Guaranty Trust Bank plc
RC 152321
Plot 635, Akin Adesola Street,
P. O. Box 75455, Victoria Island,
Lagos State, Nigeria.
Tel: 01-4480740-9, 2714580-9
Head Office www.gtbank.com

GTBank

June 2018
AUDITED HALF YEAR REPORT

Introduction

Guaranty Trust Bank's Consolidated Financial Statements complies with the applicable legal Requirements of the Nigerian Securities and Exchange Commission regarding interim Financial Statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the period ended 30 June, 2018. The consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', its interpretation issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria. For better understanding, certain disclosures and some prior period figures have been presented in line with current period figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Table of contents

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 has been presented to Shareholders at the 28th Annual General Meeting of the Bank and subsequently submitted to the CBN.

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.

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 as well as law. They possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board and decisions of the Board (without prejudice to Directors' right to earn Directors' fees and hold interest in shares). Directors have a good understanding of the Bank's businesses and affairs to enable them properly evaluate information and responses provided by Management, and to provide objective challenge to management.

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

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

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

The Board met three (3) times during the half year ended June 30, 2018.

Responsibilities of the Board

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

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

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

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

Roles of Chairman and Chief Executive

The roles of the Chairman and Chief Executive 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, comprising the Deputy Managing Director and other Executive Directors. 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 Central Bank of Nigeria and shareholders at the Annual General Meeting.

Induction and Continuous Training

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

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

The Bank attaches great importance to training its Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various committees to which they belong. All the Bank's Non-Executive Directors attended foreign and/or local courses during the half year period ended June 30, 2018.

Changes on the Board

In the course of the half year period under review, there was no change on the Board. It is worthy of note that during the period under review, Mrs. Omotola Olutola and Mr. Wale Oyedeji informed the Board of their intention to retire from the Board with effect from August 11, 2018. Mrs. Omotola and Mr. Oyedeji were appointed as Executive Directors October 2011.

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 two (2) times during the half year period ended June 30, 2018.

The Board Risk Management Committee comprised the following members during the period 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	Non-Executive (Independent) Director	Member
5.	Mrs. V. O. Adefala	Non-Executive (Independent) Director	Member
6.	Mr. A. A. Odeyemi	Executive Director	Member
7.	Mrs. O. O. Omotola	Executive Director	Member

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 two (2) times during the half year period ended June 30, 2018.

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	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

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	Non-Executive (Independent) Director	Member
6	Mrs. O. O. Omotola	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 half year period ended June 30, 2018.

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 period 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 period under review.

Board Information Technology Strategy Committee

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

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

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

The Board Information Technology Strategy Committee comprised the following members during the period 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	Non-Executive Director	Member
4	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member
5	Mr A. A. Odeyemi	Executive Director	Member
6	Mr. M. J. Lawal	Executive Director	Member

The Committee is required to hold its Meetings twice in a year. The Committee met once during the period under review.

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 specifically have oversight of financial reporting risks; internal financial controls; fraud risks as it relates to financial reporting; and IT risks as it relates to financial reporting.
- 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 period 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 twice during the period under review.

Statutory Audit Committee of the Bank

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

The Committee also reviews the Bank's annual and interim financial statements, particularly the effectiveness of the Bank's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation of the Bank's results. The Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

The Committee is made up of three (3) Non-Executive Directors and three (3) Shareholders of the Bank appointed at Annual General Meetings, while the Chief 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 Statutory Audit Committee of the Bank met two (2) times during the period under review. The following members served on the Committee during the half year ended June 30, 2018:

S/No	Name	Status	Designation	Attendance
1	Alhaji M. O. Usman	Shareholders' Representative	Chairman	2
2	Mrs. S. O. J. Mbagwu-Fagbemi	Shareholders' Representative	Member	2
3	Mrs. A. Kuye	Shareholders' Representative	Member	2
4	Mr. I. Hassan	Non-Executive Director	Member	2
5	Mr. O. M. Agusto	Non-Executive Director	Member	2
6	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member	2

Attendance of Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the half year period ended June 30, 2018.

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

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 was presented to shareholders at the 28th Annual General Meeting held on April 10, 2018 and a copy sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code.

Shareholders

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

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

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

Protection of Shareholders' Rights

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

Communication Policy

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

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

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

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

(i) **Compliance with Rules and Regulations**: The Bank complies with the legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Banks and other Financial Institutions Act (BOFIA), the Companies and Allied Matters Act (2004) (CAMA) 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 Advice

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

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

Insider Trading and price sensitive information

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

Directors, insiders and their related persons in possession of confidential price sensitive information ("insider information") are prohibited from dealing with the securities of the Bank where such would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Bank 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 42 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 June 30, 2018, the Group had eight (8) international banking subsidiaries and two (2) sub-subsidiaries. The operations and management of these subsidiaries are monitored and controlled by GTBank Plc as described below:

Oversight function

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

Subsidiary Board Representation

GTBank Plc has 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

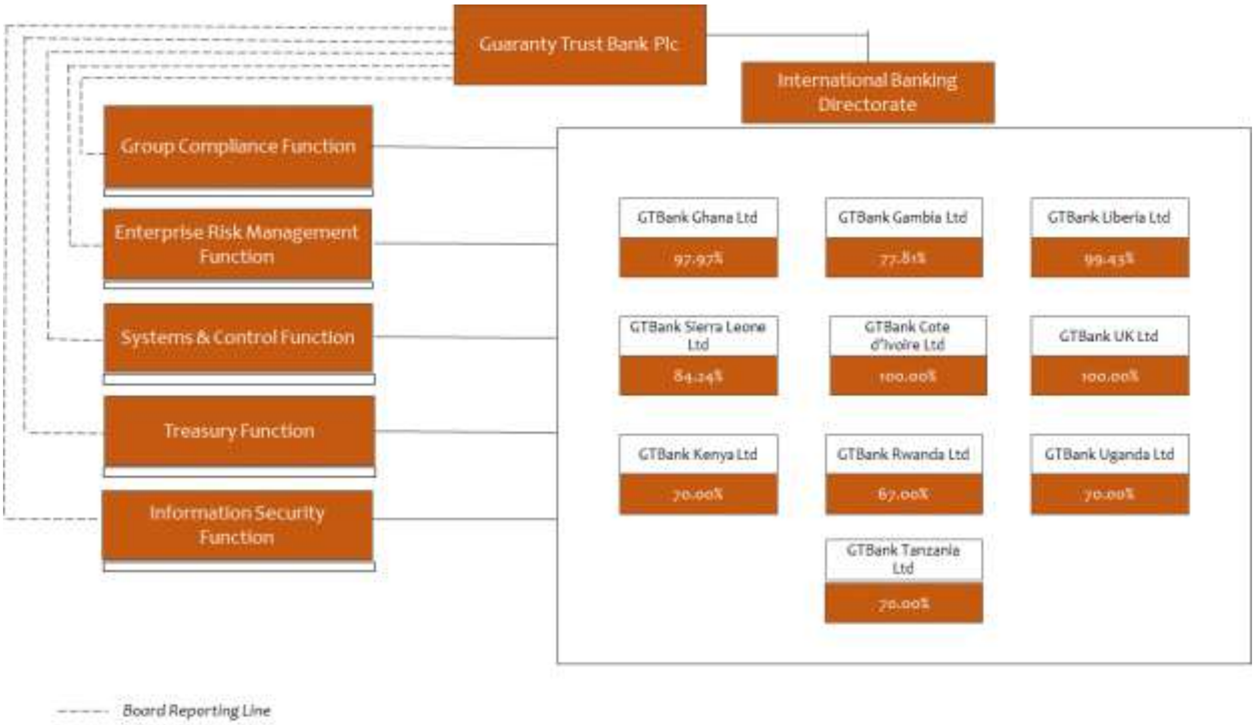
The Group Treasury function is responsible for providing required guidance in optimizing the deployment of resources in the subsidiaries except GTBank UK. The key focus is efficiency of the Balance Sheet. Monthly Assets and Liabilities review meetings are held with the Group treasury team to create synergies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


Guaranty Trust Bank Plc
International Banking Directorate
Group Compliance Function
Enterprise Risk Management Function
Systems & Control Function
Treasury Function
Information Security Function
GTBank Ghana Ltd
97.97%
GTBank Gambia Ltd
77.81%
GTBank Liberia Ltd
99.43%
GTBank Sierra Leone Ltd
84.24%
GTBank Cote d'Ivoire Ltd
100.00%
GTBank UK Ltd
100.00%
GTBank Kenya Ltd
70.00%
GTBank Rwanda Ltd
67.00%
GTBank Uganda Ltd
70.00%
GTBank Tanzania Ltd
70.00%
Board Reporting Line

Introduction

At Guaranty Trust Bank, we constantly thrive to remain the leading financial services provider in our chosen markets and operate as a platform enriching lives of all our stakeholders To achieve this, we ensure that our operations and activities are carried out in line with applicable regulations and international best practices. This is evident in the integration of sustainability into our operating model and business strategy based on the growing awareness of the link between profitability of businesses and sustainability. On this premise, we continuously develop and improve the framework in which we manage financial, environmental and social risks.

The Bi-annual Sustainability Report is a reflection of our journey over the first half of the year, highlighting various initiatives undertaken by the bank to ensure that we are an economically viable and financially sustainable organization. The scope of the report covers the Marketplace, Community, Environment and Workplace.

Market Place

In our lending activities, we are aware of the need to advance economic growth and promote sustainable 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 construction. Our exposure in the manufacturing sector grew by 10 percent from December 2017 to June 2018. Facilities granted were utilized for construction of a new Feed Mill, expansion of production plants, augment working capital, import raw materials etc.

The Environmental & Social Risk Management (ESRM) framework which has been integrated into our credit approval process ensures that our lending activities do not have adverse E&S implications on the community. Over the review period we conducted Further Due Diligence Assessments to 14 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 and implementation of an Environmental Management Plan, availability of necessary environmental-related permits, Waste Management Practices, Development Projects within their host communities etc. This was done to ascertain their Commitment, Capacity and Track Record as regards Environmental & Social Risk Management.

As at June 2018, we have reviewed customers with a combined exposure of NGN 628.96bn. This accounts for 79 percent of facilities which require a Further Due Diligence Assessment. We also developed 68 Action Plans based on our findings which are to be monitored throughout the lifecycle of the facilities granted.

One of the mandates of GTBank is to provide first-class financial products and services to whichever markets we operate in, including the under-banked and unbanked demography. During the first half of the Financial Year, we deployed an additional 9 Agent Banking locations in Lagos and Kano, increasing the total number of locations to 54 across the nation. Through these outlets, we opened over 280,000 accounts and mobilized deposit in excess of NGN 1.58bn.

To support our strategic intent and drive economic development, we continue to provide various tailored services to Small and Medium Businesses in the country to project their goods and services to a wider market. An example of such platforms is the SME Market Hub which presently hosts over 23,000 merchants. In May 2018, we hosted the Food & Drink Fair, a 3 day event, which created an avenue for 144 food vendors to showcase their products to over 200,000 visitors.

Community

As part of our commitment to enriching lives of the host communities we operate in, we have a robust Social Responsibility strategy that spans across education, healthcare, youth development etc. with the objective of improving the lives of all our stakeholders. In this regard, the bank embarked on the Social Responsibility Challenge bank wide. Employees were tasked with identifying and implementing projects in communities where their branches were operational. Through this initiative, employees of the Bank executed 98 projects in 108 branches across the 6 geo-political zones in Nigeria.

In celebration of the Financial Literacy Day in March 2018, employees facilitated training of 1,133 students across 18 states. The objective of this training was to enhance the financial knowledge of the target audience by teaching on the meaning, importance and use of money and other related issues such as savings, banking etc. A summary of other projects facilitated by the bank during the first half of the year are highlighted below:

Area of Focus	Project Description	Beneficiaries
Arts	Days of Dorcas – A photography workshop and mentorship program for female photographers to learn from industry experts.	25 participants
	African Drum Festival – The festival showcases drums from different parts of Africa.	9,000 visitors
	International Museum Day – An annual celebration to raise awareness on the importance of museums.	549 students
	Art 635 Virtual Reality Exhibition – A virtual experience and exhibition of artworks enlisted on Art635	1,269 artworks exhibited on the virtual reality space
Education	Dusty Manuscripts – An annual contest targeted at budding writers and providing the opportunity to win publishing deals for the finished but unpublished manuscripts	1,134 entries received. 20 writers were shortlisted for boot camp
	Children's Day Celebration (Books Rock) – In line with the YouRead Initiative, Books Rock was celebrated around children's day with events such as book reading, writing competitions, games etc.	180 Children in attendance
	Conrad Challenge – Students of Whitesands Schools were sponsored to represent Africa at the Global Innovation Challenge in the United States of America as Team Neon. The competed in the "Smoke-free World" category and won.	4 students and 1 teacher
	GTCrea8 Scholarships – GTBank Donates a monetary sum of ₦150,000.00 to 72 different students as a scholarship contribution every year.	72 undergraduates
Healthcare	Autism Focus Group Meeting – Support for monthly focus group meetings at Autism Resource Centre, Lagos University Teaching Hospital (LUTH).	45 participants per month
	EDWIN – A support group for women living with disabilities	300 women
	Orange Heart Initiative - Staff donations towards sickle cell.	10 people with sickle cell received free health care
Sports/Youth Development	GTBank Masters Cup – An annual football tournament for private secondary schools in Lagos State.	28 schools
	GTBank Principals Cup **–** An annual football tournament for public secondary schools in Lagos and Ogun State	784 schools
	Camp GTBank **–** An annual football training camp for the best football players of all tournaments.	40 Players participated

Environment

In our bid to become more sustainable, GTBank tracks its carbon footprint by actively tracking our energy and paper usage as an institution. Although our paper usage increased during the reporting period by 4% percent, our diesel consumption reduced marginally premised on increased availability of power from the national grid. To address the increased consumption in paper use, we are exploring avenues to reduce our carbon footprint by creating awareness on the need to recycle paper and to also identify the key users and processes within the bank that are responsible for this increase.

Other strategies deployed by the bank to reduce its carbon footprint include the use of hybrid energy (solar and conventional energy) at select branches and offsite locations to power ATMs and communication devices; the use of Orange Wheels, our carpooling system and the use technology as substitute for physical meetings. During our Food & Drink Fair, we partnered with a recycling company to ensure that single-use plastic and other recyclables were appropriately disposed of during the event. Through this initiative, we were able to ensure that 683Kg of plastic which would otherwise have ended up in the landfill were recycled. There were also no reports about the adverse environmental impact of our branches or projects financed in the first half of the year.

Workplace

At GTBank, we continuously enhance the skills of our workforce both internally and through specialized trainings. During the reporting period, Our E&S Team participated in the quarterly Sustainability Champions Meeting with other sustainability professionals in the industry, we were training on sustainability reporting using the GRI standard and making the business case for sustainability among key stakeholders.

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” and personal finance through the “Finance Fridays was circulated on the intranet.

In line with our continuous commitment to gender equality and women economic empowerment, the ratio of women in the employment of the Bank and in senior management position remained stable at 45% and 37%. Furthermore, to celebrate International Women’s Day, female employees in parts of Nigeria were treated to pampering sessions and a forum on key topics affecting their productivity in the workplace. The Bank also sponsored 10 women from various business lines of the bank to attend a Women in Successful Careers (WISCAR) event.

To promote friendly competition and camaraderie among various business lines, the Bank organized its Orange League Football competition across various divisions in the branch. Our Engagement team also led a week-long Health Week which climaxed in our annual Staff Trek and Family Fun day.

NSBP PRINCIPLES	DEFINITION	PROGRESS UPDATE
Principle 1	**Our Business Activities: Environmental & Social Risk Management:** Integration of environmental and social consideration into our lending activities.	• During the review period, we assessed 14 customer and developed 68 Action Plans which include request for most recent Environmental Audit, upload policy statements on website and embark on community development projects. • As at the end of the first half of the financial year, we had conducted Due Diligence Assessment for 79% percent of eligible customers.
Principle 2	**Our Business Operations: Environmental & Social Footprint.** Avoidance of the negative impact of our Business Operations.	• Our diesel consumption reduced marginally during the review period. This may be attributed to adherence to shutdown times, availability of power from the grid and use of alternative energy in select branches and Agent Banking locations. • The Bank presently has 5 Main Branches, 5 e-branches and 18 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. This increased by 1 from the last reporting date. • We collaborated with a recycling company to appropriately dispose of 683kg of recyclable which would have otherwise ended up in the landfill and waterways.
Principle 3	**Human Rights:** Respect for the rights of all in Business Operations.	• 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. • No issues related to the abuse of fundamental human rights either by our operations or through our lending activities was reported.
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 period. • We sponsored 10 employees bank wide to attend a program facilitated by Women In Successful Careers (WISCAR).
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 9 with additional branches opened in Lagos and Kano. We were able to open over 280,000 accounts through these locations. • During the period under review, the bank conducted a Financial Literacy day and taught Financial Literacy Skills to Secondary School

		Students across Nigeria. 1,133 students across 18 states were trained on savings.
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.	• We provide updates on GTBank's Sustainability strategy to the Board Risk Committee on a quarterly basis.
Principle 7	**Capacity Building:** Development of capacity to identify, assess and manage E&S risks and opportunities associated with the bank's business activities and operations	• The Bank participated in a GRI Reporting Training hosted by the Central Bank of Nigeria. • 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 Chemical Manufacturing industry as well as key regulations and relevant permits.
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 held our periodic knowledge sharing meetings with Development Finance Institutions such as the International Finance Corporation (IFC).
Principle 9	**Reporting:** Regularly review and report our progress in meeting the principles	• The Bank reports twice yearly to the Central Bank on the implementation of the Nigerian Sustainable Banking Principles. • 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, on Internet an Mobile banking Application;
- One-on-one focus 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 June 2018 pursuant to CBN circular dated August 16, 2011.

	Description	**Number**		**Amount Claimed (N'000)**		**Amount Refunded (N'000)**	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**
1	Pending Complaints brought forward from prior year	106	150	853,165	926,590	-	-
2	Received Complaints	18,496	371,159	76,818	602,180	-	-
3	Resolved Complaints	18,471	371,203	81,523	675,605	99,385	455,409
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved Complaints pending with the Bank carried forward *	131	106	848,460	853,165	-	-

* Unresolved complaints include card related transactions and dispense errors, complaints on excess charge on loans and facilities availed by the Bank etc.

The table below show Complaints received and resolved by the Bank in other currencies for the period ended June 30, 2018.

RECEIVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed	
		2018	**2017**
1	United States Dollars	$177,276	$96,643
2	Great Britain Pounds	£0	£13,601
3	Euros	€9	€6,890

RESOLVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed		Amount Refunded	
		2018	**2017**	**2018**	**2017**
1	United States Dollars	$177,276	$97,221	$175,219	$52,231
2	Great Britain Pounds	£0	£13,601	£0	£13,450
3	Euros	€9	€6,890	€0	€2,620

UNRESOLVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed	
	-	**2018**	**2017**
1	United States Dollars	$0	$0
2	Great Britain Pounds	£0	£0
3	Euros	€0	€0

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 period ended June 30, 2018

The Directors are pleased to present their report on the affairs of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the half year period ended June 30, 2018.

Legal form and principal activity

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

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

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

The Bank has the following overseas subsidiaries: Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (United Kingdom) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (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 snapshot of the Group's operating results for the period ended June 30, 2018, are shown below:

	Group Jun-18 N'000	**Group Jun-17 N'000**	**Parent Jun-18 N'000**	**Parent Jun-17 N'000**
Gross Earnings	226,632,061	214,097,579	189,807,919	186,601,905
Profit before income tax	109,632,617	101,100,510	96,542,841	94,558,420
Income tax expense	(14,051,037)	(17,421,102)	(10,383,488)	(14,123,341)
Profit for the year	95,581,580	83,679,408	86,159,353	80,435,079
Profit attributable to:				
Equity holders of the parent entity	95,042,943	83,120,122	86,159,353	80,435,079
Non-controlling interests	538,637	559,286	-	-
Earnings Per Share (Kobo) - Basic	338	296	293	273
Earnings Per Share (Kobo) - Diluted	338	296	293	273

Dividends

During the period under review, Directors proposed the payment of an interim dividend in the sum of 30 Kobo per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each payable to Shareholders on the register of shareholding at the closure date. Withholding tax will be deducted at the time of payment.

Directors and their interest

The Directors who held office during the period under review, 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 June 2018	*Indirect Holding June 2018	Direct Holding June 2017	*Indirect Holding June 2017
		Shares of 50k each		Shares of 50k each	
1	Mrs. Osaretin Demuren	356,581	-	356,581	-
2	Mr. Olusegun Agbaje	32,146,651	9,481,350[1]	32,146,651	9,481,350[1]
3	Mr. Adebayo Adeola	2,681,640	-	3,181,640	-
4	Mr. Ibrahim Hassan	630,838	-	630,838	-
5	Mr. Olabode Agusto	200,000	-	200,000	-
6	Mr. H. A. Oyinlola	-	-	-	-
7	Ms. Imoni Akpofure	-	-	-	-
8	Mrs. Victoria Adefala	160,000	-	160,000	-
9	Mr. B. T. Soyoye	-	-	-	-
10	Mrs. Olutola Omotola	452,531	234,350[1]	452,531	234,350[1]
11	Mr. Demola Odeyemi	7,661,601	1,688,550[1]	7,661,601	1,688,550[1]
12	Mr. Wale Oyedeji	492,787	-	492,787	-
13	Mr. Haruna Musa	102,875	12,500[1]	2,875	-
14	Mr. Bolaji Lawal	137,382	116,400[1]	137,382	116,400[1]

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

There has been no material changes to Directors' shareholdings within the period 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 half year period under review, there was no change on the Board. It is worthy of note that during the period under review, Mrs. Omotola Olutola and Mr. Wale Oyedeji informed the Board of their intention to retire from the Board with effect from August 11, 2018. Mrs. Omotola and Mr. Oyedeji were appointed as Executive Directors in October 2011.

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 June 30, 2018, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	250,081	76.6953	756,705,254	2.5711
10,001	-	50,000	57,555	17.6511	1,240,306,535	4.2143
50,001	-	100,000	8,908	2.7319	625,988,596	2.1270
100,001	-	500,000	7,542	2.3130	1,532,499,447	5.2071
500,001	-	1,000,000	891	0.2733	621,853,147	2.1129
1,000,001	-	5,000,000	811	0.2487	1,655,671,892	5.6256
5,000,001	-	10,000,000	109	0.0334	731,458,153	2.4853
10,000,001	-	50,000,000	114	0.0350	2,646,541,002	8.9923
50,000,001	-	100,000,000	30	0.0092	2,300,781,949	7.8175
100,000,001	-	500,000,000	22	0.0067	4,646,135,207	15.7864
500,000,001	-	1,000,000,000	2	0.0006	1,722,122,627	5.8514
1,000,000,001	-	2,000,000,000	4	0.0012	5,000,560,428	16.9907
2,000,000,001	-	5,000,000,000	1	0.0003	3,073,324,200	10.4424
SUB TOTAL :-			326,070	99.9997	26,553,948,437	90.2239
GTBANK GDR UNDERLYING SHARES			1	0.0003	2,877,230,787	9.7761
TOTAL			**326,071**	**100.0000**	**29,431,179,224**	**100.0000**

Report

According to the Register of Members as at June 30, 2018, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

SHAREHOLDER	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
GTBank GDR (underlying shares)	2,877,230,787	9.78
Stanbic Nominees Nigeria Limited	9,147,190,974	31.08

Citibank Nigeria Limited ("Citibank") held the 2,877,230,787 units of shares in its capacity as custodian for the underlying shares of the Global Depositary Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. Citibank does not exercise any investor rights over the underlying shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares.

Stanbic Nominees Nigeria Limited ("Stanbic") held 31.08% of the Bank's shares largely in trading accounts on behalf of various investors.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of ₦209,718,340 (December 31 2017: ₦867,113,525) 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	African Drum Festival	21,912,240
	Art 635 Gallery	15,362,536
	Days of Dorcas	4,018,440
	International Museum Day	1,520,390
Community Development	International Women's Day	3,663,475
	Lagos Bridal Fashion Week	5,137,600
	Maternal and Child Health	555,000
	Nominate A Champ	5,333,050
	Orange Cycle Initiative	192,071
	Orange Heart Initiative	3,768,612
	Orange Ribbon-Autism Project	1,309,750
	Support for Industry Leaders	1,000,000
	Swiss Red Cross Partnership	9,398,070
	Women Empowerment	400,000
CSR Profiling	CSR Profiling	1,715,789
Education	Adopt-a-School	600,000
	Book Launch	500,000
	Conrad Challenge Support	4,436,105
	Dusty Manuscript	6,488,965
	Financial Literacy	33,592,667
	Masters Cup	19,749,930
	Orange Cycle	4,196,102
	Principals Cup	39,425,271
	School Support	7,745,750
	Shared Agent Network Conference	4,685,000
	You Read Initiative	12,606,408
Environment	Roundabout Maintenance	405,118
Grand Total		**209,718,340**

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 June 30, 2018 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 period ended June 30, 2018 vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Employees	1,862	1,534	**3,396**	55%	45%

Gender analysis in average terms of Board and Top Management as at June 30, 2018 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 June 30, 2018 is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Assistant General Manager	14	10	24	58%	42%
Deputy General Manager	9	7	16	56%	44%
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					

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 period under review, the Bank had three persons on its staff list with physical challenges.

(4) Employee Involvement and Training

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

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

(5) Health, Safety and Welfare of Employees

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

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

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

BY ORDER OF THE BOARD

Erhi Obebeduo
Company Secretary
FRC/2017/NBA/00000016024
Plot 635, Akin Adesola Street, Victoria Island, Lagos
July 25, 2018

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended June 30, 2018

The Directors accept responsibility for the preparation of the financial statements set out from pages 51 – 311 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

Going Concern:

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

HARUNA MUSA	SEGUN AGBAJE
FRC/2017/CIBN/00000016515	FRC/2013/CIBN/00000001782
25 July, 2018	25 July, 2018

Report of the Audit Committee

For the period ended June 30, 2018

To the members of Guaranty Trust Bank Plc

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

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

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended June 30, 2018 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N370,243,000 (31 December, 2017: N631,288,000) was outstanding as at 30 June, 2018. 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
July 23, 2018

Members of the Audit Committee are:

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

In attendance:
Mr. Segun Fadahunsi - Secretary

Independent auditor's report

To the Members of Guaranty Trust Bank Plc

Report on the audit of the interim consolidated and separate financial statements

Our opinion

In our opinion, the interim consolidated and separate financial statements give a true and fair view of the interim consolidated and separate financial position of Guaranty Trust Bank Plc ("the bank") and its subsidiaries (together "the group") as at 30 June 2018, and of their interim consolidated and separate financial performance and their interim consolidated and separate cash flows for the 6 months period then ended in accordance with IAS 34 'Interim Financial Reporting' 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 interim consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 30 June 2018;
- the consolidated and separate income statements for the 6 months period then ended;
- the consolidated and separate statements of other comprehensive income for the 6 months period then ended;
- the consolidated and separate statements of changes in equity for the 6 months period then ended;
- the consolidated and separate statements of cash flows for the 6 months period then ended; and
- the notes to the 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 interim consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the interim consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Loan loss reserve assessment (N109.3billion) We focused on this area due to the size of the loans and advances balance net of impairment (N1.1trillion) and because it requires significant judgement both for the timing and recognition of impairment and the estimation of the size of any such impairment. We also focused on this area because the adoption of IFRS 9 'Financial Instruments' introduced a new, forward looking, expected credit loss (ECL) model which required significant judgement in measuring ECL. Areas where significant judgement was exercised includes: • the identification of loss events for loans classified as stage 3 – credit impaired; • determining the criteria for assessing significant increase in credit risk (SICR); • incorporating forward looking information in building the economic scenarios used in the ECL model; • the valuation of collaterals and other evidence of future cash flows used in the impairment calculation for the facilities individually assessed for impairment because of their impact on the determination of recoverable amount; and • techniques that were used to determine the probability of default (PD) and the loss given default (LGD). See notes 3(b), 4(f), 6, 11 and 29 to the interim consolidated and separate financial statements. This is considered a key audit matter in the interim consolidated and separate financial statements.	We adopted a combined controls and substantive approach in assessing the allowance for impairment made by management. We evaluated and tested the design and operating effectiveness of the controls that management has established in respect of model governance particularly around: • staging of facilities for lifetime ECL recognition for significant increase in credit risk (SICR) based on stipulated notch movements in credit risk ratings; • data extraction between the loan application system and the ECL model engine; and • restriction of access to modify the ECL algorithm. 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 assessed the probability of default (PD) by using the downgrades on obligor ratings between prior year and current period. We evaluated the reasonableness of the Loss Given Default (LGD) by comparing it with the bank's data. In reviewing the valuation of collaterals and other evidence of future cash flows, we obtained the valuation reports and assessed management overlays made on the recoverability of collateral considering the current economic condition and the state of the assets held as collateral. We assessed other significant areas of complexity and estimation uncertainty in the ECL model. Using our credit modelling experts, we checked the reasonableness of forward looking information incorporated into the impairment calculations and challenged the multiple economic scenarios chosen as well as the weighting applied to non-linear losses. We re-performed certain model calculations to confirm the risk parameter outputs and reviewed the IFRS 9 disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information comprises Corporate governance, Sustainability report, Reports and feedback, Anti-money laundering and combating terrorist financing framework, Internal control and risk management systems in relation to the financial reporting, Directors' report, Statement of directors' responsibilities, Report of the audit committee, the consolidated and separate income statement for the 3 months ended 30 June 2018, the consolidated and separate statements of other comprehensive income for the 3 months ended 30 June 2018, Value added statements, Five year financial summary, Regulatory requirements under the IFRS regime, Operational risk management, Agents and agent's location, Activities of cards operations, Shareholders information, and Corporate social responsibility (but does not include the interim consolidated and separate financial statements and our auditor's report thereon).

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

In connection with our audit of the interim 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 interim 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.

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

The directors are responsible for the preparation of the interim consolidated and separate financial statements that give a true and fair view in accordance with IAS 34 'Interim Financial Reporting' 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 interim consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 interim consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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 interim 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 interim consolidated and separate financial statements, including the disclosures, and whether the interim 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 interim 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 interim 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.

pwc

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 interim consolidated and separate financial statements; and

v) as disclosed in Note 48 to the interim consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the 6 months period ended 30 June 2018.

