,179,228	14,697,152	2,007,253	5,219,262
Treasury bills	57,931,373	65,138,463	-	-
Corporate bond	355,997	320,210	-	-
Total held to maturity investment securities	**96,466,598**	**80,155,825**	**2,007,253**	**5,219,262**
Total investment securities	**613,959,331**	**528,212,558**	**455,096,878**	**413,466,167**
Current	565,340,377	486,497,010	433,094,854	385,512,418
Non-current	48,618,954	41,715,548	22,002,024	27,953,749

(a) (ii) Unquoted equity securities at fair value is analysed below:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
SMEEIS investment:				
- Sokoa Chair Centre	-	107,244	-	107,244
- Iscare Nigeria Ltd	-	74,765	-	74,765
- Central Securities Clearing System	-	92,102	-	92,102
- 3 Peat Investment Ltd	-	1,016,032	-	1,016,032
	-	**1,290,143**	**-**	**1,290,143**
Other unquoted equity investment:				
- Unified Payment Services Limited[1]	212,342	188,883	212,342	188,883
- Nigeria Automated Clearing Systems	700,406	557,759	700,406	557,759
- Afrexim	84,674	98,455	84,674	98,455
- Africa Finance Corporation	2,014,226	2,144,221	2,014,226	2,144,221
	3,011,648	**2,989,318**	**3,011,648**	**2,989,318**
Total fair value of equity securities	**3,011,648**	**4,279,461**	**3,011,648**	**4,279,461**
Specific impairment for equities	-	(508,016)	-	(508,016)
	3,011,648	**3,771,445**	**3,011,648**	**3,771,445**

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

(b) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- Iscare Nigeria Ltd	40,000	-	40,000	-
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Central Securities Clearing System	10,500	-	10,500	-
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- 3 Peat Investment Ltd	1,016,032	-	1,016,032	-
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- CRC Credit Bureau	61,111	61,111	61,111	61,111
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	**4,151,658**	**3,085,126**	**4,151,658**	**3,085,126**
Less specific impairment for equities	(4,151,658)	(2,946,962)	(4,151,658)	(2,946,962)
Carrying value of SMIEES investment	**-**	**138,164**	**-**	**138,164**
Other unquoted equity investment:				
- GIM UEMOA	9,048	7,412	-	-
Cost of other unquoted equity investment	**9,048**	**7,412**	**-**	**-**
Carrying value of other unquoted equity investment	**9,048**	**7,412**	**-**	**-**
Total cost of unquoted equity investment	**4,160,706**	**3,092,538**	**4,151,658**	**3,085,126**
Total impairment of unquoted equity investment	(4,151,658)	(2,946,962)	(4,151,658)	(2,946,962)
Total carrying value of unquoted equity investment	**9,048**	**145,576**	**-**	**138,164**

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Balance at 1 January	145,576	613,135	138,164	608,163
- Exchange difference	1,636	2,440	-	-
- Disposal	(61,288)	(469,999)	(61,288)	(469,999)
- Additional impairment on equity investment	(696,680)	-	(696,680)	-
- Transfer from equity investments at fair value	1,127,820	-	1,127,820	-
- Impairment charge previously taken on equity investments at fair value	(508,016)	-	(508,016)	-
Balance, end of the year	9,048	145,576	-	138,164

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no 'active market for these financial instruments; they have therefore been disclosed at cost less impairment.

Kindly refer to Note 6e for the movement in the value of equity securities at fair value during the year.

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the Fair Value hierarchy table.

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group is of the opinion that it does not have power over the investees investments because of the following:

- There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.
- The Group does not provide essential technical information to the entities.
- There is no inter-change of personnel between the Group and the entities.
- Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses. Accordingly, the accounts of these businesses have not been consolidated.

(c) Specific impairment for equities

Movement in specific impairment for equities during the year is as shown below:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance at 1 January	3,454,978	3,454,978	3,454,978	3,454,978
- Charge for the year	696,680	-	696,680	-
Balance, end of the year	**4,151,658**	**3,454,978**	**4,151,658**	**3,454,978**

The Bank would only lose cost of investment if decline in value is considered significant or prolonged.

Specific impairment for equities is further analysed by classification below:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Specific impairment on equity securities at fair value	-	508,016	-	508,016
Specific impairment on equity securities at cost	4,151,658	2,946,962	4,151,658	2,946,962
	4,151,658	**3,454,978**	**4,151,658**	**3,454,978**

27 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Financial assets held for trading	**14,453**	**10,710**	**-**	**-**
- Treasury bills	14,453	10,710	-	-
Investment Securities - available for sale (See note (c) below):	**58,961,722**	**48,205,702**	**58,961,722**	**48,205,702**
- Treasury bills	58,961,722	48,205,702	58,961,722	48,205,702
	58,976,175	**48,216,412**	**58,961,722**	**48,205,702**
Current	58,976,175	48,205,702	58,961,722	48,205,702
Non-current	-	10,710	-	-

(b) Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions.

(c) Treasury Bills pledged as collateral of N58,961,722,000 (December 2016: N48,205,702,000) have been reclassified from available for sale and investment securities at fair value.

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

28 Loans and advances to banks

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Loans and advances to banks	751,991	654,839	45,110	31,064
Less collective allowances for impairment	(1,630)	(1,121)	(1,630)	(1,121)
	750,361	**653,718**	**43,480**	**29,943**
Current	750,361	653,718	43,480	29,943

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

Group

In thousands of Nigerian Naira	Dec-2017 Specific allowance for impairment	Dec-2017 Collective allowance for impairment	Dec-2017 Total allowance for impairment	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment
Balance at 1 January	-	1,121	1,121	-	264	264
Increase in impairment allowances	-	509	509	-	857	857
	-	1,630	1,630	-	1,121	1,121

Parent

In thousands of Nigerian Naira	Dec-2017 Specific allowance for impairment	Dec-2017 Collective allowance for impairment	Dec-2017 Total allowance for impairment	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment
Balance at 1 January	-	1,121	1,121	-	264	264
Increase in impairment allowances	-	509	509	-	857	857
	-	1,630	1,630	-	1,121	1,121

29 Loans and advances to customers

Dec-2017	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Loans to individuals:				
Loans	153,951,256	150,410,695	99,137,780	107,506,692
Overdrafts	12,115,194	7,515,758	6,181,249	6,061,176
Others[1]	-	1,839	-	-
Gross loans	**166,066,450**	**157,928,292**	**105,319,029**	**113,567,868**
Loans	(1,219,772)	(1,048,642)	(392,090)	(1,450)
Overdrafts	(89,602)	(36,559)	-	(1,050)
Others[1]	-	(39)	-	-
Specific impairment	**(1,309,374)**	**(1,085,240)**	**(392,090)**	**(2,500)**
Loans	(1,427,724)	(1,274,077)	(1,364,333)	(1,219,075)
Overdrafts	(871,039)	(861,180)	(864,176)	(859,315)
Others[1]	-	(2)	-	-
Collective impairment	**(2,298,763)**	**(2,135,259)**	**(2,228,509)**	**(2,078,390)**
Loans	(2,647,496)	(2,322,719)	(1,756,423)	(1,220,525)
Overdrafts	(960,641)	(897,739)	(864,176)	(860,365)
Others[1]	-	(41)	-	-
Total impairment	**(3,608,137)**	**(3,220,499)**	**(2,620,599)**	**(2,080,890)**
Loans	151,303,760	148,087,976	97,381,357	106,286,167
Overdrafts	11,154,553	6,618,019	5,317,073	5,200,811
Others[1]	-	1,798	-	-
Carrying amount	**162,458,313**	**154,707,793**	**102,698,430**	**111,486,978**

Loans to Non-individuals:				
Loans	1,083,739,003	1,224,589,560	1,050,931,690	1,173,637,927
Overdrafts	218,451,039	203,622,761	134,473,702	128,653,633
Others[1]	48,066,648	83,937,058	35,525,974	75,258,288
Gross loans	**1,350,256,690**	**1,512,149,379**	**1,220,931,366**	**1,377,549,848**
Loans	(39,243,656)	(16,387,454)	(37,827,497)	(14,865,641)
Overdrafts	(7,820,027)	(3,244,652)	(4,195,066)	(1,005,489)
Others[1]	(541,330)	(259,216)	-	-
Specific impairment	**(47,605,013)**	**(19,891,322)**	**(42,022,563)**	**(15,871,130)**
Loans	(9,612,470)	(11,906,458)	(9,373,753)	(11,305,230)
Overdrafts	(6,543,740)	(5,061,009)	(5,932,692)	(4,176,375)
Others[1]	(420,350)	(40,568,549)	(329,100)	(40,466,139)
Collective impairment	**(16,576,560)**	**(57,536,016)**	**(15,635,545)**	**(55,947,744)**
Loans	(48,856,126)	(28,293,912)	(47,201,250)	(26,170,871)
Overdrafts	(14,363,767)	(8,305,661)	(10,127,758)	(5,181,864)
Others[1]	(961,680)	(40,827,765)	(329,100)	(40,466,139)
Total impairment	**(64,181,573)**	**(77,427,338)**	**(57,658,108)**	**(71,818,874)**
Loans	1,034,882,877	1,196,295,648	1,003,730,440	1,147,467,056
Overdrafts	204,087,272	195,317,100	124,345,944	123,471,769
Others[1]	47,104,968	43,109,293	35,196,874	34,792,149
Carrying amount	**1,286,075,117**	**1,434,722,041**	**1,163,273,258**	**1,305,730,974**
Total carrying amount (individual and non individual)	**1,448,533,430**	**1,589,429,834**	**1,265,971,688**	**1,417,217,952**

[1] Others include Usances and Usances Settlement

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Current	679,267,218	995,484,613	569,007,523	861,300,437
Non-current	769,266,212	593,945,221	696,964,165	555,917,515

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

Group

	Dec-2017			Dec-2016		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,085,240	2,135,259	3,220,499	474,946	771,212	1,246,158
Foreign currency translation and other adjustments	36,782	130,505	167,287	262,311	(115,185)	147,126
Increase in impairment allowances	937,850	32,999	970,849	570,343	1,479,232	2,049,575
Write offs	(750,498)	-	(750,498)	(222,360)	-	(222,360)
Balance, end of year	1,309,374	2,298,763	3,608,137	1,085,240	2,135,259	3,220,499

Parent

	Dec-2017			Dec-2016		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	2,500	2,078,390	2,080,890	138,049	671,594	809,643
Increase/ (reversal) in impairment allowances	954,760	150,119	1,104,879	(3,089)	1,406,796	1,403,707
Write offs	(565,170)	-	(565,170)	(132,460)	-	(132,460)
Balance, end of year	392,090	2,228,509	2,620,599	2,500	2,078,390	2,080,890

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

Group

In thousands of Nigerian Naira	Dec-2017			Dec-2016		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	19,891,322	57,536,016	77,427,338	21,485,367	7,617,493	29,102,860
Foreign currency translation and other adjustments	305,576	(142,038)	163,538	1,570,827	602,189	2,173,016
Increase/ (reversal) in impairment allowances	30,897,880	(18,852,382)	12,045,498	14,760,282	49,316,334	64,076,616
Reclassifications	21,965,036	(21,965,036)	-	-	-	-
Write offs	(25,454,801)	-	(25,454,801)	(17,925,154)	-	(17,925,154)
Balance, end of year	47,605,013	16,576,560	64,181,573	19,891,322	57,536,016	77,427,338

Parent

In thousands of Nigerian Naira	Dec-2017			Dec-2016		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	15,871,130	55,947,744	71,818,874	18,781,373	6,717,769	25,499,142
Foreign currency translation and other adjustments	71	-	71	427	-	427
Increase/ (reversal) in impairment allowances	28,373,246	(18,347,163)	10,026,083	13,392,232	49,229,975	62,622,207
Reclassifications	21,965,036	(21,965,036)	-	-	-	-
Write offs	(24,186,920)	-	(24,186,920)	(16,302,902)	-	(16,302,902)
Balance, end of year	42,022,563	15,635,545	57,658,108	15,871,130	55,947,744	71,818,874

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

Group
Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121
Increase in impairment allowances	-	1	1	-	508	508	-	-	-	-	509	509
	-	1,109	1,109	-	521	521	-	-	-	-	1,630	1,630

Group
Dec-2016

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	4	4	-	260	260	-	-	-	-	264	264
Increase/ (reversal) in impairment allowances	-	1,104	1,104	-	(247)	(247)	-	-	-	-	857	857
	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121

Parent
Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121
Increase in impairment allowances	-	1	1	-	508	508	-	-	-	-	509	509
	-	1,109	1,109	-	521	521	-	-	-	-	1,630	1,630

Parent
Dec-2016

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	4	4	-	260	260	-	-	-	-	264	264
Increase/ (reversal) in impairment allowances	-	1,104	1,104	-	(247)	(247)	-	-	-	-	857	857
	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121

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

Group
Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,048,642	1,274,077	2,322,719	36,559	861,180	897,739	39	2	41	1,085,240	2,135,259	3,220,499
Foreign currency translation and other adjustments	53,397	79,897	133,294	(16,615)	50,608	33,993	-	-	-	36,782	130,505	167,287
Increase/ (reversal) in impairment allowances	239,552	73,631	313,183	697,282	(40,630)	656,652	1,016	(2)	1,014	937,850	32,999	970,849
Write offs	(133,142)	-	(133,142)	(616,301)	-	(616,301)	(1,055)	-	(1,055)	(750,498)	-	(750,498)
Balance, end of year	1,208,449	1,427,605	2,636,054	100,925	871,158	972,083	-	-	-	1,309,374	2,298,763	3,608,137

Group
Dec-2016

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	411,556	331,344	742,900	62,594	439,633	502,227	796	235	1,031	474,946	771,212	1,246,158
Foreign currency translation and other adjustments	270,080	(68,729)	201,351	(7,778)	(46,456)	(54,234)	9	-	9	262,311	(115,185)	147,126
Increase/ (reversal) in impairment allowances	401,688	1,011,462	1,413,150	168,363	468,003	636,366	292	(233)	59	570,343	1,479,232	2,049,575
Write offs	(34,682)	-	(34,682)	(186,620)	-	(186,620)	(1,058)	-	(1,058)	(222,360)	-	(222,360)
Balance, end of year	1,048,642	1,274,077	2,322,719	36,559	861,180	897,739	39	2	41	1,085,240	2,135,259	3,220,499

Parent
Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,450	1,219,075	1,220,525	1,050	859,315	860,365	-	-	-	2,500	2,078,390	2,080,890
Increase in impairment allowances	390,640	145,258	535,898	564,120	4,861	568,981	-	-	-	954,760	150,119	1,104,879
Write offs	-	-	-	(565,170)	-	(565,170)	-	-	-	(565,170)	-	(565,170)
Balance, end of year	392,090	1,364,333	1,756,423	-	864,176	864,176	-	-	-	392,090	2,228,509	2,620,599

Parent
Dec-2016

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	137,114	250,194	387,308	935	421,400	422,335	-	-	-	138,049	671,594	809,643
Increase/ (reversal) in impairment allowances	(135,664)	968,881	833,217	132,575	437,915	570,490	-	-	-	(3,089)	1,406,796	1,403,707
Write offs	-	-	-	(132,460)	-	(132,460)	-	-	-	(132,460)	-	(132,460)
Balance, end of year	1,450	1,219,075	1,220,525	1,050	859,315	860,365	-	-	-	2,500	2,078,390	2,080,890

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

Group

Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	16,387,454	11,906,458	28,293,912	3,244,652	5,061,009	8,305,661	259,216	40,568,549	40,827,765	19,891,322	57,536,016	77,427,338
Foreign currency translation and other adjustments	305,576	(86,958)	218,618	-	(55,080)	(55,080)	-	-	-	305,576	(142,038)	163,538
Increase/ (reversal) in impairment allowances	26,147,297	(2,201,292)	23,946,005	4,468,476	1,532,073	6,000,549	282,107	(18,183,163)	(17,901,056)	30,897,880	(18,852,382)	12,045,498
Reclassifications	21,965,036	-	21,965,036	-	-	-	-	(21,965,036)	(21,965,036)	21,965,036	(21,965,036)	-
Write offs	(25,454,801)	-	(25,454,801)	(7)	-	(7)	7	-	7	(25,454,801)	-	(25,454,801)
Balance, end of year	39,350,562	9,618,208	48,968,770	7,713,121	6,538,002	14,251,123	541,330	420,350	961,680	47,605,013	16,576,560	64,181,573

Group

Dec-2016

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	9,063,530	3,738,153	12,801,683	12,420,930	3,638,513	16,059,443	907	240,827	241,734	21,485,367	7,617,493	29,102,860
Foreign currency translation and other adjustments	1,517,868	359,317	1,877,185	52,903	242,871	295,774	56	1	57	1,570,827	602,189	2,173,016
Increase/(reversal) in impairment allowances	23,676,502	7,808,988	31,485,490	(9,174,524)	1,179,625	(7,994,899)	258,304	40,327,721	40,586,025	14,760,282	49,316,334	64,076,616
Write offs	(17,870,446)	-	(17,870,446)	(54,657)	-	(54,657)	(51)	-	(51)	(17,925,154)	-	(17,925,154)
Balance, end of year	16,387,454	11,906,458	28,293,912	3,244,652	5,061,009	8,305,661	259,216	40,568,549	40,827,765	19,891,322	57,536,016	77,427,338

Parent
Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	14,865,641	11,305,230	26,170,871	1,005,489	4,176,375	5,181,864	-	40,466,139	40,466,139	15,871,130	55,947,744	71,818,874
Foreign currency translation and other adjustments	71	-	71	-	-	-	-	-	-	71	-	71
Increase/(reversal) in impairment allowances	25,183,669	(1,931,477)	23,252,192	3,189,577	1,756,317	4,945,894	-	(18,172,003)	(18,172,003)	28,373,246	(18,347,163)	10,026,083
Reclassifications	21,965,036	-	21,965,036	-	-	-	-	(21,965,036)	(21,965,036)	21,965,036	(21,965,036)	-
Write offs	(24,186,920)	-	(24,186,920)	-	-	-	-	-	-	(24,186,920)	-	(24,186,920)
Balance, end of year	37,827,497	9,373,753	47,201,250	4,195,066	5,932,692	10,127,758	-	329,100	329,100	42,022,563	15,635,545	57,658,108

Parent
Dec-2016

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	6,979,085	3,044,577	10,023,662	11,802,288	3,432,667	15,234,955	-	240,525	240,525	18,781,373	6,717,769	25,499,142
Foreign currency translation and other adjustments	427	-	427	-	-	-	-	-	-	427	-	427
Increase/(reversal) in impairment allowances	24,189,031	8,260,653	32,449,684	(10,796,799)	743,708	(10,053,091)	-	40,225,614	40,225,614	13,392,232	49,229,975	62,622,207
Write offs	(16,302,902)	-	(16,302,902)	-	-	-	-	-	-	(16,302,902)	-	(16,302,902)
Balance, end of year	14,865,641	11,305,230	26,170,871	1,005,489	4,176,375	5,181,864	-	40,466,139	40,466,139	15,871,130	55,947,744	71,818,874

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Dec-2017 % ownership	Parent Dec-2016 % ownership	Parent Dec-2017 ₦'000	Parent Dec-2016 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	84.24	84.24	594,109	594,109
GTB Ghana	97.97	97.97	9,042,739	9,042,739
GTB Finance B.V.	100.00	100.00	-	3,220
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	5,077,458
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
GTB Tanzania	70.00	0.00	2,241,750	-
			46,207,004	43,968,474
Current			-	-
Non-current			46,207,004	43,968,474

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

In thousands of Nigerian Naira	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	43,968,474	41,905,781
Additions during the year	2,241,750	2,062,693
Transferred to assets classified as held for sale	(3,220)	-
Balance, end of the year	46,207,004	43,968,474

(a) (ii) Additions during the year relates to GTB Tanzania which commenced operation during the year.
The Bank holds 70% (N2,241,750,000) interest in Tanzania while 30% (N960,750,000) belongs to Non-Controlling Interest.