Obioma Ubah

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

2 August 2018

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

Financial statements

Statements of financial position

As at 30 June 2018

In thousands of Nigerian Naira	*Notes*	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Assets					
Cash and bank balances	4, 8, 23	830,978,252	641,973,784	622,856,941	455,296,196
Financial assets held for trading	4, 8, 24	32,726,616	23,945,661	20,891,955	16,652,356
Derivative financial assets	25	3,456,447	2,839,078	3,456,447	2,839,078
Investment securities:					
– Fair value through other comprehensive income	4, 8, 26	576,893,252	-	500,266,671	-
– Available for sale	4, 8, 26	-	517,492,733	-	453,089,625
– Held at amortised cost	4, 8, 26	122,528,540	-	1,998,200	-
– Held to maturity	4, 8, 26	-	96,466,598	-	2,007,253
Assets pledged as collateral	4, 8, 27	66,857,956	58,976,175	66,420,134	58,961,722
Loans and advances to banks	4, 8, 28	1,902,044	750,361	43,373	43,480
Loans and advances to customers	4, 8, 29	1,291,258,229	1,448,533,430	1,102,934,582	1,265,971,688
Restricted deposits & other assets	34	499,759,508	444,946,897	487,126,969	433,528,669
Investment in subsidiaries	30	-	-	46,207,004	46,207,004
Property and equipment	31	106,030,951	98,669,998	91,656,856	84,979,798
Intangible assets	32	14,854,871	14,834,954	4,088,075	4,501,296
Deferred tax assets	33	1,624,095	1,666,990	-	-
		3,548,870,761	3,351,096,659	2,947,947,207	2,824,078,165
Assets classified as held for sale	34(b)	-	-	902,824	850,820
Total assets		**3,548,870,761**	**3,351,096,659**	**2,948,850,031**	**2,824,928,985**
Liabilities					
Deposits from banks	4, 8, 35	102,567,738	85,430,514	47,375	42,360
Deposits from customers	4, 8, 36	2,268,756,931	2,062,047,633	1,857,052,928	1,697,560,947
Financial liabilities held for trading	4, 8, 37	6,213,914	2,647,469	6,213,914	2,647,469
Derivative financial liabilities	25	3,144,806	2,606,586	3,144,806	2,606,586
Other liabilities	8, 39	333,046,876	218,349,244	310,499,914	197,251,819
Current income tax liabilities	21	9,716,192	24,147,356	9,527,918	24,009,770
Debt securities issued	4, 8, 38	96,151,576	92,131,923	96,151,576	92,131,923
Other borrowed funds	4, 8, 41	215,730,914	220,491,914	207,591,030	210,671,384
Deferred tax liabilities	33	16,459,821	18,076,225	9,841,054	12,814,766
		3,051,788,768	2,725,928,864	2,500,070,515	2,239,737,024
Liabilities included in assets classified as held for sale	34(b)	-	-	899,604	847,600
Total liabilities		**3,051,788,768**	**2,725,928,864**	**2,500,970,119**	**2,240,584,624**

Statements of financial position (Continued)
As at 30 June 2018

In thousands of Nigerian Naira	*Notes*	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Equity	42				
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(5,291,245)	(5,291,245)	-	-
Retained earnings		46,367,529	128,386,206	26,069,867	115,361,824
Other components of equity		306,091,958	352,403,527	283,623,341	330,795,833
		485,354,946	**613,685,192**	**447,879,912**	**584,344,361**
Non-controlling interests in equity		11,727,047	11,482,603	-	-
Total equity		**497,081,993**	**625,167,795**	**447,879,912**	**584,344,361**
Total equity and liabilities		**3,548,870,761**	**3,351,096,659**	**2,948,850,031**	**2,824,928,985**

Approved by the Board of Directors on 25 July 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 period ended 30 June 2018

In thousands of Nigerian Naira	*Notes*	Group Jun-2018	Restated[1] Group Jun-2017	Parent Jun-2018	Restated[1] Parent Jun-2017
Interest income	9	161,880,719	165,884,856	137,498,087	145,244,701
Interest expense	10	(43,951,186)	(36,347,415)	(36,129,827)	(29,529,809)
Net interest income		**117,929,533**	**129,537,441**	**101,368,260**	**115,714,892**
Loan impairment charges	11	(2,031,734)	(7,212,808)	(2,001,057)	(7,316,758)
Net interest income after loan impairment charges		**115,897,799**	**122,324,633**	**99,367,203**	**108,398,134**
Fee and commission income	12	27,356,320	23,715,006	19,276,566	17,076,295
Fee and commission expense	13	(1,446,593)	(965,643)	(1,032,247)	(653,914)
Net fee and commission income		**25,909,727**	**22,749,363**	**18,244,319**	**16,422,381**
Net gains on financial instruments classified as held for trading	14	12,649,671	5,663,642	9,019,140	3,104,156
Other income	15	24,745,351	18,834,075	24,014,126	21,176,753
Net impairment loss on financial assets	16	-	(646,180)	-	(646,180)
Personnel expenses	17	(18,576,247)	(16,368,191)	(12,459,690)	(11,380,738)
Operating lease expenses	18	(801,684)	(749,535)	(309,089)	(326,757)
Depreciation and amortization	19	(8,230,390)	(7,880,864)	(6,711,162)	(6,543,777)
Other operating expenses	20	(41,961,610)	(42,826,433)	(34,622,006)	(35,645,552)
Profit before income tax		**109,632,617**	**101,100,510**	**96,542,841**	**94,558,420**
Income tax expense	21	(14,051,037)	(17,421,102)	(10,383,488)	(14,123,341)
Profit for the period		**95,581,580**	**83,679,408**	**86,159,353**	**80,435,079**
Profit attributable to:					
Equity holders of the parent entity		95,042,943	83,120,122	86,159,353	80,435,079
Non-controlling interests		538,637	559,286	-	-
		95,581,580	**83,679,408**	**86,159,353**	**80,435,079**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	22	3.38	2.96	2.93	2.73
– Diluted	22	3.38	2.96	2.93	2.73

The accompanying notes are an integral part of these financial statements

[1]See Note 50

Statements of other comprehensive income

For the period ended 30 June 2018

In thousands of Nigerian Naira	***Notes***	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Profit for the period		95,581,580	83,679,408	86,159,353	80,435,079
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Net change in fair value of equity investments FVOCI		38,475	-	38,475	-
Income tax relating to net change in fair value of equity investments FVOCI		-	-	-	-
		38,475	-	38,475	-
Remeasurements of post-employment benefit obligations		(265,419)	649,166	(265,419)	649,166
Income tax relating to remeasurements of post-employment benefit obligations		79,626	(194,750)	79,626	(194,750)
		(185,793)	454,416	(185,793)	454,416
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		2,477,480	(725,763)	-	-
Income tax relating to foreign currency translation differences for foreign operations	21	(743,244)	217,729	-	-
Net change in fair value of financial assets FVOCI		(3,876,046)	-	(4,474,090)	-
Income tax relating to Net change in fair value of financial assets FVOCI	21	1,085,313	-	1,264,726	-
Net change in fair value of available for sale financial assets		-	1,747,030	-	354,573
Income tax relating to Net change in fair value of available for sale financial assets	21	-	(524,109)	-	(106,372)
		(1,056,497)	714,887	(3,209,364)	248,201
Other comprehensive income for the period, net of tax		(1,203,815)	1,169,303	(3,356,682)	702,617
Total comprehensive income for the period		**94,377,765**	**84,848,711**	**82,802,671**	**81,137,696**
Total comprehensive income attributable to:					
Equity holders of the parent entity		93,369,947	83,306,885	82,802,671	81,137,696
Non-controlling interests		1,007,818	1,541,826	-	-
Total comprehensive income for the period		**94,377,765**	**84,848,711**	**82,802,671**	**81,137,696**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
June 2018
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2018	**14,715,590**	**123,471,114**	**71,218,191**	**265,444,886**	**(5,291,245)**	**5,234,178**	**10,506,272**	**128,386,206**	**613,685,192**	**11,482,603**	**625,167,795**
Changes on initial application of IFRS 9 (Note 44)	-	-	(52,324,173)	-	-	258,336	-	(98,999,526)	(151,065,363)	(782,655)	(151,848,018)
Prior year tax											
Restated balance as at 1 January 2018	**14,715,590**	**123,471,114**	**18,894,018**	**265,444,886**	**(5,291,245)**	**5,492,514**	**10,506,272**	**29,386,680**	**462,619,829**	**10,699,948**	**473,319,777**
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	95,042,943	95,042,943	538,637	95,581,580
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	1,685,670	-	1,685,670	48,566	1,734,236
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	(185,793)	(185,793)	-	(185,793)
Fair value adjustment	-	-	-	-	-	(3,172,873)	-	-	(3,172,873)	420,615	(2,752,258)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(3,172,873)**	**1,685,670**	**(185,793)**	**(1,672,996)**	**469,181**	**(1,203,815)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(3,172,873)**	**1,685,670**	**94,857,150**	**93,369,947**	**1,007,818**	**94,377,765**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	(2,867,389)	10,108,860	-	-	-	(7,241,471)	-	-	-
Inflow from NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	19,281	19,281
Dividend to equity holders	-	-	-	-	-	-	-	(70,634,830)	(70,634,830)	-	(70,634,830)
	-	**-**	**(2,867,389)**	**10,108,860**	**-**	**-**	**-**	**(77,876,301)**	**(70,634,830)**	**19,281**	**(70,615,549)**
Balance at 30 June 2018	**14,715,590**	**123,471,114**	**16,026,629**	**275,553,746**	**(5,291,245)**	**2,319,641**	**12,191,942**	**46,367,529**	**485,354,946**	**11,727,047**	**497,081,993**

Consolidated Statement of Changes in Equity
Jun-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 period:											
Profit for the period	-	-	-	-	-	-	-	83,120,122	83,120,122	559,286	83,679,408
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(612,535)	-	(612,535)	104,501	(508,034)
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	454,416	454,416	-	454,416
Fair value adjustment	-	-	-	-	-	344,882	-	-	344,882	878,039	1,222,921
Total other comprehensive income	-	-	-	-	-	**344,882**	**(612,535)**	454,416	**186,763**	**982,540**	**1,169,303**
Total comprehensive income	-	-	-	-	-	**344,882**	**(612,535)**	**83,574,538**	**83,306,885**	**1,541,826**	**84,848,711**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	(51,007)	25,254,712	-	-	-	(25,203,705)	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	(51,504,564)	(51,504,564)	(249,108)	(51,753,672)
	-	**-**	**(51,007)**	**25,254,712**	**-**	**-**	**-**	**(76,708,269)**	**(51,504,564)**	**(249,108)**	**(51,753,672)**
Balance at 30 June 2017	**14,715,590**	**123,471,114**	**55,683,598**	**234,440,098**	**(5,291,245)**	**(318,805)**	**8,022,255**	**97,139,856**	**527,862,461**	**10,135,413**	**537,997,874**

Statement of Changes in Equity
June 2018
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2018	**14,715,590**	**123,471,114**	**67,762,679**	**258,145,396**	**4,887,758**	**115,361,824**	**584,344,361**
Changes on initial application of IFRS 9 (Note 44)	-	-	(52,324,173)	-	258,336	(96,566,453)	(148,632,290)
Restated balance as at 1 January 2018	**14,715,590**	**123,471,114**	**15,438,506**	**258,145,396**	**5,146,094**	**18,795,371**	**435,712,071**
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	86,159,353	86,159,353
Other comprehensive income, net of tax							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	(185,793)	(185,793)
Fair value adjustment	-	-	-	-	(3,170,889)	-	(3,170,889)
Total other comprehensive income	**-**	**-**	**-**	**-**	**(3,170,889)**	**(185,793)**	**(3,356,682)**
Total comprehensive income	-	-	-	-	**(3,170,889)**	**85,973,560**	**82,802,671**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	8,064,234	-	(8,064,234)	-
Dividend to equity holders	-	-	-	-	-	(70,634,830)	(70,634,830)
	-	**-**	**-**	**8,064,234**	-	**(78,699,064)**	**(70,634,830)**
Balance at 30 June 2018	**14,715,590**	**123,471,114**	**15,438,506**	**266,209,630**	**1,975,205**	**26,069,867**	**447,879,912**

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

Statement of Changes in Equity
Jun-2017
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 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 period:							
Profit for the period	-	-	-	-	-	80,435,079	80,435,079
Other comprehensive income, net of tax							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	454,416	454,416
Fair value adjustment	-	-	-	-	248,201	-	**248,201**
Total other comprehensive income	-	-	-	-	**248,201**	**454,416**	**702,617**
Total comprehensive income	-	-	-	-	**248,201**	**80,889,495**	**81,137,696**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	24,130,524	-	(24,130,524)	-
Dividend to equity holders	-	-	-	-	-	(51,504,564)	(51,504,564)
	-	-	-	**24,130,524**	-	**(75,635,088)**	**(51,504,564)**
Balance at 30 June 2017	**14,715,590**	**123,471,114**	**52,324,178**	**227,548,676**	**(752,479)**	**89,243,906**	**506,550,985**

Statements of cash flows

For the period ended 30 June 2018

In thousands of Nigerian Naira	***Notes***	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Cash flows from operating activities					
Profit for the year		95,581,580	83,679,408	86,159,353	80,435,079
Adjustments for:					
Depreciation of property and equipment	19, 31	7,123,405	6,955,387	5,852,720	5,785,083
Amortisation of Intangibles		1,106,985	925,477	858,442	758,694
Gain on disposal of property and equipment		(159,820)	13,918	(56,991)	19,945
Impairment on financial assets		4,965,306	11,604,058	2,001,057	11,664,521
Net interest income		(117,929,533)	(129,537,441)	(101,368,260)	(115,714,892)
Foreign exchange gains	15	(17,371,255)	(14,396,024)	(16,742,859)	(13,633,260)
Fair value changes for FVTPL		(26,419)	(33,202)	(26,419)	(33,202)
Derivatives fair value changes		(79,149)	3,514	(79,149)	3,514
Dividend income		(137,267)	(106,507)	(137,267)	(3,217,976)
Income tax expense	21, 34(b)	14,051,037	17,421,102	10,383,488	14,123,341
Other non-cash items		389,087	(17,340)	389,087	(17,340)
		(12,486,043)	(23,487,650)	(12,766,798)	(19,826,493)
Net changes in:					
Financial assets held for trading		(8,633,792)	(2,630,883)	(4,213,180)	(3,594,761)
Assets pledged as collateral		(7,881,545)	(15,859,052)	(7,458,412)	(15,857,868)
Loans and advances to banks and placements with banks		(105,491,359)	(25,808,047)	(84,601,531)	(22,336,411)
Loans and advances to customers		30,377,072	109,282,863	35,395,878	112,648,413
Restricted deposits and other assets		(55,466,058)	(40,386,349)	(55,291,566)	(41,252,804)
Deposits from banks		14,785,655	(75,046,602)	5,015	(2,524)
Deposits from customers		178,339,804	(32,226,699)	142,327,881	(61,563,405)
Financial liabilities held for trading		3,566,445	8,322,980	3,566,445	8,322,980
Other liabilities		107,908,807	151,713,035	106,779,663	152,065,629
		157,505,029	77,361,246	136,510,193	128,429,249
Interest received		174,023,917	165,035,885	149,641,284	144,395,730
Interest paid		(44,031,305)	(36,370,230)	(36,209,946)	(29,552,625)
		129,992,612	128,665,655	113,431,338	114,843,105
		275,011,598	182,539,251	237,174,733	223,445,861
Income tax paid		(29,408,127)	(20,044,742)	(26,494,700)	(17,956,155)
Net cash provided by operating activities		**245,603,471**	**162,494,509**	**210,680,033**	**205,489,706**

Statements of cash flows

For the period ended 30 June 2018

In thousands of Nigerian Naira	***Notes***	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Cash flows from investing activities					
Redemption of investment securities		414,411,983	291,852,797	447,784,716	291,852,797
Purchase of investment securities		(499,121,600)	(372,804,141)	(499,121,600)	(367,279,117)
Dividends received		137,267	106,507	137,267	3,217,976
Purchase of property and equipment	31	(14,462,163)	(6,608,538)	(12,530,743)	(5,412,383)
Proceeds from the sale of property and equipment		543,155	45,471	57,956	16,610
Purchase of intangible assets	32	(1,033,924)	(1,060,831)	(445,222)	(1,024,523)
Net cash used in investing activities		(99,525,282)	(88,468,735)	(64,117,626)	(78,628,640)
Cash flows from financing activities					
Repayment of debt securities issued		-	(3,316,504)	-	-
Repayment of long term borrowings		(20,538,651)	(14,415,910)	(18,352,137)	(15,948,857)
Increase in long term borrowings		11,050,000	18,341,534	11,050,000	18,341,534
Finance lease repayments		(273,526)	(753,804)	(273,526)	(753,804)
Dividends paid to owners	43	(70,634,830)	(51,504,564)	(70,634,830)	(51,504,564)
Dividends paid to non-controlling interest		-	(249,108)	-	-
Increase in non-controlling interest	30	19,281	-	-	-
Net cash used in financing activities		(80,377,726)	(51,898,356)	(78,210,493)	(49,865,691)
Net increase in cash and cash equivalents		65,700,463	22,127,418	68,351,914	76,995,375
Cash and cash equivalents at beginning of the year		609,174,896	455,863,305	426,425,496	233,847,233
Effect of exchange rate fluctuations on cash held		19,250,561	9,603,095	14,904,979	4,928,987
Cash and cash equivalents at end of the period	23(b)	694,125,920	487,593,818	509,682,389	315,771,595

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 period ended 30 June 2018, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

The Consolidated and separate financial statements of the parent and the Group have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB, the requirements of the Companies and Allied Matters Act and with the Banks and Other Financial Institutions Act.

These financial statements were authorised for issue by the directors on 25 of July 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.
- Fair value through other comprehensive income (FVOCI) financial assets are measured at fair value through equity.
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.
- Assets and liabilities held for trading are measured at fair value.
- Assets and Liabilities held to maturity are measured at amortised cost.
- Loans and Receivables are measured at amortised cost.

(c) Use of Estimates and Judgements

The preparation of the financial statements in conformity with IAS 34 requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1st January, 2018. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

IFRS 15 - Revenue from Contracts with Customers

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

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

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

The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. This standard does not have any significant 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.

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

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

Classification and Measurement
IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model with the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest. Financial assets will be measured at fair value through other comprehensive income if they are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.
The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases.

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

Impairment Methodology

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

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

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

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

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

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2018:

Standard	Content	Effective Date
IFRS 16	Leases	1-Jan-19
IFRS 17	Insurance Contracts	1-Jan-21

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

IFRS 16 – Leases

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

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach. 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 anyway as the Bank and its subsidiary companies do not engage in insurance business.

3. (b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the comparative 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 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 gains on financial instruments classified as held for trading

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

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

Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships.
Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in Other 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 gains on financial instruments classified as held for trading. 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, 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 FVOCI investments and cash flow hedges, which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

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

(j) Financial assets and liabilities

I. Recognition

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

II. Classification and Measurement

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

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

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

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

Business Model Assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- how the performance of assets in a portfolio is evaluated and reported to Group heads and other key decision makers within the Bank's business lines;
- the risks that affect the performance of assets held within a business model and how those risks are managed;
- how compensation is determined for the Bank's business lines' management that manages the assets; and
- the frequency and volume of sales in prior periods and expectations about future sales activity.

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

- Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
- Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

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

- When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Group considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
    - Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
    - Selling the financial asset to manage credit concentration risk (infrequent).
    - Selling the financial assets as a result of changes in tax laws (infrequent).
    - Other situations also depends upon the facts and circumstances which need to be judged by the management

Cash flow characteristics assessment

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

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

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

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

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

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

a) Financial assets measured at amortised cost

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

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

b) Financial assets measured at FVOCI

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

c) Financial assets measured at FVTPL

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

d) Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

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

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

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

e) Financial Liabilities at fair value through profit or loss

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

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

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

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

f) Financial Liabilities at amortised cost

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

III. Reclassifications

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

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

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

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

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

IV. Modification of financial assets and liabilities

a. Financial assets

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

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

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

Quantitative criteria

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

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

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

Qualitative criteria

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

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

Other factor to be considered:

- Extension of maturity dates

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

b. Financial Liabilities

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

De-recognition of financial instruments

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

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

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

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

V. Impairment of Financial Assets

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

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

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

Expected Credit Loss Impairment Model

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

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

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

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

Measurement of Expected expected credit losses

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

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
    - 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
    - Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs

for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.

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

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

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

Forward-looking information

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

Macroeconomic factors

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

Multiple forward-looking scenarios

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

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

Assessment of significant increase in credit risk (SICR)

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Others include death, insolvency, breach of covenants, etc.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, loans that are more than 90 days past due are considered impaired except for certain specialized loans (Project Finance, Object Finance and Real Estate Loans as specified by the Central Bank of Nigeria) in which the bank has rebutted the 90 DPD presumptions in line with the CBN Prudential Guidelines.

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

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

Presentation of allowance for ECL in the statement of financial position

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

VI. Write-off

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

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

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

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

VII. Embedded derivatives

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

VIII. Offsetting financial instruments

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

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

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

(k) Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as amortised cost, fair value through profit or loss or fair value through other comprehensive income. See description in accounting policy Note J (ii) above.

(l) Derivatives held for risk management purposes

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

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

(m) Repossessed Collateral

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

(n) Investment in subsidiaries

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

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

(o) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(p) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

q) Impairment of Non financial assets

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

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

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

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

(r) Deposits, debt securities issued

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

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

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

(s) Provisions

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

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The Group recognizes no provision for future operating losses.
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of

terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(t) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. After initial recognition, guarantee contracts are subsequently measured at the higher of:

a) The amount of the loss allowance, and

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

Financial guarantees, principally consisting of letters of credit are included within other liabilities. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Group recognises a provision in accordance with IAS 37 if the contract was considered to be onerous.

(u) Employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

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

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

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

(iii) Termination Benefits

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

(iv) Short-term employee benefits

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

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

(v) Share-based payment transactions

Guaranty Trust Bank operates a cash settled share based compensation scheme managed by a Special Purpose Vehicle (SPV) - Guaranty Trust Bank Staff Investment Trust. The scheme was introduced as a compensation plan for the bank's management personnel to enhance employee retention, by offering the shares acquired by the SPV by way of Share Appreciation Rights (SARs) and Stock Options (hybrid plan) to qualifying members of staff at prevailing net book value.
Acquisition of the bank's shares by the SPV was by means of an overdraft facility extended to the scheme. The hybrid nature (i.e. mix of SARs and Stock Options) entitles the scheme to cash dividend which it uses to defray its obligations on the facility, make dividend payments to members that furnished consideration and extinguish its liability to exiting members. Employees exiting the scheme are granted the right to redeem their holdings for cash at the prevailing market price on fulfilment of specified vesting conditions.

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

(v) Discontinued operations

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

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

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

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

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

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

(w) Share capital and reseves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(x) Earnings per share

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

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

(y) Segment reporting

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

(z) Levies

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

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

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

4. Financial Risk Management

(a) Introduction and overview

Guaranty Trust Bank has a robust risk culture and embrace the 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 and across the enterprise, to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the entity's objectives.

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

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

(b) Risk Management Philosophy

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

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

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

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

Risk Appetite

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

Risk Appetite Statement

"Guaranty Trust Bank will maintain a moderate risk appetite in pursuit of its core strategies to dominate its priority sectors, expand its franchise on 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.

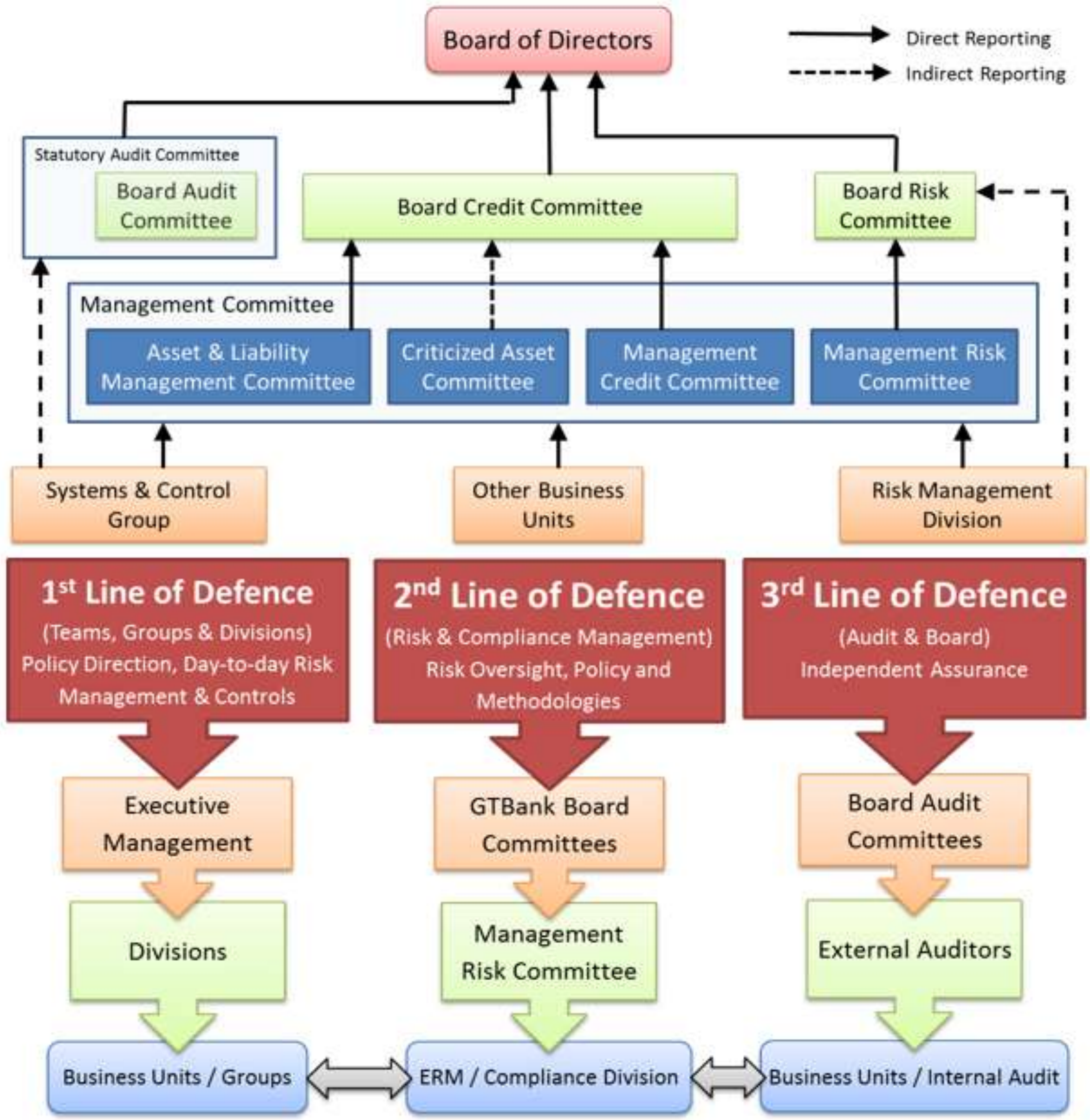
The Board of Directors has overall responsibility for the establishment of the Bank's Risk Management framework and exercises its oversight function over all the Bank's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees 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 IFRS 9, the bank has adopted Expected Credit Loss (ECL) approach effective January 1, 2018. IFRS 9 adopts dual measurement approach to determining expected credit loss. The 12 month ECL is applicable to credit exposure in Stage 1 where there is no significant deterioration in credit quality. It is computed as loss allowance. The lifetime ECL is the loss allowance computed for credit exposures in Stage 2 and 3. As part of the envolving risk culture, the bank developed internal rating models along the bank's business segments (Corporate, Commercial, Retail and Small and Medium Enterprises) consistent with international rating agencies with historical data of over five years. This has enabled the bank to successfully implement the Internal Rating Based Approach as well as the implementation of Expected Credit Loss measurement.

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

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

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

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

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

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

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

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

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

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

(1) **Probability of Default (PD)** - This is an estimate of the likelihood of default over a given time horizon (e.g. 12 months or lifetime). The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. The tools have been developed internally using rigorous statistical analysis and the professional judgement of credit analysts.

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

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

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

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

(iii) Risk Limit Control and Mitigation Policies

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

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

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

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

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

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

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

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

Designation	Limit
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put at 20% of shareholders' funds (total equity)
Management Credit Committee	Up to N2 Billion
Managing Director	Up to N500 Million
Deputy Managing Director	Up to N300 Million
Other Approving Officers	as delegated by the Managing Director

The above limits are subject to the following overriding approvals:

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

Master Netting Arrangements

Master netting arrangements are entered into to manage 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

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

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 30 June 2018 and 31 December 2017.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Jun-2018**	**Dec-2017**	**Jun-2018**	**Dec-2017**
Cash and bank balances:				
- Unrestricted balances with central banks	104,307,374	83,203,161	68,366,497	54,379,661
- Balances held with other banks	239,990,093	224,804,904	111,194,904	113,342,767
- Money market placements	401,694,844	266,662,035	393,212,410	245,450,392
Loans and advances to banks	1,902,044	750,361	43,373	43,480
Loans and advances to customers[1]:				
- Loans to individuals	144,182,920	162,458,313	85,773,494	102,698,430
- Loans to non-individuals	1,147,075,310	1,286,075,117	1,017,161,089	1,163,273,258
Financial assets held for trading:				
- Debt securities	32,726,616	23,945,661	20,891,955	16,652,356
- Derivative financial instruments	3,456,447	2,839,078	3,456,447	2,839,078
Investment securities:				
- Debt securities	696,362,473	610,938,635	499,214,748	452,085,230
Assets pledged as collateral:				
- Debt securities	66,857,956	58,976,175	66,420,134	58,961,722
Restricted deposits and other assets[2]	463,749,056	414,595,806	462,197,990	413,210,464
Total	**3,302,305,133**	**3,135,249,246**	**2,727,933,041**	**2,622,936,838**
Loans exposure to total exposure	39%	46%	40%	48%
Debt securities exposure to total exposure	24%	22%	22%	20%
Other exposures to total exposure	37%	32%	38%	32%

As shown above, 42% (Parent: 44%) of the total maximum exposures is derived from loans and advances to banks and customers (2017: 46% ; Parent: 48%); while 23% (Parent: 20%) represents exposure to investments in debt securities (2017: 22% ; Parent: 20%). The Directors are confident in their ability to continue to control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

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

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

Credit risk exposure relating to Off-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
	Jun-2018	**Dec-2017**	**Jun-2018**	**Dec-2017**
Financial guarantees	472,322,322	433,620,435	459,741,183	414,229,702
Other contingents	78,521,838	60,752,732	31,827,717	22,369,921
Total	**550,844,160**	**494,373,167**	**491,568,900**	**436,599,623**

Contingencies are disclosed on Note 43

Classification of Maximum Exposure on Loans to Customers by Product

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

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

	Group		**Parent**	
	Jun-2018	**Dec-2017**	**Jun-2018**	**Dec-2017**
Loans to individuals:				
Overdraft	7,249,068	11,154,553	3,214,084	5,317,073
Loans	136,886,061	151,303,760	82,559,410	97,381,357
Others	47,791	-	-	-
	144,182,920	162,458,313	85,773,494	102,698,430
Loans to non-individuals:				
Overdraft	114,587,482	204,087,272	82,253,408	124,345,944
Loans	995,286,211	1,034,882,877	897,706,064	1,003,730,440
Others	37,201,617	47,104,968	37,201,617	35,196,874
	1,147,075,310	1,286,075,117	1,017,161,089	1,163,273,258

Credit quality of Financial Assets

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

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

Unrestricted balances with central banks

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2018**	**Dec-2017**	**Jun-2018**	**Dec-2017**
Sovereign Ratings				
Nigeria (BB-)				
B-	-	8,677,770	-	-
B+	-	5,425,327	-	-
Nigeria (B) S&P	68,366,497	59,016,104	68,366,497	54,379,661
unrated	35,940,877	10,083,960	-	-
	104,307,374	**83,203,161**	**68,366,497**	**54,379,661**

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

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

Balances held with other banks

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2018**	**Dec-2017**	**Jun-2018**	**Dec-2017**
Counterparties with external credit rating (S&P)				
A	7,309,922	1,829,878	7,309,922	1,829,878
A-1	-	18,038,038	-	-
A-1+	-	3,409,966	-	-
A-2	-	178,488	-	-
A-3	-	27,731,180	-	-
A-	34,749	7,195,411	34,749	7,195,411
A+	78,548,036	85,132,174	78,548,036	85,132,174
AA-	449,057	2,812,538	449,057	2,812,538
BBB+	-	-	-	-
BBB	7,930,393	-	7,930,393	-
BB+	4,666	2,313	4,666	2,313
Unrated	145,713,270	78,474,918	16,918,081	16,370,453
Other Sovereign Ratings				
	239,990,093	**224,804,904**	**111,194,904**	**113,342,767**

Money Market placements

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

	Credit quality		Credit quality	
	Group		Parent	
In thousands of Nigerian naira	Jun-2018	Dec-2017	Jun-2018	Dec-2017
Counterparties with external credit rating (S&P)				
A-				
A-1+	17,278,140	13,995,885	17,278,140	49,349,047
A-1	284,167,350	159,209,971	284,167,350	131,058,929
A-2	53,199,703	317,781	53,199,703	331,663
A-3				
B	20,012,740	53,657,909	20,012,740	49,746,348
C				
	374,657,933	**227,181,546**	**374,657,933**	**230,485,987**
Sovereign Ratings				
Nigeria (B+) S&P				
A-1+				
B	7,503,699	9,161,348	7,503,699	7,505,548
BB-				
Unrated				
	7,503,699	**9,161,348**	**7,503,699**	**7,505,548**
Counterparties without external credit rating				
Unrated	19,533,212	30,319,141	-	-
Foreign Subsidiaries	-	-	11,050,778	7,458,857
	19,533,212	**30,319,141**	**11,050,778**	**7,458,857**
	401,694,844	**266,662,035**	**393,212,410**	**245,450,392**

Financial Assets Held for trading

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

	Group		Parent	
In thousands of Nigerian naira	Jun-2018	Dec-2017	Jun-2018	Dec-2017
Soverign Ratings				
Nigeria (B+) S&P				
Nigeria (B) S&P	20,891,955	19,165,351	20,891,955	16,652,356
B- (S&P)	11,834,661	4,778,930	-	-
Unrated	-	1,380	-	-
	32,726,616	**23,945,661**	**20,891,955**	**16,652,356**

Investment Securities

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	Jun-2018	Dec-2017	Jun-2018	Dec-2017
Counterparties with external credit rating (S&P):				
AA	38,121,274	19,009,949	-	-
BB-				
B1	687,580	-	-	-
B+	42,054,812	30,385,637	-	-
B-	92,202,931	41,293,740	7,034,783	-
B	490,181,764	485,478,696	490,181,764	450,077,976
CCC+	19,532,044	-	-	-
unrated	11,583,868	32,518,694	-	-
Counterparties with external credit rating (Fitch):				
B+				
Counterparties with external credit rating (Agusto):				
A-				
Aa-	1,998,200	2,251,919	1,998,201	2,007,254
Bbb-				
Counterparties without external credit rating :				
Sub-National Bonds				
	696,362,473	**610,938,635**	**499,214,748**	**452,085,230**

Of the Parent's Investment Securities of N499,214,748,000 (Dec 2017: N452,085,230,000) the sum of N490,181,764,000 (2017: N450,077,976,000) 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.

	Group		Parent	
In thousands of Nigerian naira	Jun-2018	Dec-2017	Jun-2018	Dec-2017
Soverign Ratings				
Nigeria (B+) S&P				
Nigeria (B) S&P	66,420,134	58,961,722	66,420,134	58,961,722
B+	437,822	14,453	-	-
	66,857,956	**58,976,175**	**66,420,134**	**58,961,722**

Restricted deposits and other assets

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2018**	**Dec-2017**	**Jun-2018**	**Dec-2017**
Soverign Ratings				
Nigeria (B+) S&P				
Nigeria (B) S&P	427,839,781	379,833,531	427,839,781	379,833,531
B	-	-	-	-
BB-	-	-	-	-
Unrated	-	-	-	-
Counterparties with external credit rating (S&P)				
A-1	7,910,966	7,127,658	7,910,966	5,768,420
A-1+	578,569	-	578,569	-
A-2	482,170	849,069	482,170	147,787
A-3				
Baa2				
B+	26,873,074	5,063,719	-	-
Unrated	64,495	17,619,438	25,386,504	23,358,335
Counterparties with external credit rating (Moodys)				
P-3	-	177,982	-	177,982
F1+	-	268,902	-	268,902
F1	-	3,655,507	-	3,655,507
A-3				
	463,749,056	**414,595,806**	**462,197,990**	**413,210,464**

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 obligation
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
Jun-2018

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and bank balances:				
- Unrestricted balances with central banks	68,366,497	35,940,877	-	104,307,374
- Balances held with other banks	184,467	22,937,602	216,868,024	239,990,093
- Money market placements	27,516,438	36,811,353	337,367,053	401,694,844
Loans and advances to banks	43,373	500,384	1,358,287	1,902,044
Loans and advances to customers [1] :				
- Loans to individuals	85,773,494	22,311,387	36,098,039	144,182,920
- Loans to non-individuals	1,016,673,793	130,401,517	-	1,147,075,310
Financial assets held for trading				
- Debt securities	20,891,955	11,834,661	-	32,726,616
- Derivative financial instruments	3,456,447	-	-	3,456,447
Investment securities:				
- Debt securities	492,179,965	159,026,451	45,156,057	696,362,473
Assets pledged as collateral:				
- Debt securities	66,420,134	437,822	-	66,857,956
Restricted deposits and other assets[2]	441,013,528	5,651,397	17,084,131	463,749,056
	2,222,520,091	**425,853,451**	**653,931,591**	**3,302,305,133**

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

[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
Jun-2018

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	459,741,183	12,103,074	478,065	472,322,322
Other contingents	31,827,717	30,725,947	15,968,174	78,521,838
	491,568,900	**42,829,021**	**16,446,239**	**550,844,160**

Contingencies are disclosed on Note 43

Classification of Credit Concentration on Loans to Customers by Product

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

Group
Jun-2018

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	3,214,086	3,987,042	47,940	7,249,068
Loans	82,559,408	18,276,554	36,050,099	136,886,061
Others	-	47,791	-	47,791
	85,773,494	**22,311,387**	**36,098,039**	**144,182,920**
Loans to non-individuals:				
Overdraft	81,766,112	32,821,370	-	114,587,482
Loans	897,706,064	97,580,147	-	995,286,211
Others[#]	37,201,617	-	-	37,201,617
	1,016,673,793	**130,401,517**	**-**	**1,147,075,310**

[#] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Group
Dec-2017

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and bank balances:				
- Unrestricted balances with central banks	54,379,661	28,823,500	-	83,203,161
- Balances held with other banks	147,329	18,793,420	205,864,155	224,804,904
- Money market placements	7,505,548	28,670,499	230,485,988	266,662,035
Loans and advances to banks	43,480	-	706,881	750,361
Loans and advances to customers [1] *:*				
- Loans to individuals	102,698,494	21,771,267	37,988,552	162,458,313
- Loans to non-individuals	1,161,844,696	124,230,421	-	1,286,075,117
Financial assets held for trading				
- Debt securities	16,652,356	7,293,305	-	23,945,661
- Derivative financial instruments	2,839,078	-	-	2,839,078
- Debt securities				
- Loans and advances to banks				
- Loans and advances to customers				
Hedging derivatives				
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, 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-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 43

Classification of Credit Concentration on Loans to Customers by Product

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

Group
Dec-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
Others				
	102,698,494	**21,771,267**	**37,988,552**	**162,458,313**
Loans to non-individuals:				
Overdraft	122,917,384	81,169,888	-	204,087,272
Loans	1,003,730,440	31,152,437	-	1,034,882,877
Others[1]	35,196,872	11,908,096	-	47,104,968
	1,161,844,696	**124,230,421**	**-**	**1,286,075,117**

[1] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Jun-2018

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and bank balances:				
- Unrestricted balances with central banks	68,366,497	-	-	68,366,497
- Balances held with other banks	-	418,595	110,776,309	111,194,904
- Money market placements	27,516,439	17,278,140	348,417,831	393,212,410
Loans and advances to banks	43,373	-	-	43,373
Loans and advances to customers [1] :				
- Loans to individuals	85,773,494	-	-	85,773,494
- Loans to non-individuals	1,017,161,089	-	-	1,017,161,089
Financial assets held for trading:				
- Debt securities	20,891,955	-	-	20,891,955
- Derivative financial instruments	3,456,447	-	-	3,456,447
Financial assets designated at fair value:				
- Debt securities				
- Loans and advances to banks				
- Loans and advances to customers				
Hedging derivatives				
Investment securities:				
- Debt securities	492,179,965	-	7,034,783	499,214,748
Assets pledged as collateral:				
- Debt securities	66,420,134	-	-	66,420,134
Restricted deposits and other assets[2]	441,013,529	4,100,330	17,084,131	462,197,990
	2,222,822,922	**21,797,065**	**483,313,054**	**2,727,933,041**

Of the Parent's Credit risk exposure outside Africa relating to On-balance sheet, 26% relates to exposures in United States of America, 72% 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

Parent
Jun-2018

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	459,741,183	-	-	459,741,183
Other contingents	31,827,717	-	-	31,827,717
	491,568,900	**-**	**-**	**491,568,900**

Contingencies are disclosed on Note 43

Classification of Credit Concentration on Loans to Customers by Product

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

Parent

Jun-2018

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	3,214,084	-	-	3,214,084
Loans	82,559,410	-	-	82,559,410
Others				
	85,773,494	**-**	**-**	**85,773,494**
Loans to non-individuals:				
Overdraft	82,253,408	-	-	82,253,408
Loans	897,706,064	-	-	897,706,064
Others[1]	37,201,617	-	-	37,201,617
	1,017,161,089	**-**	**-**	**1,017,161,089**

[1] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Dec-2017

In thousands of Nigerian naira

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

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-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 43

Classification of Credit Concentration on Loans to Customers by Product

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

Parent
Dec-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
Others				
	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.

(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
Jun-2018
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and bank balances:												
- Unrestricted balances with central banks	-	-	-	-	-	104,307,374	-	-	-	-	-	104,307,374
- Balances held with other banks	-	239,990,093	-	-	-	-	-	-	-	-	-	239,990,093
- Money market placements	-	376,276,267	-	-	11,070,912	14,347,665	-	-	-	-	-	401,694,844
Loans and advances to banks	-	1,401,660	-	-	-	-	-	-	-	-	500,384	1,902,044
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	144,182,920	-	144,182,920
- Loans to non-individuals	25,081,845	37,600,529	67,954,524	8,648,592	55,505,101	56,913,452	257,425,404	446,668,105	84,007,269	-	107,270,489	1,147,075,310
Financial assets held for trading:												
- Debt securities	-	11,834,653	-	-	-	20,891,963	-	-	-	-	-	32,726,616
- Derivative financial instruments	545	785,520	197	-	336	-	475	2,669,359	15	-	-	3,456,447
Investment securities:												
- Debt securities	-	92,202,932	-	-	-	604,159,541	-	-	-	-	-	696,362,473
Assets pledged as collateral:												
- Debt securities	-	-	-	-	14,688	66,843,268	-	-	-	-	-	66,857,956
Restricted deposits and other assets[4]	-	-	-	-	-	14,406,074	-	-	-	-	449,342,982	463,749,056
	25,082,390	**760,091,654**	**67,954,721**	**8,648,592**	**66,591,037**	**881,869,337**	**257,425,879**	**449,337,464**	**84,007,284**	**144,182,920**	**557,113,855**	**3,302,305,133**

[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
Jun-2018
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,122,793	2,885,756	313,021,733	204,437	23,460,772	-	12,356,530	91,610,394	2,711,604	-	24,948,303	472,322,322
Other contingents	5	872,956	2,085,467	-	8,327,256	-	17,297,888	15,809,125	109,001	-	34,020,140	78,521,838
Total	**1,122,798**	**3,758,712**	**315,107,200**	**204,437**	**31,788,028**	**-**	**29,654,418**	**107,419,519**	**2,820,605**	**-**	**58,968,443**	**550,844,160**

[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
Jun-2018
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	7,249,068	-	7,249,068
Loans	-	-	-	-	-	-	-	-	-	136,886,061	-	136,886,061
Others	-	-	-	-	-	-	-	-	-	47,791	-	47,791
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**144,182,920**	**-**	**144,182,920**
Loans to non-individuals:												
Overdraft	7,853,988	8,479,548	30,531,777	2,338,994	14,750,454	5,512,148	28,409,912	16,950,869	(241,126)	-	918	114,587,482
Loans	16,709,314	29,120,981	35,892,754	6,165,685	29,009,080	51,401,304	219,662,270	415,806,857	84,248,395	-	107,269,571	995,286,211
Others	518,543	-	1,529,993	143,913	11,745,567	-	9,353,222	13,910,379	-	-	-	37,201,617
	25,081,845	**37,600,529**	**67,954,524**	**8,648,592**	**55,505,101**	**56,913,452**	**257,425,404**	**446,668,105**	**84,007,269**	**-**	**107,270,489**	**1,147,075,310**

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

Credit Risk Exposure to on-balance sheet items

Group

Dec-2017

In thousands of Nigerian naira

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

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

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

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

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

Credit Risk Exposure to off-balance sheet items

Group

Dec-2017

In thousands of Nigerian naira

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

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

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group

Dec-2017

In thousands of Nigerian naira

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

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

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

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

Credit Risk Exposure to on-balance sheet items

Parent
Jun-2018

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and bank balances:												
- Unrestricted balances with central banks	-	-	-	-	-	68,366,497	-	-	-	-	-	68,366,497
- Balances held with other banks	-	111,194,904	-	-	-	-	-	-	-	-	-	111,194,904
- Money market placements	-	385,708,711	-	-	-	7,503,699	-	-	-	-	-	393,212,410
Loans and advances to banks	-	43,373	-	-	-	-	-	-	-	-	-	43,373
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	85,773,494	-	85,773,494
- Loans to non-individuals	17,490,212	38,087,886	52,860,949	6,031,272	52,396,347	51,617,752	243,125,197	440,475,034	73,968,664	-	41,107,776	1,017,161,089
Financial assets held for trading:												
- Debt securities	-	-	-	-	-	20,891,955	-	-	-	-	-	20,891,955
- Derivative financial instruments	545	785,520	197	-	336	-	475	2,669,359	15	-	-	3,456,447
Investment securities:												
- Debt securities	-	7,034,783	-	-	-	492,179,965	-	-	-	-	-	499,214,748
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	66,420,134	-	-	-	-	-	66,420,134
Restricted deposits and other assets[4]	-	-	-	-	-	14,406,074	-	-	-	-	447,791,916	462,197,990
	17,490,757	**542,855,177**	**52,861,146**	**6,031,272**	**52,396,683**	**721,386,076**	**243,125,672**	**443,144,393**	**73,968,679**	**85,773,494**	**488,899,692**	**2,727,933,041**

[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
Jun-2018
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,120,000	2,885,756	308,458,989	200,000	23,133,572	-	12,307,037	91,259,360	2,711,604	-	17,664,865	459,741,183
Other contingents	-	-	379,120	-	7,769,480	-	13,205,713	10,364,403	109,001	-	-	31,827,717
Total	**1,120,000**	**2,885,756**	**308,838,109**	**200,000**	**30,903,052**	**-**	**25,512,750**	**101,623,763**	**2,820,605**	**-**	**17,664,865**	**491,568,900**

[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

Jun-2018

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	3,214,084	-	3,214,084
Loans	-	-	-	-	-	-	-	-	-	82,559,410	-	82,559,410
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**85,773,494**	**-**	**85,773,494**
Loans to non-individuals:												
Overdraft	999,112	8,966,905	17,810,836	300,496	12,194,097	216,448	16,197,369	6,939,202	14,720,269	-	3,908,674	82,253,408
Loans	16,491,096	29,120,981	34,919,934	5,730,776	28,962,034	51,401,304	219,066,767	415,806,857	59,248,395	-	36,957,920	897,706,064
Others	4	-	130,179	-	11,240,216	-	7,861,061	17,728,975	-	-	241,182	37,201,617
	17,490,212	**38,087,886**	**52,860,949**	**6,031,272**	**52,396,347**	**51,617,752**	**243,125,197**	**440,475,034**	**73,968,664**	**-**	**41,107,776**	**1,017,161,089**

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

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

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and bank balances:												
- Unrestricted balances with central banks	-	-	-	-	-	54,379,661	-	-	-	-	-	54,379,661
- Balances held with other banks	-	113,342,767	-	-	-	-	-	-	-	-	-	113,342,767
- Money market placements	-	245,450,392	-	-	-	-	-	-	-	-	-	245,450,392
Loans and advances to banks	-	43,480	-	-	-	-	-	-	-	-	-	43,480
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	102,698,430	-	102,698,430
- Loans to non-individuals	20,559,824	43,988,130	89,273,394	5,527,681	55,102,458	51,158,902	221,734,026	517,295,744	89,358,891	-	69,274,208	1,163,273,258
Financial assets held for trading:												
- Debt securities	-	-	-	-	-	16,652,356	-	-	-	-	-	16,652,356
- Derivative financial instruments	-	609,654	-	-	682	-	27,925	2,200,817	-	-	-	2,839,078
Investment securities:												
- Debt securities	-	6,626,983	-	-	-	445,458,247	-	-	-	-	-	452,085,230
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	58,961,722	-	-	-	-	-	58,961,722
Restricted deposits and other assets[4]	-	-	-	-	-	6,341,840	-	-	-	-	406,868,624	413,210,464
	20,559,824	**410,061,406**	**89,273,394**	**5,527,681**	**55,103,140**	**632,952,728**	**221,761,951**	**519,496,561**	**89,358,891**	**102,698,430**	**476,142,832**	**2,622,936,838**

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

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

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

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

Credit Risk Exposure to off-balance sheet items

Parent

Dec-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,420,000	2,857,604	280,566,466	200,000	11,848,295	75,000	8,995,208	60,599,154	2,553,838	-	45,114,137	414,229,702
Other contingents	-	-	275,878	-	5,466,130	-	9,888,076	3,587,927	971,620	-	2,180,290	22,369,921
Total	**1,420,000**	**2,857,604**	**280,842,344**	**200,000**	**17,314,425**	**75,000**	**18,883,284**	**64,187,081**	**3,525,458**	**-**	**47,294,427**	**436,599,623**

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

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent

Dec-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans and advances to customers:												
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,317,073	-	5,317,073
Loans	-	-	-	-	-	-	-	-	-	97,381,357	-	97,381,357
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**102,698,430**	**-**	**102,698,430**
Loans to non-individuals:												
Overdraft	1,064,992	4,985,388	12,384,901	363,953	12,413,669	31,688	32,101,685	52,184,029	4,697,892	-	4,117,747	124,345,944
Loans	19,055,333	39,002,742	76,842,507	5,163,728	36,932,004	51,127,214	182,536,677	443,272,533	84,660,999	-	65,136,703	1,003,730,440
Others	439,499	-	45,986	-	5,756,785	-	7,095,664	21,839,182	-	-	19,758	35,196,874
	20,559,824	**43,988,130**	**89,273,394**	**5,527,681**	**55,102,458**	**51,158,902**	**221,734,026**	**517,295,744**	**89,358,891**	**-**	**69,274,208**	**1,163,273,258**

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

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

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

Maximum exposure to credit risk - Loans and advances

Group
Jun-2018
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	113,931,891	-	-	113,931,891
Very Strong Capacity	350,730,260	-	-	350,730,260
Strong Repayment Capacity	584,217,465	-	-	584,217,465
Acceptable risk	114,584,070	168,531,794	-	283,115,864
Default	-	-	81,292,576	81,292,576
Total	**1,163,463,686**	**168,531,794**	**81,292,576**	**1,413,288,056**

Parent
Jun-2018
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	48,938,136	-	-	48,938,136
Very Strong Capacity	331,388,259	-	-	331,388,259
Strong Repayment Capacity	506,001,336	-	-	506,001,336
Acceptable risk	107,345,501	148,049,511	-	255,395,012
Default	-	-	70,516,823	70,516,823
Total	**993,673,232**	**148,049,511**	**70,516,823**	**1,212,239,566**

Maximum exposure to credit risk - Money Market Placements

Group
Jun-2018
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	401,694,844	-	-	401,694,844

Parent
Jun-2018
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	393,212,410	-	-	393,212,410

Maximum exposure to credit risk - off balance sheet

Group
Jun-2018
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	550,844,160	-	-	550,844,160

Parent
Jun-2018
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	491,568,900	-	-	491,568,900

Transition of Loan Exposures across 12 months and lifetime ECL between Dec 2017 and June 2018

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

As at June 2018

Group

In thousands of Nigerian Naira

	Stage 2	Stage 3
Stage 1	-	-
Stage 2	168,531,794	-
Stage 3	-	81,292,576
Gross	**168,531,794**	**81,292,576**

Transition from December 2017

		Stage as at June 2018	
		Stage 2	**Stage 3**
Loan Stage as at Dec 2017	Stage 1	92,137,204	2,827,429
	Stage 2	57,895,760	17,019,113
	Stage 3	18,498,830	61,446,035
	Gross	**168,531,794**	**81,292,576**

As at June 2018

Parent

In thousands of Nigerian Naira

	Stage 2	Stage 3
Stage 1	-	-
Stage 2	148,049,511	-
Stage 3	-	70,516,823
Gross	**148,049,511**	**70,516,823**

Transition from December 2017

		Stage as at June 2018	
		Stage 2	**Stage 3**
Loan Stage as at Dec 2017	Stage 1	80,939,434	2,452,639
	Stage 2	50,859,477	14,763,141
	Stage 3	16,250,600	53,301,044
	Gross	**148,049,511**	**70,516,823**

As at June 2018, Loan Exposures amounting to N80.94 billion and N16.25 billion which were within Stage 1 and Stage 3 respectively as at Dec 2017, migrated to Stage 2 due to changes in Credit Ratings of certain Obligors Likewise, Loan Exposures in the sum of N2.45 billion and N14.76 billion which were within Stage 1 and Stage 2 respectively as at Dec 2017, were moved to Stage 3 based on their current state assessment.

Disclosures of various factors that impact the ECL Model as at 30 June 2018.

These Factors revolves around:

1) Discounting of the expected future casflows from individual Obligors with their respective Effective interest rate (EIR) on the set future dates to present value.

2) Application of varying haircut to underlying collateral and further discounting with their respective EIR

3) Application of varying Forward Looking Information in relation to Underlying Macroeconomic assumptions and the degree of responsivenes of the Obligors to the assumptions at different degree of Normal, Downturn and Upturn Scenarios.

The various assumptions under the different scenarios are as presented below:

Macro-Economic variable assumptions:

	Scenario	**Period 1**	**Period 2**	**Period 3**
Exchange rate (₦/USD)	Upturn	305.00	335.50	369.05
	Normal	350.00	370.70	407.77
	Downturn	358.36	383.35	421.69
Inflation rate (%)	Upturn	9.00	8.00	9.00
	Normal	9.60	8.50	9.05
	Downturn	14.60	13.50	14.05
Crude oil prices (USD/barrel)	Upturn	90.40	90.94	91.49
	Normal	73.00	77.00	81.00
	Downturn	29.60	29.78	29.96
Unemployment (%)	Upturn	6.40	6.44	6.48
	Normal	14.13	14.21	14.30
	Downturn	18.80	18.91	19.03
GDP growth rate (%)	Upturn	6.23	6.27	6.30
	Normal	2.10	1.90	2.00
	Downturn	-1.58	-1.59	-1.60

(vii) Impairment and provisioning policies

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

(1) Loan Categorization

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

- **Stage 1 Loans and Advances:**

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

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

- **Stage 2 Loans and Advances:**

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

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

- **Stage 3 Loans and Advances:**

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

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

- **Neither past due nor impaired:**

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

- **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 7	Stage 2 loans and advances
Ratings 8-10	Stage 3 loans and advances

This classification is in line with disclosures in note 4 on page 101-103

(2) Allowances for impairment

Current period:

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

1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3).

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

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

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

Realizable collaterals are important component of cash flows.

Comparative period:

The Group established an allowance for impairment losses that represented its estimate of incurred losses in its loan portfolio in comparative period. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Specific Impairment – This was derived by identifying exposure at default and recoverable cash-flows. The Cash-flows were then discounted to present value using the original effective interest rate on the exposures. The shortfall between the discounted cash-flows and the exposure at default was recognized as individual impairment.

Collective Impairment - This was arrived at using the incurred loss model under IAS 39 by incorporating emergence period (EP) into the expected loss model under Basel II.

Realizable collaterals were important component of cash flows adopted.

(3) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

(4) 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.

(5) Governance structure around the ECL model:

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

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

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

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

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

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

(6) Policy around rebuttal:

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

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

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

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

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

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

Categorization of Loans and advances

The table below analyses the Group's Loans and advances based on the categorization by Performance of the Loans and the allowances taken on them.

Jun-2018

	Group				Parent			
	Jun-2018				June-2018			
In thousands of Nigerian Naira	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Stage 1 - 12 months ECL	141,560,884	1,020,000,684	1,902,118	1,163,463,686	85,906,986	907,722,799	43,447	993,673,232
Stage 2 - Life Time ECL Not Credit Impaired	3,174,186	165,357,608	-	168,531,794	523,277	147,526,234	-	148,049,511
Stage 3 - Non Performing Loans	8,124,877	73,164,157	3,542	81,292,576	6,515,117	63,998,164	3,542	70,516,823
Gross Loans and Advances	**152,859,947**	**1,258,522,449**	**1,905,660**	**1,413,288,056**	**92,945,380**	**1,119,247,197**	**46,989**	**1,212,239,566**
Less allowances for impairment:								
Stage 1 - 12 months ECL	918,134	13,479,272	74	14,397,480	815,598	12,561,364	74	13,377,036
Stage 2 - Life Time ECL Not Credit Impaired	50,579	30,417,180	-	30,467,759	8,030	30,335,774	-	30,343,804
Stage 3 - Non Performing Loans	7,708,315	67,550,687	3,542	75,262,544	6,348,259	59,188,970	3,542	65,540,771
Total allowance	**8,677,028**	**111,447,139**	**3,616**	**120,127,783**	**7,171,887**	**102,086,108**	**3,616**	**109,261,611**
Net Loans and Advances	**144,182,919**	**1,147,075,310**	**1,902,044**	**1,293,160,273**	**85,773,493**	**1,017,161,089**	**43,373**	**1,102,977,955**

Dec-2017

	Group				Parent			
	Dec-2017				Dec-2017			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Neither past due nor impaired	151,857,920	992,401,184	737,683	1,144,996,787	97,512,132	899,222,829	31,011	996,765,972
Past due but not impaired	2,999	10,367,137	-	10,370,136	-	10,316,092	-	10,316,092
Individually impaired	1,970,023	114,227,644	-	116,197,667	522,787	102,227,628	-	102,750,415
Collectively Impaired	12,235,508	233,260,725	14,308	245,510,541	7,284,110	209,164,817	14,099	216,463,026
Gross Loans and Advances	**166,066,450**	**1,350,256,690**	**751,991**	**1,517,075,131**	**105,319,029**	**1,220,931,366**	**45,110**	**1,326,295,505**
Less allowances for impairment:								
Individually impaired	1,309,374	47,605,013	-	48,914,387	392,090	42,022,563	-	42,414,653
Portfolio allowance	2,298,763	16,576,560	1,630	18,876,953	2,228,509	15,635,545	1,630	17,865,684
Total allowance	**3,608,137**	**64,181,573**	**1,630**	**67,791,340**	**2,620,599**	**57,658,108**	**1,630**	**60,280,337**
Net Loans and Advances	**162,458,313**	**1,286,075,117**	**750,361**	**1,449,283,791**	**102,698,430**	**1,163,273,258**	**43,480**	**1,266,015,168**

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

Jun-2018

	Group				Parent			
	Jun-2018				Jun-2018			
In thousands of Nigerian Naira	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	135,683,137	913,759,553	1,767,771	1,051,210,461	82,706,856	830,356,998	28,349	913,092,203
Overdrafts	5,829,956	70,955,064	134,347	76,919,367	3,200,130	42,079,734	15,098	45,294,962
Others	47,791	35,286,067	-	35,333,858	-	35,286,067	-	35,286,067
Stage 1 - 12 Months ECL	**141,560,884**	**1,020,000,684**	**1,902,118**	**1,163,463,686**	**85,906,986**	**907,722,799**	**43,447**	**993,673,232**
Loans	2,082,913	102,430,245	-	104,513,158	446,084	86,267,913	-	86,713,997
Overdrafts	1,091,273	60,870,505	-	61,961,778	77,193	59,201,463	-	59,278,656
Others	-	2,056,858	-	2,056,858	-	2,056,858	-	2,056,858
Stage 2 - Life Time ECL Not Credit Impaired	**3,174,186**	**165,357,608**	**-**	**168,531,794**	**523,277**	**147,526,234**	**-**	**148,049,511**
Loans	4,142,145	47,938,431	1,846	52,082,422	2,986,891	41,326,143	1,846	44,314,880
Overdrafts	3,982,732	25,024,104	1,696	29,008,532	3,528,226	22,470,399	1,696	26,000,321
Others	-	201,622	-	201,622	-	201,622	-	201,622
Stage 3 - Non Performing Loans	**8,124,877**	**73,164,157**	**3,542**	**81,292,576**	**6,515,117**	**63,998,164**	**3,542**	**70,516,823**
Total Loans and Advances	**152,859,947**	**1,258,522,449**	**1,905,660**	**1,413,288,056**	**92,945,380**	**1,119,247,197**	**46,989**	**1,212,239,566**
	-	-			-	-		

The impairment allowance on loans is further analysed as follows:

	Group				Parent			
	Jun-2018				Jun-2018			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Stage 1: 12 Months ECL								
Loans	833,330	10,691,293	-	11,524,623	734,636	9,843,090	-	10,577,726
Overdrafts	84,804	2,651,987	74	2,736,865	80,962	2,582,282	74	2,663,318
Others	-	135,992	-	135,992	-	135,992	-	135,992
	918,134	**13,479,272**	**74**	**14,397,480**	**815,598**	**12,561,364**	**74**	**13,377,036**
Stage 2: Life Time ECL Not Credit Impaired								
Loans	36,199	12,256,795	-	12,292,994	4,260	12,199,535	-	12,203,795
Overdrafts	14,380	18,155,327	-	18,169,707	3,770	18,131,181	-	18,134,951
Others	-	5,058	-	5,058	-	5,058	-	5,058
	50,579	**30,417,180**	**-**	**30,467,759**	**8,030**	**30,335,774**	**-**	**30,343,804**
Stage 3: Non Performing Loans								
Loans	4,152,606	45,893,929	1,846	50,048,381	2,841,526	38,202,364	1,846	41,045,736
Overdrafts	3,555,709	21,454,878	1,696	25,012,283	3,506,733	20,784,726	1,696	24,293,155
Others	-	201,880	-	201,880	-	201,880	-	201,880
	7,708,315	**67,550,687**	**3,542**	**75,262,544**	**6,348,259**	**59,188,970**	**3,542**	**65,540,771**
Total allowance	**8,677,028**	**111,447,139**	**3,616**	**120,127,783**	**7,171,887**	**102,086,108**	**3,616**	**109,261,611**

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

Dec-2017

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

The impairment allowance on loans is further analysed as follows:

	Group Dec-2017 Loans to Individual	Group Dec-2017 Loans to non-Individual	Group Dec-2017 Loans to Banks	Group Dec-2017 Total	Parent Dec-2017 Loans to Individual	Parent Dec-2017 Loans to non-Individual	Parent Dec-2017 Loans to Banks	Parent Dec-2017 Total
Specific allowance:								
Loans	1,219,772	39,243,656	-	40,463,428	392,090	37,827,497	-	38,219,587
Overdrafts	89,602	7,820,027	-	7,909,629	-	4,195,066	-	4,195,066
Others	-	541,330	-	541,330	-	-	-	-
	1,309,374	**47,605,013**	**-**	**48,914,387**	**392,090**	**42,022,563**	**-**	**42,414,653**
Portfolio allowance:								
Loans	1,427,724	9,612,470	1,109	11,041,303	1,364,333	9,373,753	1,109	10,739,195
Overdrafts	871,039	6,543,740	521	7,415,300	864,176	5,932,692	521	6,797,389
Others	-	420,350	-	420,350	-	329,100	-	329,100
	2,298,763	**16,576,560**	**1,630**	**18,876,953**	**2,228,509**	**15,635,545**	**1,630**	**17,865,684**
Total allowance	**3,608,137**	**64,181,573**	**1,630**	**67,791,340**	**2,620,599**	**57,658,108**	**1,630**	**60,280,337**

(i) Credit quality of Stage 1 Loans and advances

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

Group
Jun-2018
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	853,594	10,620,616	-	15,127,765	87,329,916	-	-	-	113,931,891
Very strong capacity	2,694,987	38,335,075	-	16,089,084	280,961,986	12,648,538	590	-	350,730,260
Strong repayment capacity	824,228	79,019,198	47,791	25,501,822	468,698,658	8,267,097	119,249	1,739,422	584,217,465
Acceptable risk	1,457,147	7,708,248	-	14,236,393	76,768,993	14,370,432	14,508	28,349	114,584,070
Total	**5,829,956**	**135,683,137**	**47,791**	**70,955,064**	**913,759,553**	**35,286,067**	**134,347**	**1,767,771**	**1,163,463,686**

Credit quality of Loans and advances Neither Past Due Nor Impaired

IFRS 7 requires that the group disclose information about the credit quality of financial assets that are neither past due nor impaired, an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired, and an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period. This information is provided in the tables below.

Group
Dec-2017
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	3,326,573	4,046,191	-	61,772,145	19,294,642	-	-	-	88,439,551
Very strong capacity	2,108,203	72,064,834	-	23,729,292	277,449,611	-	1,290	-	375,353,230
Strong repayment capacity	849,861	48,649,423	-	37,801,217	411,570,468	9,035,503	-	706,672	508,613,144
Acceptable risk	1,544,365	19,268,470	-	25,681,452	126,066,854	-	29,721	-	172,590,862
Total	**7,829,002**	**144,028,918**	**-**	**148,984,106**	**834,381,575**	**9,035,503**	**31,011**	**706,672**	**1,144,996,787**

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

Parent
Jun-2018
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	3,474,697	-	5,420,584	40,042,855	-	-	-	48,938,136
Very strong capacity	1,421,747	34,620,885	-	2,197,365	280,499,134	12,648,538	590	-	331,388,259
Strong repayment capacity	824,228	40,640,463	-	21,000,759	433,137,741	10,398,145	-	-	506,001,336
Acceptable risk	954,155	3,970,811	-	13,461,026	76,677,268	12,239,384	14,508	28,349	107,345,501
Total	**3,200,130**	**82,706,856**	**-**	**42,079,734**	**830,356,998**	**35,286,067**	**15,098**	**28,349**	**993,673,232**

IFRS 7 requires that the group disclose information about the credit quality of financial assets that are neither past due nor impaired, an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired, and an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period. This information is provided in the tables below.