Please refer to Note 45 for more information on the Group structure

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 31 December 2017, are as follows:

Full year profit and loss

Dec-2017

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***	***GT Bank Tanzania***
Operating income	2,466,265	266,967	16,819,395	5,565,042	5,239,695	4,650,170	4,161,973	1,503,588	9,908,873	14,425
Operating expenses	(2,198,700)	(266,967)	(7,615,921)	(2,837,446)	(2,574,449)	(3,724,105)	(2,535,955)	(1,359,089)	(8,108,819)	(355,943)
Loan impairment charges	-	-	123,400	188,322	(895,773)	-	2,628	-	(753,084)	-
Profit before tax from continuing operations	267,565	-	9,326,874	2,915,918	1,769,473	926,065	1,628,646	144,499	1,046,970	(341,518)
Taxation	-	-	(2,875,754)	(874,775)	(415,480)	(1,656)	(488,596)	-	(196,201)	-
Profit after tax from continuing operations	267,565	-	6,451,120	2,041,143	1,353,993	924,409	1,140,050	144,499	850,769	(341,518)
Profit after tax	267,565	-	6,451,120	2,041,143	1,353,993	924,409	1,140,050	144,499	850,769	(341,518)

Condensed financial position
Dec-2017

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Assets										
Cash and cash equivalents	147,329	7,948	33,957,550	13,795,410	6,459,540	135,385,632	8,240,527	3,007,428	23,970,384	1,138,938
Loans and advances to banks	-	-	-	-	-	706,881	-	-	-	-
Loans and advances to customers	-	2,392,230	29,743,423	13,869,985	24,565,351	37,988,167	5,004,774	6,923,602	65,895,071	-
Financial assets held for trading	-	-	7,293,305	-	-	-	-	-	-	-
Investment securities:										
– Available for sale	53,914,878	-	-	-	-	29,143,939	16,766,463	9,048	18,483,658	-
– Held to maturity	-	-	64,262,504	8,588,863	2,791,687	-	-	6,837,321	11,978,970	-
Assets pledged as collateral	-	-	-	-	-	-	-	14,453	-	-
Other assets	-	-	3,089,533	385,461	739,780	445,432	2,691,691	331,617	3,632,858	85,745
Property and equipment	-	-	1,948,612	1,242,819	1,922,441	714,733	2,304,290	1,188,378	2,558,000	1,810,933
Intangible assets	-	-	160,233	-	44,115	-	78,437	37,835	1,407,052	-
Deferred tax assets	-	-	125,991	-	-	387,188	-	-	1,153,811	-
Total assets	54,062,207	2,400,178	140,581,151	37,882,538	36,522,914	204,771,972	35,086,182	18,349,682	129,079,804	3,035,616
Financed by:										
Deposits from banks	-	-	1	-	496,740	118,020,085	-	6,164	6,246,352	-
Deposits from customers	-	-	110,065,633	27,097,040	27,482,857	70,535,360	28,812,264	12,052,735	88,484,758	-
Current income tax liabilities	-	-	103,954	163,791	309,605	-	41,512	-	(481,276)	-
Deferred tax liabilities	-	-	132,255	14,321	-	-	163,757	-	205,664	-
Other liabilities	8,537,765	-	3,042,083	3,341,147	1,574,185	1,072,533	1,721,966	456,529	1,276,693	66,373
Other borrowed funds	1,428,505	-	2,076,854	-	1,160,153	-	-	-	6,583,523	-
	9,966,270	-	115,420,780	30,616,299	31,023,540	189,627,978	30,739,499	12,515,428	102,315,714	66,373
Equity and reserve	44,095,937	2,400,178	25,160,371	7,266,239	5,499,374	15,143,994	4,346,683	5,834,254	26,764,090	2,969,243
	54,062,207	2,400,178	140,581,151	37,882,538	36,522,914	204,771,972	35,086,182	18,349,682	129,079,804	3,035,616

Condensed cash flow
Dec-2017

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***	***GT Bank Tanzania***
Net cash flow:										
- from operating activities	617,676	133,192,729	43,598,636	3,983,990	(4,097,036)	26,296,648	(663,137)	2,928,411	(5,735,102)	2,949,871
- from investing activities	71,223	-	(34,103,202)	(1,968,921)	(728,781)	(9,065,433)	2,326,226	(1,479,462)	3,637,780	(1,810,933)
- from financing activities	(654,799)	(133,184,781)	(4,125,097)	(128,309)	(479,844)	-	(5,353,772)	-	2,728,562	-
Increase in cash and cash equivalents	34,100	7,948	5,370,337	1,886,760	(5,305,661)	17,231,215	(3,690,683)	1,448,949	631,240	1,138,938
Cash balance, beginning of year	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681	-
Effect of exchange difference	-	-	237,935	(1,362,197)	582,302	16,417,676	(357,864)	100,080	968,465	-
Cash balance, end of year	147,329	7,948	33,957,550	13,795,410	6,459,542	135,385,630	8,240,527	3,007,427	23,970,386	1,138,938

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2017, are as follows:

Profit and loss

Dec-2017

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	5,213,476	1,808,624	2,966,278
Operating expenses	(4,051,878)	(1,706,893)	(2,387,509)
Loan impairment charges	(217,828)	(19,872)	(193,043)
Profit before tax from continuing operations	943,770	81,859	385,726
Taxation	(283,132)	(71,992)	-
Profit after tax from continuing operations	660,638	9,867	385,726

Condensed financial position

Dec-2017

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Assets			
Cash and cash equivalents	10,420,208	7,102,845	6,447,685
Loans and advances to customers	42,549,247	7,501,690	16,258,852
Investment securities:			
– Available for sale	18,483,658	-	-
– Held to maturity	3,825,678	1,965,870	6,187,422
Investment in subsidiaries	10,496,401	-	-
Property and equipment	894,507	300,825	1,362,668
Intangible assets	569,850	332,945	434,314
Deferred tax assets	235,947	888,761	-
Other assets	1,825,502	448,452	2,343,802
Total assets	89,300,998	18,541,388	33,034,743
Financed by:			
Deposits from banks	5,365,203	880,613	536
Deposits from customers	48,508,848	13,009,271	26,925,467
Deferred tax liabilities	-	-	205,664
Other liabilities	1,534,770	244,964	580,242
Other borrowed funds	6,588,177	-	-
Total liabilities	61,996,998	14,134,848	27,711,909
Equity and reserve	27,304,000	4,406,540	5,322,834
	89,300,998	18,541,388	33,034,743

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

Dec-2016

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed profit and loss									
Operating income	2,142,912	991,120	13,840,329	4,851,097	2,833,481	3,141,319	3,661,362	1,131,185	9,641,918
Operating expenses	(450,970)	(991,120)	(6,101,585)	(2,174,467)	(1,953,949)	(2,789,493)	(2,116,611)	(1,377,621)	(7,255,414)
Loan impairment charges	-	-	(593,793)	(244,647)	(59,317)	-	36,121	(167,186)	(718,845)
Profit before tax from continuing operations	1,691,942	-	7,144,951	2,431,983	820,215	351,826	1,580,872	(413,622)	1,667,659
Taxation	-	-	(2,218,295)	(652,424)	(205,054)	-	(468,025)	-	(643,311)
Profit after tax	1,691,942	-	4,926,656	1,779,559	615,161	351,826	1,112,847	(413,622)	1,024,348

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

Dec-2016

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed financial position									
Assets									
Cash and cash equivalents	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681
Loans and advances to banks	-	-	-	-	-	129,666	-	494,108	-
Loans and advances to customers	-	127,903,847	46,602,126	14,280,796	14,570,559	27,852,101	6,103,846	5,623,853	59,254,839
Financial assets held for trading	-	-	5,732,549	-	-	-	-	-	-
Investment securities:									
– Available for sale	32,560,683	-	-	-	-	17,330,138	20,305,737	7,412	2,166,541
– Held to maturity	-	-	30,338,621	8,024,436	2,306,248	-	-	4,257,564	30,009,694
Assets pledged as collateral	-	-	-	-	-	-	-	10,710	-
Other assets	-	-	1,737,159	498,712	1,178,423	348,989	527,380	241,877	3,309,849
Property and equipment	-	-	1,803,575	1,274,750	1,628,793	625,750	2,379,586	1,023,122	3,042,459
Intangible assets	-	-	212,469	-	26,619	-	41,159	54,220	1,540,492
Deferred tax assets	-	-	162,366	48,797	-	381,461	-	-	985,804
Total assets	**32,673,912**	**127,903,847**	**114,938,143**	**37,398,338**	**30,893,543**	**148,404,844**	**41,646,782**	**13,171,264**	**122,680,359**
Financed by:									
Deposits from banks	-	-	4,276,137	247,937	-	79,114,770	359,634	-	9,717,458
Deposits from customers	-	-	82,641,543	30,112,825	22,334,685	56,501,480	23,791,695	6,869,499	82,876,236
Debt securities issued	-	125,639,949	-	-	-	-	-	-	597,914
Current income tax liabilities	-	-	40,314	177,813	149,265	-	47,359	-	42,499
Deferred tax liabilities	-	-	90,220	-	-	-	169,862	-	270,462
Other liabilities	7,920,089	-	3,301,791	842,452	1,642,974	580,074	8,065,864	1,653,598	1,614,549
Other borrowed funds	2,083,304	-	3,530,615	-	1,547,092	-	4,811,803	-	3,066,162
Total liabilities	10,003,393	125,639,949	93,880,620	31,381,027	25,674,016	136,196,324	37,246,217	8,523,097	98,185,280
Equity and reserve	22,670,519	2,263,898	21,057,523	6,017,311	5,219,527	12,208,520	4,400,565	4,648,167	24,495,079
	32,673,912	**127,903,847**	**114,938,143**	**37,398,338**	**30,893,543**	**148,404,844**	**41,646,782**	**13,171,264**	**122,680,359**

Dec-2016

In thousands of Nigerian Naira	*Staff Investment Trust*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Condensed cash flow									
Net cash flow:									
- from operating activities	(216,853)	156,440,616	11,328,810	332,834	548,716	37,562,688	18,952,598	1,765,584	(4,032,950)
- from investing activities	1,154,853	-	(10,995,490)	2,585,602	715,873	(4,075,411)	(17,183,790)	(1,213,309)	8,967,240
- from financing activities	(880,645)	(156,448,038)	(3,082,258)	(752,063)	1,547,092	-	131,390	-	2,796,708
Increase in cash and cash equivalents	57,355	(7,422)	(2,748,938)	2,166,373	2,811,681	33,487,277	1,900,198	552,275	7,730,998
Cash balance, beginning of year	55,874	4,729	22,364,533	9,449,243	5,653,178	52,137,389	7,632,855	853,821	10,519,188
Effect of exchange difference	-	2,693	8,733,683	1,655,231	2,718,042	16,112,073	2,756,021	52,302	4,120,495
Cash balance, end of year	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 31 December 2016, are as follows:

Profit and loss
Dec-2016

In thousands of Nigerian Naira	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Operating income	5,568,997	1,322,930	2,749,991
Operating expenses	(3,784,987)	(1,394,307)	(2,076,121)
Loan impairment charges	(66,736)	(57,426)	(594,683)
Profit before tax from continuing operations	1,717,274	(128,803)	79,187
Taxation	(600,035)	(43,276)	-
Profit after tax	1,117,239	(172,079)	79,187

Condensed financial position
Dec-2016

In thousands of Nigerian Naira	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Assets			
Cash and cash equivalents	13,365,466	2,824,698	6,180,517
Loans and advances to customers	39,335,585	6,177,951	13,741,303
Investment securities:			
– Available for sale	2,166,541	-	-
– Held to maturity	23,731,672	1,749,359	4,528,663
Investment in subsidiaries	8,709,682	-	-
Property and equipment	1,210,223	370,717	1,461,519
Intangible assets	617,001	353,199	437,334
Deferred tax assets	255,012	730,792	-
Other assets	956,672	234,632	2,118,545
Total assets	**90,347,854**	**12,441,348**	**28,467,881**
Financed by:			
Deposits from banks	9,599,910	117,034	514
Deposits from customers	50,476,758	8,764,401	23,635,077
Debt securities issued	3,664,076	-	-
Current income tax liabilities	42,499	-	-
Deferred tax liabilities	68,616	-	201,846
Other liabilities	1,052,032	130,905	431,612
Total liabilities	64,903,891	9,012,340	24,269,049
Equity and reserve	25,443,963	3,429,008	4,198,832
	90,347,854	**12,441,348**	**28,467,881**

31 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2017	52,358,464	13,830,084	66,952,716	9,622,070	12,602,476	10,195,212	165,561,022
Exchange difference	288,286	(17,260)	422,057	11,744	-	21,211	726,038
Additions	2,161,128	11,828	9,147,724	1,607,854	650	6,074,334	19,003,518
Disposals/Reclass	(575,333)	-	(301,563)	(553,390)	-	(105,948)	(1,536,234)
Transfers	1,403,555	138,648	609,892	-	-	(2,152,095)	-
Balance at 31 December 2017	**55,636,100**	**13,963,300**	**76,830,826**	**10,688,278**	**12,603,126**	**14,032,714**	**183,754,344**
Balance at 1 January 2016	42,863,912	9,334,026	54,717,391	8,610,235	12,569,888	18,477,260	146,572,712
Exchange difference	2,114,456	266,667	3,482,693	674,904	-	481,901	7,020,621
Additions	1,474,835	10,081	7,173,198	1,224,554	32,588	5,838,096	15,753,352
Disposals	(186,921)	-	(2,023,811)	(1,317,335)	-	(257,596)	(3,785,663)
Transfers	6,092,182	4,219,310	3,603,245	429,712	-	(14,344,449)	-
Balance at 31 December 2016	**52,358,464**	**13,830,084**	**66,952,716**	**9,622,070**	**12,602,476**	**10,195,212**	**165,561,022**

[1] Of this amount as at December 2017, Leasehold improvement accounts for N12,878,201,000 (23.1%) while Buildings accounts for N42,760,025,000 (76.9%)

[2] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2017	11,252,837	910,517	48,768,107	6,218,413	4,923,093	-	72,072,967
Exchange difference	81,808	(2,867)	342,034	6,896	-	-	427,871
Charge for the year	1,629,943	171,273	8,367,607	1,479,607	1,772,193	-	13,420,623
Disposal	(47,503)	-	(303,712)	(485,900)	-	-	(837,115)
Balance at 31 December 2017	**12,917,085**	**1,078,923**	**57,174,036**	**7,219,016**	**6,695,286**	**-**	**85,084,346**
Balance at 1 January 2016	9,161,702	735,342	39,885,651	5,462,806	3,338,433	-	58,583,934
Exchange difference	578,294	31,608	2,366,748	415,218	-	-	3,391,868
Charge for the year	1,682,901	143,567	8,517,757	1,608,261	1,584,660	-	13,537,146
Disposal	(170,060)	-	(2,002,049)	(1,267,872)	-	-	(3,439,981)
Balance at 31 December 2016	**11,252,837**	**910,517**	**48,768,107**	**6,218,413**	**4,923,093**	**-**	**72,072,967**
Carrying amounts:							
Balance at 31 December 2017	**42,719,015**	**12,884,377**	**19,656,790**	**3,469,262**	**5,907,840**	**14,032,714**	**98,669,998**
Balance at 31 December 2016	**41,105,627**	**12,919,567**	**18,184,609**	**3,403,657**	**7,679,383**	**10,195,212**	**93,488,055**

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2017	44,305,594	12,919,926	54,990,812	7,335,418	12,602,476	9,257,593	141,411,819
Additions[3]	1,381,103	13,000	7,985,308	1,213,460	650	4,186,780	14,780,301
Disposals/Reclass	-	-	(203,809)	(530,528)	-	(4,930)	(739,267)
Transfers	1,403,556	138,648	406,941	-	-	(1,949,145)	-
Balance at 31 December 2017	**47,090,253**	**13,071,574**	**63,179,252**	**8,018,350**	**12,603,126**	**11,490,298**	**155,452,853**
Balance at 1 January 2016	37,765,872	8,700,616	47,172,750	7,040,772	12,569,888	17,473,732	130,723,630
Additions	1,086,365	-	6,355,042	1,066,480	32,588	5,508,569	14,049,044
Disposals	(62,595)	-	(2,096,714)	(1,201,546)	-	-	(3,360,855)
Transfers	5,515,952	4,219,310	3,559,734	429,712	-	(13,724,708)	-
Balance at 31 December 2016	**44,305,594**	**12,919,926**	**54,990,812**	**7,335,418**	**12,602,476**	**9,257,593**	**141,411,819**

[1] Of this amount as at December 2017, Leasehold improvement accounts for N10,899,660,000 (23.1%) while Buildings accounts for N36,190,593,000 (76.9%)

[2] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

[3] Included in additions under Capital work in progress is the sum of N1,433,787,000 (Dec 2016: N1,063,346,000) relating to Lands acquired by the Bank.

Property and equipment (continued)

Parent

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2017	9,021,001	798,540	40,269,000	4,690,160	4,923,093	-	59,701,794
Charge for the year	1,202,588	171,633	7,028,585	1,264,517	1,772,193	-	11,439,516
Disposal	-	-	(203,809)	(464,446)	-	-	(668,255)
Balance at 31 December 2017	**10,223,589**	**970,173**	**47,093,776**	**5,490,231**	**6,695,286**	**-**	**70,473,055**
Balance at 1 January 2016	7,817,005	657,720	35,145,312	4,572,412	3,338,433	-	51,530,882
Charge for the year	1,266,591	140,820	7,197,509	1,271,739	1,584,660	-	11,461,319
Disposal	(62,595)	-	(2,073,821)	(1,153,991)	-	-	(3,290,407)
Balance at 31 December 2016	**9,021,001**	**798,540**	**40,269,000**	**4,690,160**	**4,923,093**	**-**	**59,701,794**
Carrying amounts:							
Balance at 31 December 2017	**36,866,664**	**12,101,401**	**16,085,476**	**2,528,119**	**5,907,840**	**11,490,298**	**84,979,798**
Balance at 31 December 2016	**35,284,593**	**12,121,386**	**14,721,812**	**2,645,258**	**7,679,383**	**9,257,593**	**81,710,025**

(c) The Bank had capital commitments of N165,155,000 (31 December 2016: N863,599,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2016: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2017	8,672,465	12,674,080	21,346,545
Exchange translation differences	3,463	222,335	225,798
Additions	-	2,863,251	2,863,251
Disposals	-	(10,892)	(10,892)
Reclass from other assets	-	-	-
Balance at 31 December 2017	**8,675,928**	**15,748,774**	**24,424,702**
Balance at 1 January 2016	8,648,385	9,067,360	17,715,745
Exchange translation differences	24,080	1,263,502	1,287,582
Additions	-	2,392,426	2,392,426
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	**8,672,465**	**12,674,080**	**21,346,545**
Amortization and impairment losses			
Balance at 1 January 2017	-	7,487,639	7,487,639
Exchange translation differences	-	149,927	149,927
Amortization for the year	-	1,963,074	1,963,074
Disposals	-	(10,892)	(10,892)
Balance at 31 December 2017	**-**	**9,589,748**	**9,589,748**
Balance at 1 January 2016	-	5,245,133	5,245,133
Exchange translation differences	-	579,494	579,494
Amortization for the year	-	1,712,220	1,712,220
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	**-**	**7,487,639**	**7,487,639**
Carrying amounts			
Balance at 31 December 2017	**8,675,928**	**6,159,026**	**14,834,954**
Balance at 31 December 2016	**8,672,465**	**5,186,441**	**13,858,906**

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the year ended December 2017 (2016: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2017	8,867,445
Additions	2,726,244
Reclass from other assets	-
Balance at 31 December 2017	**11,593,689**
Balance at 1 January 2016	6,726,359
Additions	2,153,981
Disposals	(12,895)
Balance at 31 December 2016	**8,867,445**
Amortization and impairment losses	
Balance at 1 January 2017	5,489,484
Amortization for the year	1,602,909
Balance at 31 December 2017	**7,092,393**
Balance at 1 January 2016	4,233,400
Amortization for the year	1,268,979
Disposals	(12,895)
Balance at 31 December 2016	**5,489,484**
Carrying amounts	
Balance at 31 December 2017	**4,501,296**
Balance at 31 December 2016	**3,377,961**

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated to the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

Cash Generating Units	**Dec-17**	**Dec -16**
Rest of West Africa:		
- Corporate Banking	33,422	82,428
- Commercial Banking	6,177	13,346
- Retail Banking	11,323	21,627
East Africa:		
- Corporate Banking	5,660,796	6,006,585
- Commercial Banking	1,046,282	972,531
- Retail Banking	1,917,928	1,575,947
	8,675,928	**8,672,463**

No impairment loss on goodwill was recognised during the year ended 31 December 2017 (31 December 2016: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations ,using cash flow projections based on financial budgets approved by senior management covering a five-year period and appropriate discount rates.

Cash Flow Forecasts

The cash flow projections used for the 2 years were based on actual operating results and the 5-year business plan appropriately approved by senior management. Cash flows to perpetuity were estimated using a 10-year average growth of GDP in the countries where the subsidiaries operate; 4.5 per cent and 6.6per cent for CGUs in West Africa and East Africa regions respectively. These constant growth rates are based on the long term forecast of GTBank's growth in the countries in which the CGU's operate centred on past performance, current industry trend and management's expectations of market development. The forecast period is based on the Group's medium to long term perspective with respect to the operations of these units.

Valuation Assumptions and Other Disclosures

For each of the CGUs to which the goodwill was allocated, the key assumptions used in Value-in-use calculations are as follows:

The recoverable amounts of the East Africa region for which goodwill were allocated have been based on their value in use which were determined by discounting the projected cash flows generated by the segments in the region with the weighted discount rate of 15.86% derived using CAPM approach. It would require over N0.96billion change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated to the identified CGU can be assumed impaired. 13 basis point increase in the discount rate will make the recoverable amount of the East Africa region Commercial segment equal to its carrying amount.