Parent
Dec-2017
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	24,178,377	3,741,279	-	-	-	27,919,656
Very strong capacity	1,592,699	71,342,424	-	13,487,246	277,018,243	-	1,290	-	363,441,902
Strong repayment capacity	666,280	16,624,007	-	33,509,011	404,108,822	-	-	-	454,908,120
Acceptable risk	261,404	7,025,318	-	17,304,152	125,875,699	-	29,721	-	150,496,294
Total	**2,520,383**	**94,991,749**	**-**	**88,478,786**	**810,744,043**	**-**	**31,011**	**-**	**996,765,972**

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

Group
Jun-2018
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Total
Gross Loans:			
Loans	2,082,913	102,430,245	104,513,158
Overdraft	1,091,273	60,870,505	61,961,778
Others	-	2,056,858	2,056,858
	3,174,186	**165,357,608**	**168,531,794**
Impairment:			
Loans	36,199	12,256,795	12,292,994
Overdraft	14,380	18,155,327	18,169,707
Others	-	5,058	5,058
	50,579	**30,417,180**	**30,467,759**
Net Amount:			
Loans	2,046,714	90,173,450	92,220,164
Overdraft	1,076,893	42,715,178	43,792,071
Others	-	2,051,800	2,051,800
	3,123,607	**134,940,428**	**138,064,035**
FV of collateral[1]:			
Loans	16,246,957	1,057,514,928	1,073,761,885
Overdraft	8,512,053	230,377,191	238,889,244
Others	-	1,915,921	1,915,921
	24,759,010	**1,289,808,040**	**1,314,567,050**
Amount of undercollateralisation:			
Loans	-	-	-
Overdraft	-	-	-
Others	-	140,937	140,937
	-	**-**	**-**
Net Loans	**3,123,607**	**134,940,428**	**138,064,035**
Amount of undercollateralisation on net loans	**-**	**-**	**-**

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

Loans and advances Past due but not impaired

Clearing cheques, late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Group
Dec-2017
In thousands of Nigerian Naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	2,999	51,045	54,044
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	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.

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

Parent
Jun-2018
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Total
Gross Loans:			
Loans	446,084	86,267,913	86,713,997
Overdraft	77,193	59,201,463	59,278,656
Others	-	2,056,858	2,056,858
	523,277	**147,526,234**	**148,049,511**
Impairment:			
Loans	4,260	12,199,535	12,203,795
Overdraft	3,770	18,131,181	18,134,951
Others	-	5,058	5,058
	8,030	**30,335,774**	**30,343,804**
Net Amount:			
Loans	441,824	74,068,378	74,510,202
Overdraft	73,423	41,070,282	41,143,705
Others	-	2,051,800	2,051,800
	515,247	**117,190,460**	**117,705,707**
FV of collateral[1]:			
Loans	756,991	1,055,213,190	1,055,970,181
Overdraft	120,770	234,122,990	234,243,760
Others	-	1,915,922	1,915,922
	877,761	**1,291,252,102**	**1,292,129,863**
Amount of undercollateralisation:			
Loans	-	-	-
Overdraft	-	-	-
Others	-	140,936	140,936
	-	**-**	**-**
Net Loans	**515,247**	**117,190,460**	**117,705,707**
Amount of undercollateralisation on net loans	**-**	**-**	**-**

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

Loans and advances past due but not impaired

Clearing cheques, late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

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.

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) **Stage 3 Loans and Advances to Customers**

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

Group
Jun-2018
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	4,142,145	47,938,431	1,846	52,082,422
Overdraft	3,982,732	25,024,104	1,696	29,008,532
Others	-	201,622	-	201,622
	8,124,877	**73,164,157**	**3,542**	**81,292,576**
Impairment:				
Loans	4,152,606	45,893,929	1,846	50,048,381
Overdraft	3,555,709	21,454,878	1,696	25,012,283
Others	-	201,880	-	201,880
	7,708,315	**67,550,687**	**3,542**	**75,262,544**
Net Amount:				
Loans	(10,461)	2,044,502	-	2,034,041
Overdraft	427,023	3,569,226	-	3,996,249
Others	-	(258)	-	(258)
	416,562	**5,613,470**	**-**	**6,030,032**
FV of collateral[1]:				
Loans	7,776,208	76,913,813	-	84,690,021
Overdraft	7,476,936	47,292,680	-	54,769,616
Others	-	181,539	-	181,539
FV of collateral	**15,253,144**	**124,388,032**	**-**	**139,641,176**
Amount of undercollateralisation:				
Loans	-	-	1,846	-
Overdraft	-	-	1,696	-
Others	-	20,083	-	20,083
	-	20,083	3,542	20,083
Net Loans	**416,562**	**5,613,470**	**-**	**6,030,032**
Amount of undercollateralisation on net loans	-	-	-	-

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

Loans and advances individually impaired

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

Group
Dec-2017
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	1,828,654	97,118,340	-	98,946,994
Overdraft	141,369	15,945,663	-	16,087,032
Others	-	1,163,641	-	1,163,641
	1,970,023	**114,227,644**	**-**	**116,197,667**
Impairment:				
Loans	1,219,772	39,243,656	-	40,463,428
Overdraft	89,602	7,820,027	-	7,909,629
Others	-	541,330	-	541,330
	1,309,374	**47,605,013**	**-**	**48,914,387**
Net Amount:				
Loans	608,882	57,874,684	-	58,483,566
Overdraft	51,767	8,125,636	-	8,177,403
Others	-	622,311	-	622,311
	660,649	**66,622,631**	**-**	**67,283,280**
FV of collateral[1]:				
Loans	11,249,190	232,627,132	-	243,876,322
Overdraft	869,649	29,253,051	-	30,122,700
Others	-	2,573,774	-	2,573,774
FV of collateral	**12,118,839**	**264,453,957**	**-**	**276,572,796**
Amount of undercollateralisation:				
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.

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

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

Parent
Jun-2018
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	2,986,891	41,326,143	1,846	44,314,880
Overdraft	3,528,226	22,470,399	1,696	26,000,321
Others	-	201,622	-	201,622
	6,515,117	**63,998,164**	**3,542**	**70,516,823**
Impairment:				
Loans	2,841,526	38,202,364	1,846	41,045,736
Overdraft	3,506,733	20,784,726	1,696	24,293,155
Others	-	201,880	-	201,880
	6,348,259	**59,188,970**	**3,542**	**65,540,771**
Net Amount:				
Loans	145,365	3,123,779	-	3,269,144
Overdraft	21,493	1,685,673	-	1,707,166
Others	-	(258)	-	(258)
	166,858	**4,809,194**	**-**	**4,976,052**
FV of collateral[1]:				
Loans	5,089,195	52,044,746	-	57,133,941
Overdraft	2,075,475	48,650,386	-	50,725,861
Others	-	181,539	-	181,539
FV of collateral	**7,164,670**	**100,876,671**	**-**	**108,041,341**
Amount of undercollateralisation:				
Loans	-	-	1,846	-
Overdraft	1,452,751	-	1,696	-
Others	-	20,083	-	20,083
	-	-	3,542	-
Net Loans	**166,858**	**4,809,194**	**-**	**4,976,052**
Amount of undercollateralisation on net loans	-	-	-	-

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

Loans and advances individually impaired

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

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.

(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.

Notes to the financial statements

Summary of collaterals pledged by customers against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

Group
Jun-2018

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against Stage 1 Loans and Advances	1,161,561,567	10,163,882,406	1,902,118	237,790
Against Stage 2 Loans and Advances	168,531,794	1,314,567,050	-	-
Against Stage 3 Loans and Advances	81,289,035	139,641,176	3,542	1,841
Total	**1,411,382,396**	**11,618,090,632**	**1,905,660**	**239,631**

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

Parent
Jun-2018

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	**Gross Loans**	**Collateral**	**Gross Loans**	**Collateral**
Against Stage 1 Loans and Advances	993,629,784	9,851,303,384	43,447	237,790
Against Stage 2 Loans and Advances	148,049,511	1,292,129,863	-	-
Against Stage 3 Loans and Advances	70,513,282	108,041,341	3,542	1,841
Total	**1,212,192,577**	**11,251,474,588**	**46,989**	**239,631**

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**

Notes to the financial statements

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

Group

In thousands of Nigerian Naira	**Loans and advances to customers Jun-2018**	**Loans and advances to banks Jun-2018**
Against Stage 1 Loans and Advances:		
Property	3,994,023,909	236,500
Debt securities	-	-
Equities	8,513,619	-
Treasury bills	13,584,577	-
Cash	36,968,908	-
Guarantees	51,039,388	-
Negative pledge	74,040,260	-
ATC*, stock hypothecation and ISPO*	364,904	-
Others #	5,985,346,841	1,290
Total	**10,163,882,406**	**237,790**
Against Stage 2 Loans and Advances:		
Property	87,536,312	-
Debt securities	-	-
Equities	215,088,999	-
Treasury bills	-	-
Cash	3,860,769	-
Guarantees	2,682,007	-
Negative pledge	862,350	-
ATC*, stock hypothecation and ISPO*	61,761	-
Others #	1,004,474,852	-
Total	**1,314,567,050**	**-**
Against Stage 3 Loans and Advances:		
Property	108,361,061	-
Debt securities	-	-
Equities	625,971	-
Treasury bills	92,735	-
Cash	207,878	-
Guarantees	10,772,660	-
Negative pledge	-	-
ATC*, stock hypothecation and ISPO*	2,602,178	-
Others #	16,978,693	1,841
Total	**139,641,176**	**1,841**
Grand total	**11,618,090,632**	**239,631**

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

Notes to the financial statements

Parent

In thousands of Nigerian Naira	**Loans and advances to customers Jun-2018**	**Loans and advances to banks Jun-2018**
Against Stage 1 Loans and Advances:		
Property	3,691,906,173	236,500
Debt securities	-	-
Equities	7,803,775	-
Treasury bills	13,584,577	-
Cash	33,233,209	-
Guarantees	46,453,397	-
Negative pledge	74,040,260	-
ATC*, stock hypothecation and ISPO*	364,904	-
Others #	5,983,917,089	1,290
Total	**9,851,303,384**	**237,790**
Against Stage 2 Loans and Advances:		
Property	69,166,726	-
Debt securities	-	-
Equities	215,088,999	-
Treasury bills	-	-
Cash	3,860,769	-
Guarantees	566,835	-
Negative pledge	-	-
ATC*, stock hypothecation and ISPO*	61,761	-
Others #	1,003,384,773	-
Total	**1,292,129,863**	**-**
Against Stage 3 Loans and Advances:		
Property	76,900,126	-
Debt securities	-	-
Equities	625,971	-
Treasury bills	92,735	-
Cash	68,978	-
Guarantees	10,772,660	-
Negative pledge	-	-
ATC*, stock hypothecation and ISPO*	2,602,178	-
Others #	16,978,693	1,841
Total	**108,041,341**	**1,841**
Grand total	**11,251,474,588**	**239,631**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

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

Group

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

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Parent

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

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group
Jun-2018

	Loans and advances to customers				Loans and advances to banks			
	Term Loans	**Overdrafts**	**Others**	**Total**	**Term Loans**	**Overdrafts**	**Others**	**Total**
Against Stage 1 Loans and Advances:								
Property	3,766,299,553	202,797,321	24,927,035	3,994,023,909	148,000	88,500	-	236,500
Equities	5,355,464	3,158,155	-	8,513,619	-	-	-	-
Cash	12,014,018	3,906,034	21,048,856	36,968,908	-	-	-	-
Guarantees	22,263,218	22,358,732	6,417,438	51,039,388	-	-	-	-
ATC*, stock hypothecation and ISPO*	234,775	130,129	-	364,904	-	-	-	-
Others #	5,697,512,258	279,832,021	8,002,562	5,985,346,841	-	1,290	-	1,290
Total	**9,503,679,286**	**512,182,392**	**60,395,891**	**10,076,257,569**	**148,000**	**89,790**	**-**	**237,790**
Against Stage 2 Loans and Advances:								
Property	55,849,166	31,687,146	-	87,536,312	-	-	-	-
Equities	16,179,658	198,909,341	-	215,088,999	-	-	-	-
Treasury bills	-	-	-	-	-	-	-	-
Cash	210,000	3,012,000	638,769	3,860,769	-	-	-	-
Guarantees	2,245,172	436,835	-	2,682,007	-	-	-	-
Negative pledge	862,350	-	-	862,350	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	61,761	-	61,761	-	-	-	-
Others #	998,415,539	4,782,161	1,277,152	1,004,474,852	-	-	-	-
Total	**1,073,761,885**	**238,889,244**	**1,915,921**	**1,314,567,050**	**-**	**-**	**-**	**-**
Against Stage 3 Loans and Advances:								
Property	61,078,205	47,282,637	219	108,361,061	-	-	-	-
Equities	531,861	94,110	-	625,971	-	-	-	-
Treasury bills	88,889	3,846	-	92,735	-	-	-	-
Cash	180,285	27,593	-	207,878	-	-	-	-
Guarantees	10,742,157	30,503	-	10,772,660	-	-	-	-
Negative pledge	-	-	-	-	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,328,485	1,273,693	-	2,602,178	-	-	-	-
Others #	10,740,142	6,057,231	181,320	16,978,693	1,841	-	-	1,841
Total	**84,690,024**	**54,769,613**	**181,539**	**139,641,176**	**1,841**	**-**	**-**	**1,841**
Grand total	**10,662,131,195**	**805,841,249**	**62,493,351**	**11,530,465,795**	**149,841**	**89,790**	**-**	**239,631**

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

Parent
Jun-2018

	Loans and advances to customers				Loans and advances to banks			
	Term Loans	Overdrafts	Others	Total	Term Loans	Overdrafts	Others	Total
Against Stage 1 Loans and Advances:								
Property	3,524,944,587	142,034,551	24,927,035	3,691,906,173	148,000	88,500	-	236,500
Equities	4,645,620	3,158,155	-	7,803,775	-	-	-	-
Cash	9,779,115	2,405,238	21,048,856	33,233,209	-	-	-	-
Guarantees	18,283,711	21,752,248	6,417,438	46,453,397	-	-	-	-
ATC*, stock hypothecation and ISPO*	234,775	130,129	-	364,904	-	-	-	-
Others #	5,697,999,615	277,914,912	8,002,562	5,983,917,089	-	1,290	-	1,290
Total	**9,255,887,423**	**447,395,233**	**60,395,891**	**9,763,678,547**	**148,000**	**89,790**	**-**	**237,790**
Against Stage 2 Loans and Advances:								
Property	42,125,065	27,041,661	-	69,166,726	-	-	-	-
Equities	16,179,658	198,909,341	-	215,088,999	-	-	-	-
Treasury bills	-	-	-	-	-	-	-	-
Cash	210,000	3,012,000	638,769	3,860,769	-	-	-	-
Guarantees	130,000	436,835	-	566,835	-	-	-	-
Negative pledge	-	-	-	-	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	61,761	-	61,761	-	-	-	-
Others #	997,325,460	4,782,161	1,277,152	1,003,384,773	-	-	-	-
Total	**1,055,970,183**	**234,243,759**	**1,915,921**	**1,292,129,863**	**-**	**-**	**-**	**-**
Against Stage 3 Loans and Advances:								
Property	33,658,326	43,241,581	219	76,900,126	-	-	-	-
Equities	531,861	94,110	-	625,971	-	-	-	-
Treasury bills	88,889	3,846	-	92,735	-	-	-	-
Cash	44,081	24,897	-	68,978	-	-	-	-
Guarantees	10,742,157	30,503	-	10,772,660	-	-	-	-
Negative pledge	-	-	-	-	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,328,485	1,273,693	-	2,602,178	-	-	-	-
Others #	10,740,142	6,057,231	181,320	16,978,693	1,841	-	-	1,841
Total	**57,133,941**	**50,725,861**	**181,539**	**108,041,341**	**1,841**	**-**	**-**	**1,841**
Grand total	**10,368,991,547**	**732,364,853**	**62,493,351**	**11,163,849,751**	**149,841**	**89,790**	**-**	**239,631**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group

Dec-2017

	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	**Term Loans**	**Overdrafts**	**Others**	**Total**	**Term Loans**	**Overdrafts**	**Others**	**Total**
Against individually impaired:								
Property	47,295,915	20,311,063	2,553,066	70,160,044	-	-	-	-
Equities	191,817,991	3,658,811	-	195,476,802	-	-	-	-
Cash	11,106	11,173	1,555	23,834	-	-	-	-
ATC*, stock hypothecation and ISPO*	278,093	250,194	-	528,287	-	-	-	-
Others #	4,473,217	5,891,459	19,153	10,383,829	-	-	-	-
Total	**243,876,322**	**30,122,700**	**2,573,774**	**276,572,796**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	230,533,838	116,206,584	26,399,612	373,140,034	-	-	42,000	42,000
Equities	534,508	97,749	-	632,257	-	-	-	-
Treasury bills	87,235	-	4,022,140	4,109,375	-	-	-	-
Cash	689,221	3,650,680	16,681,993	21,021,894	-	-	-	-
Guarantees	10,913,750	33,858	1,705,645	12,653,253	-	-	-	-
Negative pledge	30,304,709	6,817,693	3,130,095	40,252,497	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,165,587	294,895	3,051	1,463,533	-	-	-	-
Others #	20,179,659	7,132,926	74,100,248	101,412,833	-	1,841	1,251	3,092
Total	**294,408,507**	**134,234,385**	**126,042,784**	**554,685,676**	**-**	**1,841**	**43,251**	**45,092**
Against past due but not impaired:								
Property	26,158,542	23,249,296	-	49,407,838	-	-	-	-
Equities	563,028	566,362	78,808	1,208,198	-	-	-	-
Total	**26,721,570**	**23,815,658**	**78,808**	**50,616,036**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	3,608,192,950	267,845,511	11,481,999	3,887,520,460	-	-	46,500	46,500
Equities	27,354,502	4,058,407	-	31,412,909	-	-	-	-
Treasury bills	2,780,181	6,622,991	18,403	9,421,575	-	-	-	-
Cash	10,848,431	2,754,201	102,612	13,705,244	-	-	-	-
Guarantees	67,363,743	18,759,067	938,639	87,061,449	-	-	-	-
Negative pledge	12,911,057	25,087,052	73,990	38,072,099	-	-	-	-
ATC*, stock hypothecation and ISPO*	930,761	308,973	-	1,239,734	-	-	-	-
Others #	6,623,874,328	348,083,667	-	6,971,957,995	-	-	1,290	1,290
Total	**10,354,255,953**	**673,519,869**	**12,615,643**	**11,040,391,465**	**-**	**-**	**47,790**	**47,790**
Grand total	**10,919,262,352**	**861,692,612**	**141,311,009**	**11,922,265,973**	**-**	**1,841**	**91,041**	**92,882**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Parent
Dec-2017

In thousands of Nigerian Naira	Term Loans	Loans and advances to customers Overdrafts	Others	Total	Term Loans	Loans and advances to banks Overdrafts	Others	Total
Against individually impaired:								
Property	29,056,008	1,963,168	-	31,019,176	-	-	-	-
Equities	191,817,991	3,658,811	-	195,476,802	-	-	-	-
ATC*, stock hypothecation and ISPO*	278,093	250,194	-	528,287	-	-	-	-
Others #	4,336,384	5,753,815	-	10,090,199	-	-	-	-
Total	**225,488,476**	**11,625,988**	**-**	**237,114,464**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	162,774,745	48,046,331	16,915,276	227,736,352	-	-	42,000	42,000
Equities	534,508	97,749	-	632,257	-	-	-	-
Treasury bills	87,235	-	4,022,140	4,109,375	-	-	-	-
Cash	105,371	3,063,374	16,600,271	19,769,016	-	-	-	-
Guarantees	10,904,852	24,907	1,704,400	12,634,159	-	-	-	-
Negative pledge	30,304,709	6,817,693	3,130,095	40,252,497	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,143,787	272,966	-	1,416,753	-	-	-	-
Others #	20,179,659	7,132,926	74,100,248	101,412,833	-	1,841	1,251	3,092
Total	**226,034,866**	**65,455,946**	**116,472,430**	**407,963,242**	**-**	**1,841**	**43,251**	**45,092**
Against past due but not impaired:								
Property	26,158,542	23,249,296	-	49,407,838	-	-	-	-
Total	**26,158,542**	**23,249,296**	**-**	**49,407,838**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	3,526,161,913	185,328,821	-	3,711,490,734	-	-	46,500	46,500
Equities	27,354,502	4,058,407	-	31,412,909	-	-	-	-
Treasury bills	2,648,703	6,490,734	-	9,139,437	-	-	-	-
Cash	10,115,335	2,016,765	-	12,132,100	-	-	-	-
Guarantees	60,657,811	12,013,434	-	72,671,245	-	-	-	-
Negative pledge	12,382,449	24,555,314	-	36,937,763	-	-	-	-
ATC*, stock hypothecation and ISPO*	930,761	308,973	-	1,239,734	-	-	-	-
Others #	6,623,874,328	348,083,667	-	6,971,957,995	-	-	1,290	1,290
Total	**10,264,125,802**	**582,856,115**	**-**	**10,846,981,917**	**-**	**-**	**47,790**	**47,790**
Grand total	**10,741,807,686**	**683,187,345**	**116,472,430**	**11,541,467,461**	**-**	**1,841**	**91,041**	**92,882**

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

(b) Credit risk (continued)

Debt securities

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

Group
Jun-2018

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	2,610,114	57,106,598	-	59,716,712
State government bonds	-	1,998,200	-	1,998,200
Corporate bonds	-	7,391,796	-	7,391,796
Treasury bills	30,116,502	629,865,879	66,857,956	726,840,337
	32,726,616	**696,362,473**	**66,857,956**	**795,947,045**

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

Group
Dec-2017

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	6,940,582	46,528,115	-	53,468,697
State government bonds	-	7,026,793	-	7,026,793
Corporate bonds	-	6,982,980	-	6,982,980
Treasury bills	17,005,079	550,400,747	58,976,175	626,382,001
	23,945,661	**610,938,635**	**58,976,175**	**693,860,471**

Parent
Jun-2018

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	2,610,114	11,860,194	-	14,470,308
State government bonds	-	1,998,200	-	1,998,200
Corporate bonds	-	7,034,783	-	7,034,783
Treasury bills	18,281,841	478,321,571	66,420,134	563,023,546
	20,891,955	**499,214,748**	**66,420,134**	**586,526,837**

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

Parent
Dec-2017

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,124,124	10,356,140	-	14,480,264
State government bonds	-	2,007,253	-	2,007,253
Corporate bonds	-	6,626,983	-	6,626,983
Treasury bills	12,528,232	433,094,854	58,961,722	504,584,808
	16,652,356	**452,085,230**	**58,961,722**	**527,699,308**

(g) Liquidity Risk

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).

	Jun-2018	Dec-2017
At end of period	50.33%	47.56%
Average for the period	51.47%	47.22%
Maximum for the period	55.88%	50.79%
Minimum for the period	45.77%	41.86%
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
Jun-2018

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and bank balances	23	830,978,252	839,687,378	696,915,796	97,442,156	40,120,579	-	5,208,847
Financial assets held for trading	24	32,726,616	35,639,154	2,283,871	10,245,336	8,068,852	6,521,366	8,519,729
Derivative financial assets	25	3,456,447	3,465,359	1,412,700	1,098,808	953,851	-	-
Investment securities:								
– Fair Value through other comprehensive Income[2]	26	576,893,252	615,490,643	315,017,414	172,970,766	82,546,018	9,735,903	35,220,542
– Held at amortised cost	26	122,528,540	124,347,600	48,914,598	20,034,221	23,585,118	24,992,463	6,821,200
Assets pledged as collateral	27	66,857,956	70,531,822	153,456	61,594,000	8,769,678	14,688	-
Loans and advances to banks	28	1,902,044	1,906,274	1,880,012	4,111	13,397	8,754	-
Loans and advances to customers	29	1,291,258,229	1,828,348,617	378,042,206	184,911,457	238,010,070	822,222,583	205,162,301
Restricted deposits and other assets[3]	34	473,400,328	473,400,328	449,820,190	5,608,580	4,337,822	12,460,246	1,173,490
		3,400,001,664	**3,992,817,175**	**1,894,440,243**	**553,909,435**	**406,405,385**	**875,956,003**	**262,106,109**
Financial liabilities								
Deposits from banks	35	102,567,738	102,567,742	87,324,032	5,034,025	10,209,685	-	-
Deposits from customers	36	2,268,756,931	2,269,981,569	2,189,428,946	44,295,384	28,722,303	7,534,936	-
Financial liabilities held for trading	37	6,213,914	6,574,550	1,955,226	387,998	4,231,326	-	-
Derivative financial liabilities	25	3,144,806	1,312,624	1,312,624	-	-	-	-
Other liabilities[4]	39	325,955,678	325,955,655	43,435,961	268,748,575	3,772,546	9,998,573	-
Debt securities issued	38	96,151,576	98,391,382	-	98,391,382	-	-	-
Other borrowed funds	41	215,730,914	228,487,960	3,973,678	23,129,288	26,523,188	143,576,696	31,285,110
		3,018,521,557	**3,033,271,482**	**2,327,430,467**	**439,986,652**	**73,459,048**	**161,110,205**	**31,285,110**
Gap (asset - liabilities)				(432,990,224)	113,922,783	332,946,337	714,845,798	230,820,999
Cumulative liquidity gap				(432,990,224)	(319,067,441)	13,878,896	728,724,694	959,545,693

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under Gross Nominal consideration.

[3] Excludes Prepayments & Impairment

[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2017

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and bank balances	23	641,973,784	649,258,905	610,835,270	22,907,998	3,928,189	7,454,268	4,133,180
Financial assets held for trading	24	23,945,661	30,041,981	3,496,388	6,123,573	6,423,948	2,088,948	11,909,124
Derivative financial assets	25	2,839,078	2,845,468	2,845,468	-	-	-	-
Investment securities:								
– Available for sale[2]	26	514,472,037	569,014,297	126,416,990	230,587,291	169,195,738	8,769,117	34,045,161
– Held to maturity	26	96,466,598	101,854,146	36,262,791	7,701,410	29,174,811	11,711,909	17,003,225
Assets pledged as collateral	27	58,976,175	62,808,453	8,044,000	22,500,000	32,264,453	-	-
Loans and advances to banks	28	750,361	750,151	750,151	-	-	-	-
Loans and advances to customers	29	1,448,533,430	2,045,361,880	383,817,010	201,440,846	229,680,455	1,002,952,402	227,471,167
Restricted deposits and other assets[3]	34	424,254,168	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
Parent
Jun-2018

In thousands of Nigerian Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and bank balances	23	622,856,941	624,645,460	510,760,507	78,177,798	35,707,155	-	-
Financial assets held for trading	24	20,891,955	23,804,501	1,662,651	10,062,526	7,891,388	1,705,226	2,482,710
Derivative financial assets	25	3,456,447	3,465,359	1,412,700	1,098,808	953,851	-	-
Investment securities:								
– Fair Value through other comprehensive Income[2]	26	500,266,671	538,873,264	261,036,600	161,856,000	73,740,654	8,856,526	33,383,484
– Held at amortised cost	26	1,998,200	3,817,260	-	-	-	-	3,817,260
Assets pledged as collateral	27	66,420,134	70,094,000	-	61,594,000	8,500,000	-	-
Loans and advances to banks	28	43,373	47,603	21,341	4,111	13,397	8,754	-
Loans and advances to customers	29	1,102,934,582	1,639,849,477	335,884,268	143,097,007	200,464,268	765,111,049	195,292,885
Restricted deposits and other assets[3]	34	471,849,262	471,849,262	448,269,124	5,608,580	4,337,822	12,460,246	1,173,490
		2,790,717,565	**3,376,446,186**	**1,559,047,191**	**461,498,830**	**331,608,535**	**788,141,801**	**236,149,829**
Financial liabilities								
Deposits from banks	35	47,375	47,375	47,375	-	-	-	-
Deposits from customers	36	1,857,052,928	1,858,277,903	1,853,656,698	3,468,705	1,094,010	58,490	-
Financial liabilities held for trading	37	6,213,914	6,574,550	1,955,226	387,998	4,231,326	-	-
Derivative financial liabilities	25	3,144,806	3,153,370	1,312,624	992,729	848,017	-	-
Other liabilities[4]	39	303,539,190	303,539,188	35,695,120	267,844,068	-	-	-
Debt securities issued	38	96,151,576	98,391,382	-	98,391,382	-	-	-
Other borrowed funds	41	207,591,030	220,348,056	3,541,035	21,693,754	25,105,002	138,723,155	31,285,110
		2,473,740,819	**2,490,331,824**	**1,896,208,078**	**392,778,636**	**31,278,355**	**138,781,645**	**31,285,110**
Gap (asset - liabilities)				(337,160,887)	68,720,194	300,330,180	649,360,156	204,864,719
Cumulative liquidity gap				(337,160,887)	(268,440,693)	31,889,487	681,249,643	886,114,362

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under Gross Nominal consideration.

[3] Excludes Prepayments & Impairment

[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2017

In thousands of Nigerian Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and bank balances	23	455,296,196	456,078,361	426,673,247	21,950,846	-	7,454,268	-
Financial assets held for trading	24	16,652,356	22,748,676	3,450,885	5,191,354	4,657,300	-	9,449,137
Derivative financial assets	25	2,839,078	2,845,468	2,845,468	-	-	-	-
Investment securities:								
– Available for sale[2]	26	450,077,977	504,620,235	84,294,927	226,551,982	150,950,000	8,769,117	34,054,209
– Held to maturity	26	2,007,253	3,980,924	-	-	-	-	3,980,924
Assets pledged as collateral	27	58,961,722	62,794,000	8,044,000	22,500,000	32,250,000	-	-
Loans and advances to banks	28	43,480	43,479	43,479	-	-	-	-
Loans and advances to customers	29	1,265,971,688	1,862,384,983	347,396,046	159,039,767	197,369,232	942,910,932	215,669,006
Restricted deposits and other assets[3]	34	422,868,826	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

Financial risk management (continued)

(i) Residual contractual maturities of financial assets and liabilities

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

Group

Jun-2018

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	830,978,252	694,125,920	96,997,299	39,855,033	-	-
Financial assets held for trading	24	32,726,616	2,269,828	9,834,320	7,467,183	6,252,342	6,902,943
Derivative financial assets	25	3,456,447	1,403,788	1,098,808	953,851	-	-
Investment securities:							
– Fair Value through other comprehensive Income[2]	26	573,833,933	308,110,930	165,128,841	80,522,687	7,914,160	12,157,315
– Held at amortised cost	26	122,528,540	51,178,260	20,034,221	23,250,717	23,063,202	5,002,140
Assets pledged as collateral	27	66,857,956	153,456	58,464,375	8,225,437	14,688	-
Loans and advances to banks	28	1,902,044	1,902,044	-	-	-	-
Loans and advances to customers	29	1,291,258,229	347,110,476	157,693,669	184,305,212	559,655,665	42,493,207
Restricted deposits and other assets[3]	34	473,400,328	449,820,189	5,608,580	4,337,822	12,460,246	1,173,491
		3,396,942,345	**1,856,074,891**	**514,860,113**	**348,917,942**	**609,360,303**	**67,729,096**
Financial liabilities							
Deposits from banks	35	102,567,738	87,324,028	5,034,025	10,209,685	-	-
Deposits from customers	36	2,268,756,931	2,188,327,836	44,214,326	28,683,859	7,530,910	-
Financial liabilities held for trading	37	6,213,914	1,906,364	372,016	3,935,534	-	-
Derivative financial liabilities	25	3,144,806	1,304,060	992,729	848,017	-	-
Other liabilities[4]	39	325,955,678	43,435,984	268,748,575	3,772,546	9,998,573	-
Debt securities issued	38	96,151,576	-	96,151,576	-	-	-
Other borrowed funds	41	215,730,914	2,849,933	20,511,213	23,097,915	138,236,337	31,035,516
		3,018,521,557	**2,325,148,205**	**436,024,460**	**70,547,556**	**155,765,820**	**31,035,516**
Gap (asset - liabilities)			(469,073,314)	78,835,653	278,370,386	453,594,483	36,693,580
Cumulative liquidity gap			(469,073,314)	(390,237,661)	(111,867,275)	341,727,208	378,420,788

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under liquidity consideration.