2017-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	22.17%	23.17%	23.67%	16.06%	16.56%	18.06%
Operating Income Growth Rate (%)	19.83%	20.33%	21.83%	14.35%	14.85%	15.85%
Other Operating Costs (₦'Million)	19,577	3,618	6,633	6,645	1,228	2,251
Capital Expenditure (₦'Million)	2,335	432	791	462	85	156
Recoverable Amount (₦'Million)	57,827	10,688	19,592	24,862	4,595	8,423
Long Term Growth Rate (%)	4%- 5%	4%- 5%	4%- 5%	6%- 7%	6%- 7%	6%- 7%
Discount Rate (%)	22.55%	22.55%	22.55%	15.86%	15.86%	15.86%

2016-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	12.0%	11.5%	12.5%	15.2%	15.7%	16.2%
Operating Income Growth Rate (%)	13.0%	12.5%	13.5%	15.8%	16.3%	16.8%
Other Operating Costs (₦'Million)	1,507	348	2,903	251	58	483
Capital Expenditure (₦'Million)	236	206	308	53	46	70
Recoverable Amount (₦'Million)	83,759	16,786	28,596	30,213	5,628	7,502
Long Term Growth Rate (%)	6%- 8%	6%- 8%	6%- 8%	6%- 8%	6%- 8%	6%- 8%
Discount Rate (%)	11.32%	11.32%	11.32%	15.22%	15.22%	15.22%

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira	**Dec-2017**			**Dec-2016**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	1,666,990	-	1,666,990	592,623	-	592,623
Fair value reserves	-	-	-	255,012	-	255,012
Allowances for loan losses/Fraud loss provision	-	-	-	730,792	-	730,792
Net deferred tax assets/(liabilities)	1,666,990	-	1,666,990	1,578,427	-	1,578,427

In thousands of Nigerian Naira	-	**Dec-2017**	**Dec-2016**
Deferred tax assets			
-Deferred tax assets to be recovered within 12 months		-	985,804
-Deferred tax assets to be recovered after more than 12 months		1,666,990	592,623
Deferred tax liabilities			

Group
Deferred tax liabilities

In thousands of Nigerian Naira		**Dec-2017**			**Dec-2016**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	10,889,409	10,889,409	-	11,020,971	11,020,971
Fair value reserves	-	1,355,995	1,355,995	1,159,001	-	(1,159,001)
Allowances for loan losses/Fraud loss provision	5,359,705	-	(5,359,705)	17,408,177	-	(17,408,177)
Defined benefit obligation/Actuarial Loss	641,268	-	(641,268)	125,966	-	(125,966)
Revaluation gain and Other assets	-	7,086,332	7,086,332	-	20,149,417	20,149,417
Foreign currency translation difference	-	4,745,462	4,745,462	-	5,164,140	5,164,140
Net deferred tax (assets)/liabilities	6,000,973	24,077,198	18,076,225	18,693,144	36,334,528	17,641,384

In thousands of Nigerian Naira	**Dec-2017**	**Dec-2016**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	6,000,973	18,693,144
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	13,187,789	25,313,557
-Deferred tax liabilities to be recovered after more than 12 months	10,889,409	11,020,971

Parent

Deferred Tax Liabilities

In thousands of Nigerian Naira		**Dec-2017**			**Dec-2016**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	10,373,412	10,373,412	-	10,559,043	10,559,043
Fair value reserves	-	1,355,995	1,355,995	1,227,618	-	(1,227,618)
Allowances for loan losses/Fraud loss provision	5,359,705	-	(5,359,705)	17,408,177	-	(17,408,177)
Defined benefit obligation/Actuarial Loss	641,268	-	(641,268)	125,966	-	(125,966)
Revaluation gain and Other assets	-	7,086,332	7,086,332	-	20,149,417	20,149,417
Net deferred tax (assets)/liabilities	6,000,973	18,815,739	12,814,766	18,761,761	30,708,460	11,946,699

In thousands of Nigerian Naira	**Dec-2017**	**Dec-2016**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	6,000,973	18,761,761
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	8,442,327	20,149,417
-Deferred tax liabilities to be recovered after more than 12 months	10,373,412	10,559,043

Movements in deferred tax assets during the year

Group
Dec-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2017	592,623	255,012	730,792	-	-	-	-	1,578,427
Recognised in Profit or loss	1,074,367	-	(730,792)	-	-	-	-	343,575
Other comprehensive Income	-	(255,012)	-	-	-	-	-	(255,012)
Balance at 31 December 2017	1,666,990	-	-	-	-	-	-	1,666,990

Movements in deferred tax liabilities during the year

Group
Dec-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2017	11,020,971	(1,159,001)	(17,408,177)	-	(125,966)	20,149,416	5,164,141	17,641,384
Exchange Difference	(86,481)	648,860	92,787	-	-	(3,473,133)	394,061	(2,423,906)
Recognised in Profit or loss	(45,080)	(842,809)	11,955,685	-	(767,005)	(9,589,951)	(1,693,849)	(983,009)
Other comprehensive Income	-	2,708,945	-	-	251,703	-	881,108	3,841,756
Balance at 31 December 2017	10,889,410	1,355,995	(5,359,705)	-	(641,268)	7,086,332	4,745,461	18,076,225

Movements in deferred tax assets during the year

Group
Dec-2016

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2016	639,651	74,564	483,504	-	-	-	2,046,422	3,244,141
Recognised in Profit or loss	(47,028)	-	247,288	-	-	-	-	200,260
Other comprehensive Income	-	180,448	-	-	-	-	(2,046,422)	(1,865,974)
Balance at 31 December 2016	592,623	255,012	730,792	-	-	-	-	1,578,427

Movements in deferred tax liabilities during the year

Group
Dec-2016

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2016	9,596,589	907,831	(2,216,888)	-	(1,356,344)	(67,338)	(24,329)	6,839,521
Exchange Difference	(86,208)	(26,202)	92,279	-	-	(523,222)	594,399	51,046
Recognised in Profit or loss	1,510,590	(238,668)	(15,283,568)	-	659,496	20,739,976	-	7,387,826
Other comprehensive Income	-	(1,801,962)	-	-	570,882	-	4,594,071	3,362,991
Balance at 31, Dec 2016	11,020,971	(1,159,001)	(17,408,177)	-	(125,966)	20,149,416	5,164,141	17,641,384

Parent
Dec-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2017	10,559,043	(1,227,618)	(17,408,177)	-	(125,966)	20,149,417	-	11,946,699
Recognised in Profit or loss	(185,631)	-	12,048,472	-	(767,005)	(13,063,085)	-	(1,967,249)
Other comprehensive Income	-	2,583,613	-	-	251,703	-	-	2,835,316
Balance at 31 December 2017	10,373,412	1,355,995	(5,359,705)	-	(641,268)	7,086,332	-	12,814,766

Parent
Dec-2016

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2016	9,126,017	884,656	(2,216,888)	-	(1,356,344)	(91,667)	-	6,345,774
Recognised in Profit or loss	1,433,026	-	(15,191,289)	-	659,496	20,241,084	-	7,142,317
Other comprehensive Income	-	(2,112,274)	-	-	570,882	-	-	(1,541,392)
Balance at 31, Dec 2016	10,559,043	(1,227,618)	(17,408,177)	-	(125,966)	20,149,417	-	11,946,699

34 Restricted deposits and other assets

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Repossessed collaterals	7,398,961	3,922,091	7,398,961	3,922,091
Prepayments (See note 34(ii) below)	20,819,575	18,705,329	10,786,689	12,509,255
Accounts Receivable	6,749,165	1,476,452	6,749,165	1,476,452
Foreign Banks - Cash Collateral	19,228,807	11,944,208	19,228,807	11,944,208
Restricted deposits with central banks (See note 34(i) below)	374,877,033	328,747,009	373,491,691	327,100,025
Contribution to AGSMEIS (See note 34(iii) below)	6,341,840	-	6,341,840	-
Recognised assets for defined benefit obligations (See note 40)	9,658,362	7,506,302	9,658,362	7,506,302
	445,073,743	**372,301,391**	**433,655,515**	**364,458,333**
Impairment on other assets (See note 34(iv) below)	(126,846)	(305,556)	(126,846)	(305,556)
	444,946,897	**371,995,835**	**433,528,669**	**364,152,777**
Current	56,797,097	35,705,636	413,914,062	29,509,562
Non-current	388,149,800	336,290,199	19,614,607	334,643,215

(i) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N373,491,691,000 with the Central Bank of Nigeria (CBN) as at 31 December 2017 (December 2016:N327,100,025,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2016: 27.5%) of total Naira deposits made up of 22.5% regular CRR and 5% Special Intervention Reserve which should be held with the Central Bank of Nigeria as a regulatory requirement.

(ii) Included in Prepayments is an amount of N4,990,629,000 as at 31 December 2017 (December 2016: N5,364,548,000) which relates to prepaid operating lease rentals on branches leased by the Bank.

(iii) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

(iv) Movement in impairment of other assets:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Opening Balance	305,556	305,556	305,556	305,556
Reclassification[1]	(178,710)	-	(178,710)	-
Closing Balance	126,846	305,556	126,846	305,556

[1]This relates to provision on pending cases that the bank is currently involved in. This has been reclassified to Other Liabilities (Note 39)

34b Assets of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Investment in subsidiaries	-	-	3,220	-
Other assets[1]	-	-	847,600	-
Total assets of disposal group	-	-	850,820	-

Liabilities of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Other borrowed funds[1]	-	-	847,600	-
Total liabilities of disposal group	-	-	847,600	-

[1] This relates to $2.6million loan given by GTB Finance BV to the Parent which was re-invested into GTB Finance BV. These balances were offset in prior period.

Net assets of disposal group	**-**	**-**	**3,220**	**-**

35 Deposits from banks

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Money market deposits	6,419,514	12,485,830	-	-
Other deposits from banks	79,011,000	112,582,018	42,360	40,438
	85,430,514	**125,067,848**	**42,360**	**40,438**
Current	85,430,514	125,067,848	42,360	40,438
Non-current	-	-	-	-

36 Deposits from customers

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Retail customers:				
Term deposits	160,211,639	167,670,395	118,973,888	123,744,581
Current deposits	378,641,048	356,575,696	278,205,508	273,472,107
Savings	479,772,792	454,436,327	398,163,682	390,615,952
Corporate customers:				
Term deposits	204,719,751	241,549,629	153,045,770	208,000,749
Current deposits	838,702,403	766,014,185	749,172,099	685,351,431
	2,062,047,633	**1,986,246,232**	**1,697,560,947**	**1,681,184,820**
Current	2,028,914,996	1,957,923,345	1,697,556,864	1,681,181,153
Non-current	33,132,637	28,322,887	4,083	3,667

37 Financial liabilities held for trading

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Bond short positions	-	629,202	-	629,202
Treasury bills short positions	2,647,469	1,436,200	2,647,469	1,436,200
	2,647,469	**2,065,402**	**2,647,469**	**2,065,402**
Current	2,647,469	2,065,402	2,647,469	2,065,402
Non-current	-	-	-	-

38 Debt securities issued

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Debt securities at amortized cost:				
Eurobond debt security	92,131,923	125,639,949	92,131,923	-
Corporate bonds	-	597,914	-	-
	92,131,923	**126,237,863**	**92,131,923**	**-**
Current	92,131,923	-	92,131,923	-
Non-current	-	126,237,863	-	-

Debt securities of N92,131,923,000 (USD 278,210,000) (December 2016: N125,639,949,000 (USD 402,177,000)) represents amortised cost of Dollar guaranteed note originally issued by GTB B.V. Netherlands. The Parent has, during the period, substituted the liability. Therefore the liability is now reported under the Parent's book. This is in line with the decision of the Group to liquidate GTB B.V. Netherlands. The outstanding note of USD 276,934,000 (principal) was the outstanding balance of the USD400,000,000 issued in November 2013 for a period of 5 years at 6% per annum payable semi-annually.
During the year under review the Bank through a tender offer redeemed USD123,066,000 out of the USD400,000,000 notes, thus reducing the outstanding obligation to USD276,934,000.

39 Other liabilities

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Cash settled share based payment liability (Note 39(d))	8,537,765	7,920,089	-	-
Liability for defined contribution obligations (Note 39(a))	58,629	51,512	-	-
Deferred income on financial guarantee contracts	138,636	141,684	37,337	46,447
Litigation Claims Provision (Note 39(e))	178,710	-	178,710	-
Certified cheques	10,482,214	11,060,137	7,660,447	7,321,435
Lease obligation (Note 39(b))	262,599	1,675,041	262,599	1,675,041
Customers' deposit for foreign trade (Note 39(c))	19,938,543	12,220,426	19,828,369	11,972,086
Customers' escrow balances	156,588,741	30,786,203	156,588,741	30,786,203
Account Payables	11,183,326	7,455,494	9,175,514	7,200,437
Creditors and agency services	9,295,176	19,047,197	1,835,197	5,734,116
Customers deposit for shares of other Corporates	1,684,905	25,324,707	1,684,905	25,324,675
	218,349,244	**115,682,490**	**197,251,819**	**90,060,440**
Current	208,560,825	106,021,253	197,035,772	89,003,270
Non-current	9,788,419	9,661,237	216,047	1,057,170

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

(b) The lease obligation relates to an Aircraft held under a finance lease arrangement. The net carrying amount of the Aircraft, included within property, plant and equipment is N5,907,835,000 (December 2016: N7,679,381,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (December 2016:Nil)

The future minimum lease payments extend over a number of years. This is analysed as follows:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Not more than one year	264,899	1,499,354	264,899	1,499,354
Over one year but less than five years	-	249,893	-	249,893
	264,899	1,749,247	264,899	1,749,247
Less future finance charges	(2,300)	(74,206)	(2,300)	(74,206)
	262,599	**1,675,041**	**262,599**	**1,675,041**

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	Dec-2017	Dec-2016	Dec-2017	Dec-2016
Not more than one year	262,599	1,427,318	262,599	1,427,318
Over one year but less than five years	-	247,723	-	247,723
	262,599	**1,675,041**	**262,599**	**1,675,041**

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Dec-2017		Dec-2016	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	19.63	403,531	20.64	394,199
Granted	14.84	25,808	13.25	27,139
Exercised	26.44	(50,479)	16.60	(17,808)
As at end of the year	**22.54**	**378,860**	**19.63**	**403,531**

The total unit of shares of the scheme stood at 1,318,246,000 as at December 2017, out of which 378,346,000 have been granted. Out of the 378,346,000 Share Appreciation Right (SARs) granted as at Dec 2017 (Dec 2016: 403,531,000 SARs), 292,251,197 SARs (Dec 2016: 308,615,835) have met the vesting criteria. SARs exercised in 2017 resulted in 50,478,910 shares (Dec 2016:17,807,653) being granted at a weighted average price of N26.44 each (Dec 2016: N16.60 each).

As at 31st Dec 2017, the impact of the SAR on the statement of financial position of the Group stood at N8,537,765,000 (2016:N7,920,089,000). Of this amount, the liability on vested but unexercised SARs was N7,618,703,000 (2016: N7,001,465,000). The impact on the income statement for the year ended 31st Dec 2017 stood at N234,622,000 (2016: N63,775,000)

The Share Appreciation Right is a cash settled share based compensation scheme managed by a Special Purpose Vehicle (SPV) - Guaranty Trust Bank Staff Investment Trust. The scheme was introduced as a compensation plan for the bank's qualifying personnel to enhance employee retention, by offering the shares acquired by the SPV to qualifying members of staff at the prevailing net book value of the bank. Under the terms of the plan, the shares vest only if a member has spent 10 years in the bank, 5 years in the scheme and the purchased shares are up to 3 years old from the date of purchase. Upon exit if a member meets vesting conditions, the shares would be repurchased from the staff by the scheme.

The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs, by applying an option pricing model, taking into account the terms and conditions on which the SARs were granted, and the extent to which the employees have rendered services to date. The expected life used in the model has been adjusted based on management's best estimate for the effects of exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price		Share options (thousands of Naira)	
Grant-Vest	**Dec-2017**	**Dec-2016**	**Dec-2017**	**Dec-2016**
2004-2009	25.94	22.56	3,604,809	3,895,257
2004-2017	23.58	20.09	97,723	77,400
2005-2010	24.75	20.14	537,377	426,202
2005-2011	24.16	20.94	74,932	64,289
2005-2013	25.62	22.41	551,268	477,592
2006-2011	23.37	20.01	218,514	175,375
2006-2014	25.13	21.78	241,968	209,010
2007-2012	23.31	19.44	694,210	542,924
2007-2013	23.04	16.90	66,036	43,356
2007-2014	23.25	19.54	211,467	173,395
2007-2015	20.48	20.34	38,921	120,511
2007-2016	22.87	20.91	436,550	353,132
2008-2013	22.33	17.11	346,175	249,753
2008-2014	22.32	17.54	49,195	86,273
2008-2015	20.72	17.12	55,064	40,363
2008-2017	25.43	20.35	54,098	42,983
2009-2014	23.37	20.66	83,776	101,959
2009-2015	26.07	22.62	12,643	10,973
2009-2016	26.07	22.69	4,073	3,545
2010-2015	16.92	14.87	49,373	98,998
2010-2016	23.21	20.54	61,614	50,406
2010-2017	22.84	19.96	42,112	33,811
2010-2018	21.72	15.95	47,780	32,377
2010-2019	22.85	16.54	51,209	37,074
2011-2016	19.78	15.22	306,455	212,152
2011-2017	21.62	12.05	30,022	16,725
2011-2018	21.05	13.54	38,947	23,014
2011-2019	19.12	17.34	43,498	42,930
2011-2020	15.31	17.27	26,019	18,996
2012-2017	17.38	11.80	67,856	65,101
2012-2018	15.05	10.41	11,193	6,391
2012-2021	22.59	11.17	6,777	3,352
2012-2022	10.54	11.65	8,868	5,139
2013-2018	15.34	10.04	151,266	83,733
2014-2019	12.73	5.94	77,252	27,983
2014-2022	12.31	4.83	2,419	635
2015-2020	6.88	4.76	46,143	27,347
2015-2022	5.71	4.23	11,989	8,033
2015-2023	5.19	4.34	1,870	717
2015-2024	4.71	3.92	110	91
2016-2021	5.28	3.93	61,104	30,028
2016-2025	4.14	3.81	1,655	764
2017-2022	4.03	0.00	12,654	-
2017-2023	3.91	0.00	781	-
			8,537,765	**7,920,089**

(e) Provision for litigation arose from the assessment carried out by the Solicitors of the Bank of all the pending litigations the Bank was involved in as at Dec 31, 2017. Please see Note 44 for further information on Litigations.

Movement in provision for litigation claims during the year is as follows:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Opening Balance	-	-	-	-
Reclassification[1]	178,710	-	178,710	-
Closing Balance	**178,710**	**-**	**178,710**	**-**

[1]This relates to provision on pending cases that the bank is currently involved in which was initially recognised under Other Assets.

40 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years. The defined benefit obligation valuation was carried out by Alexander Forbes Consulting Actuaries.

(a) The amounts recognised in the statement of financial position are as follows:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Present value of funded obligations	(2,976,569)	(2,322,827)	(2,976,569)	(2,322,827)
Total present value of defined benefit obligations	(2,976,569)	(2,322,827)	(2,976,569)	(2,322,827)
Fair value of plan assets	12,634,931	9,829,129	12,634,931	9,829,129
Present value of net asset/(obligations)	9,658,362	7,506,302	9,658,362	7,506,302
Recognized asset/(liability) for defined benefit obligations	**9,658,362**	**7,506,302**	**9,658,362**	**7,506,302**

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses.

Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 34

(b) Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
(Deficit)/surplus on defined benefit obligations, beginning of year	7,506,302	5,095,333	7,506,302	5,095,333
Net (Expense) / Income recognised in Profit and Loss[1]	1,176,734	454,606	1,176,734	454,606
Re-measurements recognised in Other Comprehensive Income[2]	839,010	1,902,941	839,010	1,902,941
Contributions paid	136,316	53,422	136,316	53,422
(Deficit)/surplus for defined benefit obligations, end of year	**9,658,362**	**7,506,302**	**9,658,362**	**7,506,302**

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Interest income on Net defined benefit obligation[a]	1,232,986	570,680	1,232,986	570,680
Current service costs	(56,252)	(116,074)	(56,252)	(116,074)
	1,176,734	**454,606**	**1,176,734**	**454,606**

[a]Interest cost on Net Defined benefit Obligation is analysed below:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Interest income on assets	1,611,977	943,207	1,611,977	943,207
Interest cost on defined benefit obligation	(378,991)	(372,527)	(378,991)	(372,527)
	1,232,986	**570,680**	**1,232,986**	**570,680**

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Return on plan assets, excluding amounts included in interest expense/income	1,037,941	(293,176)	1,037,941	(293,176)
Effect of Exchange rate fluctuation	155,884	905,350	155,884	905,350
Gain/(loss) from change in demographic assumptions	(354,815)	1,290,766	(354,815)	1,290,766
	839,010	**1,902,940**	**839,010**	**1,902,940**

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Equity securities:				
- Quoted	4,131,173	2,205,902	4,131,173	2,205,902
Government securities				
- Quoted	1,295,360	1,033,440	1,295,360	1,033,440
Offshore investments				
- Quoted	2,909,629	2,591,416	2,909,629	2,591,416
Cash and bank balances				
- Unquoted	4,298,769	3,998,371	4,298,769	3,998,371
	12,634,931	**9,829,129**	**12,634,931**	**9,829,129**

Group

In thousands of Nigerian Naira	Dec-2017		Dec-2016	
Equity securities	4,131,173	33%	2,205,902	22%
Government securities	1,295,360	10%	1,033,440	11%
Offshore investments	2,909,629	23%	2,591,416	26%
Cash and bank balances	4,298,769	34%	3,998,371	41%
	12,634,931	**100%**	**9,829,129**	**100%**

Parent

In thousands of Nigerian Naira	Dec-2017		Dec-2016	
Equity securities	4,131,173	33%	2,205,902	22%
Government securities	1,295,360	10%	1,033,440	11%
Offshore investments	2,909,629	23%	2,591,416	26%
Cash and bank balances	4,298,769	34%	3,998,371	41%
	12,634,931	**100%**	**9,829,129**	**100%**

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited

The N4,131,173,000 equity investments of the scheme includes the Group's ordinary shares with a fair value of N3,907,048,000 (Dec 2016: N2,058,015,000). Additionally, out of the cash and bank balances of N4,298,769,000 , an amount with a fair value of N3,954,045,000 (Dec 2016:N3,762,410,000) represents deposit with the Group.