[3] Excludes prepayments

[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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

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

Residual contractual maturities of contingencies

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

Group
Jun-2018

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	472,322,322	31,329,525	21,160,455	54,855,525	52,071,798	312,905,019
Clean line facilities and letters of credit	44	70,439,411	57,031,098	5,949,614	5,699,687	1,479,286	279,726
Other commitments	44	8,082,427	5,125,951	306,814	1,652,447	612,032	385,183
		550,844,160	**93,486,574**	**27,416,883**	**62,207,659**	**54,163,116**	**313,569,928**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
Group
Dec-2017

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	641,973,784	609,174,896	21,908,872	3,928,189	6,961,827	-
Financial assets held for trading	24	23,945,661	3,406,651	5,857,062	6,008,889	2,088,948	6,584,111
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[2]	26	514,472,037	113,049,064	231,691,436	151,313,653	7,397,511	11,020,373
– Held to maturity	26	96,466,598	30,462,374	6,294,067	32,529,783	12,150,820	15,029,554
Assets pledged as collateral	27	58,976,175	7,932,612	21,302,083	29,741,480	-	-
Loans and advances to banks	28	750,361	750,361	-	-	-	-
Loans and advances to customers	29	1,448,533,430	344,103,883	166,239,139	168,924,196	712,327,803	56,938,409
Restricted deposits and other assets[3]	34	424,254,168	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

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

Parent

Jun-2018

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	622,856,941	509,682,391	77,732,941	35,441,609	-	-
Financial assets held for trading	24	20,891,955	1,648,601	9,651,510	7,289,718	1,436,202	865,924
Derivative financial assets	25	3,456,447	1,403,788	1,098,808	953,851	-	-
Investment securities:							
– Fair Value through other comprehensive Income[2]	26	497,216,548	257,209,155	154,014,075	68,638,278	7,034,783	10,320,257
– Held at amortised cost	26	1,998,200	-	-	-	-	1,998,200
Assets pledged as collateral	27	66,420,134	-	58,464,375	7,955,759	-	-
Loans and advances to banks	28	43,373	43,373	-	-	-	-
Loans and advances to customers	29	1,102,934,582	304,428,592	115,230,532	145,991,096	504,660,571	32,623,791
Restricted deposits and other assets[3]	34	471,849,262	448,269,123	5,608,580	4,337,822	12,460,246	1,173,491
		2,787,667,442	**1,522,685,023**	**421,800,821**	**270,608,133**	**525,591,802**	**46,981,663**
Financial liabilities							
Deposits from banks	35	47,375	47,375	-	-	-	-
Deposits from customers	36	1,857,052,928	1,852,555,251	3,387,647	1,055,566	54,464	-
Financial liabilities held for trading	37	6,213,914	1,906,364	372,016	3,935,534	-	-
Derivative financial liabilities	25	3,144,806	1,304,060	992,729	848,017	-	-
Other liabilities[4]	39	303,539,190	35,695,122	267,844,068	-	-	-
Debt securities issued	38	96,151,576	-	96,151,576	-	-	-
Other borrowed funds	41	207,591,030	2,417,311	20,078,570	22,665,272	131,394,361	31,035,516
		2,473,740,819	**1,893,925,483**	**388,826,606**	**28,504,389**	**131,448,825**	**31,035,516**
Gap (asset - liabilities)			(371,240,460)	32,974,215	242,103,744	394,142,977	15,946,147
Cumulative liquidity gap			(371,240,460)	(338,266,245)	(96,162,501)	297,980,476	313,926,623

[1] Includes balances with no specific contractual maturities

[2] Equity securities have been excluded under liquidity consideration.

[3] Excludes prepayments

[4] Excludes Deferred Income, Provision for Litigations & impairment on contingents

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

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

Residual contractual maturities of contingencies

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

Parent
Jun-2018

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	459,741,183	27,081,545	20,080,816	50,625,803	50,192,240	311,760,779
Clean line facilities and letters of credit	44	31,827,717	28,913,393	2,914,324	-	-	-
		491,568,900	**55,994,938**	**22,995,140**	**50,625,803**	**50,192,240**	**311,760,779**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2017

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	455,296,196	426,425,497	21,908,872	-	6,961,827	-
Financial assets held for trading	24	16,652,356	3,361,148	4,924,843	4,242,241	-	4,124,124
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[2]	26	450,077,977	83,512,121	214,113,932	135,468,801	6,626,983	10,356,140
– Held to maturity	26	2,007,253	-	-	-	-	2,007,253
Assets pledged as collateral	27	58,961,722	7,932,612	21,302,083	29,727,027	-	-
Loans and advances to banks	28	43,480	43,480	-	-	-	-
Loans and advances to customers	29	1,265,971,688	308,110,771	124,996,040	135,900,712	654,201,062	42,763,103
Restricted deposits and other assets[3]	34	422,868,826	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

(ii) Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group
Jun-2018

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 bank balances	23	830,978,252	694,125,920	96,997,299	39,855,033	-	-
Financial assets held for trading	24	32,726,616	2,269,828	9,834,320	7,467,183	6,252,342	6,902,943
Derivative financial assets	25	3,456,447	1,403,788	1,098,808	953,851	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	573,833,933	308,110,930	165,128,841	80,522,687	7,914,160	12,157,315
– Held at amortised cost	26	122,528,540	51,178,260	20,034,221	23,250,717	23,063,202	5,002,140
Assets pledged as collateral	27	66,857,956	153,456	58,464,374	8,225,438	14,688	-
Loans and advances to banks	28	1,902,044	1,902,044	-	-	-	-
Loans and advances to customers	29	1,291,258,229	1,020,758,637	70,370,961	57,776,373	108,121,785	34,230,473
Restricted deposits and other assets[1]	34	473,400,328	449,820,190	5,608,579	4,337,822	12,460,246	1,173,491
		3,396,942,345	**2,529,723,053**	**427,537,403**	**222,389,104**	**157,826,423**	**59,466,362**
Financial liabilities							
Deposits from banks	35	102,567,738	87,324,028	5,034,025	10,209,685	-	-
Deposits from customers	36	2,268,756,931	2,188,327,837	41,708,192	31,189,992	7,530,910	-
Financial liabilities held for trading	37	6,213,914	1,906,364	372,016	3,935,534	-	-
Derivative financial liabilities	25	3,144,806	1,304,060	992,729	848,017	-	-
Other liabilities[2]	39	325,955,678	43,435,984	268,748,575	3,772,546	9,998,573	-
Debt securities issued	38	96,151,576	-	96,151,576	-	-	-
Other borrowed funds	41	215,730,914	2,849,933	20,511,213	23,097,915	138,236,337	31,035,516
		3,018,521,557	**2,325,148,206**	**433,518,326**	**73,053,689**	**155,765,820**	**31,035,516**
		378,420,788	**204,574,847**	**(5,980,923)**	**149,335,415**	**2,060,603**	**28,430,846**

[1] Excludes Prepayments & Impairment

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

Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

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 bank balances	23	641,973,784	609,174,896	21,908,872	3,928,189	6,961,827	-
Financial assets held for trading	24	23,945,661	3,406,651	5,857,062	6,008,889	2,088,948	6,584,111
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[1]	26	517,492,733	113,049,060	231,691,436	151,313,657	7,397,511	14,041,069
– Held to maturity	26	96,466,598	30,462,374	6,294,067	32,529,783	12,150,820	15,029,554
Assets pledged as collateral	27	58,976,175	7,932,612	21,302,083	29,741,480	-	-
Loans and advances to banks	28	750,361	750,361	-	-	-	-
Loans and advances to customers	29	1,448,533,430	1,070,986,791	168,440,049	52,361,798	110,530,605	46,214,187
Restricted deposits and other assets[2]	34	424,254,168	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.

Parent
Jun-2018

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 bank balances	23	622,856,941	509,682,391	77,732,941	35,441,609	-	-
Financial assets held for trading	24	20,891,955	1,648,601	9,651,510	7,289,718	1,436,202	865,924
Derivative financial assets	25	3,456,447	1,403,788	1,098,808	953,851	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	497,216,548	257,209,155	154,014,075	68,638,278	7,034,783	10,320,257
– Held at amortised cost	26	1,998,200	-	-	-	-	1,998,200
Assets pledged as collateral	27	66,420,134	-	58,464,374	7,955,760	-	-
Loans and advances to banks	28	43,373	43,373	-	-	-	-
Loans and advances to customers	29	1,102,934,582	978,076,753	27,780,362	14,747,368	57,969,042	24,361,057
Restricted deposits and other assets[1]	34	471,849,262	448,269,124	5,608,579	4,337,822	12,460,246	1,173,491
		2,787,667,442	**2,196,333,185**	**334,350,649**	**139,364,406**	**78,900,273**	**38,718,929**
Financial liabilities							
Deposits from banks	35	47,375	47,375	-	-	-	-
Deposits from customers	36	1,857,052,928	1,852,555,251	3,387,647	1,055,566	54,464	-
Financial liabilities held for trading	37	6,213,914	1,906,364	372,016	3,935,534	-	-
Derivative financial liabilities	25	3,144,806	1,304,060	992,729	848,017	-	-
Other liabilities[2]	39	303,539,190	35,695,122	267,844,068	-	-	-
Debt securities issued	38	96,151,576	-	96,151,576	-	-	-
Other borrowed funds	41	207,591,030	2,417,311	20,078,570	22,665,272	131,394,361	31,035,516
		2,473,740,819	**1,893,925,483**	**388,826,606**	**28,504,389**	**131,448,825**	**31,035,516**
		313,926,623	**302,407,702**	**(54,475,957)**	**110,860,017**	**(52,548,552)**	**7,683,413**

[1] Excludes Prepayments & Impairment

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

Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity risk exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Parent
Dec-2017

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	455,296,196	426,425,497	21,908,872	-	6,961,827	-
Financial assets held for trading	24	16,652,356	3,361,148	4,924,843	4,242,241	-	4,124,124
Derivative financial assets	25	2,839,078	2,839,078	-	-	-	-
Investment securities:							
– Available for sale[1]	26	453,089,625	83,512,121	214,113,932	135,468,801	6,626,983	13,367,788
– Held to maturity	26	2,007,253	-	-	-	-	2,007,253
Assets pledged as collateral	27	58,961,722	7,932,612	21,302,083	29,727,027	-	-
Loans and advances to banks	28	43,480	43,480	-	-	-	-
Loans and advances to customers	29	1,265,971,688	1,034,993,678	125,294,918	14,914,675	58,729,536	32,038,881
Restricted deposits and other 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

(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 30 Jun 2018, the group's interest rate risk arises principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group therefore analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for assets and liabilities that represent the major interest-earning and bearing positions. Major assumptions underlying the sensitivity are as follows:

- 100 basis point changes in floating interest rate on assets and liabilities held at amortized cost; and Assets and liabilities accounted at fair value through profit or loss (Jun 2018 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table on page 183.

  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 17.08% and 17.53% over the period, a change of about 100 basis points is therefore probable.

- The discount rate on various maturities of treasury bills ranged between 10.00% and 15.39% over the financial period as published by Central Bank of Nigeria (CBN)

- A 100 basis point proportional change in the cost of fund was also assumed because costs of funds seldom vary beyond 100 basis point.

The table below shows the changes that would impact the income statement after carrying out interest rate sensitivity:

Group

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	**1,413,819**	**1,231,861**	**(251,426)**	**(208,105)**
Asset	(12,532,203)	(10,919,308)	(12,518,767)	10,361,783)
Liabilities	13,946,022	12,151,169	12,267,341	10,153,678
Increase	**(1,413,819)**	**(1,231,861)**	**251,426**	**208,105**
Asset	12,532,203	10,919,308	12,518,767	10,361,783
Liabilities	(13,946,022)	(12,151,169)	(12,267,341)	(10,153,678)

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	**847,119**	**755,461**	**77,979**	**66,330**
Asset	(10,508,549)	(9,371,524)	(10,087,023)	(8,580,021)
Liabilities	11,355,668	10,126,984	10,165,002	8,646,351
Increase	**(847,119)**	**(755,461)**	**(77,979)**	**(66,330)**
Asset	10,508,549	9,371,524	10,087,023	8,580,021
Liabilities	(11,355,668)	(10,126,984)	(10,165,002)	(8,646,351)

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	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease				
Assets				
Cash and bank balances	(1,352,759)	(1,178,659)	(1,515,577)	(1,254,443)
Loans and advances to banks	(9,531)	(8,305)	(3,827)	(3,167)
Loans and advances to customers	(7,259,834)	(6,325,493)	(7,830,044)	(6,480,928)
Financial assets held for trading	(135,001)	(117,626)	(83,135)	(68,811)
Investment securities	(3,471,273)	(3,024,520)	(2,820,045)	(2,334,151)
Assets pledged as collateral	(303,805)	(264,706)	(266,139)	(220,283)
	(12,532,203)	**(10,919,308)**	**(12,518,767)**	**(10,361,783)**
Liabilities				
Deposits from banks	519,682	452,799	277,796	229,932
Deposits from customers	11,823,170	10,301,528	10,145,916	8,397,775
Financial liabilities held for trading	64,644	56,324	93,757	77,602
Debt securities issued	456,421	397,680	635,894	526,329
Other borrowed funds	1,082,105	942,838	1,113,978	922,040
	13,946,022	**12,151,169**	**12,267,341**	**10,153,678**
Total	**1,413,819**	**1,231,861**	**(251,426)**	**(208,105)**
Increase				
Assets				
Cash and bank balances	1,352,759	1,178,659	1,515,577	1,254,443
Loans and advances to banks	9,531	8,305	3,827	3,167
Loans and advances to customers	7,259,834	6,325,493	7,830,044	6,480,928
Financial assets held for trading	135,001	117,626	83,135	68,811
Investment securities	3,471,273	3,024,520	2,820,045	2,334,151
Assets pledged as collateral	303,805	264,706	266,139	220,283
	12,532,203	**10,919,308**	**12,518,767**	**10,361783**
Liabilities				
Deposits from banks	(519,682)	(452,799)	(277,796)	(229,932)
Deposits from customers	(11,823,170)	(10,301,528)	(10,145,916)	(8,397,775)
Financial liabilities held for trading	(64,644)	(56,324)	(93,757)	(77,602)
Debt securities issued	(456,421)	(397,680)	(635,894)	(526,329)
Other borrowed funds	(1,082,105)	(942,838)	(1,113,978)	(922,040)
	(13,946,022)	**(12,151,169)**	**(12,267,341)**	**(10,153,678)**
Total	**(1,413,819)**	**(1,231,861)**	**251,426**	**208,105**

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease				
Assets				
Cash and bank balances	(1,310,695)	(1,168,878)	(641,988)	(546,075)
Loans and advances to Banks	(314)	(280)	(74)	(63)
Loans and advances to Customers	(6,325,955)	(5,641,487)	(6,913,924)	(5,880,983)
Financial assets held for trading	(76,314)	(68,057)	(59,306)	(50,446)
Investment securities	(2,493,636)	(2,223,825)	(2,205,654)	(1,876,129)
Assets pledged as collateral	(301,634)	(268,997)	(266,077)	(226,325)
	(10,508,549)	**(9,371,524)**	**(10,087,023)**	**(8,580,021)**
Liabilities				
Deposits from banks	11,293	3,538	705	600
Deposits from customers	9,781,570	14,937,050	8,457,268	7,193,752
Financial liabilities held for trading	64,644	115,700	41,957	35,689
Debt securities issued	456,421	1,011,117.93	632,831	538,286
Other borrowed funds	1,041,740	1,768,423	1,032,241	878,024
	11,355,668	**10,126,984**	**10,165,002**	**8,646,351**
Total	**847,119**	**755,461**	**77,979**	**66,330**

Increase				
Assets				
Cash and bank balances	1,310,695	1,168,878	641,988	546,075
Loans and advances to Banks	314	280	74	63
Loans and advances to Customers	6,325,955	5,641,487	6,913,924	5,880,983
Financial assets held for trading	76,314	68,057	59,306	50,446
Investment securities	2,493,636	2,223,825	2,205,654	1,876,129
Assets pledged as collateral	301,634	268,997	266,077	226,325
	10,508,549	**9,371,524**	**10,087,023**	**8,580,021**
Liabilities				
Deposits from banks	(11,293)	(10,071)	(705)	(600)
Deposits from customers	(9,781,570)	(8,723,204)	(8,457,268)	(7,193,752)
Financial liabilities held for trading	(64,644)	(57,649)	(41,957)	(35,689)
Debt securities issued	(456,421)	(407,037)	(632,831)	(538,286)
Other borrowed funds	(1,041,740)	(929,023)	(1,032,241)	(878,024)
	(11,355,668)	**(10,126,984)**	**(10,165,002)**	**(8,646,351)**
Total	**(847,119)**	**(755,461)**	**(77,979)**	**(66,330)**

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 30 Jun 2018, 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	**Jun-18 Pre-tax**	**Jun-18 Post-tax**	**Jun-17 Pre-tax**	**Jun-17 Post-tax**
Decrease	541,052	471,419	556,989	461,020
Increase	(541,052)	(471,419)	(556,989)	(461,020)

Parent

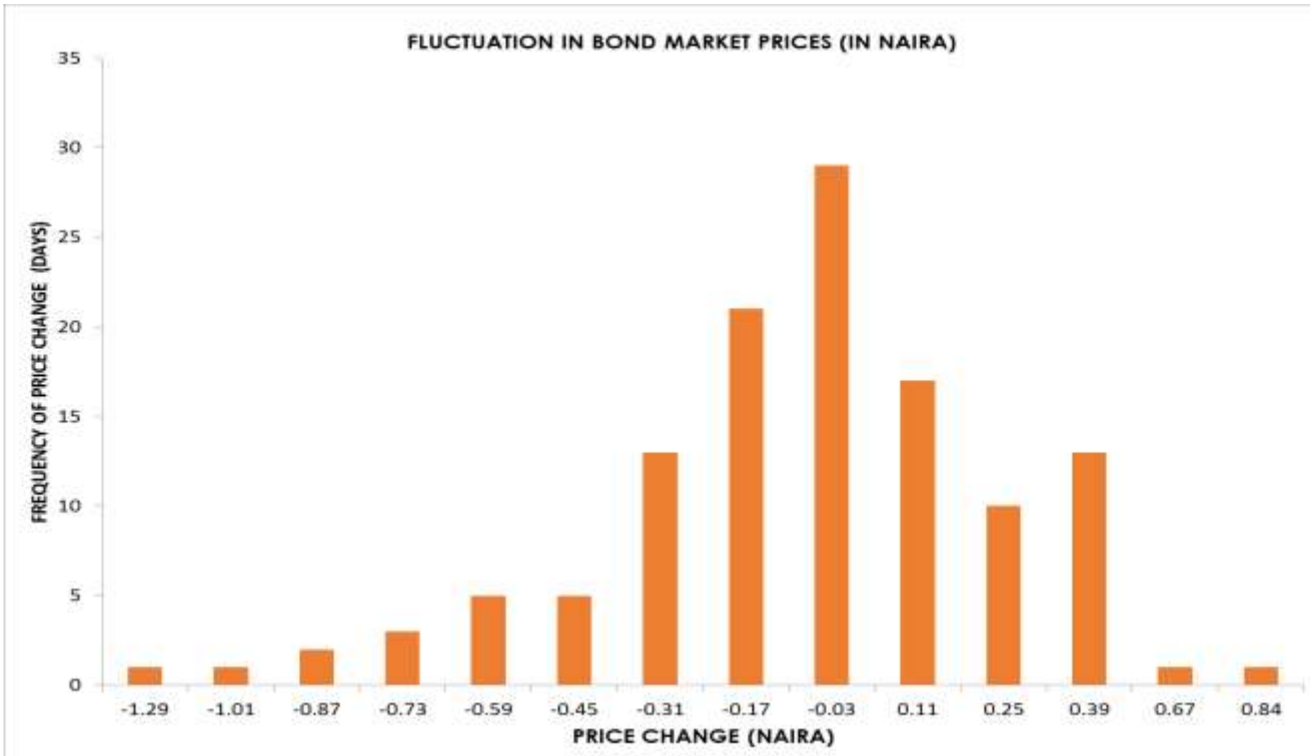
In thousands of Nigerian Naira	**Jun-18 Pre-tax**	**Jun-18 Post-tax**	**Jun-17 Pre-tax**	**Jun-17 Post-tax**
Decrease	520,870	464,512	516,120	439,012
Increase	(520,870)	(464,512)	(516,120)	(439,012)

(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 six months 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 30 June 2018, 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	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	(24,000)	(20,911)	(12,019)	(9,948)
Increase	24,000	20,911	12,019	9,948

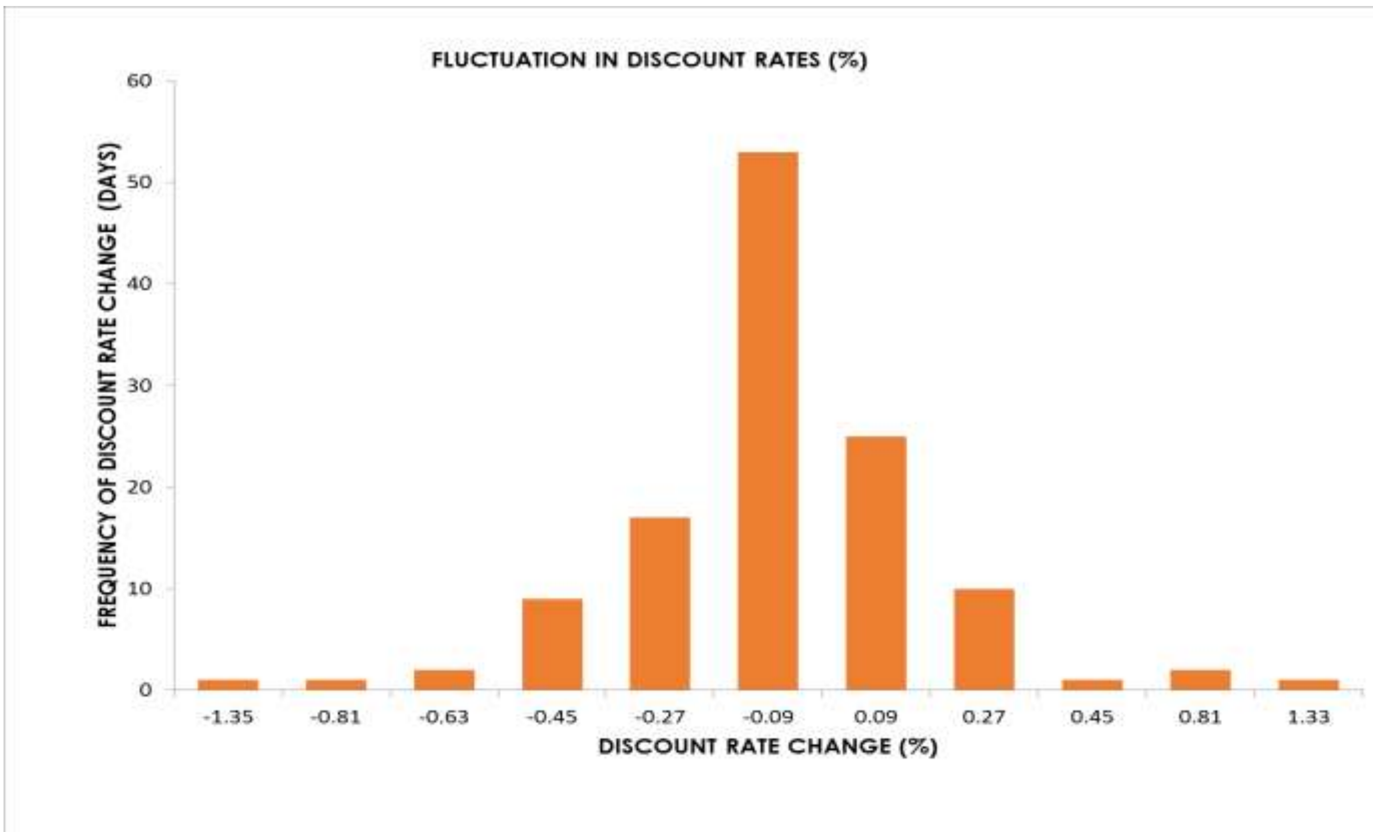
Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	(24,000)	(21,403)	(12,019)	(10,223)
Increase	24,000	21,403	12,019	10,223

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 six months 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 30 June 2018, if discount rates of treasury bills, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	81,022	70,594	70,000	57,939
Increase	(81,022)	(70,594)	(70,000)	(57,939)

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	81,022	72,255	70,000	59,542
Increase	(81,022)	(72,255)	(70,000)	(59,542)

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

3. Financial Instrument Fair Value through Other Comprehensive Income

The Group recognized fair value changes for FVOCI Bonds, Bills and Equities as at 30 June 2018 and the comparative period in 2017. 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:

Bonds to be Fair Valued through Other Comprehensive Income

- A reasonably possible change of ± 1 naira was determined based on the distribution of six months daily change in market prices. The results were that fluctuations were in the range of ± 1 naira.

The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2018, when price of bonds designated as FVOCI increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	(126,143)	(109,909)	(111,223)	(92,060)
Increase	126,143	109,909	111,223	92,060

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	(126,143)	(112,495)	(111,223)	(94,607)
Increase	126,143	112,495	111,223	94,607

Treasury Bills to be Fair Valued through Other Comprehensive Income OCI

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

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of ± 100 basis points was determined based on the distribution of six months 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 30 June 2018, if discount rates of treasury bills designated as FVOCI, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	1,327,889	1,156,990	2,445,943	2,024,507
Increase	(1,327,889)	1,156,990	(2,445,943)	(2,024,507)

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	1,327,889	1,184,211	2,445,943	2,080,519
Increase	(1,327,889)	(1,184,211)	(2,445,943)	(2,080,519)

(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	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(250,028)	(217,849)	(42,795)	(35,421)
Increase	250,028	217,849	42,795	35,421

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(250,028)	(222,975)	(42,795)	(36,401)
Increase	250,028	222,975	42,795	36,401

(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.

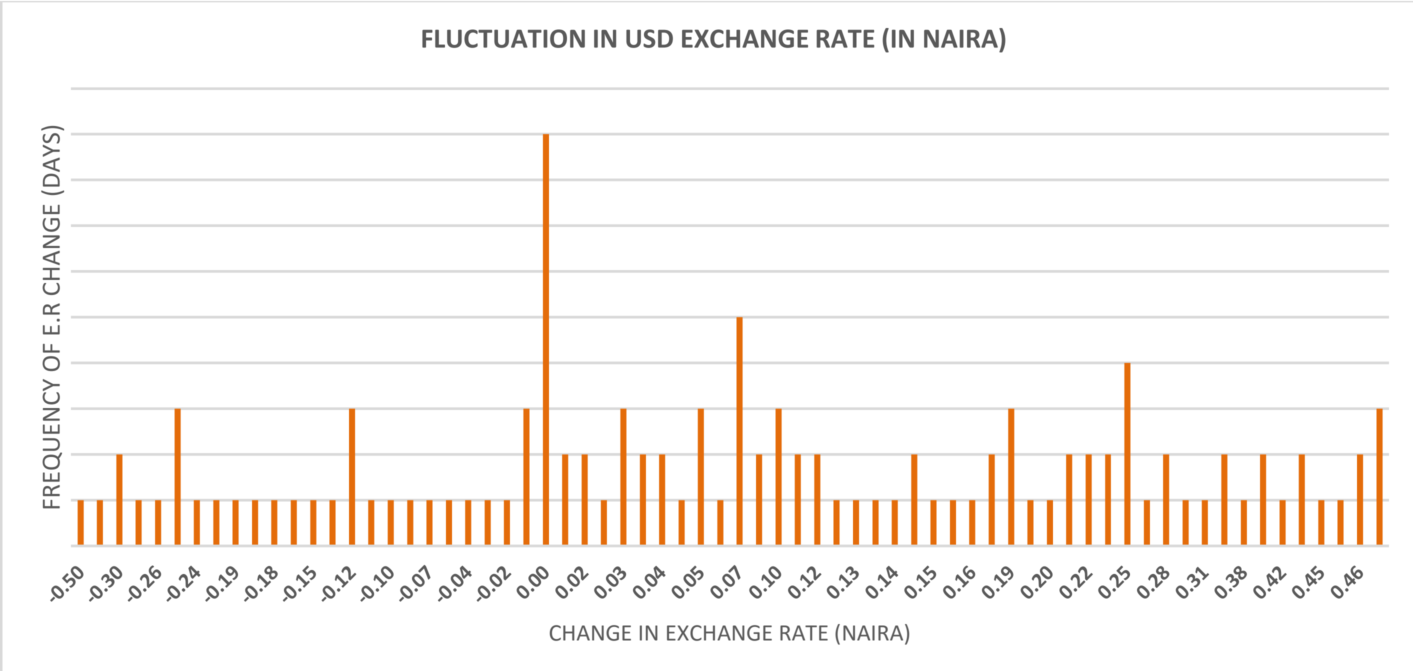
Foreign exchange profit or loss (Dollars)

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 ± 0.5 (Jun 2017: ± 5) was determined based on the distribution of six month daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 0.5 (Jun 2017: ± 5)

- The chosen reasonable change in exchange rates was then applied to the bank's dollar position as at end of the period.



At 30 Jun 2018, if the Naira had strengthened/weakened by ± 0.5 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	Jun-18 Pre-tax	Jun -18 Post-tax	Jun-17 Pre-tax	Jun - 17 Post-tax
Decrease	(637,140)	(555,140)	(5,569,369)	(4,609,767)
Increase	637,140	555,140	5,569,369	4,609,767

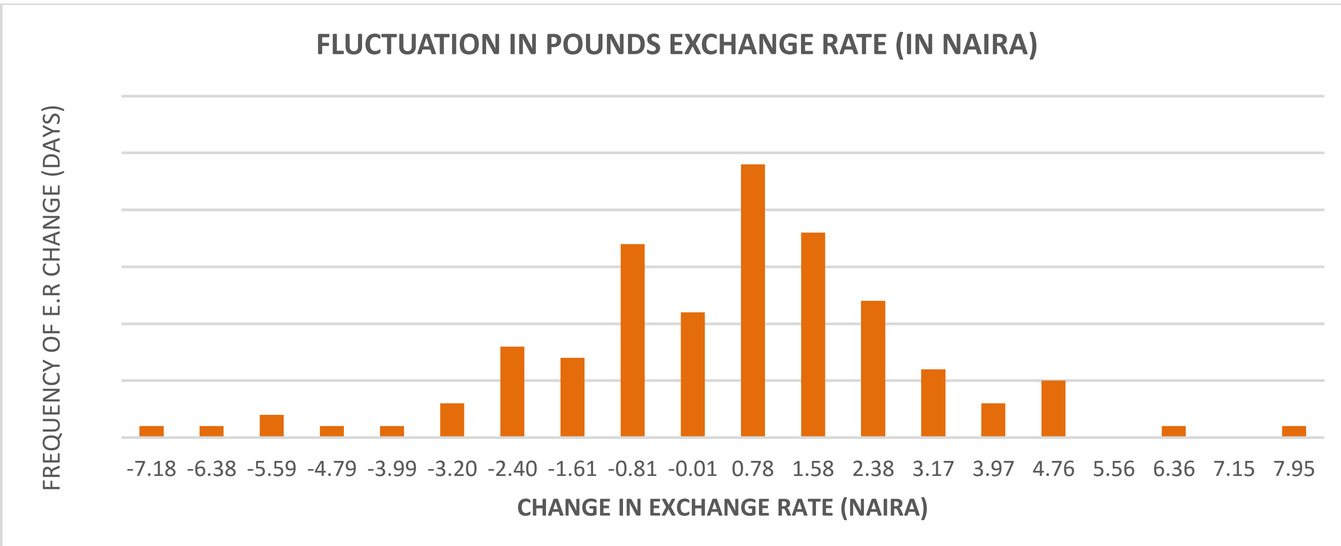
Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun - 17 Pre-tax	Jun-17 Post-tax
Decrease	(640,311)	(571,047)	(5,567,228)	(4,735,484)
Increase	640,311	571,047	5,567,228	4,735,484

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 (7.95)/7.18 (Jun 2017: ± 7) 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 (7.95)/7.18 (Jun 2017: ± 7)
- The chosen reasonable change in exchange rates was then applied to the bank's position as at end of the period.



At 30 June 2018, if the Naira had weakened/strengthened by (7.95)/7.18 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	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(80,921)	(70,506)	(76,173)	(63,048)
Increase	73,083	63,677	76,173	63,048

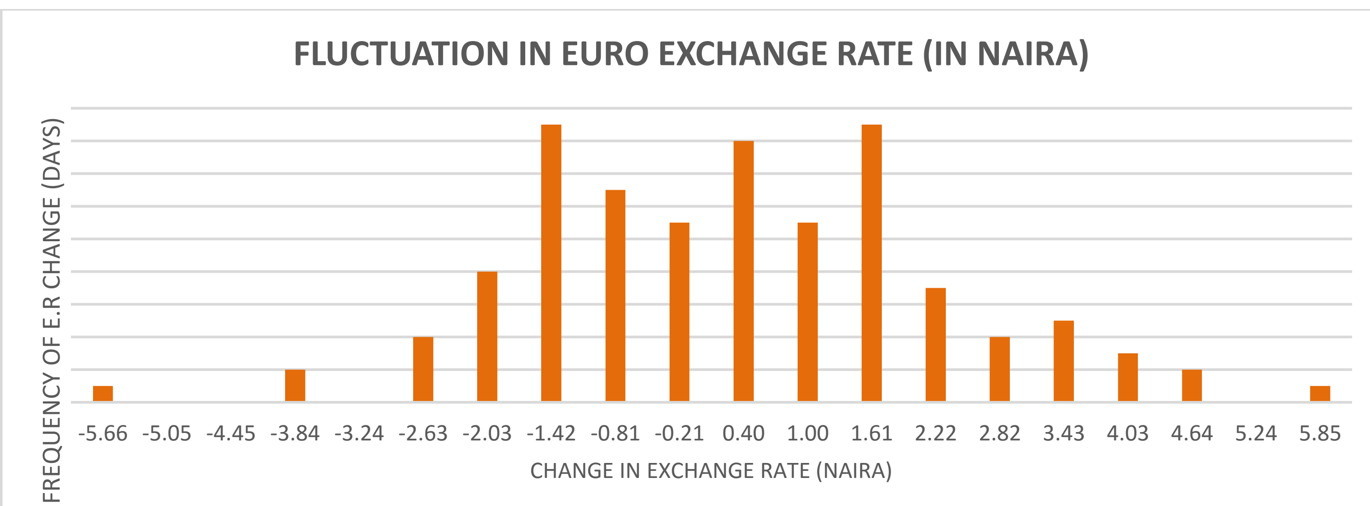
Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(86,687)	(77,308)	(77,541)	(65,956)
Increase	78,291	69,820	77,541	65,956

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 (5.66)/5.85 (Jun 2017: ± 5) 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 (5.66)/5.85 (Jun 2017: ± 5).
- The chosen reasonable change in exchange rates was then applied to the bank's euro position as at end of the period.



At 30 June 2018, if the Naira had weakened/strengthened by (5.66)/5.85 Naira (Jun 2017: ± 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	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(23,661)	(20,616)	(11,571)	(9,577)
Increase	22,893	19,947	11,571	9,577

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(18,398)	(16,407)	(12,003)	(10,210)
Increase	17,800	15,874	12,003	10,210

Foreign Exchange Profit or Loss (Other Currencies)

At 30 June 2018, if Naira had weakened/strengthened by (4.45)/4.77 (Jun 2017: ± 5) 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	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(9,996)	(8,710)	(9,445)	(7,817)
Increase	9,325	8,125	9,445	7,817

Parent

In thousands of Nigerian Naira	Jun-18 Pre-tax	Jun-18 Post-tax	Jun-17 Pre-tax	Jun-17 Post-tax
Decrease	(8,851)	(7,893)	(8,362)	(7,113)
Increase	8,257	7,363	8,362	7,113

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

At 30 June 2018, if the Naira had strengthened/weakened by ± N0s 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	**Jun-18**	**Jun-18**	**Jun-17**	**Jun-17**
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
Decrease	(637,140)	(445,998)	(21,274,991)	(14,892,494)
Increase	637,140	445,998	46,125,517	32,287,862

(ix) Sensitivity analysis of derivative valuation

The fair value of foreign exchange contracts varies largely due to changes in foreign currency exchange rates. For the purpose of assessing specific risks, the Group carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Group's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained from the Nigeria Interbank Foreign Exchange (NIFEX) and trended; with all other variables kept constant and a proportional foreign exchange rate movement of ±₦0.5 (Jun 2017: ±₦5) depreciation of the Nigerian Naira and ±₦0.5 (Jun 2017: ±₦5) appreciation of the Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of six months daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at 30 June, 2018 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign currency exchange rates. A favourable change indicates a weakening of the Nigerian Naira against the U.S. Dollar and an unfavourable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar. The selection of ± ₦0.5(Jun 2017: ±₦5) favourable or unfavourable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

The net impact of sensitivity for both favorable and unfavorable exchange rate of ± ₦0.5 will be Nil as the total FX purchased equal FX sold.

Group
Jun-18
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset/ (Liabilities)	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Derivative Assets		788,209	Asset	33,029	33,027	28,778	28,777
	22,984,012						
Derivative Liabilities		(755,240)	Liability	(33,027)	(33,029)	(28,777)	(28,778)

Jun-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	33,052,812	690,834	Asset	515,624	515,624	426,782	426,782
Derivative Liabilities	33,052,812	(639,380)	Liability	(515,624)	(515,624)	(426,782)	(426,782)

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

Parent
Jun-18
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset / (Liability)	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Derivative Assets	22,984,012	788,209	Asset	33,029	33,027	29,455	29,454
Derivative Liabilities		(755,240)	Liability	(33,027)	(33,029)	(29,454)	(29,455)

Jun-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 (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement
Derivative Assets	33,052,812	690,834	Asset	515,624	515,624	438,589	438,589
Derivative (liabilities)	33,052,812	(639,380)	Liability	(515,624)	(515,624)	(438,589)	(438,589)

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

(x) Sensitivity analysis on ECL Model

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

Corporate Portfolios

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

Retail Portfolios

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

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

- 1% Increase / Decrease in GDP growth rate over forecasted GDP growth rate
- 2% Decrease / Increase in inflation rate over Inflation rate forecast
- Decrease / Increase in USD/NGN exchange rate by ₦5 over forecasted exchange rate
- Increase / Decrease in Crude Oil Price over forecasted Crude Oil Price

Set out below are the changes to the ECL as at 30 June 2018 that would result from the possible changes in these parameters from the actual assumptions used in the Group's economic variable assumption.

Group

Jun-18

	Improvement		Worsening	
In thousands of naira	**Pre-Tax**	**Post Tax**	**Pre-Tax**	**Post Tax**
COMMERCIAL	(472,417)	(330,693)	496,452	347,517
CORPORATE	(1,796,471)	(1,257,529)	1,916,963	1,341,874
PUBLIC SECTOR	(137,512)	(96,258)	149,096	104,367
RETAIL	(635,544)	(444,881)	899,992	629,994
SME	(123,119)	(86,183)	174,348	122,043
	(3,165,064)	**(2,215,545)**	**3,636,850**	**2,545,796**

Parent

June 2018

	Improvement		Worsening	
In thousands of naira	**Pre-Tax**	**Post Tax**	**Pre-Tax**	**Post Tax**
COMMERCIAL	(462,248)	(323,574)	485,765	340,036
CORPORATE	(1,707,672)	(1,195,370)	1,822,208	1,275,546
PUBLIC SECTOR	(136,556)	(95,589)	148,060	103,642
RETAIL	(583,175)	(408,223)	825,832	578,082
SME	(116,502)	(81,551)	164,977	115,484
	(3,006,153)	**(2,104,307)**	**3,446,843**	**2,412,790**

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

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

As at 30 June 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		**Parent**	
In thousands of Nigerian Naira	**Jun-17**	**Jun-17**	**Jun-17**	**Jun-17**
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
Decrease	(1,122,775)	(929,365)	(1,027,508)	(874,038)
Increase	1,122,775	929,365	1,027,508	874,038

Sensitivity of Loan Loss Impairment – Emergence Period (EP)

As at 30 June 2017, if the emergence period increased or decreased by 1 month, with all other variables (exposure at default, probability of default and loss given default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

	Group		**Parent**	
In thousands of Nigerian Naira	**Jun-17**	**Jun-17**	**Jun-17**	**Jun-17**
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
Decrease	(533,680)	(458,303)	(506,700)	(431,019)
Increase	533,680	458,303	506,700	431,019

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

As at 30 June 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		**Parent**	
In thousands of Nigerian Naira	**Jun-17**	**Jun-17**	**Jun-17**	**Jun-17**
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
Decrease	(2,992,466)	(2,476,983)	(2,738,558)	(2,329,524)
Increase	1,053,699	872,188	964,293	820,266

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

Group
Jun-2018
Financial instruments by currency

In thousands of Nigerian Naira	***Note***	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and bank balances	23	830,978,252	116,510,291	613,369,120	40,041,741	26,891,060	34,166,040
Financial assets held for trading	24	32,726,616	20,891,963	-	-	-	11,834,653
Derivative financial assets	25	3,456,447	2,688	3,453,759	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	573,833,933	509,713,809	32,411,906	12,744,152	-	18,964,066
– Held at amortised cost	26	122,528,540	10,852,271	8,962,093	-	-	102,714,176
Assets pledged as collateral	27	66,857,956	66,420,134	-	-	-	437,822
Loans and advances to banks	28	1,902,044	42,803	1,358,857	-	-	500,384
Loans and advances to customers	29	1,291,258,229	518,242,565	653,644,109	36,335,699	1,425,030	81,610,826
Restricted deposits and other assets[1]	34	473,400,328	449,278,884	20,571,538	55,100	1,903,078	1,591,728
		3,396,942,345	**1,691,955,408**	**1,333,771,382**	**89,176,692**	**30,219,168**	**251,819,695**
Deposits from banks	35	102,567,738	47,375	78,128,126	8,730,354	5,389,584	10,272,299
Deposits from customers	36	2,268,756,931	1,421,863,666	585,973,764	61,697,467	17,107,343	182,114,691
Financial liabilities held for trading	37	6,213,914	6,213,914	-	-	-	-
Derivative financial liabilities	25	3,144,806	755,240	2,389,566	-	-	-
Other liabilities[2]	39	325,955,678	295,678,633	21,971,171	1,041,078	1,983,481	5,281,315
Debt securities issued	38	96,151,576	-	96,151,576	-	-	-
Other borrowed funds	41	215,730,914	109,909,743	105,821,171	-	-	-
		3,018,521,557	**1,834,468,571**	**890,435,374**	**71,468,899**	**24,480,408**	**197,668,305**
Financial Instrument Gap		**378,420,788**	**(142,513,163)**	**443,336,008**	**17,707,793**	**5,738,760**	**54,151,390**

[1] Excludes prepayments & impairment

[2] Excludes Deferred Income and impact of non-monetary items in Non-Financial Instruments (NFI)

The above table does not give representation of the On-Balance sheet gap of the Group in terms of currency (foreign and local currencies) because non-monetary items in NFI are not taken into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Group
Dec-2017
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	23	641,973,784	76,841,539	454,505,562	35,653,052	22,715,913	52,257,718
Financial assets held for trading	24	23,945,661	16,652,369	-	-	-	7,293,292
Derivative financial assets	25	2,839,078	28,607	2,810,471	-	-	-
Investment securities:							
– Available for sale	26	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 & impairment

[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
Jun-2018
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	23	622,856,941	106,479,195	479,521,765	22,823,053	13,345,270	687,658
Financial assets held for trading	24	20,891,955	20,891,955	-	-	-	-
Derivative financial assets	25	3,456,447	2,688	3,453,759	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	497,216,548	490,181,765	7,034,783	-	-	-
– Held at amortised cost	26	1,998,200	1,998,200	-	-	-	-
Assets pledged as collateral	27	66,420,134	66,420,134	-	-	-	-
Loans and advances to banks	28	43,373	42,803	570	-	-	-
Loans and advances to customers	29	1,102,934,582	498,085,024	604,667,856	-	181,702	-
Restricted deposits and other assets[1]	34	471,849,262	449,214,389	20,571,538	55,100	1,903,078	105,157
		2,787,667,442	**1,633,316,153**	**1,115,250,271**	**22,878,153**	**15,430,050**	**792,815**
Deposits from banks	35	47,375	47,375	-	-	-	-
Deposits from customers	36	1,857,052,928	1,374,112,037	453,331,531	17,753,881	11,854,491	988
Financial liabilities held for trading	24	6,213,914	6,213,914	-	-	-	-
Derivative financial liabilities	25	3,144,806	755,240	2,389,566	-	-	-
Other liabilities[2]	39	303,539,190	282,982,959	18,412,046	105,830	1,929,589	108,766
Debt securities issued	38	96,151,576	-	96,151,576	-	-	-
Other borrowed funds	41	207,591,030	109,909,743	97,681,287	-	-	-
		2,473,740,819	**1,774,021,268**	**667,966,006**	**17,859,711**	**13,784,080**	**109,754**
Financial Instrument Gap		**313,926,623**	**(140,705,115)**	**447,284,265**	**5,018,442**	**1,645,970**	**683,061**

[1] Excludes prepayments & impairment

[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 bank balances	23	455,296,196	76,694,210	345,585,593	21,368,909	10,987,764	659,720
Financial assets held for trading	24	16,652,356	16,652,356	-	-	-	-
Derivative financial assets	25	2,839,078	28,607	2,810,471	-	-	-
Investment securities:							
– Available for sale	26	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	36	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 & impairment

[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 30 June, 2018, the Bank's capital adequacy ratio was 21.89% (December 31, 2017- 25.50%). Group capital stood at 22.04%.

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*	Jun-2018	Dec-2017
Tier 1 capital			
Share capital	42	14,715,590	14,715,590
Share premium	42	123,471,114	123,471,114
Retained profits		26,069,867	115,361,824
Statutory Reserve		247,571,078	247,571,078
SMEEIS Reserve		18,638,552	10,574,318
Other reserves		-	-
Tier 1 Sub-Total		**430,466,201**	**511,693,924**
Less Regulatory deductions :			
Other intangible assets	32	(4,088,075)	(4,501,296)
Deferred Tax Assets	33	-	-
100% of investments in unconsolidated Banking and financial subsidiary/associate companies.	30	(46,207,004)	(46,207,004)
Net Total Tier 1 Capital (A)		**380,171,122**	**460,985,624**
Tier 2 capital			
Fair Value Reserves		1,975,205	4,887,758
Net Total Tier 2 Capital (B)		**1,975,205**	**4,887,758**
Total Qualifying Capital (C= A+B)		**382,146,327**	**465,873,382**
Composition Of Risk-Weighted Assets			
Risk-Weighted Amount For Credit Risk		1,319,555,367	1,453,391,802
Risk-Weighted Amount For Operational Risk		423,792,503	371,126,769
Risk-Weighted Amount For Market Risk		2,168,768	2,765,436
Aggregate Risk-Weighted Assets		**1,745,516,639**	**1,827,284,008**
Total Risk-Weighted Capital Ratio		**21.89%**	**25.50%**
Tier 1 Risk-Based Capital Ratio		**21.78%**	**25.23%**

(c) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Group Enterprise Risk Management Division, and is subject to review by the Group Credit Committee or ALMAC as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Consideration is also given to synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

These disclosures supplement the commentary on financial risk management (see note 4).

(a) Key sources of estimation uncertainty

Measurement of the expected credit losses

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

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

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets as measured at amortised cost, the Group has determined that it meets the description of financial assets set out in accounting policy **3b(j)(ii)(a).**

2. In designating financial assets as measured at FVOCI, the Group has determined that it has met the criteria for this designation set out in accounting policy **3b (j)(ii)(b).**

3. In classifying financial assets as measured at FVTPL, the Group has determined that it meets the description of financial assets set out in accounting policy **3b(j)(ii)(c).**

4. In accounting for financial liabilities as FVTPL, the Group has determined that it meets the description of financial liabilities set out in accounting policy **3b(j)(ii)(e).**

5. In carrying financial liabilities at amortised cost, the Group has determined that it meets the description of financial liabilities set out in accounting policy **3b(j)(ii)(f).**

Details of the Group's classification of financial assets and liabilities are given in note **8** and sensitivity analysis are as stated on page 183.

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 equity investments FVOCI

The Group determines that equity investments FVOCI 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
Jun-2018
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:					
-Debt securities	24	32,726,616	-	-	32,726,616
Derivative financial assets	25	-	3,456,447	-	3,456,447
Investment securities at FVOCI:					
-Debt securities at FVOCI	26	566,799,150	7,034,783	-	573,833,933
-Equity securities at FVOCI	26	-	-	3,059,319	3,059,319
Assets pledged as collateral	27	66,434,823	423,133	-	66,857,956
Total assets		**665,960,589**	**10,914,363**	**3,059,319**	**679,934,271**
Liabilities					
Financial liabilities held for trading	37	6,213,914	-	-	6,213,914
Derivative financial liabilities	25	-	3,144,806	-	3,144,806
Total liabilities		**6,213,914**	**3,144,806**	**-**	**9,358,720**

Group
Dec-2017
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:					
-Debt securities	24	23,945,661	-	-	23,945,661
Derivative financial assets	25	-	2,839,078	-	2,839,078
Available-for-sale financial assets:					
-Investment securities-debt	26	507,845,054	6,626,983	-	514,472,037
-Investment securities-equity	26	-	-	3,011,648	3,011,648
Assets pledged as collateral	27	58,976,175	-	-	58,976,175
Total assets		**590,766,890**	**9,466,061**	**3,011,648**	**603,244,599**
Liabilities					
Financial liabilities held for trading	37	2,647,469	-	-	2,647,469
Derivative financial liabilities	25	-	2,606,586	-	2,606,586
Total liabilities		**2,647,469**	**2,606,586**	**-**	**5,254,055**

Parent
Jun-2018
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:					
-Debt securities	24	20,891,955	-	-	20,891,955
Derivative financial assets	25	-	3,456,447	-	3,456,447
Investment securities at FVOCI:					
-Debt securities at FVOCI	26	490,181,765	7,034,783	-	497,216,548
-Equity securities at FVOCI	26	-	-	3,050,123	3,050,123
Assets pledged as collateral	27	66,420,134	-	-	66,420,134
Total assets		**577,493,854**	**10,491,230**	**3,050,123**	**591,035,207**
Liabilities					
Financial liabilities held for trading	37	6,213,914	-	-	6,213,914
Derivative financial liabilities	25	-	3,144,806	-	3,144,806
Total liabilities		**6,213,914**	**3,144,806**	**-**	**9,358,720**

Parent
Dec-2017
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:					
-Debt securities	24	16,652,356	-	-	16,652,356
Derivative financial assets	25	-	2,839,078	-	2,839,078
Available-for-sale financial assets:					
-Investment securities-debt	26	443,450,994	6,626,983	-	450,077,977
-Investment securities-equity	26	-	-	3,011,648	3,011,648
Assets pledged as collateral	27	58,961,722	-	-	58,961,722
Total assets		**519,065,072**	**9,466,061**	**3,011,648**	**531,542,781**
Liabilities					
Financial liabilities held for trading	37	2,647,469	-	-	2,647,469
Derivative financial liabilities	25	-	2,606,586	-	2,606,586
Total liabilities		**2,647,469**	**2,606,586**	**-**	**5,254,055**

Reconciliation of Level 3 Items

-Investment Securities at FVOCI (unquoted equity securities)

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
At 1 January	3,011,648	3,771,445	3,011,648	3,771,445
Total unrealised gains or (losses)				
in Profit and Loss	-	-	-	-
in OCI	38,475	22,330	38,475	22,330
Cost of Asset Additions / (Disposal)				
Reclassification from unquoted equity at cost	9,196	-	-	-
Transfers out of Level 3	-	(782,127)	-	(782,127)
	3,059,319	**3,011,648**	**3,050,123**	**3,011,648**

Sensitivity of financial instruments to changes in market variables are disclosed in note (4i) under market risk above

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
Jun-2018

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 bank balances (a)		26,631,231	(1,838,311)	24,792,920	-	-	24,792,920
Other Assets (b)		17,500,502	-	17,500,502	-	17,500,502	-
		44,131,733	**(1,838,311)**	**42,293,422**	**-**	**17,500,502**	**24,792,920**
Financial liabilities							
Other Liabilities (b)		17,500,502	-	17,500,502	17,500,502	-	-
		17,500,502	**-**	**17,500,502**	**17,500,502**	**-**	**-**

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 bank balances (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

Jun-2018 *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 bank balances (a)		26,631,231	(1,838,311)	24,792,920	-	-	24,792,920
Other Assets (b)		17,500,502	-	17,500,502	-	17,500,502	-
		44,131,733	**(1,838,311)**	**42,293,422**	**-**	**17,500,502**	**24,792,920**
Financial liabilities							
Other Liabilities (b)		17,500,502	-	17,500,502	17,500,502	-	-
		17,500,502	**-**	**17,500,502**	**17,500,502**	**-**	**-**

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 bank balances (a)		22,099,833	(5,425,498)	16,674,335	-	-	16,674,335
Other Assets (b)		19,984,387	-	19,984,387	-	19,984,387	-
		42,084,220	**(5,425,498)**	**36,658,722**	**-**	**19,984,387**	**16,674,335**
Financial liabilities							
Other Liabilities (b)		19,984,387	-	19,984,387	19,984,387	-	-
		19,984,387	**-**	**19,984,387**	**19,984,387**	**-**	**-**

(a) Standard terms of clearing in Nigeria include provisions allowing net settlements of payments in the normal course of business.

(b) Certain customers provide monies to the Bank to serve as cash collateral for their LC transactions. The Bank simultaneously increases its balances with the correspondent banks to reflect this. As such, the Bank intends to realise the asset and settle the liability simultaneously.

(e) Disclosure Requirement for Level 2 and 3 Financial Instruments

Valuation control framework

The key elements of the control framework for the valuation of financial instruments include model validation, product implementation review and independent price verification. These functions are carried out by an appropriately skilled finance team, independent of the business area responsible for the products.

Model validation covers both qualitative and quantitative elements relating to new models. In respect of new products, model validation examines the explanatory power of the implemented model, actively monitoring model parameters and comparing in-house pricing to external sources.

Independent price verification procedures cover financial instruments carried at fair value. The frequency of the review is matched to the availability of independent data, monthly being the minimum. Valuation differences in breach of established thresholds are escalated to senior management. The results from independent pricing and valuation reserves are reviewed monthly by senior management.

Valuation technique and Input used in Level 2 Fair Value Measurement

Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

Fair Value Through Other Comprehensive Income Bonds:

As at 30 June 2018, the Group disclosed its investment in Corporate bond FVOCI as N7,233,221,000 (December 2017: N6,626,983,000) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of the asset obtained from an Over the Counter Securities Exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierarchy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. It is important to note that no adjustment was made to the input price.

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique:

The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.

IFRS 13 - Fair Value Measurement outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the income approach.

The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

The fair value of the other unquoted equity securities were derived using the Discounted Cash Flow technique. The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: A five-year forecast of the Free Cash Flow to the Firm (FCFF) for each of the equity investments was made (see (a) below for the definition, explanation and derivation of FCFF).

Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate (please see (c) below).

Step 4: The terminal value was discounted to present value using the company's WACC.

Step 5: The firm value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the firm was obtained by deducting the value of the debt of the company from the firm value obtained in step (5) above (i.e. Firm value minus market value of debt = Equity value).

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Firm (FCFF):

A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFF = NI + NCC + [Int x (1-tax rate)] – Changes in FCInv – Changes in WCInv

Where:

NI = Net Income

NCC = Non- Cash Charges

Int = Interest

T= tax rate

FCI = Fixed Capital Investment

WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

This is the average cost of both equity and debt capital used in financing a business.

WACC= {(D/D+E) x Kd(1-T)} + {(E/D+E) x Ke }
Where:
D = Value of Debt
E = Equity value
Ke = Cost of equity
Kd = Cost of debt
T = Tax rate

c**.** *Capitalization Rate= WACC – g*

Terminal value = ($FCFF_5$ *(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	June-18	Dec-17
Historical cost	(787,879)	(787,879)
Fair value	3,050,123	3,011,648
Unrealized Fair Value Gain recognized in Equity (OCI)	2,262,244	2,223,768

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

In thousands of Nigerian Naira	Group June-18	Group Dec-17	Parent June-18	Parent Dec-17
Balance, beginning of the period	3,011,648	4,279,462	3,011,648	4,279,462
Reclassification to unquoted equity investments at cost	-	(1,290,144)	-	(1,290,144)
Fair value movement recognised in OCI	38,475	22,330	38,475	22,330
Write off	-	-	-	-
Reclassification from unquoted equity investments at cost	-	-	-	-
	3,050,123	**3,011,648**	**3,050,123**	**3,011,648**
Impairment charges on equity	-	-	-	-
Balance, end of the period	**3,050,123**	**3,011,648**	**3,050,123**	**3,011,648**

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 30 June 2018 of ₦2,262,244,000 (31 December, 2017: ₦2,223,768,000) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

The movement in other equity securities at fair value during the period is as follows:

In thousands of Nigerian Naira	Group Jun-18	Group Dec-17	Parent Jun-18	Parent Dec-17
Balance, beginning of the period	-	-	-	-
Reclassification to equity Securities at fair value through equity	9,048	-	-	-
Disposals	-	-	-	-
Exchange difference- gain/(loss)	148	-	-	-
Balance at the end of the period	**9,196**	**-**	**-**	**-**

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 30 June 2018 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

The Bank's provision level adequately meet the recommended provision by the Regulators. The reassessed CBN recommended provision as at December 31, 2017 amounted to N129,911,258,000. Of the amount recommended by the Central Bank of Nigeria, N19,873,478,000 relates to 2% General Loan Loss Provision on performing loans. Also, N4,585,514,000 recommended by CBN for Other Known Losses was adequately provided for in the June 2018 Financial Statements. The Bank did not transfer any sum into the Regulatory Risk Reserve during the period. Regulatory risk reserve represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses under the Prudential Guideline and the Loan Impairment allowance determined in accordance with provisions of IFRS. The total regulatory risk reserve stood at N15,438,506,000.

The Reconciliation between the CBN Recommended provisions and that under IFRS as at June 2018 is as shown in the table below:

	In thousands of Nigerian Naira	Reference	Specific	General	Total
a	**Loans and Advances:**				
	Opening Provision per CBN Prudential Guidelines		105,452,266	23,473,034	128,925,300
	Reassessment of general provision		105,452,266	19,873,478	125,325,744
	Impairment allowance per IFRS 9:				
	(Stages 1,2,3)	(Note 28 & 29)	(109,261,611)	-	(109,261,611)
	Amount required in Regulatory Risk Reserve[1]		**(3,809,345)**	**19,873,478**	**16,064,133**

b	**Provision for Other Known Losses:**			
	Provision for Other Known Losses – CBN recommended (A)			**4,585,514**
	IFRS Impairment on Other Financial Instruments			
	Bond FVOCI	(Note 26c)	1,398	
	Treasury Bills FVOCI	(Note 26c)	58,468	
	Corporate Bonds FVOCI	(Note 26c)	198,438	
	Bonds at Amortised Cost	(Note 26c)	9,033	
	Placements	(Note 23a)	305,508	
	Pledged Assets	(Note 27a)	7,960	
	Other Contingents	(Note 39f)	6,741,958	
	Other Assets	(Note 34)	233,385	
	Litigation Claims Provisions	(Note 39)	178,710	
				7,734,858
	Equity Investments fully Provisioned	(Note 26c)		4,151,658
	Total (B)			**11,886,516**
	Amount required in Regulatory Risk Reserve (A-B)			**(7,301,002)**

[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		**16,064,133**
	Regulatory reserve required for Other Known Losses		(7,301,002)
	Balance required per Regulatory Risk Reserve		**8,763,131**
	Balance per Regulatory Risk Reserve	(SOCIE - Page 58)	**15,438,506**
	Excess amount in regulatory risk reserve		**6,675,375**

d Movement in Regulatory Reserves

	Specific	General	Others	Total
Balance as at 1 January	43,390,378	23,981,770	390,532	67,762,679
Impact of IFRS 9 adoption	(43,390,378)	(8,543,264)	(390,532)	(52,324,173)
Balance, end of the period	**-**	**15,438,506**	**-**	**15,438,506**

The regulatory risk reserve for the Group as at June 2018 was N16,026,629,000 (Dec 2017: N71,218,191,000)

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

Jun-2018

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	152,711,498	35,840,513	23,822,263	12,428,081	1,185,739	225,988,094
Derived from other business segments	(23,940,778)	16,983,189	2,320,117	414,132	4,223,340	-
Total revenue	**128,770,720**	**52,823,702**	**26,142,380**	**12,842,213**	**5,409,079**	**225,988,094**
Interest expenses	(35,562,026)	(3,653,828)	(2,767,731)	(1,038,055)	(929,546)	(43,951,186)
Fee and commission expenses	(595,605)	(541,413)	(204,644)	(85,050)	(19,881)	(1,446,593)
Net operating income	**92,613,089**	**48,628,461**	**23,170,005**	**11,719,108**	**4,459,652**	**180,590,315**
Expense:						
Operating expenses	(12,709,739)	(25,134,676)	(12,633,757)	(8,309,624)	(2,551,745)	(61,339,541)
Net impairment loss on financial assets	(1,236,543)	(167,680)	(575,510)	(45,295)	(6,706)	(2,031,734)
Depreciation and amortization	(1,446,369)	(3,537,305)	(1,540,011)	(1,448,155)	(258,550)	(8,230,390)
Total cost	**(15,392,651)**	**(28,839,661)**	**(14,749,278)**	**(9,803,074)**	**(2,817,001)**	**(71,601,665)**
Profit before income tax from reportable segments	**77,220,438**	**19,788,800**	**8,420,727**	**1,916,034**	**1,642,651**	**108,988,650**
Tax	(9,955,415)	(2,551,212)	(1,085,617)	(247,019)	(211,774)	(14,051,037)
Profit after income tax from reportable segments	**67,265,023**	**17,237,588**	**7,335,110**	**1,669,015**	**1,430,877**	**94,937,613**
Assets and liabilities:						
Total assets	2,249,326,101	676,706,932	352,473,226	174,488,791	96,363,007	3,549,358,057
Total liabilities	(1,280,246,175)	(1,087,472,048)	(401,611,362)	(248,594,073)	(24,695,878)	(3,042,619,536)
Net assets/ (liabilities)	**969,079,926**	**(410,765,116)**	**(49,138,136)**	**(74,105,282)**	**71,667,129**	**506,738,521**
Additions to Non-Current Assets	**2,698,012**	**6,674,367**	**2,908,968**	**2,726,110**	**488,628**	**15,496,085**
Assets:						
Loans and advances to banks	1,902,044	-	-	-	-	1,902,044
Loans and advances to customers	949,601,445	94,501,598	158,376,656	25,279,821	63,498,709	1,291,258,229
Others	1,297,822,612	582,205,334	194,096,570	149,208,970	32,864,298	2,256,197,784
	2,249,326,101	**676,706,932**	**352,473,226**	**174,488,791**	**96,363,007**	**3,549,358,057**
Liabilities:						
Deposits from banks	102,567,738	-	-	-	-	102,567,738
Deposits from customers	653,808,337	1,054,304,004	313,777,094	226,497,750	20,369,746	2,268,756,931
Others	523,870,100	33,168,044	87,834,268	22,096,323	4,326,132	671,294,867
	1,280,246,175	**1,087,472,048**	**401,611,362**	**248,594,073**	**24,695,878**	**3,042,619,536**

Operating segments (Continued)