Expected contributions to post-employment benefit plans for the year ending 31 December 2018 are N163,738,000 (December 2017: N136,316,000) while gratuity payments are estimated to be N163,738,000 (December 2017: N136,316,000)

(d) Defined benefit cost for year ending December 2018 is expected to be as follows:

	Parent Dec-2018	Parent Dec-2017
Current service cost	68,770	56,252
Net Interest on Net benefit liability	(1,470,063)	(1,232,986)
Expense/(Income) recognised in profit or loss	(1,401,293)	(1,176,734)

Components of net interest on defined benefit liability for the year ending December 2018 is estimated to be as follows:

	Parent Dec-2018	Parent Dec-2017
Interest cost on defined benefit obligation	450,447	378,991
Interest income on assets	(1,920,510)	(1,611,977)
Total net interest cost	(1,470,063)	(1,232,986)

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) Movement in plan assets:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Fair value of plan assets, beginning of the year	9,829,129	8,273,747	9,829,129	8,273,747
Contributions paid into/(withdrawn from) the plan	136,316	53,422	136,316	53,422
Benefits paid by the plan	(136,316)	(53,422)	(136,316)	(53,422)
Actuarial gain	1,193,825	612,175	1,193,825	612,175
Return on plan assets	1,611,977	943,207	1,611,977	943,207
Fair value of plan assets, end of the year	**12,634,931**	**9,829,129**	**12,634,931**	**9,829,129**

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Present value of obligation, beginning of the year	2,322,827	3,178,414	2,322,827	3,178,414
Interest cost	378,991	372,527	378,991	372,527
Current service cost	56,252	116,074	56,252	116,074
Benefits paid	(136,316)	(53,422)	(136,316)	(53,422)
Actuarial (gain) on obligation	354,815	(1,290,766)	354,815	(1,290,766)
Present value of obligation at end of the year	**2,976,569**	**2,322,827**	**2,976,569**	**2,322,827**

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2017	2016
Discount rate	15.2%	16.4%
Salary increase rate	10%	10%
Inflation	12.5%	12.5%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A1949/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 15.2%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 10% per annum. The inflation component has been worked out at 12.5% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(h) Reasonably possible changes at the reporting date of discount rate, salary increase rate and mortality rate would have affected the defined benefit obligation by the amounts shown below:

Group
Dec-2017
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,795,685)	3,178,177
Salary increase rate	1.00%	3,191,398	(2,781,344)
Mortality rate	1 year	2,980,401	(2,973,087)

Group
Dec-2016
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,183,090)	2,477,712
Salary increase rate	1.00%	2,489,777	(2,170,493)
Mortality rate	1 year	2,326,775	(2,319,236)

Parent
Dec-2017
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,795,685)	3,178,177
Salary increase rate	1.00%	3,191,398	(2,781,344)
Mortality rate	1 year	2,980,401	(2,973,087)

Parent
Dec-2016
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,183,090)	2,477,712
Salary increase rate	1.00%	2,489,777	(2,170,493)
Mortality rate	1 year	2,326,775	(2,319,236)

In practice, changing an actuarial assumption while holding other assumptions constant is unlikely to occur as changes in some of the assumptions may be correlated.

(i) Expected maturity analysis of undiscounted pension and post-employment benefits:

In thousands of Nigerian Naira	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Present value of the defined benefit obligation	666	1,538	2,091,979	39,870,471	41,964,654
	666	1,538	2,091,979	39,870,471	41,964,654

(j) Historical information

In thousands of Nigerian Naira	Dec-2017	Dec-2016	Dec-2015	Dec-2014	Dec-2013
Present value of the defined benefit obligation	(2,621,754)	(3,613,593)	(2,693,447)	(2,099,823)	(2,303,929)
Fair value of plan assets	11,441,106	9,216,954	9,131,514	8,542,922	7,427,603
Experience adjustments on plan liabilities	(354,815)	1,290,766	(484,967)	(200,436)	523,263
Experience adjustments on plan assets	1,193,825	612,175	(857,767)	(595,564)	132,505
Surplus/(deficit)	9,658,362	7,506,302	5,095,333	5,647,099	5,779,442

(k) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

41 Other borrowed funds

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Due to IFC (see note (i) below)	77,341,263	89,172,633	70,757,740	81,294,668
Due to ADB (see note (ii) below)	2,946,842	8,437,674	2,946,842	8,437,674
Due to FMO	2,076,854	3,530,615	-	-
Due to BOI (see note (iii) below)	41,710,002	47,804,677	41,710,002	47,804,677
Due to GTBV (see note (iv) below)	-	-	-	125,639,949
Due to CACS (see note (v) below)	25,429,458	21,104,769	25,429,458	21,104,769
Due to Proparco (see note (vi) below)	14,834,598	17,298,941	13,674,445	15,751,849
MSME Development Fund (see note (vii) below)	284,392	432,279	284,392	432,279
Excess Crude Account -Secured Loans Fund (see note (viii) below	14,547,930	14,906,364	14,547,930	14,906,364
Due to DEG (see note (ix) below)	18,546,673	16,945,652	18,546,673	16,945,652
RSSF on lending (see note (x) below)	22,773,902	-	22,773,902	-
	220,491,914	**219,633,604**	**210,671,384**	**332,317,881**
Current	50,140,861	45,366,170	48,064,006	37,023,752
Non-current	170,351,053	174,267,434	162,607,378	295,294,129

i). The amount of N70,757,740,000 (USD 213,666,000) (December 2016: N81,294,668,000 ; USD 260,226,000) represents the outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014(USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.

ii). The amount of N2,946,842,000 (USD 8,899,000) (December 2016: N8,437,674,000 ; USD 27,009,000) represents the outstanding balance on the second tranche of the facility granted to the Parent by the African Development Bank(AfDB). The first tranche was disbursed in August 2007(USD 40,000,000) for a period of 5.5 years and was fully re-paid in February 2013. The second tranche was disbursed in February 2012 (USD 90,000,000) for a period of 6 years. The principal amount on this is payable semi annually from August 2013. Interest is payable semi annually on the second tranche at 5.157%.

iii). The amount of N41,710,002,000 (December 2016: N47,804,677,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/restructuring of SME/Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund (PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The BOI is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

iv). This represents amortised cost of dollar guaranteed notes originally issued by GTB Finance B.V., Netherlands and subsequently granted as a loan to the Parent. The Parent has substituted the liability during the year and has been reclassified and presented as Debt Securities Issued on the books of the Parent. It represents the balances on the third tranche of USD 400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% per annum. The principal amount is repayable at the end of the tenor while interest on the note is payable semi-annually.

v). The amount of N25,429,458,000 (December 2016: N21,104,769,000) represents the outstanding balance on the on-lending facilities granted to the Parent by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Rural Development(FMARD) with the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. The Facility is for a period of 7 years. at 2% p.a cost to the Parent. The maximum interest rate to the borrowers under the Scheme is 9% p.a inclusive of all charges.

vi). The amount of N13,674,445,000 (USD 41,293,000) (December 2016: N15,751,849,000 ; USD 50,422,000) represents the outstanding balance on the facility granted to the Parent by PROPARCO, the private sector financing arm of Agence Francais de Development(AfD). The facilities were disbursed in two tranches with the first tranche in December 2011 (USD 50,000,000) and the second tranche in January 2015(USD 50,000,000). The principal amount is repayable semi annually from January 2012 for the first tranche and April 2017 for the second tranche. Interest is paid on a semi-annual basis with the first tranche priced at 4.46% and second tranche at Libor plus 4.26%. The first tranche matured in January 2016 while the second tranche will mature in April 2022.

vii). The amount of N284,392,000 (December 2016: N432,279,000) represents the outstanding balance on the on lending facility granted by the Central Bank of Nigeria targeted at the growth and development of the Micro, Small and Medium Scale sub sector of the economy by providing single digit low interest rate funds. The facility is granted at an interest rate of 2% to the Parent . The maximum rate, inclusive of all charges, to the eligible MSMEs is 9% p.a. and the tenor of the facility ranges from 1 to 3 years depending on the type of enterprise.

viii). The amount of N14,547,930,000 (December 2016: N14,906,364,000) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State Governments for the execution of developmental and infrastructure projects. The facility is secured by the balance due to State Governments from the Excess Crude Account. The facility is priced at 2% p.a payable on a monthly basis. The loan is granted to the States at 9% p.a inclusive of all charges. The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States. The tenor of the facility is 20 years.

ix). The amount of N18,546,673,000 (USD 56,005,000) (December 2016: N16,945,652,000 ; USD 54,243,000) represents the amortised cost of the 7 year facility granted to the Parent by DEG, a wholly-owned subsidiary of KfW Group. The facility was disbursed in December 2016 and is repayable semi annually from July 2019. Interest is priced at 5.4% p.a. plus 6-months USD LIBOR and paid on a semi-annual basis.

x). The amount of N22,773,902,000 (December 2016: N0,,0,000) represents the outstanding balance on the Real Sector Support Facility (RSSF). The Facility is given by the Central Bank of Nigeria to support large enterprises for startups and expansion financing needs. The real sector activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The Facility is administered at an all-in Interest rate/charge of 9% per annum payable on quarterly basis. The Central Bank of Nigeria is entitled to earn 3% as interest while the Bank makes a 6% Spread.

41b Reconciliation of Financial Liabilities

For the year ended 31 December 2017

Group

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**126,237,863**	**219,633,604**	**1,675,041**
Net Cash inflow/(outflow) - Principal	(41,374,839)	(11,477,202)	(1,513,030)
Net Cash outflow - Interest	(7,730,482)	(9,521,383)	-
Effect of exchange rate fluctuation	7,575,981	15,036,740	100,588
Other non-cash	7,423,400	6,820,155	-
Closing Balance	**92,131,923**	**220,491,914**	**262,599**

Parent

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**-**	**332,317,881**	**1,675,041**
Reclassification	125,639,949	(125,639,949)	-
Net Cash inflow/(outflow) - Principal	(40,754,537)	(4,380,047)	(1,513,030)
Net Cash outflow - Interest	(7,730,482)	(5,819,611)	-
Effect of exchange rate fluctuation	7,553,593	7,372,787	100,588
Other non-cash	7,423,400	6,820,155	-
Closing Balance	**92,131,923**	**210,671,216**	**262,599**

42 Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group.

	In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
(a)	Authorised - 50,000,000,000 ordinary shares of 50k each (31 December 2016: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

	In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2016: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
26,519,639,837 ordinary shares (Non-GDR) of 50k each (31 December 2016: 26,393,537,587)	13,259,820	13,196,769	13,259,820	13,196,769
2,911,539,387 ordinary shares (GDR) of 50k each (31 December 2016: 3,037,641,637)	1,455,770	1,518,821	1,455,770	1,518,821
	14,715,590	**14,715,590**	**14,715,590**	**14,715,590**

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the year was as follows:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	14,715,590	14,715,590	14,715,590	14,715,590
Balance, end of year	**14,715,590**	**14,715,590**	**14,715,590**	**14,715,590**

Share capital

Movement in the components of share capital is as shown below:

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2016	29,431,180	14,715,590	123,471,114	(4,754,156)
(Purchases)/sales of treasury shares	-	-	-	(537,089)
At 31 December 2016/1 January 2017	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
(Purchases)/sales of treasury shares	-	-	-	-
At 31 December 2017	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**

Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

(i) Statutory Reserves: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. In the current period, the bank appropriated N48,385,404,000 representing 30% of its Profit after tax to statutory reserve. Total statutory reserves was N247,571,078,000 at the end of the year.

(ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. Total SMEEIS reserves was N4,232,478,000 at the end of the year.

(iii) **Treasury shares**

Treasury shares in the sum of N5,291,245,000 (31 December 2016:N5,291,245,000) represents the Bank's shares held by the Staff Investment Trust as at 31 December 2017.

(iv) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(v) **Regulatory risk reserve**

The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required by IAS 39. Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N67,762,679,000. The Bank did not transfer any amount to this Reserve during the year.

(vi) **Retained earnings**

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

(vii) **Non-controlling interest**

The analysis of non-controlling interest per subsidiary is as shown below:

	Group Dec-2017 %	Group Dec-2016 %	Group Dec-2017 ₦'000	Group Dec-2016 ₦'000
GTB (Gambia) Limited	22.19	22.19	996,493	897,736
GTB (Sierra Leone) Limited	15.76	15.76	1,169,853	919,463
GTB (Ghana) Limited	2.03	2.03	517,808	399,661
GTB Liberia	0.57	0.57	32,531	27,288
GTB Kenya Limited	30.00	30.00	7,884,888	6,598,547
GTB Tanzania	30.00	0.00	881,030	-
			11,482,603	8,842,695

Please refer to Note 45 for more information on the Group structure

(viii) **Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS):** The AGSMEIS is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

(ix) **Other regulatory reserves breakdown**

	Dec-2017			
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**AGSMEIS Reserves**	**SMEEIS Reserves**
Opening Balance	199,185,674	4,232,478	-	203,418,152
Total comprehensive income for the year:				
Transfers for the year[1]	48,385,404	-	6,341,840	54,727,244
Total transactions with equity holders	**48,385,404**	**-**	**6,341,840**	**54,727,244**
Balance as at 31 December 2017	**247,571,078**	**4,232,478**	**6,341,840**	**258,145,396**

[1] The amount of N6,341,840,000 transferred into SMEEIS reserves represents 5% of Dec 2016 PAT which was contributed into the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) during the year. The contribution from Dec 2017 PAT will be made during 2018 financial year. This is in line with Section 9.0(i) of the Guidelines for the Operations of the AGSMEIS issued by the Central Bank of Nigeria on April 5, 2017.

	Dec-2016			
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**AGSMEIS Reserves**	**Total**
Opening Balance	161,134,636	4,232,478	-	165,367,114
Total comprehensive income for the year:				
Transfers for the year	38,051,038	-	-	38,051,038
Total transactions with equity holders	**38,051,038**	**-**	**-**	**38,051,038**
Balance as at 31 December 2016	**199,185,674**	**4,232,478**	**-**	**203,418,152**

43 Dividends

The following dividends were declared and paid by the Group during the year ended:

In thousands of Nigerian Naira	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	-	-	-	-
Final dividend declared[1]	51,504,563	44,735,384	51,504,563	44,735,384
Interim dividend declared	8,829,354	7,357,795	8,829,354	7,357,795
Payment during the year	(60,333,917)	(52,093,179)	(60,333,917)	(52,093,179)
Balance, end of year	-	-	-	-

[1] This relates to the final dividend declared for the 2016 financial year.
The Bank during the year declared and paid an interim dividend of 30k per share.

Subsequent to the balance sheet date, the Board of directors proposed a final dividend of 240k per share (31 December 2016: 175k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

44 Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 470 cases as a defendant (31 December 2016: 452) and 427 cases as a plaintiff (31 December 2016: 263). The total amount claimed in the 470 cases against the Bank is estimated at N530.59 Billion and $132.80 Million (31 December 2016: N464.9 Billion and $132.5 Million) while the total amount claimed in the 427 cases instituted by the Bank is N110.86 Billion (31 December 2016: N72.9 Billion). However, the solicitors of the Bank are of the view that the probable liability which may arise from the cases pending against the Bank is not likely to exceed N178.71 Million (31 December 2016: N139.47 Million). This probable liability has been fully provided for by the Bank (please refer to Note 39).

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving transaction related bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and Commitments comprise guarantees and letters of credit.

Nature of instruments

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties on production of documents, which is usually reimbursed immediately by customers. The following tables summarise the nominal amount of contingent liabilities and commitments with off-financial position risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Contingent liabilities:				
Transaction related bonds and guarantees	433,620,435	503,027,562	414,229,702	468,303,919
	433,620,435	503,027,562	414,229,702	468,303,919
Commitments:				
Short term foreign currency related transactions	-	1,641,614	-	-
Clean line facilities and letters of credit	51,861,890	70,895,854	22,369,921	43,091,160
Other commitments	8,890,842	7,932,788	-	-
	60,752,732	80,470,256	22,369,921	43,091,160

b. 48% (N204,244,780,000) of all the transaction related bonds and guarantees are collaterised (December 2016: N289,210,631,000). The cash-collaterised component of the bond and guarantee is ₦50,888,704,000 (31 December 2016: N108,360,331,000) while the balance of N153,356,076,000 (December 2016: N180,850,299,000) is non-cash.

45. Group entities

The Group is controlled by Guaranty Trust Bank Plc "the ultimate Parent" (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

i	**Significant subsidiaries**					
		Country of incorporation	**Ownership interest**	**NCI**	**Ownership interest**	**NCI**
			Dec-17	**Dec-17**	**Dec-16**	**Dec-16**
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	22.19%	77.81%	22.19%
2	Guaranty Trust Bank Sierra Leone Limited	Sierra Leone	84.24%	15.76%	84.24%	15.76%
3	Guaranty Trust Bank Ghana Limited	Ghana	97.97%	2.03%	97.97%	2.03%
4	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	0.00%	100.00%	0.00%
5	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	0.57%	99.43%	0.57%
6	Guaranty Trust Bank Cote D'Ivoire S.A	Cote D'Ivoire	100.00%	0.00%	100.00%	0.00%
7	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	30.00%	70.00%	30.00%
8	Guaranty Trust Bank Tanzania Limited	Tanzania	70.00%	30.00%	-	-
	Special purpose entity:					
	Staff Investment Trust	Nigeria	100.00%	0.00%	100.00%	0.00%

ii	**Indirect investment in Subsidiaries**					
		Country of incorporation	**Ownership interest**	**NCI**	**Ownership interest**	**NCI**
			Dec-17	**Dec-17**	**Dec-16**	**Dec-16**
1	Guaranty Trust Bank Rwanda Limited	Rwanda	67.20%	32.8%	67.20%	32.8%
2	Guaranty Trust Bank Uganda Limited	Uganda	70.00%	30.00%	70.00%	30.00%

The subsidiaries and sub-subsidiaries of the Group are all involved in Banking business only.

(a) GTB Gambia was incorporated in April 2001 and commenced operations in March 2002.

(b) GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.

(c) Guaranty Trust Bank (Ghana) was incorporated in October 2004 and commenced operations in March 2006.

(d) Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008.

(e) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.

(f) Guaranty Trust Bank (Cote D'Ivoire) is Guaranty Trust Bank Plc's first subsidiary in Francophone West Africa. The Bank was licensed by the Central Bank of Cote D'Ivoire to offer banking services to the

Ivorian public and commenced operations on April 16, 2012.

(g) The Group extended its regional presence in Africa in December 2013 by acquiring 70% stake in Fina Bank Limited, a commercial bank incorporated in Kenya with subsidiaries in Uganda and Rwanda. The bank has been re-branded as Guaranty Trust Bank Kenya Limited.

(h) Guaranty Trust Bank (Tanzania) was incorporated in July 14^{th} 2016 and commenced operations in December 2017 to spread its delivery of superior financial services to its East African customers.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, the Group's liability will be limited to its level of investment in the entity .

Non -controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for period ended 31 December, 2017:

	Significant subsidiaries	**Principal place of business**	**Accumulated Non-controlling Interest**		**Profit or loss Allocated to Non-controlling Interest**	
	In thousands of Nigerian Naira		**Dec-17**	**Dec-16**	**Dec-17**	**Dec-16**
1	Guaranty Trust Bank Gambia Limited	Gambia	996,493	897,736	253,300	245,170
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	1,169,853	919,463	321,587	268,484
3	Guaranty Trust Bank Ghana Limited	Ghana	517,808	399,661	134,842	102,243
4	Guaranty Trust Bank Liberia Limited	Liberia	32,531	27,288	7,520	3,486
5	Guaranty Trust Bank Kenya Limited	Kenya	7,884,888	6,598,547	316,199	360,754
6	Guaranty Trust Bank Tanzania Limited	Tanzania	881,030	-	(102,455)	-

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Gambia) Limited and Guaranty Trust Bank (Liberia) paid dividend during the year in the sum of N49,063,430, N41,359,935, N158,684,025 and N1,527,600 respectively (December 2016: N36,224,000, N79,542,000 and N86,821,000 respectively) to non-controlling interest.