Information about operating segments

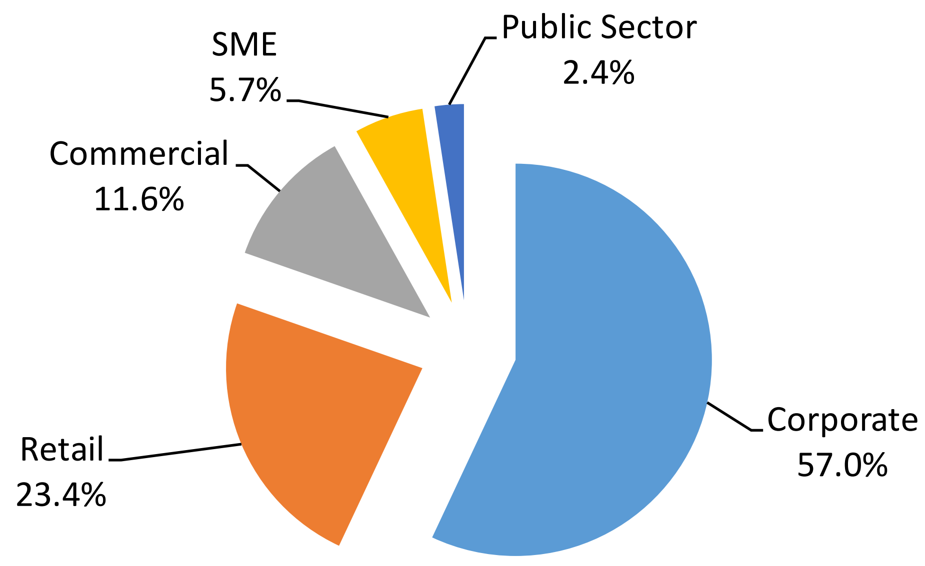
Group
Jun-2017

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	146,779,632	37,766,083	18,802,072	5,634,735	4,343,593	213,326,115
Derived from other business segments	(17,137,773)	12,342,221	1,171,078	3,387,594	236,880	-
Total revenue	**129,641,859**	**50,108,304**	**19,973,150**	**9,022,329**	**4,580,473**	**213,326,115**
Interest expenses	(30,911,325)	(2,401,952)	(1,769,754)	(701,328)	(563,056)	(36,347,415)
Fee and commission expenses	(337,772)	(416,133)	(145,644)	(53,624)	(12,470)	(965,643)
Net operating income	**98,392,762**	**47,290,219**	**18,057,752**	**8,267,377**	**4,004,947**	**176,013,057**
Expense:						
Operating expenses	(18,284,049)	(23,517,507)	(11,084,984)	(5,217,471)	(1,840,148)	(59,944,159)
Net impairment loss on financial assets	(3,981,017)	(1,464,592)	(1,933,131)	(422,569)	(57,679)	(7,858,988)
Depreciation and amortization	(1,329,563)	(3,478,512)	(1,557,984)	(1,288,730)	(226,075)	(7,880,864)
Total cost	**(23,594,629)**	**(28,460,611)**	**(14,576,099)**	**(6,928,770)**	**(2,123,902)**	**(75,684,011)**
Profit before income tax from reportable segments	**74,798,133**	**18,829,608**	**3,481,653**	**1,338,607**	**1,881,045**	**100,329,046**
Tax	(12,987,922)	(3,269,567)	(604,553)	(232,436)	(326,624)	(17,421,102)
Profit after income tax from reportable segments	**61,810,211**	**15,560,041**	**2,877,100**	**1,106,171**	**1,554,421**	**82,907,944**
Dec-2017						
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**
Dec-2017						
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**

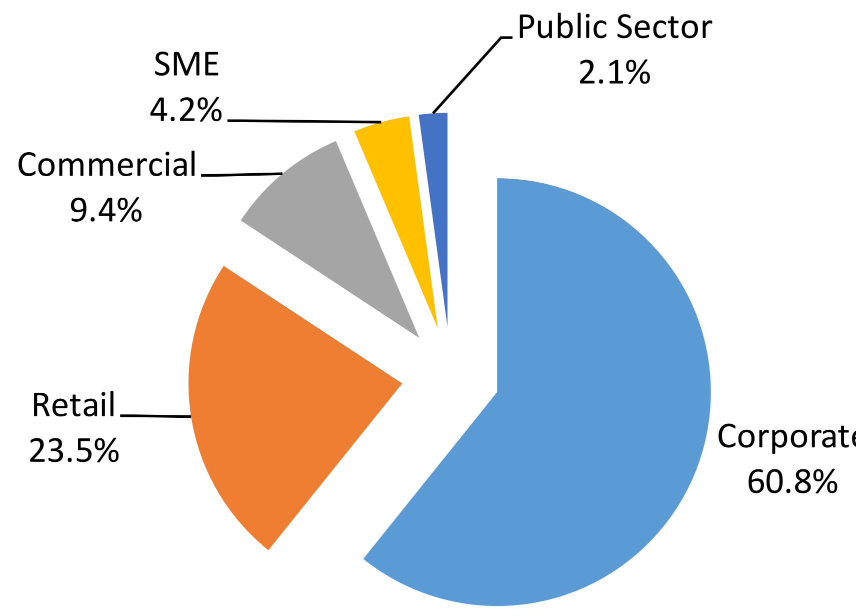
Operating segments (Continued)
Information about operating segments

Revenue

Group
Jun-2018

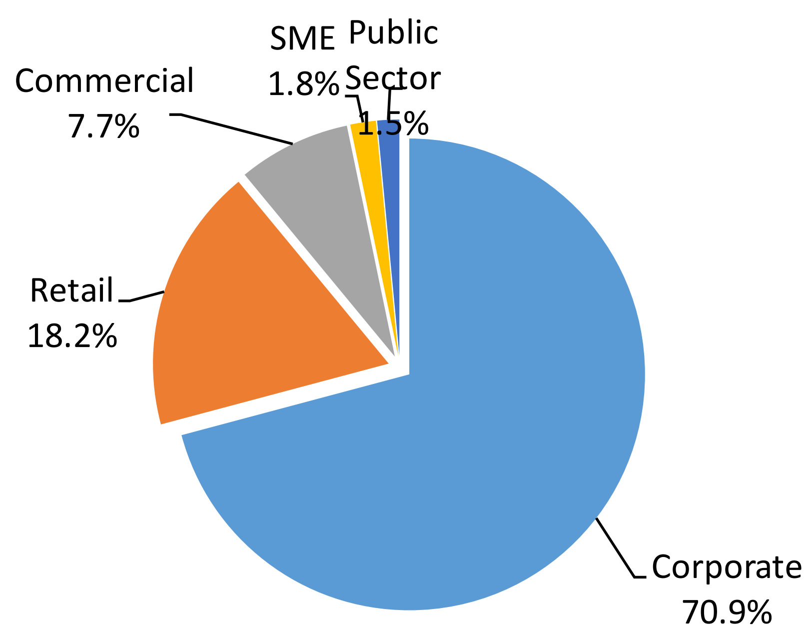


Group
Jun-2017

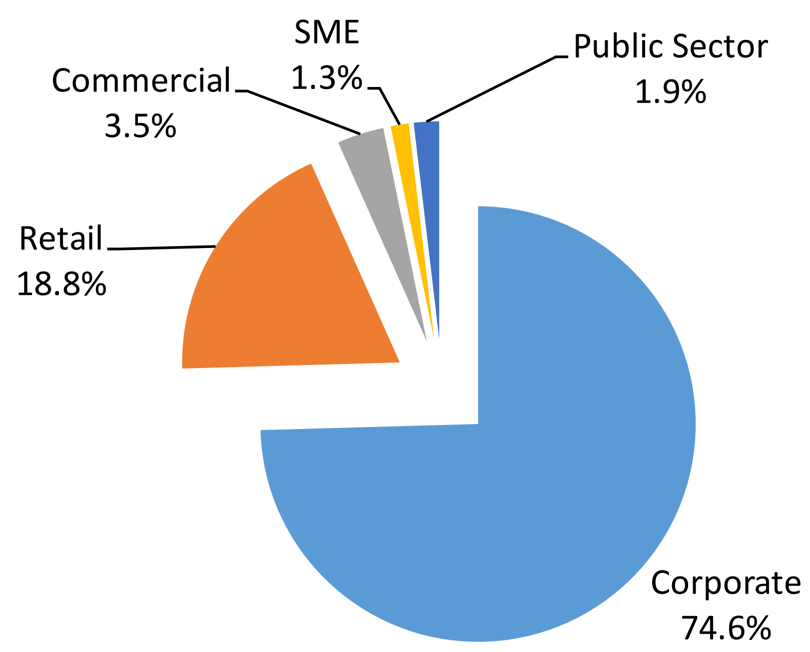


Profit before tax

Group
Jun-2018

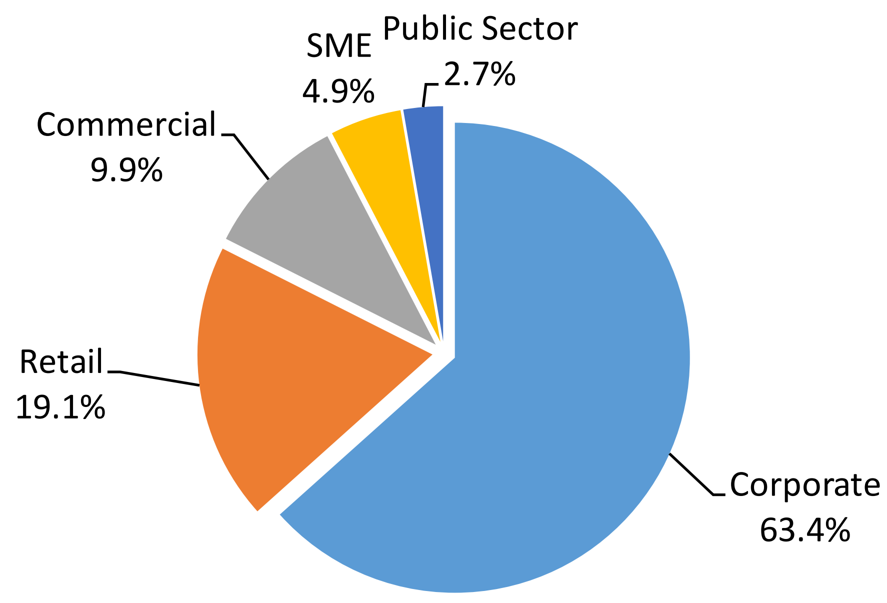


Group
Jun-2017

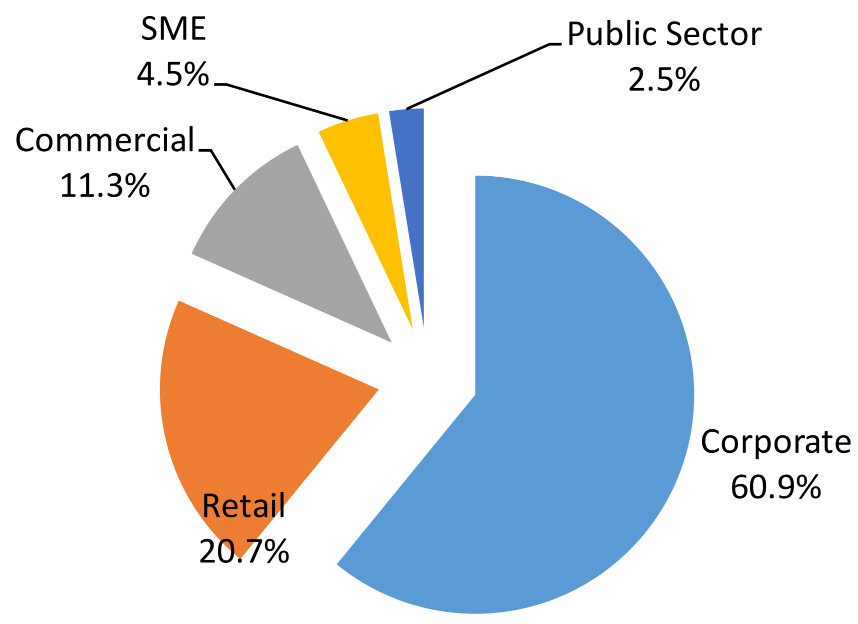


Assets

Group
Jun-2018

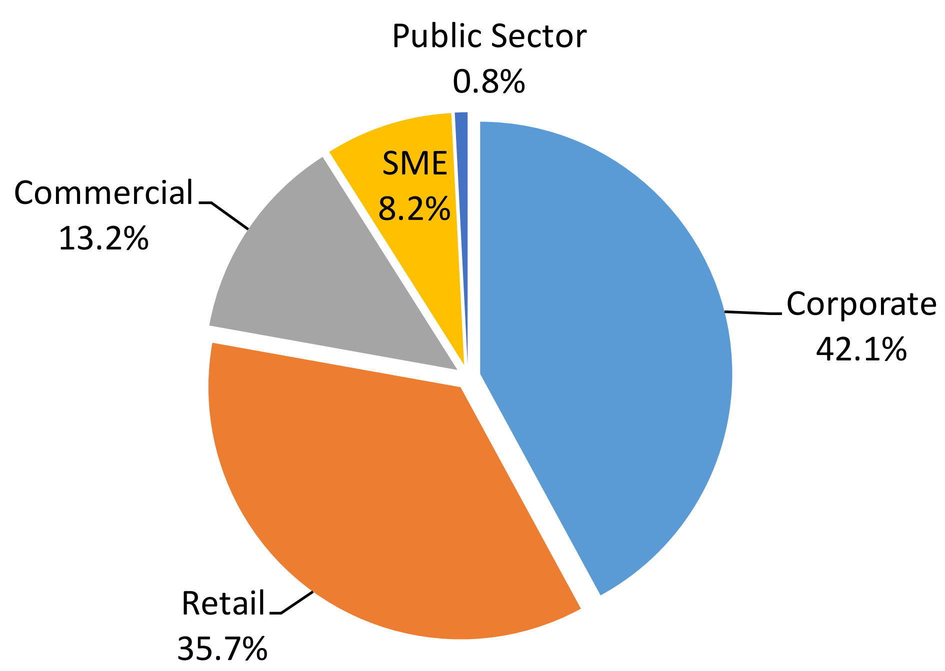


Group
Dec-2017

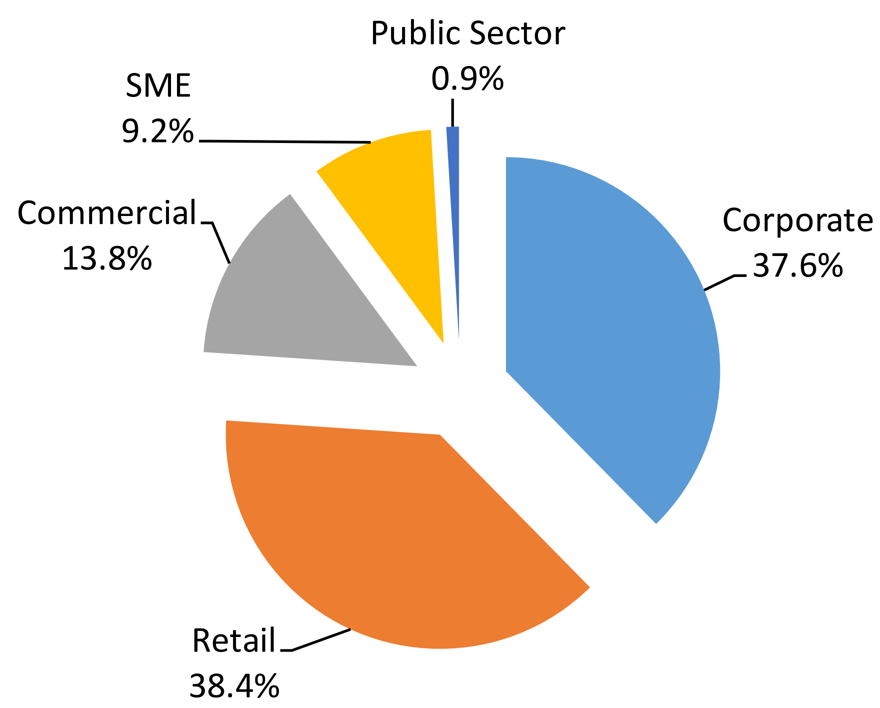


Liabilities

Group
Jun-2018



Group
Dec-2017



Operating segments (Continued)

Information about operating segments

Parent

Jun-2018

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	121,358,520	35,049,640	20,915,887	9,978,816	2,310,798	189,613,661	-	189,613,661
Derived from other business segments	(11,970,389)	8,491,595	1,160,058	207,066	2,111,670	-	-	-
Total revenue	**109,388,131**	**43,541,235**	**22,075,945**	**10,185,882**	**4,422,468**	**189,613,661**	**-**	**189,613,661**
Interest expenses	(29,233,565)	(3,003,609)	(2,275,198)	(853,327)	(764,128)	(36,129,827)	-	(36,129,827)
Fee and commission expenses	(425,006)	(386,337)	(146,028)	(60,689)	(14,187)	(1,032,247)	-	(1,032,247)
Net operating income	**79,729,560**	**40,151,289**	**19,654,719**	**9,271,866**	**3,644,153**	**152,451,587**	**-**	**152,451,587**
Expense:								
Operating expenses	(9,742,016)	(19,608,006)	(9,713,590)	(6,352,591)	(1,974,582)	(47,390,785)	-	(47,390,785)
Net impairment loss on financial assets	(1,217,873)	(165,148)	(566,820)	(44,611)	(6,605)	(2,001,057)	-	(2,001,057)
Depreciation and amortization	(1,179,388)	(2,884,362)	(1,255,744)	(1,180,843)	(210,825)	(6,711,162)	-	(6,711,162)
Total cost	**(12,139,277)**	**(22,657,516)**	**(11,536,154)**	**(7,578,045)**	**(2,192,012)**	**(56,103,004)**	**-**	**(56,103,004)**
Profit before income tax from reportable segments	**67,590,283**	**17,493,773**	**8,118,565**	**1,693,821**	**1,452,141**	**96,348,583**	**-**	**96,348,583**
Tax	(7,284,206)	(1,885,304)	(874,938)	(182,543)	(156,497)	(10,383,488)	-	(10,383,488)
Profit after income tax from reportable segments	**60,306,077**	**15,608,469**	**7,243,627**	**1,511,278**	**1,295,644**	**85,965,095**	**-**	**85,965,095**
Assets and liabilities:								
Total assets	1,868,195,458	562,044,256	292,749,406	144,923,035	80,035,052	2,947,947,207	902,824	2,948,850,031
Total liabilities	(1,051,957,262)	(893,557,927)	(329,997,462)	(204,265,667)	(20,292,197)	(2,500,070,515)	(899,604)	(2,500,970,119)
Net assets/ (liabilities)	**816,238,196**	**(331,513,671)**	**(37,248,056)**	**(59,342,632)**	**59,742,855**	**447,876,692**	**3,220**	**447,879,912**
Additions to Non-Current Assets	**1,085,956**	**2,841,167**	**1,272,525**	**2,282,764**	**409,163**	**7,891,575**	**-**	**7,891,575**
Assets:								
Loans and advances to banks	43,373	-	-	-	-	43,373	-	43,373
Loans and advances to customers	811,106,756	80,719,006	135,278,202	21,592,884	54,237,734	1,102,934,582	-	1,102,934,582
Others	1,057,045,329	481,325,250	157,471,204	123,330,151	25,797,318	1,844,969,252	902,824	1,845,872,076
	1,868,195,458	**562,044,256**	**292,749,406**	**144,923,035**	**80,035,052**	**2,947,947,207**	**902,824**	**2,948,850,031**
Liabilities:								
Deposits from banks	47,375	-	-	-	-	47,375	-	47,375
Deposits from customers	563,019,640	825,841,799	266,122,241	185,395,934	16,673,314	1,857,052,928	-	1,857,052,928
Others	488,890,247	67,716,128	63,875,221	18,869,733	3,618,883	642,970,212	899,604	643,869,816
	1,051,957,262	**893,557,927**	**329,997,462**	**204,265,667**	**20,292,197**	**2,500,070,515**	**899,604**	**2,500,970,119**

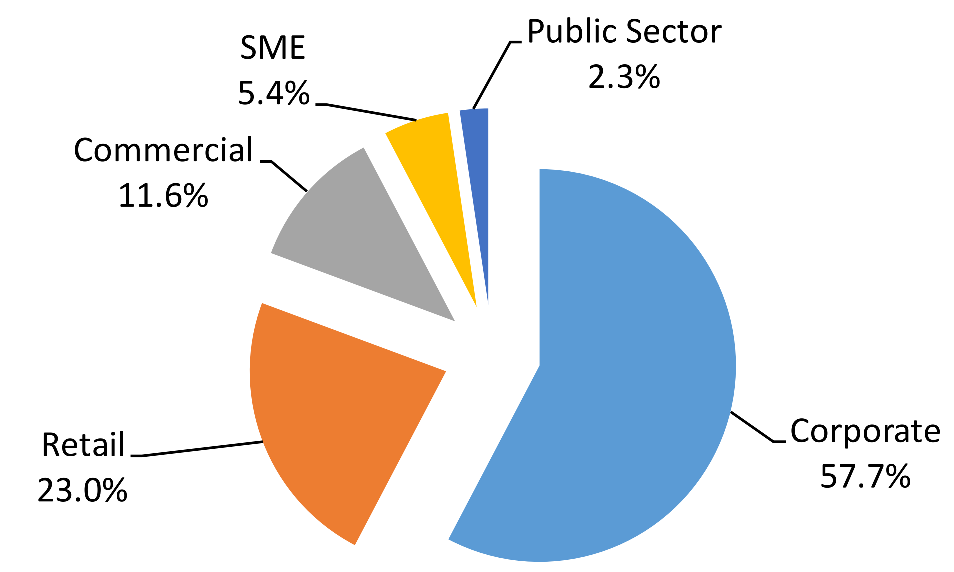
Parent
Jun-2017

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	126,234,247	32,577,005	16,069,814	4,736,411	3,786,397	183,403,874	-	183,403,874
Derived from other business segments	(15,579,793)	11,220,201	1,064,616	3,079,631	215,345	-	-	-
Total revenue	**110,654,454**	**43,797,206**	**17,134,430**	**7,816,042**	**4,001,742**	**183,403,874**	**-**	**183,403,874**
Interest expenses	(25,113,355)	(1,951,423)	(1,437,805)	(569,781)	(457,445)	(29,529,809)	-	(29,529,809)
Fee and commission expenses	(228,733)	(281,797)	(98,627)	(36,313)	(8,444)	(653,914)	-	(653,914)
Net operating income	**85,312,366**	**41,563,986**	**15,597,998**	**7,209,948**	**3,535,853**	**153,220,151**	**-**	**153,220,151**
Expense:								
Operating expenses	(11,673,417)	(20,455,199)	(9,211,656)	(4,443,160)	(1,569,615)	(47,353,047)	-	(47,353,047)
Net impairment loss on financial assets	(4,033,674)	(1,483,964)	(1,958,700)	(428,158)	(58,442)	(7,962,938)	-	(7,962,938)
Depreciation and amortization	(1,103,986)	(2,888,339)	(1,293,653)	(1,070,081)	(187,718)	(6,543,777)	-	(6,543,777)
Total cost	**(16,811,077)**	**(24,827,502)**	**(12,464,009)**	**(5,941,399)**	**(1,815,775)**	**(61,859,762)**	**-**	**(61,859,762)**
Profit before income tax from reportable segments	**68,501,289**	**16,736,484**	**3,133,989**	**1,268,549**	**1,720,078**	**91,360,389**	**-**	**91,360,389**
Tax	(10,589,568)	(2,587,282)	(484,481)	(196,104)	(265,906)	(14,123,341)	-	(14,123,341)
Profit after income tax from reportable segments	**57,911,721**	**14,149,202**	**2,649,508**	**1,072,445**	**1,454,172**	**77,237,048**	**-**	**77,237,048**
Dec-2017								
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**
Dec-2017								
Assets:								
Loans and advances to banks	43,480	-	-	-	-	43,480	-	43,480
Loans and advances to customers	915,684,907	114,899,847	162,792,836	21,672,856	50,921,242	1,265,971,688	-	1,265,971,688
Others	804,359,527	470,794,619	155,650,201	106,317,497	20,941,153	1,558,062,997	850,820	1,558,913,817
	1,720,087,914	**585,694,466**	**318,443,037**	**127,990,353**	**71,862,395**	**2,824,078,165**	**850,820**	**2,824,928,985**
Liabilities:								
Deposits from banks	42,360	-	-	-	-	42,360	-	42,360
Deposits from customers	442,120,330	788,682,300	268,056,351	181,916,041	16,785,925	1,697,560,947	-	1,697,560,947
Others	400,720,181	71,947,026	41,556,203	23,470,768	4,439,539	542,133,717	847,600	542,981,317
	842,882,871	**860,629,326**	**309,612,554**	**205,386,809**	**21,225,464**	**2,239,737,024**	**847,600**	**2,240,584,624**

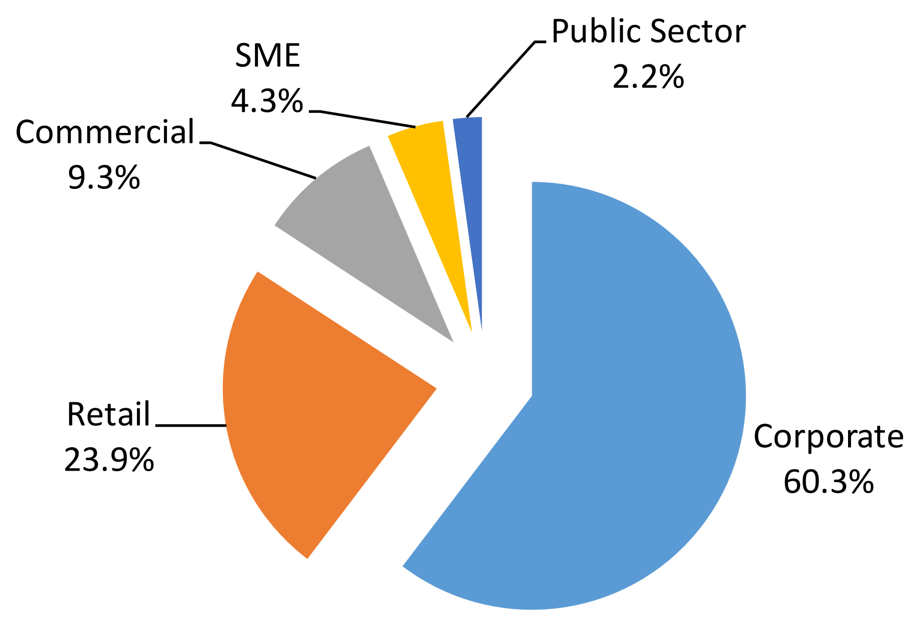
Operating segments (Continued)
Information about operating segments

Revenue

Parent
Jun-2018

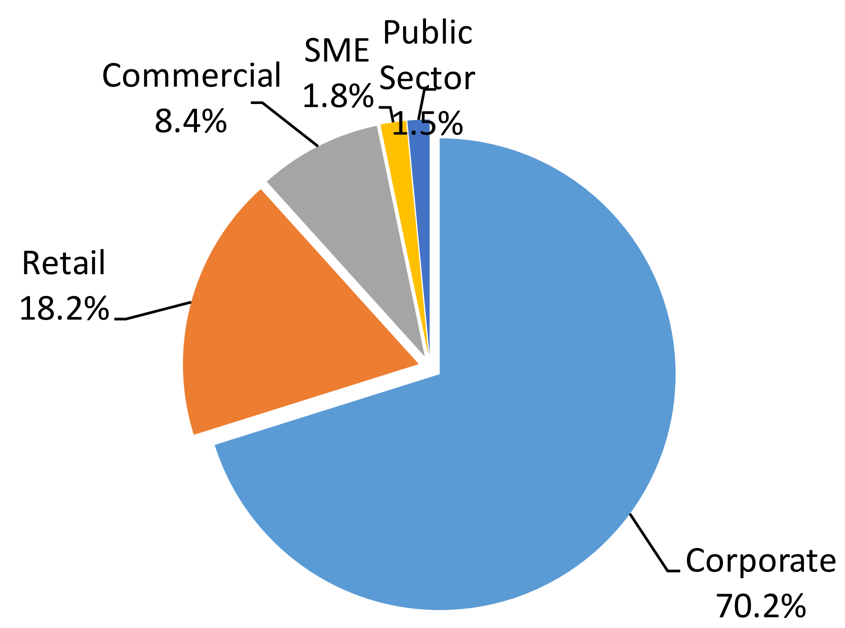


Parent
Jun-2017

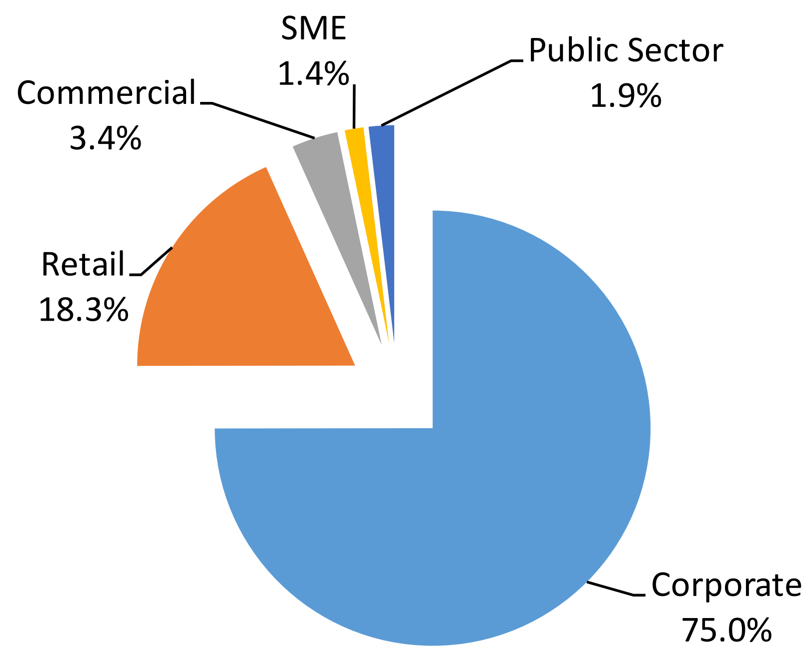


Profit before tax

Parent
Jun-2018

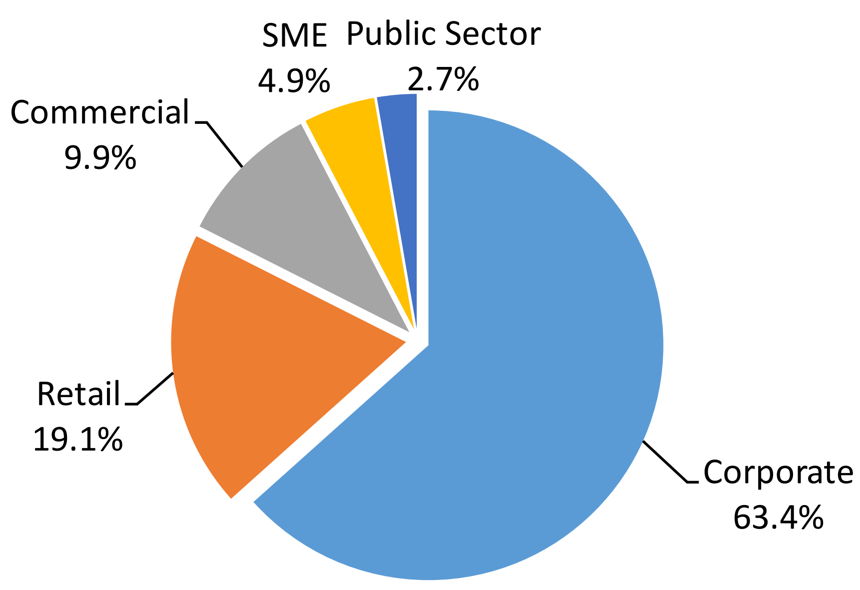


Parent
Jun-2017

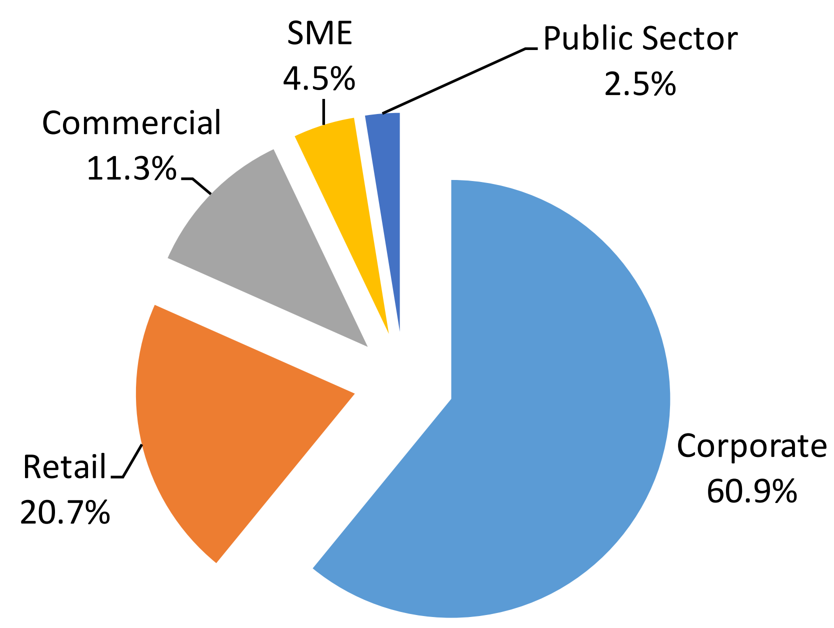


Assets

Parent
Jun-2018

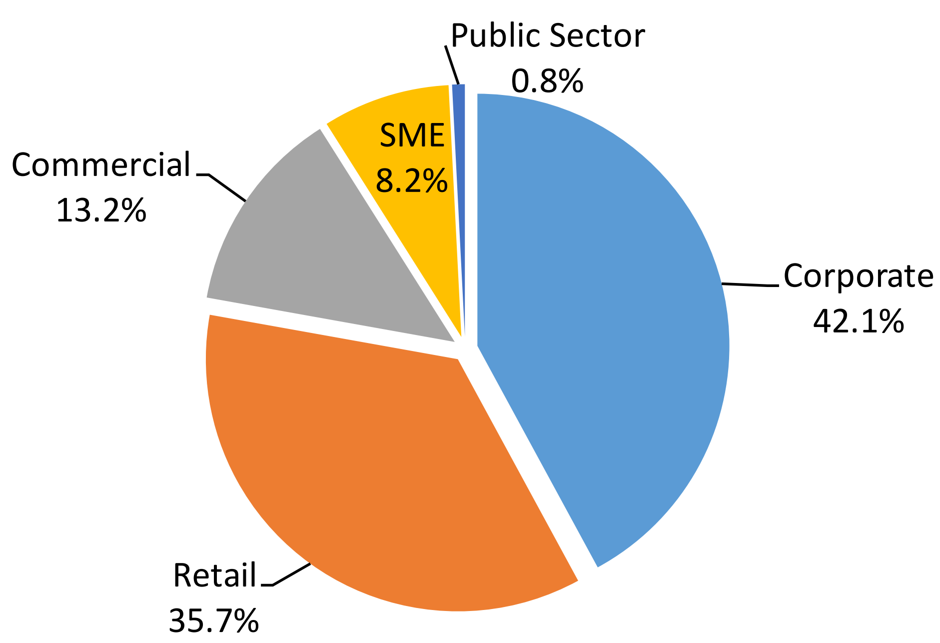


Parent
Dec-2017

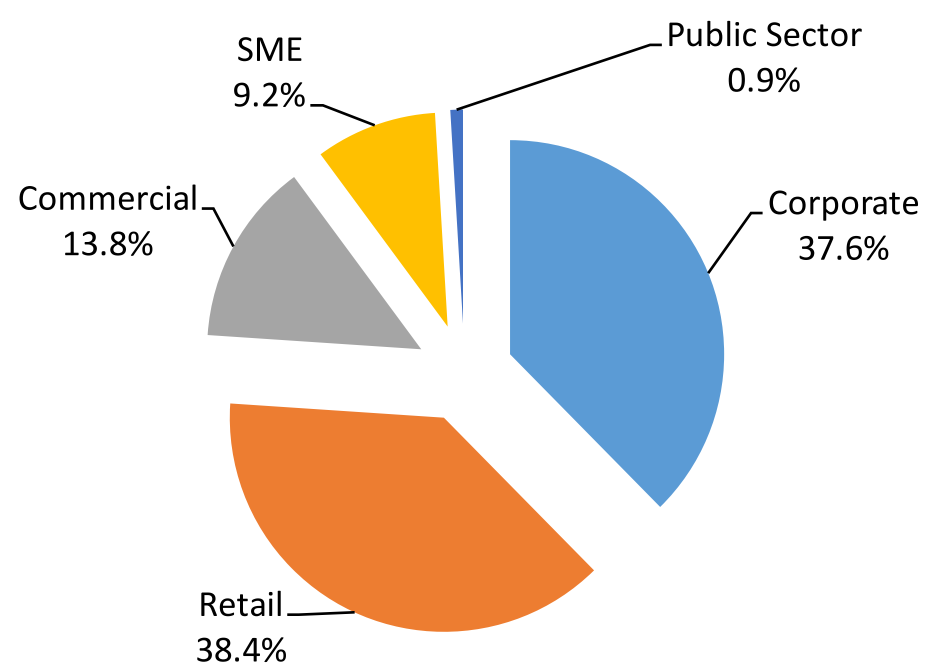


Liabilities

Parent
Jun-2018



Parent
Dec-2017



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 Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Bonds	1,924,312	1,750,614	1,611,641	1,525,790
Placements	4,367,156	8,914,723	3,657,562	7,769,841
Treasury Bills	59,111,279	56,327,053	49,506,626	49,093,200
Loans	130,912,160	128,375,532	109,640,994	111,888,789
Contingents	30,317,154	18,729,657	25,391,096	16,324,285
	226,632,061	**214,097,579**	**189,807,919**	**186,601,905**