46. Unconsolidated interests in structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Name of the entity	3 Peat Investment Ltd	Ruqayya Integrated Farms Ltd
Percentage holding	70%	51%
Nature of entity	Hotel & Leisure	Poultry Farming
Purpose of investment	Government-induced investment	Government-induced investment
Activities of entity	Provision of hospitality services	Rearing of birds and production of table eggs
***Carrying amount**	N0.00 (Dec-2016: N508,016,000)	N0.00 (Dec-2016: N40,500,000)
Line item in SOFP	Investment securities-AFS***	Investment securities- AFS***
Loans granted	N2,546,139,404 (Dec-2016: N4,341,488,290)	-
****Maximum exposure to loss**	N2,546,139,404 (Dec-2016: N4,849,504,290)	N0.00 (Dec-2016: N40,500,000)
Source of Financing	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions

* Carrying amount is investment amount net of impairment or where information is available, represents fair value

** Maximum exposure comprises the cost of investment and total facilities granted at arm's length to the entity.

***Available For Sale (AFS)

The Bank does not provide financial support to these unconsolidated structured entities and has no plans to provide financial support to these entities in the future. However, the bank extended loans to the entities in the normal course of business at arm's length.

The Bank does not have the rights to direct the entities to enter into, or veto any changes to transactions for the benefit of the Bank. In addition, the bank does not exercise decision-making rights that give the bank the ability to direct the relevant activities of the entities.

47. Related parties

(a) **Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or another party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) **Subsidiaries**

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. These transactions are eliminated on consolidation, hence, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

During the year, the Bank received Dividend of ₦2,333,947,994.00, ₦556,369,883.00, ₦268,048,794.00, and ₦221,154,898.00 from GTBank Ghana, GTBank Gambia, GTBank Liberia and GTBank Sierra Leone respectively.

The Bank has receivables from GTBank UK to the tune of ₦2,278,115 as at 31 December, 2017 (December 2016: GTBank Ghana and GTBank UK in the sum of ₦18,206,569 and ₦15,851,520 respectively). The Bank also received interest of ₦216,056,010 on its placement with GTBank UK. No fees were received or paid by the Bank with respect to transactions with the subsidiaries during the period.

(c) **Transactions with key management personnel**

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management include the close family members of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close family members are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(d) **Risk assets outstanding 31 December 2017**

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc (Director Related) or related to a Key Management Personnel (Insider Related) at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N631,288,000 (31 December 2016:N438,857,000) was outstanding on these facilities at the end of the year. The bank earned a sum of N80,595,000 on insider related facilities during the year. The outstanding balance and status of performance of each facility is as shown below:

Name of company /individual	Relationship	Facility type	Status	Nature of Security	**Parent**	**Parent**
In thousands of Nigerian Naira					**Dec-2017**	**Dec-2016**
Ithena Logic Ltd	Director Related	Overdraft	Performing	Lien On Shares	-	7,086
Jaykay Pharmacy Ltd	Director Related	Overdraft	Performing	Mortgage Debenture	14,846	12,497
Polystyrene Industries Ltd	Director Related	Overdraft/Term Loan	Performing	Mortgage Debenture,Personal Guarantee	-	4,621
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan	Performing	Domiciliation; Personal Guarantee	6,825	13,657
Enwereji Nneka Stella	Director Related	GT Mortgage / Term Loan	Performing	Legal Mortgage & Domiciliation	-	20,451
Cubic Contractors Limited	Director Related	Overdraft	Performing	Mortgage Debenture,Personal Guarantee	-	21,456
Contemporary Gifts Limited	Insider Related	Overdraft	Performing	All Asset Debenture, Personal Guarantee	14,895	18,584
Discovery House Mont.Sch. Ltd	Insider Related	Term Loan	Performing	Tripartite Legal Mortgage, Domiciliation, Personal Guara	57,377	74,815
Agbaje, Olufemi Augustus	Director Related	Maxplus Loan	Performing	Domiciliation	-	4,099
School Kits Limited	Insider Related	Time Loan	Performing	Tripartite Legal Mortgage,Personal Guarantee	28,000	-
Downtown Hotel & Cat. Services	Director Related	Term Loan	Performing	Tripartite Legal Mortgage,Personal Guarantee	25,000	-
Olanrewaju Kalejaiye	Insider Related	GT Mortgage/Max Advance/Maxplus Loan	Performing	Legal Mortgage, Domiciliation	98,561	115,155
Hassan Ibrahim	Director Related	GT Mortgage	Performing	Legal Mortgage	115,200	144,000
Touchdown Travels	Director Related	Performance Bond	Performing	Cash In Pledged Funds	-	1,250
Uzoewulu Lisa Obiageli	Director Related	Max Advance	Performing	Domiciliation	1,081	1,186
Agusto, Olabode Mubasheer	Director Related	Term Loan	Performing	Legal Mortgage	74,511	-
Adebayo Adeola	Director Related	Bid Bond	Performing	Cash In Pledged Funds	1,000	-
Fola Adeola	Director Related	Overdraft	Performing	Tripartite Equitable Mortgage	193,992	-
					631,288	**438,857**

(e) **Director/insiders related deposit liabiilties**

Name of company/Individual	*Relationship*	*Type of Deposit*	**Parent**	**Parent**
In thousands of Nigerian Naira			**Dec-2017**	**Dec-2016**
Agusto & Co. Limited	Director Related	Demand Deposit	33,721	54,151
Alliance Consulting	Director Related	Demand Deposit	939	3,993
Comprehensive Project Mgt. Servic	Director Related	Demand Deposit	18,358	18,066
Cubic Contractors Limited	Director Related	Demand Deposit	2,189	2,103
Eterna Plc	Director Related	Demand Deposit	16,176	7,000
IBFC Limited	Director Related	Demand Deposit	50	50
Jaykay Pharmacy Limited	Director Related	Demand Deposit	9	71
Kresta Laurel Limited	Director Related	Demand/Time Deposits	100,260	79,424
Main One Cable Company Ltd	Director Related	Demand Deposit	24,715	4,450
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	-	374
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	-	3
WSTC Financial Services Ltd	Director Related	Demand/Time Deposits	138,539	439,695
WSTC Nominee Limited	Director Related	Demand Deposit	431	431
Wstc Securities Limited	Director Related	Demand Deposit	12,216	-
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	-	4,203
International Travel Express Ltd	Director Related	Demand Deposit	15	13
Afren Onshore Ltd	Director related	Demand Deposit	-	1
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposit	44	7
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	157	136
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	-	2,289
Polystyrene Industries Ltd	Director Related	Demand Deposit	4,507	197
Touchdown Travels Limited	Director Related	Demand/Time Deposits	15,322	9,437
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	9,073	8,521
Agbaje, Olufemi Augustus	Director Related	Demand Deposit	14,930	20,144
Adeola Razack Adeyemi	Director Related	Demand Deposit	28,647	68,556
Enwereji Nnneka Stella	Director related	Demand Deposit	-	71
IBFC Alliance	Director Related	Demand Deposit	2,155	887
Olanrewaju Kalejaiye	Insider Related	Demand Deposit	-	6,981
Contemporary Gifts Limited	Insider Related	Demand Deposit	35	31
Fcsl Asset Mgt Company Ltd	Director Related	Demand Deposit	11,393	3,263
Ithena Logic Limited	Director Related	Demand Deposit	1	1
School Kits Limited	Insider Related	Demand Deposit	863	-
Uzoewulu, Lisa Obiageli	Insider Related	Demand Deposit	31	30
Adeola Fola	Director Related	Demand Deposit	238,237	-
Hassan Ibrahim	Director Related	Demand Deposit	3,606	-
Agusto, Olabode Mubasheer	Director Related	Demand Deposit	4,520	-
Downtown Hotel & Cat. Services	Director Related	Demand Deposit	996	-
Kalejaiye, Olanrewaju Oluwatoyin	Insider Related	Demand Deposit	7,335	-
			689,470	**734,579**

Interest expense on insider related deposits was N17,196,000 during the year.

(f) Subsidiaries' deposit account balances

Name of company/Individual *In thousands of Nigerian Naira*	*Relationship*	*Type of Deposit*	**Dec-2017**	**Dec-2016**
GTB Sierra Leone	Subsidiaries	Domicilliary	1,226	1,156
GTB Ghana	Subsidiaries	Demand Deposit	3,462	3,462
GTB Ghana	Subsidiaries	Domicilliary	39,272	61,934
			43,960	66,552

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(g) **Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:**

Loans and advances:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Secured loans	**631,288**	**438,857**	**631,288**	**438,857**

Deposits:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Total deposits	**689,470**	**734,579**	**689,470**	**734,579**

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

(h) **Key management personnel compensation for the year comprises:**

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Wages and salaries	1,894,563	1,877,254	1,590,207	1,628,256
Post-employment benefits	54,013	9,887	54,013	3,350
Share-based payments	218,733	201,811	218,733	-
Increase /(decrease) in share appreciation rights	329,800	541,963	-	-
	2,497,109	**2,630,915**	**1,862,953**	**1,631,606**

(i) (i) **Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	**Group Dec-2017**	**Group Dec-2016**	**Parent Dec-2017**	**Parent Dec-2016**
Fees as directors	322,758	322,960	21,500	24,500
Other allowances	556,536	346,801	248,080	222,627
	879,294	669,761	269,580	247,127
Executive compensation	698,917	712,787	689,245	712,787
	1,578,211	**1,382,548**	**958,825**	**959,914**

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Dec-2017	Parent Dec-2016
Chairman	35,870	35,698
Highest paid director	224,157	204,242

(iii) The emoluments of all other directors fell within the following ranges:

	Parent Dec-2017	Parent Dec-2016
N 6,500,001 - N11,000,000	1	-
N11,500,001 - N12,000,000	-	1
N13,500,001 - N22,500,000	-	1
Above N22,500,001	14	12
	15	14

48 Contraventions

INFRACTION	AMOUNT
Penalty for late rendition of Returns	N50,000
Penalty IRO infractions on Guide to Bank Charges	N6,000,000
Penalty IRO closure of an e-branch without prior CBN approval	N2,000,000
Penalty IRO violation of Guide to Bank Charges	N2,000,000
Penalty in respect of limit above Gross Aggregate Net Open Position (NOP)	N2,000,000
Under-repatriation of export proceeds by 2 customers of the Bank	N2,000,000
Penalty for delay in rendition of Returns	N25,000
Non-submission of draft Recovery and Resolution Plan document	N2,000,000
Penalty in respect of loan accounts without BVN	N2,000,000

49 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements

50. IFRS 9 Impact Assessment

The new impairment model and the classification and measurement requirements will be applied by adjusting the Bank's Statement of Financial Position on January 1, 2018, the date of initial application, with no restatement of the comparative period financial information.

The adoption of IFRS 9 will not result in any material change in the classification of financial assets when compared to the classification under IAS 39. However, the Bank's financial assets shall be classified in line with the business model requirement of IFRS 9: Available for Sale (AFS) to Fair Value Through Other Comprehensive Income (FVTOCI), Available for Trading to Fair Value Through Profit or Loss (FVTPL), Held to Maturity and Loans and Receivables to Amortised Cost. The Group estimates that the IFRS 9 transition will reduce Retained earnings by approximately between N83.36bn and N86.36bn (Bank: between N79.9bn and N82.9bn) and Capital adequacy ratio by 300 basis points as at 1 January 2018. The estimated impact is primarily attributed to the implementation of the Expected Credit Loss impairment requirement of the standard. Difference in Impairment for Stage 3 loans and advances under IFRS 9 and individually impaired loans under IAS 39 stems from application of multiple scenarios in IFRS 9 Model for the determination of expected recoverable amounts and impairment allowances.

51 Restatement of comparative financial information

In thousands of Nigerian Naira	Reported Group Dec-2016	Restatements Group	Restated Group Dec-2016	Reported Parent Dec-2016	Restatements Parent	Restated Parent Dec-2016
Interest income	262,494,101	-	262,494,101	226,579,479	-	226,579,479
Interest expense	(67,093,923)	-	(67,093,923)	(55,551,522)	-	(55,551,522)
Net interest income	**195,400,178**	**-**	**195,400,178**	**171,027,957**	**-**	**171,027,957**
Loan impairment charges	(65,290,310)	-	(65,290,310)	(63,542,640)	-	(63,542,640)
Net interest income after loan impairment charges	**130,109,868**	**-**	**130,109,868**	**107,485,317**	**-**	**107,485,317**
Fee and commission income[1]	51,273,910	(11,870,739)	39,403,171	40,397,778	(11,870,739)	28,527,039
Fee and commission expense	(3,456,257)	-	(3,456,257)	(2,947,714)	-	(2,947,714)
Net fee and commission income	**47,817,653**	**(11,870,739)**	**35,946,914**	**37,450,064**	**(11,870,739)**	**25,579,325**
Net gains/(losses) on financial instruments classified as held for trading	5,218,451	-	5,218,451	2,248,241	-	2,248,241
Other income[1]	95,629,125	11,870,739	107,499,864	96,691,361	11,870,739	108,562,100
Other income	**100,847,576**	**11,870,739**	**112,718,315**	**98,939,602**	**11,870,739**	**110,810,341**
Total operating income	**278,775,097**	**-**	**278,775,097**	**243,874,983**	**-**	**243,874,983**
Personnel expenses	(29,453,465)	-	(29,453,465)	(20,704,772)	-	(20,704,772)
Operating lease expenses	(1,375,228)	-	(1,375,228)	(670,172)	-	(670,172)
Depreciation and amortization	(15,249,366)	-	(15,249,366)	(12,730,298)	-	(12,730,298)
Other operating expenses	(67,560,577)	-	(67,560,577)	(55,764,254)	-	(55,764,254)
Total expenses	**(113,638,636)**	**-**	**(113,638,636)**	**(89,869,496)**	**-**	**(89,869,496)**
Profit before income tax	**165,136,461**	**-**	**165,136,461**	**154,005,487**	**-**	**154,005,487**
Income tax expense	(32,855,806)	-	(32,855,806)	(27,168,695)	-	(27,168,695)
Profit for the year	**132,280,655**	**-**	**132,280,655**	**126,836,792**	**-**	**126,836,792**

[1]**Fee and commission income / Other Income:**

The reclassification shown above relates to non-vatable items which have been appropriately reclassified to Other Income line for proper comparison with current year figures.

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN provided for the adaptation of the prudential guidelines to IFRS after it has been adopted in Nigeria. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

i. Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.

ii. Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

(b) The non-distributable reserve should be classified under Tier 1 as part of core capital.

The group has fully complied with the requirements of the guidelines.

Provisioning as recommended by Prudential Guideline

Loan provisioning is segregated along two (2) categories as detailed below:

1. **Loans other than Specialized Loans**

The provisioning policy for 'loans other than specialized loans' covers the following:

i. Commercial Loans

ii. Commodities Financing

iii. Corporate Loans

iv. Retail & Consumer Credits

v. Facilities granted to Federal, State and Local governments and their parastatals.

vi. Facilities not specifically classified as specialized loans by the CBN.

The bank's provisioning benchmark for 'loans other than specialized loans' is highlighted in the table below:

No of Days Overdrawn	Classification	% Provision taken
90 – 180	Substandard	10
180 – 360	Doubtful	50
Over 360	Lost	100

As soon as an account is classified as non-performing, the interest is accounted for on non-accrual basis i.e. interest is not recognized as income but suspended.

Furthermore, if the occurrence of a loss event is certain, appropriate provisions will be made regardless of the fact that such loans does not fall in any of the above categories.

2. Specialized Loans

The provisioning policy for specialized loans covers the following:

i. Agriculture Finance

ii. Mortgage Loan

iii. Margin Loan

iv. Project Finance

v. Object Finance

vi. SME Loan

vii. Real Estate Loan (Commercial and Residential)

The bank's provisioning benchmarks are spelt out below under each of the specialized loan types:

i. Agriculture Finance

a. Agriculture Finance - short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. Agriculture Finance – long term facilities (Farm development finance, purchase of machinery, livestock financing)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 2years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

ii. Mortgage Loans

Category	Classification	Days past due	Treatment of Unrealised Markup / Interest income	% provision
1	Watchlist	Markup / Interest or principal 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 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180days to 2years past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 2 to 3 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment overdue by 3 to 4 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 4 years	As above	100% of total outstanding balance

v. Object Finance

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation between 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

vi. SME Loan

a. SME Loan - SME short term facilities (Maturities of 1 year)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. SME Loan - SME Long term facilities (Maturities of more than 1 year)

Category	Classification	Days past due	% provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 2years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

vii. Real Estate Loan (Commercial and Residential)

Category	Classification	Days past due	Treatment of Income	% provision
1	Watchlist	Repayment on obligation between 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

Operational Risk Management

Guaranty Trust Bank defines Operational Risk (OpRisk) as "the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events".

In GTBank, Operational Risk Management involves the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, engagement of third party services, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

– GTBank regards strategic risk as the risk that not only affects but are created by the Bank's strategic decision. It is the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process, inadequate implementation of such strategies and strategy failure due to unexpected circumstances.

  The Bank aligns strategy and risk by identifying, assessing and managing risks and uncertainties, affected by internal and external events or factors, which could inhibit the Bank's ability to achieve its strategic objectives. This is done with the ultimate goal of creating and protecting stakeholder value.

  A specialized template is deployed for tracking key business activities designed or defined by the Bank to measure and monitor performance in the achievement of its strategic intent in the short, medium and long term.

– The Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly. A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

The Bank manages Operational risk by using appropriate qualitative & quantitative methods in day to day management processes and adopts various risk mitigating strategies. The following practices, tools and methodologies have been deployed in the Bank for the purpose of Operational Risk Management implementation:

- **Loss Incident Reporting** – Loss incidents are reported to the Operational Risk Management Group by all business areas in the Bank to enable collection of internal OpRisk losses and near misses. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank has built up a robust OpRisk loss database detailing relevant OpRisk loss data for seven years. Information collated is analyzed for identification of risk concentrations, appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. All branches and Head-Office departments are required to complete the Risk Self-Assessment process at least once a year. These assessments enable risk profiling and risk mapping of prevalent operational risks across the Bank. A detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

  Risk Assessments of the Bank's key processes, new and existing products, services, branches and vendors/contractors are also carried out. This process identifies inherent operational risks and tests the quality of controls the Bank has in place to mitigate likely risks.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium to High risk trends are reported in the Monthly and Quarterly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries incidents identified in the Bank or prevalent in local and global business environments are carried out and reported. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with ISO 22301 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Management System (BCMS). This system assures timely resumption of critical business activities with minimal financial losses or reputational damage and continuity of service to the Bank's customers, vendors and regulators. GTBank has been certified ISO 22301 BC compliant by the globally recognized British Standards Institution (BSI) signifying that the Bank has instituted internationally accepted processes, structures and systems that demonstrate its capacity to resume business within a short timeframe in the event of any business disruption.

  Part of the BCMS is a Business Continuity Plan (BCP), which is reviewed and updated periodically to ensure reliability and relevance of information contained. Various testing and exercising programs are conducted bank-wide to ensure that recovery coordinators are aware of their roles and responsibilities.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health, safety and welfare of all staff, customers and visitors to the Bank's premises are advised, reported to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors and implementation of appropriate mitigants to forestall reoccurrence

As a result, the Bank conducts Branch Risk Assessments, Fire Risk Assessments and Quarterly Fire Drills to guarantee the safety of its staff and visitors to any of its premises. In addition, awareness on health and safety issues are presented periodically on the intranet.

Operational Risk Management Philosophy and Principles

Approach to Managing OpRisk – Guaranty Trust Bank adopts operational risk procedures and practices that are “fit for purpose” and will increase the efficiency and effectiveness of the Bank's resources, minimize losses and utilize opportunities.

This outlook embeds OpRisk practices in the bank's day-to-day business activities.

It also aligns the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organizations (COSO) and International Organization for Standardization (ISO).

Operational Risk Capital Calculation – The Bank has adopted the Basic Indicator Approach (BIA) under Basel II Pillar 1 for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to other capital calculation methods i.e. the Standardized Approach and Advanced Measurement Approach, the application of the BIA is in line with the Central Bank of Nigeria’s (CBN) recommendation for all banks in Nigeria.

The estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.

Governance Structure – The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank and reviews OpRisk reports on a quarterly basis. It ensures that the OpRisk policy is robust and provides a framework for the Bank’s OpRisk profile and limits. It also determines the adequacy and completeness of the Bank’s risk detection, measurement systems and mitigants whilst ensuring review and approval of the bank’s contingency plans for Specific risks. The Board lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured.

The Management Risk Committee monitors and ensures the implementation of the guiding OpRisk framework bank-wide. It ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities. The Committee considers and approves key decisions relating to Operational Risk before presentation to the Board.

All process owners are responsible for the day-to-day management of OpRisk prevalent in their respective Departments, Groups, Divisions and Regions.

The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Treatment of Operational Risks – GTBank adopts several risk treatment strategies to mitigate identified operational risks. These mitigants are applied to achieve a residual risk level aligned with the Bank's risk tolerances. In line with best practices, the cost of risk treatments introduced must not exceed the reward. OpRisk treatment options adopted by the Bank include Risk Acceptance / Reduction, Risk Transfer, Risk Sharing and Risk Avoidance.

Operational Risk Reporting – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk Management software/application has been acquired by the Bank. This is to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

Agents and Locations

LIST OF AGENTS AND LOCATIONS		
S/N	**NAME**	**LOCATION**
1	PRINCE EBEANO SUPERMARKET	9, NORTHERN BUSINESS DISTRICT, LEKKI PHASE 1, LAGOS
2	DE PRINCE SUPERMARKET	3A ADEJOKUN STREET, ISHERI-MAGODO
3	ETISALAT NIGERIA PLC	PLOT 19 ZONE L BANANA ISLAND IKOYI, LAGOS.
SELECT HUBMART SUPERMARKETS IN LAGOS		
4	HUBMART SUPERMARKET ADEOLA-ODEKU VICTORIA ISLAND	PLOT 1263, ADEOLA-ODEKU STREET, VICTORIA ISLAND LAGOS
5	HUBMART SUPERMARKET IKEJA	ISAAC-JOHN STREET IKEJA LAGOS
SELECT FORTE OIL FILLING STATIONS IN LAGOS		
6	FORTE OIL, BANK ROAD	1, BANK ROAD OPPOSITE FEDERAL SECRETARIAT ALAGBON IKOYI LAGOS
7	FORTE OIL, OLD AIRPORT ROAD	MURITALA MOHAMMED 2, LOCAL AIRPORT ROAD, IKEJA
8	FORTE OIL, KINGSWAY ROAD APAPA	72 KOFO ABAYOMI ROAD, KINGSWAY AVENUE APAPA LAGOS.
9	FORTE OIL, MUSHIN ISOLO	259, AGEGE MOTOR ROAD, MUSHIN, LAGOS
10	FORTE OIL, FESTAC TOWN	21, ROAD, FESTAC TOWN, LAGOS
11	FORTE OIL, SHOMOLU	138, IKORODU ROAD ONIPANU BUS STOP, SHOMOLU LAGOS
12	FORTE OIL, WHARF ROAD APAPA	BARRACKS BUS STOP, WHARF ROAD, APAPA, LAGOS
13	FORTE OIL, IKORODU ROUND ABOUT	2, SAGAMU ROAD, IKORODU
14	FORTE OIL, JEBBA	80, HERBERT MACAULAY ROAD, JEBBA EBUTE - METTA, LAGOS
15	FORTE OIL CAMPUS ROAD	1, IGBOSERE ROAD, CAMPOS LAGOS ISLAND
16	FORTE OIL, OSHODI APAPA (MILE 2)	BERGER YARD B/STOP OSHODI-APAPA EXPRESSWAY, MILE 2, LAGOS
17	FORTE OIL, WESTERN AVENUE	113/115, FUNSHO WILLIAMS AVENUE, SURULERE
18	FORTE OIL, BOUNDARY APAPA	82/84 MOBIL ROAD, BOUNDARY BUS STOP AJEGUNLE LAGOS
19	FORTE OIL, OLD APAPA ROAD, COSTAIN	80, OLD APAPA ROAD EBUTE METTA WEST , COSTAIN LAGOS
20	FORTE OIL, OGBA	OBA OGUNJI ROAD, PEN CINEMA, OGBA LAGOS
21	FORTE OIL, OBA-AKRAN	39, OBA AKRAN AVENUE IKEJA LAGOS
22	FORTE OIL, LADIPO-MUSHIN	110, LADIPO STREET , MATORI INDUSTRIAL ESTATE MUSHIN
23	FORTE OIL, BARIGA	6/ 8 FETUGA STREET, BARIGA
24	FORTE OIL, AJIWE-AJAH	BLOCK A, PLOT 7, BUDO FARM LAYOUT, AJIWE-AJAH LAGOS
25	FORTE OIL, OKOTA	51 OKOTA ROAD OPPOSITE POLICE BARRACKS, OKOTA
26	FORTE OIL, IDIMU	222 EGBEDA-IDIMU ROAD, CARWASH BUS-STOP, IDIMU
27	FORTE OIL, AWOLOWO ROAD	111 – 113 AWOLOWO ROAD, IKOYI
28	FORTE OIL, EGBE	71, EGBE ROAD, POWERLINE B/STOP, EJIGBO-LAGOS
29	FORTE OIL IDIMU 2	215/217 IDIMU IKOTUN ROAD, IKOTUN- LAGOS.
30	FORTE OIL, TANTALIZERS LEKKI	ADMIRALTY WAY, LEKKI PHASE 1 LAGOS
31	FORTE OIL ALIMOSHO IKOTUN	47 IDIMU ROAD, PONLE BUST STOP, EGBEDA, LAGOS.
32	FORTE OIL, IWAYA MAKOKO	IWAYA-MAKOKO ROAD YABA-LAGOS
33	FORTE OIL, CEMENT IPAJA	CEMENT BUS-STOP IPAJA LAGOS
34	FORTE OIL IPAJA AYOBO	IPAJA- AYOBO ROAD LAGOS
SELECT FORTE OIL FILLING STATIONS IN OGUN STATE		
35	FORTE OIL, IYANA IYESI- SANGO OTTA	IYANA IYESI ROAD, SANGO OTTA
36	FORTE OIL, ILO AWELA - SANGO OTTA	11, ILO AWELA ROAD, SANGO OTTA
SELECT FORTE OIL FILLING STATIONS IN PORT-HARCOURT		
37	FORTE OIL, RUMUBEKWE PH	PH/ABA EXPRESSWAY BY SHELL RA , PORT HARCOURT
38	FORTE OIL, MOSCOW ROAD PH	11, MOSCOW ROAD OPP RIVERS ST HOUSE OF ASSEMBLY, PORT HARCOURT
39	FORTE OIL MILE 5 PH	BY RUMUOKWUTA ROUND ABOUT, PORT HARCOURT

LIST OF AGENTS AND LOCATIONS		
40	FORTE OIL AGGREY ROAD 2, PH	AGGREY ROAD 2, PORT HACOURT
41	FORTE OIL, LORRY PARK, PH	29 STATION ROAD, LAGOS BUSTOP, PORT HARCOURT
42	FORTE OIL, ELIOZU ROAD, PH	ELIOZU ROAD OFF EASTWEST PORT HARCOURT
SELECT FORTE OIL FILLING STATIONS IN ABUJA		
43	FORTE OIL, NEW NYANYA ABUJA	NEW NYANYA BUS-STOP ABUJA
44	FORTE OIL, KARU JIKWOYI BY LIVING FAITH	KARU ROAD, JIKWOYI BY LIVING FAITH ABUJA
45	FORTE OIL, JIKWOYI KARISHI WAY ABUJA	JIKWOYI KARISHI WAY ABUJA
SELECT FORTE OIL FILLING STATION IN AKWA-IBOM UYO		
46	FORTE OIL, AKWAIBOM-UYO	154, IKOT-EKPENE ROAD UYO
SELECT TOTAL NIGERIA PLC FILLING STATIONS IN LAGOS		
47	TOTAL, SURA - LAGOS ISLAND	4 SIMPSON STREET BESIDE SURA SHOPPING COMPLEX, LAGOS ISLAND
48	TOTAL, OGIJO - IKORODU	KM 12 SAGAMU EXPRESS ROAD, IKORODU OGIJO OGUN STATE
49	TOTAL STATION, MM WAY, EBUTE METTA	150/152 MM WAY, EBUTE METTA
50	TOTAL STATION, ITIRE	23/25 ITIRE RD, LAWANSON

BANK *737# CASH-OUT LOCATIONS

LIST OF BANK *737# CASH-OUT LOCATIONS		
S/N	**STATION NAME**	**ADDRESS**
SELECT LOCATIONS ON LAGOS ISLAND		
1	TOTAL STATION, AGUNGI	LEKKI/EPE EXP WAY, AFTER JAKANDE ROUND-ABOUT AJAH, LAGOS.
2	TOTAL STATION, AJAH AJIWEH	LEKKI/ EPE EXP WAY BY ABRAHAM ADESANYA ESTATE AJAH, LAGOS.
3	TOTAL STATION, CAMPBELL	CAMPBELL STREET, LAGOS ISLAND, LAGOS.
4	TOTAL STATION, AWOLOWO	33 AWOLOWO ROAD, IKOYI, LAGOS
5	TOTAL STATION, LAKOWE LAKES	LAKOWE LAKES, IBEJU LEKKI, LAGOS
6	TOTAL STATION, LEKKI 2	PLOT 42 OBA ELEGUSI STREET, IKATE, LEKKI, LAGOS
7	TOTAL STATION, LEKKI 1	ONIRU ESTATE LEKKI SHOPRITE
8	TOTAL STATION, LEWIS	34 LEWIS STREET SANDGROUSE, LAGOS
SELECT LOCATIONS ON LAGOS MAINLAND		
9	TOTAL STATION, AJEGUNLE	MOBIL ROAD, AJEGUNLE
10	TOTAL STATION, AKOKA	52, ST FINBARRS ROAD, AKOKA, LAGOS
11	TOTAL STATION, ALAPERE	139/143 DEMURIN STREET, KETU.
12	TOTAL STATION, ALAPERE 2	IBADAN-LAGOS EXPRESSWAY,ALAPERE BUS STOP, LAGOS
13	TOTAL STATION, ALAUSA	MOBOLAJI JOHNSON WAY, ALAUSA
14	TOTAL STATION, BENSON BUS STOP	27 LAGOS RD IKORODU
15	TOTAL STATION, BONNY	BONNY, MARINE BEACH APAPA LAGOS
16	TOTAL STATION, CHALLENGE	282 AGEGE MOTOR RD, MUSHIN
17	TOTAL STATION, COATES	19 COATES STREET, OYINGBO, YABA
18	TOTAL STATION, DIYA	49, DIYA STREET, IFAKO-GBAGADA, LAGOS
19	TOTAL STATION, IGANDO	IKOTUN ROAD, IGANDO
20	TOTAL STATION, IJORA	4 CAUSE WAY, IJORA

LIST OF BANK *737# CASH-OUT LOCATIONS		
21	TOTAL STATION, IKEJA	19 TOYIN STREET, IKEJA
22	TOTAL STATION, IKORODU ROAD	193, IKORODU ROAD, PALGROOVE, LAGOS
23	TOTAL STATION, IKOSI ROAD	54, IKOSI ROAD, KETU, LAGOS
24	TOTAL STATION, ILUPEJU	INDUSTRIAL AVENUE, ILUPEJU
25	TOTAL STATION, LASU IDIMU	KM 4 LASU IDIMU ROAD, IDIMU
26	TOTAL STATION, M M WAY	150/152 MM WAY, EBUTE METTA
27	TOTAL STATION, MILE 2	MILE 2 BUS STOP AMUWO ODOFIN, BADADRY E/WAY
28	TOTAL STATION, MUSHIN	217 AGEGE MOTOR RD, MUSHIN
29	TOTAL STATION, OGBA 2	11B METAL BOX ROAD, OGBA
30	TOTAL STATION, OJOTA 1	1, IKORODU ROAD, OJOTA, LAGOS
31	TOTAL STATION, OJOTA 2	430, IKORODU ROAD, OJOTA, LAGOS
32	TOTAL STATION, OJUELEGBA	36 OJUELEGBA ROAD, SURULERE, LAGOS
33	TOTAL STATION, OKE AFA	3 OKOTA ROAD, OKE AFA, LAGOS
34	TOTAL STATION, OLD OJO ROAD	118 OLD OJO RD. AGBOJU MAZA-MAZA ORIADE LCDA
35	TOTAL STATION, OLD TOLL GATE	LAGOS/IBADAN EXPRESSWAY, ALAUSA
36	TOTAL STATION, ONIGBAGBO	25 MOBOLAJI BANK ANTHONY WAY, IKEJA
37	TOTAL STATION, OSHODI	OSHODI APAPA EXPRESSWAY, OSHODI
38	TOTAL STATION, SURULERE	LUTH ISHAGA RD, SURULERE
39	TOTAL STATION, TIN CAN	APAPA OSHODI EXPRESS WAY
40	TOTAL STATION, TOYIN	39 TOYIN STREET, IKEJA
41	TOTAL STATION, WESTERN AVENUE	115,FUNSHO WIILIAMS ROAD, IPORI, LAGOS
42	TOTAL STATION, WHARF ROAD	294 WHARF ROAD, APAPA
43	TOTAL STATION, MOSALASI	22/23 MOSHALASHI, EGBEDA IDIMU, LAGOS
44	TOTAL STATION, H/MACAULAY	272 HERBERT MACAULAY ROAD, YABA, LAGOS
45	TOTAL STATION, OREGUN	47 KUDIRAT ABIOLA WAY, OREGUN, LAGOS
46	TOTAL STATION, ISOLO 2	201 MUSHIN ROAD, ISOLO, LAGOS
47	TOTAL STATION, IGBOBI	136/138 IKORODU ROAD, LAGOS
48	TOTAL STATION, TINUBU VILLAGE	52 IKORODU ROAD, LAGOS
49	TOTAL STATION, ABULE EGBA	ABEOKUTA EXPRESS ROAD ABULE-EGBA LAGOS
50	TOTAL STATION, AGEGE	142, ABEOKUTA/AGEGE MOTOR ROAD
51	TOTAL STATION ALAKUKO	LAGOS ABEOKUTA EXPRESS ROAD ALAKUKO
52	TOTAL STATION ATAN	SOKOTO BADDAGRY EXP. AGBARA-ATAN
53	TOTAL STATION IKORODU TOWN	6 SAGAMU RD IKORODU
54	TOTAL STATION IYANA MEIRAN	MEIRAN ROAD MEIRAN LAGOS
55	TOTAL STATION OGIJO	KM6 SAGMU RD OGIJO
56	TOTAL STATION OJOKORO	KM 14 LAGOS ABEOKUTA EXPRESS OJOKORO
57	TOTAL STATION OKE ODO	LAGOS ABEOKUTA EXPRESS RD, OKE-ODO
58	TOTAL STATION OKO OBA	OLD ABEOKUTA MOTOR RD, OKO-OBA
59	TOTAL STATION PENCINEMA	18, BALOGUN STREET AGEGE

LIST OF BANK *737# CASH-OUT LOCATIONS		
SELECT LOCATIONS IN OGUN STATE		
60	TOTAL STATION, ODE REMO	KM 55 ODE-REMO SAGAMU- IBADAN EXPRESS RD
61	TOTAL STATION, SAGAMU CENTRE	152, AKARIGBO STREET, SAGAMU
62	TOTAL STATION EPE GARAGE	EPE GARAGE, IJEBU ODE
63	TOTAL STATION IPARA	146 OLD IBADAN RD IPARA
64	TOTAL STATION ISHARA	43 ODEREMO RD ISHARA
65	TOTAL STATION OPIC	OPIC ESTATE AGBARA-OGUN STATE
66	TOTAL STATION SAGAMU LAGOS ROAD	185 AKARIGBO STREET IJOKO SAGAMU
67	TOTAL STATION SANGO OTTA	ABEOKUTA EXPRESS ROAD SANGO
68	TOTAL STATION IDIROKO	IDIROKO
69	TOTAL STATION KM2	KM2 SAGAMU BENIN EXPRESS WAY
70	TOTAL STATION IJEBU ITOKIN ROAD	ITOKIN RD KASOLERRI IKORODU
71	TOTAL STATION IFO	LAGOS-ABEOKUTA EXPRESS-WAY,IFO
SELECT LOCATIONS IN IBADAN , OYO STATE		
72	TOTAL STATION, NEW RESERVATION	IYAGANKU RD, AREA POLICE COMMAND, IBADAN
73	TOTAL STATION, SANGO STATION	OYO ROAD, SANGO, IBADAN
74	TOTAL STATION OKE ADO IBADAN	MOLETE RD., OKE ADO MOLETE-OKE BOLA RD
75	TOTAL STATION OLD LAGOS ROAD IBADAN	OLD LAGOS RD, IBADAN
76	TOTAL STATION ELEIYELE I IBADAN	JERICHO RD. IBADAN, ALONG ONIREKE/JERICHO RD
77	TOTAL STATION ADAMASINGBA IBADAN	FAJUYI RD. IBADAN, ALONG DUGBE-MOKOLA RD
78	TOTAL STATION ELEIYELE II IBADAN	JERICHO RD. IBADAN, ALONG ELEYELE-SANGO RD
79	TOTAL STATION RING ROAD S/S	LIBERTY RD. IBADAN, OLUSANYA AREA, RING ROAD
80	TOTAL STATION ORITA CHALLENGE IBADAN	OLD LAGOS RD. IBADAN, IYANA-ODOONA, ORITA CHALLENGE
81	TOTAL STATION ILUGUN IBADAN	ABEOKUTA RD., ABEOKUTA-ERUWA RD, ILUGUN TOWN
82	TOTAL STATION OLUYOLE IBADAN	OLUYOLE ESTATE, ALAAFIN AVENUE, OLUYOLE ESTATE
83	TOTAL STATION AGODI IBADAN	AGODI JUNCTION , GATE, IBADAN
84	TOTAL STATION MOKOLA IBADAN	MOKOLA ROUNDABOUT, MOKOLA, IBADAN
85	TOTAL STATION IWO ROAD IBADAN	IWO ROAD, IBADAN
86	TOTAL STATION NEW IFE RD IBADAN	NEW IFE ROAD ROUNDABOUT, NEW IFE ROAD
87	TOTAL STATION OLODE IBADAN	ALAKIA EXPRESS WAY, OLODE, ALAKIA
88	TOTAL STATION BODIJA IBADAN	SECRETARIAT-AGODIROAD, BESIDE BODIJA MARKET, IBADAN
89	TOTAL STATION ASHI IBADAN	ASHI ROAD, IBADAN, OPP CHRIST CHAPEL INTERNATIONAL CHURCH, ASHI, IBADAN
SELECT LOCATIONS IN KADUNA		
90	TOTAL STATION UNGWAN RIMI	KADUNA UNGWA RIMI, KADUNA NORTH
91	TOTAL STATION SOUTH BRIDGE	KADUNA SOUTH
92	TOTAL STATION KADUNA ZARIA	ZARIA RD,KADUNA NORTH
93	TOTAL STATION WAFF RD	WAFF RD,KADUNA, KADUNA NORTH
94	TOTAL STATION KACHIA RD 1	KACHIA RD,KADUNA SOUTH

LIST OF BANK *737# CASH-OUT LOCATIONS		
95	TOTAL STATION REFINERY RD	REFINERY RD, KADUNA SOUTH
96	TOTAL STATION KADARA SS	KADARA, KADUNA SOUTH
97	TOTAL STATION DOKA CRS SS	DOKA CRESCENT, KADUNA NORTH
98	TOTAL STATION BARNAWA	MOZAMBIQUE ROAD BARNAWA
99	TOTAL STATION MALALI	KADUNA NORTH
SELECT LOCATIONS IN ABUJA		
100	TOTAL STATION ASOKORO	OPP POLICE HQTR, AREA 11 JUNCTION
101	TOTAL STATION JS TARKA	4 JS TARKA STREET,AREA 2
102	TOTAL STATION KURUDU	KURUDU ROAD, KURUDU, ABUJA
103	TOTAL STATION NEW KARU	NEW NYANYAN, KEFFI ROAD, ABUJA
104	TOTAL STATION MASAKA 2	KUCHIKAWU, KEFFI ROAD, ABUJA
105	TOTAL STATION UKE	UKE, KEFFI ROAD, ABUJA
106	TOTAL STATION KEFFI	KEFFI ROUNDABOUT, AKWANGA ROAD, ABUJA
107	TOTAL STATION MARARABA 2	BESIDE AA RANO, KEFFI ROAD, ABUJA
108	TOTAL STATION MASAKA 1	MASAKA, ABUJA ROAD, ABUJA
109	TOTAL STATION AIRPORT RD.	ABUJA AIRPORT ROAD
110	TOTAL STATION TOTAL HOUSE	TOTAL HOUSE ABUJA, OPP NNPC TOWERS, ABUJA
111	TOTAL STATION WUSE 1	ZONE 5 JUNCTION, OPP FEBSON MALL, ABUJA
112	TOTAL STATION WUSE 2	BERGER JUNCTION, ZONE 6, ABUJA
113	TOTAL STATION SULTAN ABUBAKAR	NEAR CUSTOMS, ZONE 3, ABUJA
114	TOTAL STATION HERBERT MACAULAY	OPP SKY MEMORIAL, ZONE 6, ABUJA
115	TOTAL STATION INDEPENDENT LAYOUT	IND. LAYOUT CBD, CARDASTRAL ZONE, ABUJA
116	TOTAL STATION UTAKO	UTAKO FCT ABUJA
117	TOTAL STATION KUBWA 1	22 JUNCTION KUBWA , ALONG GADO NASCO ROAD
118	TOTAL STATION ZUBA JUNCTION	ZUBA JUNCTION, ALONG SULEJA ROAD
119	TOTAL STATION MADALLA 2	ALONG ZUBA - KADUNA RD, MADALLA
120	TOTAL STATION POST OFFICE RD	MM WAY LOKOJA, ALONG POST OFFICE RD
121	TOTAL STATION GWAGWALADA	ALONG GWAGWALADA - ABAJI RD
122	TOTAL STATION GANAJA RD	ALONG GANAJA LOKOJA ROAD, OPPOSITE FIRST 200 HOUSING UNIT
123	TOTAL STATION TIPPER GARAGE	GWARIPA ABUJA ROAD
124	TOTAL STATION AJAOKUTA RD (SIBM)	LOKOJA AJAOKUTA RD, LOKOJA
125	TOTAL STATION SULEJA EXPRESS	ALONG KADUNA -ABUJA RD, LIVING FAITH CHURCH
126	TOTAL STATION GWARINPA	FIRST AVENUE GWARINPA
127	TOTAL STATION KUJE	KUJE TOWN
SELECT LOCATIONS IN KANO		
128	TOTAL STATION KANO COOP	1 ZARIA ROAD,NASSARAWA,KANO
129	TOTAL STATION AIRPORT ROAD KANO	181 A AIRPORT ROAD ,KANO
130	TOTAL STATION TAXI PARK KANO	2 MIDDLE/COURT ROAD SABON GARI

LIST OF BANK *737# CASH-OUT LOCATIONS		
131	TOTAL STATION CORONATION KANO	16,LAGOS STREET,CIVIC CENTER ,KANO
132	TOTAL STATION ZARIA ROAD KANO	ZARIA ROAD DAWAKIN KUDU
133	TOTAL STATION WUDIL ROAD KANO	KM 11 WUDIL ROAD KANO
134	TOTAL STATION DAURA TOWN KANO	DAURA TOWN,DAURA
135	TOTAL STATION CLUB ROAD KANO	181 B, AIRPORT ROAD,KANO
136	TOTAL STATION ZOO ROAD KANO	ZOO ROAD,GANDUN ALBASA, KANO
137	TOTAL STATION HOTORO KANO	KM 2 MAIDUGURI ROAD HOTORO
138	TOTAL STATION KAFAR KWAYA KATSINA	KOFAR KWAYA,KATSINA
SELECT LOCATIONS IN PORT-HARCOURT		
139	TOTAL STATION RUMUOBIAKANI	ALONG PHC ABA EXPRESS RIVER-STATE, ALONG ABA/PHC ROAD BY MARKET JUNCTION
140	TOTAL STATION RUMUOMASI	ALONG STATION R/D P.H CITY, ALONG OLD ABA ROAD BEFORE RUMUOMASI ROUNDABOUT
141	TOTAL STATION OROGBUM	PLOT IO8 ABA R/D ALONG OROGBUM P.H, ALONG ABA/PHC ROAD BY GARRISON JUNCTION
142	TOTAL STATION MILE 2	123 IKWERE ROAD MILE 2 PHC CITY, ALONG IKWERRE ROAD, MILE 2
143	TOTAL STATION MILE 5	ALONG OBIO AKPOR PH EXPRESS P.H, ALONG IKWERRE ROAD, MILE 5
144	TOTAL STATION PH 1	EXPRESSWAY PHC, OBIO/AKPOR RIVER-STATE, ALONG ABA/PH ROAD, AFTER SHELL
145	TOTAL STATION LIBERATION DRIVE	TOTAL STATION ROAD RIVER STATE, ALONG STATION ROAD, AFTER HIGH COURT
146	TOTAL STATION ELELE ALIMINI	P.H OWERRI EXPRESS R/D ALIMINI R/STATE, ALONG PHC-WARRI EXPRESS, ALIMINI
147	TOTAL STATION GRA	PLOT 171 ABA R/D P.H EXPRESS OBIO AKPOR, ALONG ABA/PHC ROAD BY GRA JUNCTION
148	TOTAL STATION PH 2	PLOT 124 TRANS AMADI LAYOUT P.H, AT SLAUGHTER ROUND ABOUT TRANSAMADI
149	TOTAL STATION RUMUADAOLU	RUMUADAOLU-RUMUOLA ROAD, PHC
SELECT LOCATIONS IN OWERRI-IMO STATE		
150	TOTAL STATION OGBAKU	OWERRI - ONITSHA EXPRESSWAY, OGBAKU TOWN
151	TOTAL STATION ARUGO PARK	OWERRI-ONITSHA EXPRESSWAY BY ARUGO PARK
152	TOTAL STATION ANARA	ISIALA ROUND ABOUT
153	TOTAL STATION DOUGLAS ROAD	ALONG OWERRI - ABA EXPRESSWAY, BY DOUGLAS
154	TOTAL STATION EGBU ROAD	OWERRI - UMUAHIA RD, BY EGBU ROAD
155	TOTAL STATION OKIGWE	69 OWERRI ROAD, NEW UMUAHIA RD.
156	TOTAL STATION OWERRI CENTRE	BY OWERRI CENTRAL MARKET, BY DOUGLAS ROAD
SELECT LOCATION IN ENUGU STATE		
157	TOTAL STATION NSUKKA	NSUKKA ROUND ABOUT, NSUKKA
SELECT LOCATIONS IN ANAMBRA STATE		
158	TOTAL STATION OGUTA RD	34 OGUTA RD, ONITSHA
159	TOTAL STATION IHIALA	ALONG OWERRI - ABA EXPRESSWAY, IHIALA TOWN
SELECT LOCATION IN CROSSRIVER STATE		
160	TOTAL STATION MARIAN ROAD	MARIAN ROAD, CALABAR

LIST OF BANK *737# CASH-OUT LOCATIONS		
SELECT LOCATIONS IN ABIA STATE		
161	TOTAL STATION ABA CTR.	42 ASA RD., ABA-CENTRAL
162	TOTAL STATION ABA GRA.	BRASS JUNCTION ABAYI, ABA OWR.RD.
163	TOTAL STATION ABA OWR.RD.	ABA OWR.RD.ABAYI, OPP.RHEMA UNV.
164	TOTAL STATION OGBOR HILL	1 UMUOBA ROAD, NEW UMUAHIA RD.
165	TOTAL STATION OLD ABA RD.UMUAHIA	OLD ABA ROAD, ABA
SELECT LOCATION IN YENEGOA-BAYELSA STATE		
166	TOTAL STATION BAYELSA	EPIA YENEGWE – YENAGUA ROAD, BAYELSA STATE
SELECT LOCATIONS IN BENIN-EDO STATE		
167	TOTAL STATION UGBOWO	UWASOTA JUNCTION, BENIN CITY, EDO STATE.
168	TOTAL STATION KM8	KM 8, SAPELE ROAD, BENIN CITY, EDO STATE.
169	TOTAL STATION 138 AKPAKPAVA	138 AKPAKPAVA ROAD, BENIN CITY, EDO STATE.
170	TOTAL STATION BENIN CENTRE	8 / 10 AKPAKPAVA ROAD, BENIN CITY, EDO STATE.
171	TOTAL STATION OLUKU JUNCTION	OLUKU JUNCTION, LAGOS ROAD, BENIN, EDO STATE.
172	TOTAL STATION 1ST EAST CIRCULAR	34 1ST EAST CIRCULAR ROAD, BENIN, EDO STATE.
173	TOTAL STATION LAGOS RD	14 URUBI STREET, IYARO, BENIN CITY, EDO STATE.
174	TOTAL STATION AUCHI SS	AUCHI TOWN
SELECT LOCATIONS IN DELTA STATE		
175	TOTAL STATION EFFURUN SS	298 EFFURUN SAPELE ROAD EFFURUN, WARRI, DELTA STATE
176	TOTAL STATION OKUMAGBA ESTATE SS	265 OKUMAGBA ESTATE, WARRI, DELTA STATE
177	TOTAL STATION AIRPORT ROAD SS	104 AIRPORT ROAD WARRI
178	TOTAL STATION OKUMAGBA AVENUE FS	1 OKUMAGBA AVENUE WARRI
179	TOTAL STATION WARRI CENTRE SS	168 WARRI SAPELE ROAD WARRI
180	TOTAL STATION AGBARHO SS WARRI	AGBARHO S/S PATANI EXP WAY
181	TOTAL STATION OSUBI	OSUBI RD BY OSUBI AIRPORT
182	TOTAL STATION BRIDGE HEAD 1	KM1 ASABA BENIN EXPRESS
183	TOTAL STATION ASABA UMUEZEI FS	ASABA UMUEZEI
184	TOTAL STATION BRIDGE HEAD 2	111 DENNIS OSADEBE WAY ASABA
185	TOTAL STATION ASABA FERRY	ASABA FERRY JUNCTION
186	TOTAL STATION BENIN/ASABA EXP SS	BENIN ASABA EXPRESS
187	TOTAL STATION OLD SEC RD PSS	OLD SECT RD ASABA
188	TOTAL STATION OGORODE FS	108 SAPELE WARRI ROAD SAPELE
189	TOTAL STATION OKIRIGWHRE SS	OKIRIGHWRE JUNCTION SAPELE
190	TOTAL STATION KOKO FS	KOKO EXPRESS WAY KOKO
191	TOTAL STATION MARKET ROAD UGHELLI	101 MARKET ROAD UGHELLI
192	TOTAL STATION PATANI ROAD FS	265, UGH PATANI RD UGHELLI
193	TOTAL STATION AGBOR FS	AGBOR TOWN

LIST OF BANK *737# CASH-OUT LOCATIONS		
SELECT LOCATIONS IN OSUN STATE		
194	TOTAL STATION AKURA ROAD ILESA	AKURE RD, ILESHA
195	TOTAL STATION OSHOGBO ROAD ILESA	OSHOGBO RD, ILESHA
196	TOTAL STATION IFE ROAD ILESA	IFE RD, ILESHA
197	TOTAL STATION ILESHA CENTER SS	ILESHA CENTRE, ILESHA
198	TOTAL STATION IBADAN ROAD IFE	IBADAN RD, IFE
199	TOTAL STATION IFE CENTER	IFE CENTRE, IFE
200	TOTAL STATION IPETU IJESHA FS	IPETU IJESHA, IPETU IJESHA TOWN
201	TOTAL STATION MODAKEKE 2 PSS	MODAKEKE 2, IRAYE ROAD, MODAKEKE TOWN
SELECT LOCATIONS IN KWARA STATE		
202	TOTAL STATION JEBBA ROAD ILORIN	ALONG OLD JEBBA ROAD, ILORIN
203	TOTAL STATION GERI ALIMI ILORIN	ALONG UMAR SABO ROAD, ILORIN
SELECT LOCATION IN AKWA-IBOM STATE		
204	TOTAL STATION UYO TOWN	179 IKOT EKPENE ROAD, UYO

5. Activities of Cards Operations

The Group continues to abide by the minimum standards and requirement for the issuance and usage of payment cards in Nigeria and in all the other nations where we have presence. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction. We also implemented stringent fraud control measures to reduce financial loss to the bank and our customers.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology.

Presented below are the highlights of our card transaction volumes for period ended 31 December 2017.

5.1. Table below shows a summary of transactions done on GTBank Cards

Category	No. of Transactions		Value Of International Transaction		Value Of Local Transactions	
	Dec-17 '000	Dec-16 '000	Dec-17 ₦'mm	Dec-16 ₦'mm	Dec-17 ₦'mm	Dec-16 ₦'mm
Naira denominated debit cards	230,458	188,389	32,049	99,703	2,113,904	1,853,839
Foreign currency credit cards	285	161	20,909	11,766	-	-
Foreign currency debit cards	1,072	338	45,909	15,475	1,712	771

Breakdown of transactions done using GTBank Cards (Number of transactions)

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In thousands	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16
Naira MasterCard debit	0	975	2,982	3,604	175,801	157,094	51,676	26,716
Foreign Currency Denominated Cards:								
MasterCard debit	59	14	528	100	9	3	19	5
MasterCard credit	9	6	94	43				
Visa classic debit	50	25	388	181	7	5	11	4
Visa classic credit	15	11	157	93				
World credit	1	1	10	8				
Total	**135**	**1,032**	**4,158**	**4,030**	**175,816**	**157,101**	**51,706**	**26,725**

Breakdown of transactions done using GTBank Cards (Value of Transactions)

In millions of Naira	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16
Naira MasterCard debit	0	42,768	32,049	56,935	1,650,268	1,570,059	463,636	283,780
MasterCard debit	4,908	990	19,447	4,279	87	27	967	530
MasterCard credit	902	463	4,747	2,599	-	-	-	-
Visa classic debit	4,518	1,969	17,036	8,237	78	62	580	153
Visa classic credit	1,588	1,065	11,661	7,640	-	-	-	-
World credit	94	96	1,917	1,614	-	-	-	-
Total	**12,010**	**47,350**	**86,858**	**81,305**	**1,650,433**	**1,570,148**	**465,184**	**284,463**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Declined Transactions	Declined Transactions on International ATMs & POS/WEB	Restriction of cash withdrawals on International ATM Usage on non-EMV terminals Insufficient funds	Awareness
Complaints on International limits	Spend Limits	Reduction in International POS and WEB limit due to scarcity of FX.	Awareness and proffering alternative payment solutions.
Complaints on delayed debits & double debits for Domestic POS & Web Transactions	Delayed Debits & Double Debits	System glitch/ Technical error from Third party processors	Continuous engagement with Third party processors to ensure adequate and effective maintenance of their systems to prevent such incidences.

Dispense Error	Cash/ Value not received for a transaction	This occurs when an ATM attempts to dispense cash after an account has been debited but fails due to network failure. This also occur when a customer's account has been debited for a certain amount for goods/services, but value is not received	Continuous review of Enhanced Auto-reversal process Continuous follow up with Technology to proactively identify and reverse failed transactions that are not auto reversed. Constant follow up with relevant stakeholders (e.g. switches and TPPs) to address any identified cause(s) of delayed refund.

Value Added Statements

For the year ended 31 December 2017

Group

In thousands of Nigerian Naira	Dec-2017 Continuing operations	Dec-2017 Total	%	Dec-2016 Continuing operations	Dec-2016 Total	%
Gross earnings	419,226,271	419,226,271		414,615,587	414,615,587	
Interest expense:						
-Local	(52,668,184)	(52,668,184)		(41,294,160)	(41,294,160)	
- Foreign	(28,002,167)	(28,002,167)		(25,799,763)	(25,799,763)	
	338,555,920	338,555,920		347,521,664	347,521,664	
Loan impairment charges / Net impairment loss on financial assets	(12,865,800)	(12,865,800)		(65,290,310)	(65,290,310)	
	325,690,120	325,690,120		282,231,354	282,231,354	
Bought in materials and services						
- Local	(75,916,669)	(75,916,669)		(71,076,669)	(71,076,669)	
- Foreign	(1,315,393)	(1,315,393)		(1,315,393)	(1,315,393)	
Value added	248,458,058	248,458,058	100	209,839,292	209,839,292	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	32,832,341	32,832,341	13	29,453,465	29,453,465	14
Government						
- Taxation	29,772,387	29,772,387	12	32,855,806	32,855,806	16
Retained in the Group						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	15,383,697	15,383,697	6	15,249,366	15,249,366	7
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	170,469,633	170,469,633	69	132,280,655	132,280,655	63
	248,458,058	248,458,058	100	209,839,292	209,839,292	100

Value Added Statements

For the year ended 31 December 2017

Parent

In thousands of Nigerian Naira	Dec-2017 Continuing operations	Dec-2017 Total	%	Dec-2016 Continuing operations	Dec-2016 Total	%
Gross earnings	360,237,308	360,237,308		365,916,859	365,916,859	
Interest expense:						
-Local	(52,884,240)	(52,884,240)		(41,477,841)	(41,477,841)	
- Foreign	(13,908,688)	(13,908,688)		(14,073,681)	(14,073,681)	
	293,444,380	293,444,380		310,365,337	310,365,337	
Loan impairment charges / Net impairment loss on financial assets	(11,531,292)	(11,531,292)		(63,542,640)	(63,542,640)	
	281,913,088	281,913,088		246,822,697	246,822,697	
Bought in materials and services						
- Local	(58,996,315)	(58,996,315)		(58,066,747)	(58,066,747)	
- Foreign	(1,315,393)	(1,315,393)		(1,315,393)	(1,315,393)	
Value added	221,601,380	221,601,380	100	187,440,557	187,440,557	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	22,354,351	22,354,351	10	20,704,772	20,704,772	11
Government						
- Taxation	24,919,924	24,919,924	11	27,168,695	27,168,695	14
Retained in the Bank						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	13,042,425	13,042,425	6	12,730,298	12,730,298	7
- Profit for the year (including statutory and regulatory risk reserves)	161,284,680	161,284,680	73	126,836,792	126,836,792	68
	221,601,380	221,601,380	100	187,440,557	187,440,557	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Dec-2017	Dec-2016	Dec-2015	Dec-2014	Dec-2013
Assets					
Cash and cash equivalents	641,973,784	455,863,305	254,633,215	246,939,868	307,395,676
Financial assets held for trading	23,945,661	12,053,919	34,626,186	9,415,919	17,223,667
Derivative financial assets	2,839,078	1,042,470	-	529,732	170,101
Investment securities:					
– Available for sale	517,492,733	448,056,733	364,180,150	344,701,935	374,673,147
– Held to maturity	96,466,598	80,155,825	29,408,045	35,160,640	84,741,890
Assets pledged as collateral	58,976,175	48,216,412	61,954,777	39,179,198	28,442,629
Loans and advances to banks	750,361	653,718	1,051,521	5,695,592	5,596,476
Loans and advances to customers	1,448,533,430	1,589,429,834	1,371,925,547	1,275,681,135	1,002,370,638
Other assets	444,946,897	371,995,835	303,110,737	307,461,561	200,766,091
Property and equipment	98,669,998	93,488,055	87,988,778	76,236,447	68,306,197
Intangible assets	14,834,954	13,858,906	12,470,612	12,516,219	11,214,274
Deferred tax assets	1,666,990	1,578,427	3,244,141	2,358,280	1,945,629
Total assets	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**	**2,355,876,526**	**2,102,846,415**
Liabilities					
Deposits from banks	85,430,514	125,067,848	26,256,839	31,661,622	15,208,300
Deposits from customers	2,062,047,633	1,986,246,232	1,610,349,689	1,618,208,194	1,427,493,697
Financial liabilities held for trading	2,647,469	2,065,402	-	-	-
Derivative financial liabilities	2,606,586	987,502	-	253,374	3,883
Other liabilities	218,349,244	115,682,490	104,605,713	57,200,461	61,014,954
Current income tax liabilities	24,147,356	17,928,279	17,739,676	20,827,157	18,431,270
Deferred tax liabilities	18,076,225	17,641,384	6,839,522	4,391,668	5,065,625
Debt securities issued	92,131,923	126,237,863	180,117,424	167,321,207	156,498,167
Other borrowed funds	220,491,914	219,633,604	165,122,908	91,298,545	92,134,872
Total liabilities	**2,725,928,864**	**2,611,490,604**	**2,111,031,771**	**1,991,162,228**	**1,775,850,768**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares	(5,291,245)	(5,291,245)	(4,754,156)	(3,987,575)	(2,046,714)
Retained earnings	128,386,206	90,273,587	51,089,585	51,425,181	49,847,719
Other components of equity	352,403,527	272,891,094	222,651,255	173,410,666	135,924,361
Total equity attributable to owners of the Bank	**613,685,192**	**496,060,140**	**407,173,388**	**359,034,976**	**321,912,070**
Non-controlling interests in equity	11,482,603	8,842,695	6,388,550	5,679,322	5,083,577
Total equity	**625,167,795**	**504,902,835**	**413,561,938**	**364,714,298**	**326,995,647**
Total equity and liabilities	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**	**2,355,876,526**	**2,102,846,415**

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	Dec-2017	Dec-2016	Dec-2015	Dec-2014	Dec-2013
Interest income	327,333,512	262,494,101	229,236,715	200,602,653	185,383,473
Interest expense	(80,670,351)	(67,093,923)	(69,289,592)	(58,210,555)	(48,444,468)
Net interest income	**246,663,161**	**195,400,178**	**159,947,123**	**142,392,098**	**136,939,005**
Loan impairment charges	(12,169,120)	(65,290,310)	(12,408,194)	(7,098,448)	(2,886,005)
Net interest income after loan impairment charges	**234,494,041**	**130,109,868**	**147,538,929**	**135,293,650**	**134,053,000**
Fee and commission income	42,921,857	39,403,171	51,865,608	47,969,982	46,631,901
Fee and commission expense	(2,189,661)	(3,456,257)	(3,079,439)	(2,114,365)	(1,824,212)
Net fee and commission income	**40,732,196**	**35,946,914**	**48,786,169**	**45,855,617**	**44,807,689**
Net gains on financial instruments classified as held for trading	11,338,819	5,218,451	12,237,394	12,084,108	10,538,095
Other income	37,632,083	107,499,864	8,510,394	17,864,071	111,542
Total other income	**48,970,902**	**112,718,315**	**20,747,788**	**29,948,179**	**10,649,637**
Operating income	324,197,139	278,775,097	217,072,886	211,097,446	189,510,326
Net impairment reversal on financial assets	(696,680)	-	-	(273,815)	118,836
Net operating income after net impairment loss on financial assets	**323,500,459**	**278,775,097**	**217,072,886**	**210,823,631**	**189,629,162**
Personnel expenses	(32,832,341)	(29,453,465)	(27,721,723)	(27,442,101)	(23,761,448)
Operating lease expenses	(1,596,413)	(1,375,228)	(1,124,691)	(913,085)	(837,218)
Depreciation and amortization	(15,383,697)	(15,249,366)	(12,594,522)	(12,151,655)	(10,115,860)
Other operating expenses	(73,445,988)	(67,560,577)	(54,937,146)	(53,930,947)	(47,823,380)
Total expenses	**(123,258,439)**	**(113,638,636)**	**(96,378,082)**	**(94,437,788)**	**(82,537,906)**
Profit before income tax	**200,242,020**	**165,136,461**	**120,694,804**	**116,385,843**	**107,091,256**
Income tax expense	(29,772,387)	(32,855,806)	(21,257,923)	(21,951,751)	(17,067,279)
Profit for the period	**170,469,633**	**132,280,655**	**99,436,881**	**94,434,092**	**90,023,977**

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

– Basic	6.03	4.67	3.51	3.32	3.17
– Diluted	6.03	4.67	3.51	3.32	3.17

Five Year Financial Summary
Statement of financial Position

Bank

In thousands of Nigerian Naira	Dec-2017	Dec-2016	Dec-2015	Dec-2014	Dec-2013
Assets					
Cash and cash equivalents	455,296,196	233,847,233	173,133,109	161,778,647	228,609,551
Financial assets held for trading	16,652,356	6,321,370	25,075,618	5,675,545	13,746,682
Derivative financial assets	2,839,078	1,042,470	-	529,732	170,101
Investment securities:					
– Available for sale	453,089,625	408,246,905	327,585,822	317,749,878	364,056,362
– Held to maturity	2,007,253	5,219,262	3,210,575	4,511,342	46,682,498
Assets pledged as collateral	58,961,722	48,205,702	61,946,270	39,173,640	28,440,947
Loans and advances to banks	43,480	29,943	638,817	30,815	16,976
Loans and advances to customers	1,265,971,688	1,417,217,952	1,265,207,443	1,182,393,874	926,967,093
Other assets	433,528,669	364,152,777	297,240,082	304,174,757	191,868,850
Investment in subsidiaries	46,207,004	43,968,474	41,905,781	40,130,284	40,130,284
Property and equipment	84,979,798	81,710,025	79,192,748	68,042,098	61,419,683
Intangible assets	4,501,296	3,377,961	2,492,959	2,417,700	2,256,768
	2,824,078,165	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**	**1,904,365,795**
Assets classified as held for sale and discontinued operations	850,820	-	-	-	-
Total assets	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**	**1,904,365,795**
Liabilities					
Deposits from banks	42,360	40,438	39,941	143,713	88,729
Deposits from customers	1,697,560,947	1,681,184,820	1,422,550,125	1,439,522,070	1,261,927,035
Financial liabilities held for trading	2,647,469	2,065,402	-	-	-
Derivative financial liabilities	2,606,586	987,502	-	253,374	3,883
Other liabilities	197,251,819	90,060,440	85,126,211	47,714,495	49,008,466
Current income tax liabilities	24,009,770	17,819,039	19,378,526	22,275,884	17,990,398
Deferred tax liabilities	12,814,766	11,946,699	6,345,773	3,955,805	4,784,323
Debt securities issued	92,131,923	-	-	-	13,233,595
Other borrowed funds	210,671,384	332,317,881	338,580,300	252,830,895	233,040,108
	2,239,737,024	**2,136,422,221**	**1,872,020,876**	**1,766,696,236**	**1,580,076,537**
Liabilities included in assets classified as held for sale and discontinued operations	847,600	-	-	-	-
Total liabilities	**2,240,584,624**	**2,136,422,221**	**1,872,020,876**	**1,766,696,236**	**1,580,076,537**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Retained earnings	115,361,824	83,989,499	46,048,031	48,824,128	49,721,694
Other components of equity	330,795,833	254,741,650	221,373,613	172,901,244	136,380,860
Total equity	**584,344,361**	**476,917,853**	**405,608,348**	**359,912,076**	**324,289,258**
Total equity and liabilities	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**	**1,904,365,795**

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	**Dec-2017**	**Dec-2016**	**Dec-2015**	**Dec-2014**	**Dec-2013**
Interest income	284,442,547	226,579,479	206,478,499	179,984,274	172,433,167
Interest expense	(66,792,928)	(55,551,522)	(61,445,632)	(51,285,444)	(44,575,952)
Net interest income	**217,649,619**	**171,027,957**	**145,032,867**	**128,698,830**	**127,857,215**
Loan impairment charges	(10,834,612)	(63,542,640)	(11,769,374)	(6,184,289)	(2,913,318)
Net interest income after loan impairment charges	**206,815,007**	**107,485,317**	**133,263,493**	**122,514,541**	**124,943,897**
Fee and commission income	30,048,147	28,527,039	44,034,897	40,944,512	40,189,316
Fee and commission expense	(1,561,766)	(2,947,714)	(2,689,751)	(1,747,518)	(1,718,975)
Net fee and commission income	**28,486,381**	**25,579,325**	**41,345,146**	**39,196,994**	**38,470,341**
Net gains on financial instruments classified as held for trading	6,542,636	2,248,241	9,189,686	8,344,350	7,923,744
Other income	39,203,978	108,562,100	9,173,208	19,733,915	1,054,057
Total other income	**45,746,614**	**110,810,341**	**18,362,894**	**28,078,265**	**8,977,801**
Total Operating income	281,048,002	243,874,983	192,971,533	189,789,800	172,392,039
Net impairment reversal on financial assets	(696,680)	-	-	(273,815)	118,836
Net operating income after net impairment loss on financial assets	**280,351,322**	**243,874,983**	**192,971,533**	**189,515,985**	**172,510,875**
Personnel expenses	(22,354,351)	(20,704,772)	(20,727,835)	(21,036,543)	(19,625,269)
Operating lease expenses	(654,665)	(670,172)	(674,958)	(560,710)	(623,379)
Depreciation and amortization	(13,042,425)	(12,730,298)	(10,787,370)	(10,590,175)	(9,273,196)
Other operating expenses	(58,095,277)	(55,764,254)	(47,754,313)	(46,960,706)	(42,527,302)
Total expenses	**(94,146,718)**	**(89,869,496)**	**(79,944,476)**	**(79,148,134)**	**(72,049,146)**
Profit before income tax	**186,204,604**	**154,005,487**	**113,027,057**	**110,367,851**	**100,461,729**
Income tax expense	(24,919,924)	(27,168,695)	(18,718,934)	(21,197,074)	(14,916,219)
Profit for the period	**161,284,680**	**126,836,792**	**94,308,123**	**89,170,777**	**85,545,510**

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

– Basic	5.48	4.31	3.20	3.03	2.91
– Diluted	5.48	4.31	3.20	3.03	2.91

Share Capitalization History

YEAR	AUTHORISED		ISSUED			
	INCREASE	CUMULATIVE	INCREASE	CUMMULATIVE	NO. OF SHARES	CONSIDERATION
1991	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	Cash
1992	35,000,000	60,000,000	NIL	25,000,000	25,000,000	NIL
1993	NIL	60,000,000	25,000,000	50,000,000	50,000,000	Scrip
1994	40,000,000	100,000,000	NIL	50,000,000	50,000,000	NIL
1995	NIL	100,000,000	50,000,000	100,000,000	100,000,000	SCRIP
1996	100,000,000	200,000,000	300,000,000	400,000,000	400,000,000	Cash
1997	300,000,000	500,000,000	600,000,000	1,000,000,000	1,000,000,000	SCRIP
1998	250,000,000	750,000,000	500,000,000	1,500,000,000	1,500,000,000	SCRIP
1999	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2000	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2001	250,000,000	1,000,000,000	500,000,000	2,000,000,000	2,000,000,000	Initial Public Offer
2002	1,000,000,000	2,000,000,000	500,000,000	2,500,000,000	2,500,000,000	SCRIP
2003	NIL	2,000,000,000	500,000,000	3,000,000,000	3,000,000,000	SCRIP
2004	1,000,000,000	3,000,000,000	1,000,000,000	4,000,000,000	4,000,000,000	SCRIP
2004	NIL	3,000,000,000	2,000,000,000	6,000,000,000	6,000,000,000	Public Offer
2005	2,000,000,000	5,000,000,000	NIL	6,000,000,000	6,000,000,000	NIL
2006	NIL	5,000,000,000	2,000,000,000	8,000,000,000	8,000,000,000	SCRIP
2007	2,500,000,000	7,500,000,000	2,000,000,000	10,000,000,000	10,000,000,000	SCRIP
2007	NIL	7,500,000,000	3,679,415,650	13,679,415,650	13,679,415,650	GDR Underlying Shares
2008	7,500,000,000	15,000,000,000	1,243,583,241	14,922,998,890	14,922,998,890	SCRIP
2008	NIL	15,000,000,000	3,730,749,723	18,653,748,613	18,653,748,613	SCRIP
2009	NIL	15,000,000,000	4,663,437,153	23,317,185,766	23,317,185,766	SCRIP
2010	15,000,000,000	30,000,000,000	NIL	23,317,185,766	23,317,185,766	NIL
2010	20,000,000,000	50,000,000,000	5,829,296,442	29,146,482,207	29,146,482,207	SCRIP
2011	NIL	50,000,000,000	284,697,017	29,431,179,224	29,431,179,224	IFC Special Placement
2012	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2013	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2014	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2015	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2016	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL
2017	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL

Dividend History

Ten-year dividend and unclaimed dividend history as at 31 Dec 2017

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31-Dec-17	Percentage Dividend Amount Unclaimed
Payment 30	Interim	28-02-07	2,000,000,000.00	25 kobo	159,583,817.04	7.98%
Payment 31	Final	28-02-07	4,000,000,000.00	50 kobo	175,088,868.27	4.38%
Payment 32	Interim	28-02-08	3,419,853,912.50	25 kobo	219,557,618.40	6.42%
Payment 33	Final	28-02-08	9,575,590,955.00	70 kobo	461,208,065.91	4.82%
Payment 34	Final	31-12-08	14,922,998,891.00	100 kobo	702,962,370.02	4.71%
Payment 35	Final	31-12-09	13,990,311,460.50	75 kobo	671,964,400.63	4.80%
Payment 36	Interim	31-12-10	5,829,296,441.75	25 kobo	267,399,395.44	4.59%
Payment 37	Final	31-12-10	17,487,889,325.37	75 kobo	792,806,566.33	4.53%
Payment 38	Interim	31-12-11	7,286,620,552.30	25 Kobo	329,793,657.39	4.53%
Payment 39	Final	31-12-11	25,016,502,340.40	85 Kobo	1,055,303,661.09	4.22%
Payment 40	Interim	31-12-12	7,357,794,806.00	25 Kobo	316,165,069.02	4.30%
Payment 41	Final	31-12-12	38,260,532,991.20	130 kobo	1,578,258,565.17	4.13%
Payment 42	Interim	31-12-13	7,357,794,806.00	25 Kobo	346,536,070.45	4.71%
Payment 43	Final	31-12-13	42,675,209,874.80	145 kobo	1,871,758,147.07	4.39%
Payment 44	Interim	31-12-14	7,357,794,806.00	25 Kobo	342,186,666.43	4.65%
Payment 45	Final	31-12-14	44,146,768,836.00	150 kobo	1,863,001,234.71	4.22%
Payment 46	Interim	31-12-15	7,357,794,806.00	25 Kobo	329,966,884.50	4.48%
Payment 47	Final	31-12-15	44,735,392,420.48	152 Kobo	1,856,222,393.78	4.15%
Payment 48	Interim	31-12-16	7,357,794,806.00	25 Kobo	335,798,073.92	4.56%
Payment 49	Final	31-12-16	51,504,563,642.00	175 kobo	2,246,718,425.84	4.36%

CORPORATE SOCIAL RESPONSIBILITY REPORT

Our CSR initiatives are targeted at the areas where we believe we can have the greatest impact and which are crucial to the development of our communities. These areas, which we describe as the four major pillars of our CSR efforts, are Education, Community Development, Arts and the Environment

Pillar	Amount (N)	Percentage (%)
Arts	13,782,215	1.6%
Community Development	495,741,398	57.2%
Education	350,790,513	40.5%
Environment	565,000	0.1%
Others	6,234,400	0.7%
Total	**867,113,525**	**100.00%**

CHAMPIONING EDUCATION FOR ALL

We believe that quality education is a fundamental right of every child irrespective of their background, race or economic status. To this end, we have designed a unique and effective policy of adopting and supporting public schools and learning centres across Nigeria with the objective of reaching the most number of children in need of learning facilities. We have also incorporated sports into our education programmes to enable children maximise their potential through participation in extracurricular activities.

The GTBank You Read Initiative

This year, the bank launched the YouRead Initiative, which is aimed at encouraging and engaging students across all levels (Primary, Secondary and Tertiary), as well as the general public, to read, build capacity and connect with educators around the world.

The YouRead Initiative debuted with the Bank's remodelling of the Old Herbert Macaulay Library, Yaba, Lagos. This included a complete refurbishing of the building, equipping the library with state of the art furniture, the installation of computers and internet facilities and the provision of books to ensure a pleasurable and highly rewarding library experience. The cost of this project totalled N159,453,594

The Adopt-a-School Programme

The Adopt-a-School programme aims to improve the quality of education available to children in public schools across the country by providing critical educational infrastructure, training teachers and supporting students with scholarships. Since the inception of the programme, we have either fully or partially adopted/supported several schools across the country.

Financial Literacy

Following the drive by the Central Bank of Nigeria to achieve financial inclusion and enhance the financial literacy of young people in matters bothering on finance, the apex bank set Thursday 30th March 2017 as Financial Literacy Day to mark this year's global money week awareness programme nationwide. In line with this programme, and as part of our efforts to empower young people, we provided financial literacy training to over 6,000 secondary school students in Abia, Benue, Cross River, Osun, Taraba, and Zamfara States.

Sports Education

Our sports education program include the Principals Cup tournament in Lagos and Ogun States, the Masters Cup tournament and the Super Cup, as well as the Players Development Program. These tournaments serve as a platform for identifying, nurturing and grooming young and talented players and to encourage those who want to build a successful football career in the future, whilst also promoting the economic growth of the country.

- **The Principals Cup football tournament:** This competition currently runs in Lagos and Ogun and they are in their 8th and 5th seasons respectively. The sports is for all Secondary Schools in the participating States and is coordinated in partnership with the State Ministry of Youth, Sports & Social development and the Ministry of Education.

  The GTBank-Lagos State Principals Cup competition started in 2009/10 and has grown in the last six years from 296 to over 500 competing teams in both the male and female category. The GTBank-Ogun state Principals Cup has also grown in five years to 380 participating teams.

- **The Masters Cup football tournament:** This tournament is for non-Government managed schools. The competition has a total of 29 teams in both the male and female categories and is in its 6th season of the competition.

The winners in all the tournaments - the Principals Cup Lagos and Ogun States and the Masters Cup usually play at the end of the season in the Super Cup match, to decide 'the champion' of the tournament champions. The Super Cup champions in 2017 are Ijaiye Housing Estate Ojokoro Lagos in the male category and Isale Eko Girls Grammar School in the female category.

Exceptional players discovered during the tournament season are coached and trained in our player's developmental programme – CAMP GTBank. The camp was held at Greesprings school, hosting 36 players and 40 school coaches. They were coached and nurtured by 7 professional coaches, led by coach Augustine Eguaveon.

SUPPORTING OUR COMMUNITIES

Of utmost importance to our organization, beyond providing first class banking services, is the role we play in the communities in which we operate. To achieve this, we work in partnership with Non-Governmental and Charity Organisations that share our vision and values, to support people living with developmental disabilities, and their families, to stimulate investment child health care and to extend a helping hand to victims of natural disasters and other humanitarian issues in the world.

Supporting People Living with Autism – The Orange Ribbon Initiative

The Orange Ribbon Initiative is an advocacy program to support people living with developmental disabilities and special needs in Nigeria, especially Autism Spectrum Disorders (ASD).

This year, our Annual Autism Program, themed **"Childhood to Adulthood: Communication and Social Interaction**" focused on the address the dynamic communication and social needs of children living with Autism as they transition into adulthood.

Over the past six years, we have made tremendous achievements in amplifying the national awareness of Autism Spectrum Disoder (ASD) and increasing the expert assistance available to people living with Autism. Our footprints in autism advocacy have been very encouraging considering little or nothing was known about ASD, a condition that affects 1 in 68 children (2012 US report). Prior to 2009, ASD had been compounded by severe stigma, a dire need for awareness and knowledge of intervention methods, a lack of resources and a lack of community support.

We work in partnership with Non-Governmental and Charity Organizations as well as ASD professionals from the United States and Nigeria, that share our vision and values, to create societal awareness and acceptance of developmental disabilities and stimulate community investment activities in child healthcare. We also provide trainings to parents and caregivers on the care and management of the people living with Autism.

Some of the highlights of this year's program include:

- A 2-day conference attended by over 1,500 participants (i.e. health practitioners, caregivers, teachers and parents) daily, to train them on the management and care for children living with autism.
- Free health service - consultation/assessment was provided for over 276 children
- Enlightenment talks on management and care for children living with autism were provided to the general public through radio programmes.
- Awareness walk and cycle for public sensitization on World Autism Day

Nominate a Service champ

We commenced this project in Q4 2017 during the Christmas season, it is an initiative directed at rewarding excellence. It focused on traffic wardens and controllers in our society nationwide, with the aim to encourage public service delivery. We rewarded 50 service champions through the engagement and responses of over 3,000 members of the public on our digital platforms to nominate a service champion within their community.

Maternal and Child health Initiative

This targets the Millennium Development Goals 4 (reducing child mortality), 5 (improving maternal health) and 6 (combating HIV, malaria and other diseases), touching on the challenges of our global society, especially children and mothers.

We supported sick children in Massey Children's Hospital Lagos. We also through partnership with the Swiss Red Cross, supported migrant children whose homes and homelands have been torn by war and violent conflicts.

Staff Charity Initiative

This is a fundraising effort by staff, to help disadvantaged people or communities. An initiative which began on February 14, 2012, has become a tradition in the Bank. Our staff make voluntary contributions and the money raised is used to support persons or communities that desperately need our support. This year, donations received from bank staff were used to provide free 1 year medical insurance to people that have to deal with Sickle Cell.

Staff also invested in various special responsibility projects within their immediate environment, which addresses the needs of the people.

PROMOTING ARTS

Art plays a crucial role in helping communities thrive, and our arts initiatives seeks to not just connect, enrich and educate individuals, but to also promote cultural exchanges that break down societal barriers and builds global relationships.

Over the years, we have cultivated global cultural partnerships with Tate and other Art institutions to increase understanding and interaction among cultures whilst investing in Art projects and that provide tangible benefits for African Artists nationally and globally.

Exhibitions and Workshops

Between December 2016 and January 2017, the Bank sponsored, together with the British Council, the first solo presentation of Yinka Shonibare's iconic Wind Sculpture IV at the Ndubuisi Kanu Park, Lagos. The exhibition marked a new paradigm in the role of public art in Nigeria and inspired the Bank to organise an on-the-spot creation of art by artists at different levels of their development, ranging from secondary school students to professionals in the arts industry.

In supporting young artists, we created a wholly free Virtual Art Gallery (art635.gallery) to help showcase works created by artists across the globe and to provide a platform to provide the necessary support in converting their works to a profitable business.

We have also created various avenues which include forum and workshop, to train artists on the business of Art. These programs helped groom young artists whilst connecting them with their peers to exchange ideas.

GTBank-TATE Partnership

The GTBank and Tate partnership started in 2011 and is focused on promoting the value of African Art by bringing the works of African artists to the attention of new audiences in the international market, through project-lead initiatives. In 2015, we started a new project on curatorial research with a focus on Africa and the acquisition of arts by African Artists for display at the Tate galleries in the UK.

PROTECTING OUR ENVIRONMENT

The effect of climate change being felt all over the world with debilitating consequences has called for concerted effort to address environmental issues. We take steps to safeguard our environment by ensuring the sustainable use of our resources.

Beautification and conservation

We adopted 3 major public areas in Lagos, Kano and Sokoto to tend and beautify and have ensured the maintenance of these spaces.

We also invest in energy efficient solutions as part of our contribution to mitigating the effect of climate change in our environment, through renewable energy and resource efficient ways of conducting our business.