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Continuing Operations:				
Total revenue from reportable segments	225,988,094	213,326,115	189,613,661	183,403,874
Consolidation and adjustments:				
- Other operating income	346,880	678,875	-	-
Revenue from continuing operations	**226,334,974**	**214,004,990**	**189,613,661**	**183,403,874**

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

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Interest income	161,880,719	165,884,856	137,498,087	145,244,701
Fee and commission income	27,356,320	23,715,006	19,276,566	17,076,295
Net gains on financial instruments classified as held for trading	12,649,671	5,663,642	9,019,140	3,104,156
Other operating income	24,745,351	18,834,075	24,014,126	21,176,753
Revenue and gains from continuing operations	226,632,061	214,097,579	189,807,919	186,601,905
Less gains:				
- Gain on disposal of fixed assets	(159,820)	13,918	(56,991)	19,945
- Dividends income	(137,267)	(106,507)	(137,267)	(3,217,976)
Revenue from continuing operations	**226,334,974**	**214,004,990**	**189,613,661**	**183,403,874**

Reconciliation of operating expenses

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Continuing Operations:				
Total operating expense from reportable segments	61,339,541	59,944,159	47,390,785	47,353,047
Operating expense from continuing operations	**61,339,541**	**59,944,159**	**47,390,785**	**47,353,047**

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

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Personnel expenses (See Note17)	18,576,247	16,368,191	12,459,690	11,380,738
Operating lease expenses	801,684	749,535	309,089	326,757
Other operating expenses (See Note20)	41,961,610	42,826,433	34,622,006	35,645,552
	61,339,541	**59,944,159**	**47,390,785**	**47,353,047**

Reconciliation of profit or loss

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Continuing Operations:				
Total profit or loss for reportable segments	108,988,650	100,329,046	96,348,583	91,360,389
Consolidation and adjustments:				
- Other operating income	346,880	678,875	-	-
Gains:				
- Gain on disposal of fixed assets	159,820	(13,918)	56,991	(19,945)
- Dividends income	137,267	106,507	137,267	3,217,976
Profit before income tax from continuing operations	**109,632,617**	**101,100,510**	**96,542,841**	**94,558,420**

Reconciliation of assets

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Continuing Operations:				
Total assets for reportable segments	3,549,358,057	3,352,525,164	2,947,947,207	2,824,078,165
Consolidation and adjustments	(487,296)	(1,428,505)	-	-
Total assets	**3,548,870,761**	**3,351,096,659**	**2,947,947,207**	**2,824,078,165**
Discontinued Operations:				
Total assets for reportable segments (See note 34(b))	-	-	902,824	850,820
Total assets	**-**	**-**	**902,824**	**850,820**

Reconciliation of liabilities

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Continuing Operations:				
Total liabilities for reportable segments	3,042,619,536	2,717,391,099	2,500,070,515	2,239,737,024
Consolidation and adjustments	9,169,232	8,537,765	-	-
Total liabilities	**3,051,788,768**	**2,725,928,864**	**2,500,070,515**	**2,239,737,024**
Discontinued Operations:				
Total liabilities for reportable segments (See note 34(b))	-	-	899,604	847,600
Total liabilities	**-**	**-**	**899,604**	**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)

Jun-2018

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	190,279,174	24,994,853	7,670,861	3,687,173	226,632,061
Derived from other segments	-	-	-	-	-
Total Revenue	190,279,174	24,994,853	7,670,861	3,687,173	226,632,061
Interest expense	(36,129,829)	(5,118,824)	(2,155,025)	(547,508)	(43,951,186)
Fee and commission expenses	(1,032,243)	(157,613)	(256,737)	-	(1,446,593)
Net interest margin	153,117,102	19,718,416	5,259,099	3,139,665	181,234,282
Profit before income tax	**96,385,707**	**11,834,762**	**553,530**	**858,618**	**109,632,617**
Assets and liabilities:					
Total assets	2,855,983,858	321,865,783	147,294,555	223,726,565	3,548,870,761
Total liabilities	(2,509,185,823)	(250,555,297)	(110,575,826)	(181,471,822)	(3,051,788,768)
Net assets/(liabilities)	**346,798,035**	**71,310,486**	**36,718,729**	**42,254,743**	**497,081,993**

Jun-2017

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	181,500,042	20,188,754	7,116,426	5,199,768	214,004,990
Derived from other segments	-	-	-	-	-
Total Revenue	181,500,042	20,188,754	7,116,426	5,199,768	214,004,990
Interest expense	(27,151,324)	(4,443,450)	(2,041,865)	(2,710,776)	(36,347,415)
Fee and commission expenses	(653,910)	(108,940)	(202,793)	-	(965,643)
Net interest margin	153,694,808	15,636,364	4,871,768	2,488,992	176,691,932
Profit before income tax	**91,084,356**	**8,499,980**	**824,817**	**691,357**	**101,100,510**

Dec-2017

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**

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities and their fair values.

Group
Jun-2018

In thousands of Nigerian Naira	*Note*	Carrying amount: Held for trading	Carrying amount: Designated at fair value	Carrying amount: Held at ammortized cost	Carrying amount: Loans and receivables	Carrying amount: Fair value through other comprehensive income	Carrying amount: Other financial assets / liabilities at amortized cost	Carrying amount: Total carrying amount	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total Fair value
Loans and advances to banks	28	-	-	-	1,902,044	-	-	1,902,044	-	1,902,026	-	1,902,026
Loans and advances to customers	29	-	-	-	1,291,258,229	-	-	1,291,258,229	-	1,314,962,907	158,381,847	1,473,344,754
Financial assets held for trading	24	32,726,616	-	-	-	-	-	32,726,616	32,726,616	-	-	32,726,616
Derivative financial assets	25	-	3,456,447	-	-	-	-	3,456,447	-	3,456,447	-	3,456,447
Assets pledged as collateral	27	-	-	423,132	-	66,434,824	-	66,857,956	66,434,823	423,133	-	66,857,956
Investment securities:												
– Fair Value through other comprehensive Income	26	-	-	-	-	576,893,252	-	576,893,252	566,799,150	7,034,783	3,059,319	576,893,252
– Held at amortised cost	26	-	-	122,528,540	-	-	-	122,528,540	120,530,340	1,998,200	-	122,528,540
Restricted deposits and other assets[1]	34	-	-	-	473,400,328	-	-	473,400,328	-	473,400,328	-	473,400,328
		32,726,616	**3,456,447**	**122,951,672**	**1,766,560,601**	**643,328,076**	**-**	**2,569,023,412**	**786,490,929**	**1,803,177,824**	**161,441,166**	**2,751,109,919**
Deposits from banks	35	-	-	-	-	-	102,567,738	102,567,738	-	100,608,899	-	100,608,899
Deposits from customers	36	-	-	-	-	-	2,268,756,931	2,268,756,931	-	2,266,511,185	-	2,266,511,185
Financial liabilities held for trading	37	6,213,914	-	-	-	-	-	6,213,914	6,213,914	-	-	6,213,914
Derivative financial liabilities	25	-	3,144,806	-	-	-	-	3,144,806	-	3,144,806	-	3,144,806
Debt securities issued	38	-	-	-	-	-	96,151,576	96,151,576	-	95,159,066	-	95,159,066
Other borrowed funds	41	-	-	-	-	-	215,730,914	215,730,914	-	215,243,640	-	215,243,640
Other liabilities[2]	39	-	-	-	-	-	325,955,678	325,955,678	-	325,955,678	-	325,955,678
		6,213,914	**3,144,806**	**-**	**-**	**-**	**3,009,162,837**	**3,018,521,557**	**6,213,914**	**3,006,623,274**	**-**	**3,012,837,188**

[1] Excludes prepayments & impairments

[2] Excludes Deferred Income and Provision for Litigations

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	26	-	-	-	-	517,492,733	-	517,492,733	507,845,054	6,626,983	3,020,696	517,492,733
– Held to maturity	26	-	-	96,466,598	-	-	-	96,466,598	94,459,345	2,007,253	-	96,466,598
Restricted deposits and other assets[1]	34	-	-	-	424,254,168	-	-	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[2]	39	-	-	-	-	-	218,031,898	218,031,898	-	218,031,898	-	218,031,898
		2,647,469	**2,606,586**	**-**	**-**	**-**	**2,678,133,882**	**2,683,387,937**	**2,647,469**	**2,675,049,535**	**-**	**2,677,697,004**

[1]Excludes prepayments & impairments

[2] Excludes Deferred Income and Provision for Litigations

Parent
Jun-2018

In thousands of Nigerian Naira	Note	Carrying amount: Held for trading	Designated at fair value	Held at ammortized cost	Loans and receivables	Fair value through other comprehensive income	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	-	-	-	43,373	-	-	43,373	-	43,480	-	43,480
Loans and advances to customers	29	-	-	-	1,102,934,582	-	-	1,102,934,582	-	1,186,553,531	98,467,280	1,285,020,811
Financial assets held for trading	24	20,891,955	-	-	-	-	-	20,891,955	20,891,955	-	-	20,891,955
Derivative financial assets	25	-	3,456,447	-	-	-	-	3,456,447	-	3,456,447	-	3,456,447
Assets pledged as collateral	27	-	-	-	-	66,420,134	-	66,420,134	66,420,134	-	-	66,420,134
Investment securities:												
– Fair Value through other comprehensive Income	26	-	-	-	-	500,266,671	-	500,266,671	490,181,765	7,034,783	3,050,123	500,266,671
– Held at amortised cost	26	-	-	1,998,200	-	-	-	1,998,200	-	1,998,200	-	1,998,200
Restricted deposits and other assets[1]	34	-	-	-	471,849,262	-	-	471,849,262	-	471,849,262	-	471,849,262
		20,891,955	**3,456,447**	**1,998,200**	**1,574,827,217**	**566,686,805**	**-**	**2,167,860,624**	**577,493,854**	**1,670,935,703**	**101,517,403**	**2,349,946,960**
Deposits from banks	35	-	-	-	-	-	47,375	47,375	-	47,375	-	47,375
Deposits from customers	36	-	-	-	-	-	1,857,052,928	1,857,052,928	-	1,854,807,065	-	1,854,807,065
Financial liabilities held for trading	37	6,213,914	-	-	-	-	-	6,213,914	6,213,914	-	-	6,213,914
Derivative financial liabilities	25	-	3,144,806	-	-	-	-	3,144,806	-	3,144,806	-	3,144,806
Debt securities issued	38	-	-	-	-	-	96,151,576	96,151,576	-	95,159,066	-	95,159,066
Other borrowed funds	41	-	-	-	-	-	207,591,030	207,591,030	-	207,591,031	-	207,591,031
Other liabilities[2]	39	-	-	-	-	-	303,539,190	303,539,190	-	303,539,190	-	303,539,190
		6,213,914	**3,144,806**	**-**	**-**	**-**	**2,464,382,099**	**2,473,740,819**	**6,213,914**	**2,464,288,533**	**-**	**2,470,502,447**

[1]Excludes prepayments & impairments

[2] Excludes Deferred Income and Provision for Litigations

Parent
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	-	-	-	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[2]	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 & impairments   [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 Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Loans and advances to banks	1,249,589	716,634	5,768	3,789
Loans and advances to customers	97,094,012	104,289,486	85,143,123	92,666,154
	98,343,601	105,006,120	85,148,891	92,669,943
Cash and cash equivalents	4,275,072	5,570,615	3,107,147	3,470,303
Investment securities FVPL	2,009,158	-	1,098,788	-
Financial assets held for trading	-	1,283,143	-	1,097,927
Investment securities:				
– Investment Securities FVOCI	42,834,463	-	41,862,020	-
– Available for sale	-	37,819,828	-	42,316,858
– Investment securities at amortised cost	8,300,828	-	163,644	-
– Held to maturity	-	5,591,592	-	371,907
Pledged Investment Securities FVOCI	6,117,597	-	6,117,597	-
Assets pledged as collateral	-	10,613,558	-	5,317,763
	161,880,719	165,884,856	137,498,087	145,244,701

Geographical location

Interest income earned in Nigeria	135,048,834	144,874,731	135,048,834	144,874,731
Interest income earned outside Nigeria	26,831,885	21,010,125	2,449,253	369,970
	161,880,719	165,884,856	137,498,087	145,244,701

10 **Interest expense**

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Deposit from banks	70,387	619,672	160,469	6,164
Deposit from customers	34,574,147	26,064,583	27,976,139	20,656,995
	34,644,534	26,684,255	28,136,608	20,663,159
Financial liabilities held for trading	883,127	717,136	883,127	717,136
Other borrowed funds	5,599,143	5,136,280	4,285,710	4,339,770
Debt securities	2,824,382	3,809,744	2,824,382	3,809,744
Total interest expense	43,951,186	36,347,415	36,129,827	29,529,809
Geographical location				
Interest expense paid in Nigeria	22,063,999	22,171,174	22,221,139	22,269,493
Interest expense paid outside Nigeria	21,887,187	14,176,241	13,908,688	7,260,316
	43,951,186	36,347,415	36,129,827	29,529,809

11 **Loan impairment charges**

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Loans and advances to banks (Note 28)	**(7,721)**	**411**	**(7,721)**	**411**
12-month ECL	(7,254)	-	(7,254)	-
Lifetime ECL credit impaired	(467)	-	(467)	-
Increase/(reversal) in collective impairment	-	411	-	411
Loans and advances to customers (Note 29)	**2,039,455**	**7,212,397**	**2,008,778**	**7,316,347**
12-month ECL	(6,367,502)	-	(6,472,947)	-
Increase/(reversal) in collective impairment	-	(3,461,795)	-	(3,044,794)
Lifetime ECL credit impaired	11,374,272	-	8,481,725	-
Increase in specific impairment	-	14,419,262	-	14,062,724
Amounts written off during the period as uncollectible	(33,743)	-	-	-
Recovery of loan amounts previously written off	(2,933,572)	(3,745,070)	-	(3,701,583)
	2,031,734	**7,212,808**	**2,001,057**	**7,316,758**

12 Fee and commission income

In thousands of Nigerian Naira	Group Jun-2018	Group Restated[1] Jun-2017	Parent Jun-2018	Parent Restated[1] Jun-2017
Credit related fees and commissions	4,621,654	5,760,097	2,734,987	4,146,314
Account Maintenance Charges	5,180,962	4,872,518	4,459,739	4,237,624
Corporate finance fees	3,727,670	1,803,552	3,727,670	1,803,552
E-business Income	4,270,390	3,842,440	3,442,756	3,193,782
Commission on foreign exchange deals	2,413,491	1,342,880	2,413,491	1,342,880
Commission On Touch Points	532,582	390,526	532,582	390,526
Income from financial guarantee contracts issued	2,101,599	1,855,106	1,134,647	1,077,823
Account services, maintenance and anciliary banking charges	3,220,131	2,930,134	830,694	883,794
Transfers related charges	1,287,841	917,753	-	-
	27,356,320	**23,715,006**	**19,276,566**	**17,076,295**

[1]Non-vatable items have been appropriately reclassified from Fee and Commission to Other Income from (see Note 50)

13 Fee and commission expense

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Bank charges	904,403	527,190	677,902	394,781
Loan recovery expenses	542,190	438,453	354,345	259,133
	1,446,593	**965,643**	**1,032,247**	**653,914**

14 Net gains on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Bonds FVPL	277,139	-	277,139	-
Bonds trading	-	96,656	-	96,656
Treasury bills FVPL	2,864,915	-	1,547,982	-
Treasury bills trading	-	1,939,931	-	1,404,622
Foreign exchange trading gain	9,507,617	3,627,055	7,194,019	1,602,878
Net trading income	**12,649,671**	**5,663,642**	**9,019,140**	**3,104,156**

15 **Other income**

In thousands of Nigerian Naira	Group Jun-2018	Group Restated[1] Jun-2017	Parent Jun-2018	Parent Restated[1] Jun-2017
Mark to market gains on trading investments	26,419	33,202	26,419	33,202
Foreign exchange revaluation gain	17,371,255	14,396,024	16,742,859	13,633,260
Gain on disposal of fixed assets	159,820	(13,918)	56,991	(19,945)
Discounts And Recoverables (FX)	3,561,802	3,499,730	3,561,802	3,499,730
Mark - Up Exchange Income	903,561	812,530	903,561	812,530
Dividend income and recoveries	2,722,494	106,507	2,722,494	3,217,976
	24,745,351	**18,834,075**	**24,014,126**	**21,176,753**

[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 Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Impairment charges on equity investments	-	646,180	-	646,180
	-	646,180	-	646,180

17 **Personnel expenses**

(a)

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Wages and salaries	16,009,765	14,740,034	11,400,580	10,860,672
Contributions to defined contribution plans	639,224	617,052	417,427	425,572
Defined benefit costs	156,455	(765,586)	134,300	(765,586)
Cash-settled share-based payments (see 17(b) below)	324,827	735,902	324,827	735,902
Staff welfare expenses	1,445,976	1,040,789	182,556	124,178
	18,576,247	**16,368,191**	**12,459,690**	**11,380,738**

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 30 Jun 2018	363,527
SARs granted to senior management employees at 31 Dec 2017	403,531

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Jun-2018	Group Dec-2017
Total carrying amount of liabilities for cash-settled arrangements	39	9,169,232	8,537,765

The carrying amount of liabilities for cash-settled share based payments includes:

In thousands of Nigerian Naira	Note	Group Jun-2018	Group Dec-2017
Balance, beginning of period		8,537,765	7,920,089
Effect of changes in fair value of SAR at period end		324,827	234,622
Share rights granted during the period		306,640	383,054
Balance, end of period	**39**	**9,169,232**	**8,537,765**

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

	Group Jun-2018 Number	Group Jun-2017 Number	Parent Jun-2018 Number	Parent Jun-2017 Number
Executive directors	6	6	6	6
Management	207	244	54	53
Non-management	5,167	4,974	3,336	3,269
	5,380	5,224	3,396	3,328

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

	Group Jun-2018 Number	Group Jun-2017 Number	Parent Jun-2018 Number	Parent Jun-2017 Number
Commercial Banking Abuja	34	33	34	33
Commercial Banking Lagos	175	164	175	164
Commercial Banking North East	52	49	52	49
Commercial Banking North West	57	52	57	52
Commercial Banking South East	47	51	47	51
Commercial Banking South South	47	61	47	61
Communication and External Affairs	184	183	30	28
Compliance Group	33	28	33	28
Corporate Services	112	133	65	88
Digital Banking Division	144	142	111	108
Enterprise Risk Management	161	154	78	81
Chief Executive Officer	1	1	1	1
Financial Control, Group Reporting & Strategy	27	29	27	29
Human Resources	29	26	29	26

Institutional Banking	307	372	100	161
International Banking	27	27	27	27
Operations	179	184	179	184
Public Sector Abuja	31	35	31	35
Public Sector Lagos	20	19	20	19
Retail Lagos	163	160	163	160
Retail Abuja	57	50	57	50
Retail South East	16	15	16	15
South West Division	97	102	97	102
Retail South-South	41	43	41	43
SME Abuja	45	41	45	41
SME Division - Lagos	104	94	104	94
SME Division - South East	36	41	36	41
Systems and Control	141	141	84	87
Technology	243	227	168	153
Transaction Services	1,754	1,672	1,263	1,198
Wholesale Banking	41	41	30	30
Commercial Banking Subsidiaries	110	99	-	-
Retail Subsidiaries	152	131	-	-
Public Sector Subsidiaries	11	10	-	-
Other Support Services Subsidiaries	553	525	-	-
Customer Experience Management Division	66	57	66	57
Data Analytics Division	5	4	5	4
Fintech and Innovation Division	6	4	6	4
Legal Group	25	24	25	24
Oil & Gas Divison	47	-	47	-
	5,380	5,224	3,396	3,328

(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 Jun-2018 Number	Group Jun-2017 Number	Parent Jun-2018 Number	Parent Jun-2017 Number
N720,001 - ₦1,400,000	1,585	1,575	-	-
N1,400,001 - ₦2,050,000	178	127	6	8
N2,190,001 - ₦2,330,000	698	638	647	587
N2,330,001 - ₦2,840,000	20	16	-	-
N2,840,001 - ₦3,000,000	20	18	-	-
N3,001,001 - N3,830,000	864	771	851	762
N3,830,001 - ₦4,530,000	30	5	-	-
N4,530,001 - ₦5,930,000	696	757	687	743
N6,000,001 - N6,800,000	379	405	372	399
N6,800,001 - ₦7,300,000	10	10	-	-
N7,300,001 - ₦7,800,000	8	8	-	-
N7,800,001 - ₦8,600,000	347	325	339	315
N8,600,001 - ₦11,800,000	344	355	328	339
Above ₦11,800,000	195	208	160	169
	5,374	5,218	3,390	3,322

18 Operating lease expense

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Operating lease expense	801,684	749,535	309,089	326,757
	801,684	**749,535**	**309,089**	**326,757**

This expense relates to amortised portion of lease rentals on branches leased by the Bank. The umamortised portion is classified as prepayments under Other Assets (please refer to Note 34(ii)). Lease rentals are fully paid in advance with the effect that there are no future minimum lease payments to be made in respect of the leases.

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Amortisation of intangible assets (see note 32)	1,106,985	925,477	858,442	758,694
Depreciation of property, plant and equipment (see note 31)	7,123,405	6,955,387	5,852,720	5,785,083
	8,230,390	**7,880,864**	**6,711,162**	**6,543,777**

20 Other operating expenses

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Finance costs	7,227	50,120	2,310	48,678
Deposit insurance premium	3,947,248	3,871,723	3,862,950	3,798,067
Other insurance premium	623,067	621,101	565,840	581,285
Auditors' remuneration[1]	379,238	270,864	252,000	183,600
Professional fees and other consulting costs	649,262	612,350	424,299	492,817
AMCON expenses	14,124,645	13,066,700	14,124,645	13,066,700
Stationery and postage	656,096	920,098	469,354	734,416
Business travel expenses	360,829	392,585	212,177	219,892
Advert, promotion and corporate gifts	2,596,848	3,526,148	1,905,774	2,975,831
Repairs and maintenance	2,183,004	3,212,649	1,671,985	2,550,205
Occupancy costs[2]	4,323,480	4,061,005	3,223,831	2,997,652
Directors' emoluments	366,234	377,646	138,112	162,327
Outsourcing services	4,553,377	4,357,436	3,775,640	3,494,022
Administrative expense	2,639,695	3,028,587	1,710,312	1,685,952
Communications and sponsorship related expense	2,569,408	2,596,716	955,003	1,445,818
Human capital related expenses	1,053,846	1,086,387	1,016,584	1,032,625
Customer service related expenses	928,106	774,318	311,190	175,665
	41,961,610	**42,826,433**	**34,622,006**	**35,645,552**

[1] Auditor's remuneration represents fees for the interim audits of the Group and Bank for the period ended 30 June 2018. The Bank also paid the auditors professional fees in the sum of N31,300,000 for non-audit services (N25,000,000 for IFRS 9 model certification and N6,300,000 for certification of financial covenant with the Bank's foreign lenders) rendered during the period. These services, in the Bank's opinion, did not impair the independence and objectivity of the external auditor.

[2] This relates to diesel, fuel, and electricity cost as well as ground rates and water cost

21 **Income tax expense**

recognised in the Income statement

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
a) **Current tax expense:**				
Company income tax	10,821,129	20,294,177	7,871,559	17,658,709
Education Tax	690,934	824,218	690,934	824,218
NITDA Levy	965,428	945,584	965,428	945,584
	12,477,491	22,063,979	9,527,921	19,428,511
Prior period's under provision	2,484,927	137,114	2,484,927	137,114
Deferred tax expense:				
Origination of temporary differences	(911,381)	(4,779,991)	(1,629,360)	(5,442,284)
	14,051,037	**17,421,102**	**10,383,488**	**14,123,341**

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	Jun-2018	Jun-2018	Jun-2017	Jun-2017
Profit before income tax	109,632,617		101,100,510	
Income tax using the domestic corporation tax rate	32,889,785	30.0%	30,330,153	30.0%
Effect of tax rates in foreign jurisdictions	(259,383)	-0.2%	1,335,134	1.3%
Non-deductible expenses	2,783,902	2.5%	9,741,000	9.6%
Education tax levy	690,934	0.6%	824,218	0.8%
NITDEF tax levy	965,428	0.9%	945,584	0.9%
Tax exempt income	(25,214,927)	-23.0%	(25,608,426)	-25.3%
Deductible expenses	(289,629)	-0.3%	(283,675)	-0.3%
Prior period's under provision	2,484,927	2.3%	137,114	0.1%
Total income tax expense	**14,051,037**	**12.8%**	**17,421,102**	**17.2%**

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	**Jun-2018**	**Jun-2018**	**Jun-2017**	**Jun-2017**
Profit before income tax	96,542,841		94,558,420	
Income tax using the domestic corporation tax rate	28,962,853	30.0%	28,367,526	30.0%
Non-deductible expenses[1]	2,783,902	2.9%	9,741,000	10.3%
Education tax levy	690,934	0.7%	824,218	0.9%
NITDEF tax levy	965,428	1.0%	945,584	1.0%
Tax exempt income[2]	(25,214,927)	-26.1%	(25,608,426)	-27.1%
Deductible expenses	(289,629)	-0.3%	(283,675)	-0.3%
Prior period's under provision	2,484,927	2.6%	137,114	0.1%
Total income tax expense	**10,383,488**	**10.8%**	**14,123,341**	**14.9%**

[1] Non-deductible expense include depreciation, stage 1 impairment, non-allowable donations ,etc

[2] 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 Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Income tax relating to remeasurements of post-employment benefit obligations	(79,626)	194,750	(79,626)	194,750
Income tax relating to Foreign currency translation differences for foreign operations	743,244	(217,729)	-	-
Income tax relating to Net change in fair value through other comprehensive income financial assets	(1,085,313)	-	(1,264,726)	-
Income tax relating to Net change in fair value of financial assets FVOCI	-	524,109	-	106,372
	(421,695)	**501,130**	**(1,344,352)**	**301,122**

(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 Jun-2018**	**Group Dec-2017**	**Parent Jun-2018**	**Parent Dec-2017**
Balance, beginning of the period	24,147,356	17,928,279	24,009,770	17,819,039
Exchange difference on translation	14,545	121,717	-	-
Charge for the period	12,477,491	16,058,977	9,527,921	11,847,180
Payments during the period	(29,408,127)	(25,001,610)	(26,494,700)	(20,696,442)
Prior year's under provision	2,484,927	228,595	2,484,927	228,595
Dividend Tax	-	14,811,398	-	14,811,398
Balance, end of the period	**9,716,192**	**24,147,356**	**9,527,918**	**24,009,770**

22 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the 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 N95,042,943,000 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 Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Net profit attributable to equity holders of the Company	95,042,943	83,120,122	86,159,353	80,435,079
Net profit used to determine diluted earnings per share	95,042,943	83,120,122	86,159,353	80,435,079

Number of ordinary shares

In thousands of shares	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
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)	3.38	2.96	2.93	2.73

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS for continuing operations are the same for the Group.

23 Cash and bank balances

(a)

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Dec-2017**	**Parent Jun-2018**	**Parent Dec-2017**
Cash in hand	85,291,449	67,303,684	50,388,638	42,123,376
Balances held with other banks	239,990,093	224,804,904	111,194,904	113,342,767
Unrestricted balances with central banks	104,307,374	83,203,161	68,366,497	54,379,661
Money market placements	401,694,844	266,662,035	393,212,410	245,450,392
	831,283,760	**641,973,784**	**623,162,449**	**455,296,196**
Impairment on Placements	(305,508)	-	(305,508)	-
	830,978,252	**641,973,784**	**622,856,941**	**455,296,196**
Current	830,978,252	635,011,957	622,856,941	448,334,369
Non-current	-	6,961,827	-	6,961,827

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

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Dec-2017**	**Parent Jun-2018**	**Parent Dec-2017**
Cash and bank balances	830,978,252	641,973,784	622,856,941	455,296,196
Cash and bank balances above three months	(136,852,332)	(32,798,887)	(113,174,552)	(28,870,700)
	694,125,920	**609,174,897**	**509,682,389**	**426,425,496**

24 Financial assets held for trading

(a)

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Financial assets Fair Value through Profit or Loss:				
Bonds - FVPL (see note 24(b) below)	2,610,114	-	2,610,114	-
Treasury Bills - FVPL (see note 24(c) below)	30,116,502	-	18,281,841	-
	32,726,616	**-**	**20,891,955**	**-**
Financial assets held for trading:				
Trading bonds (see note 24(b) below)	-	6,940,582	-	4,124,124
Trading treasury bills (see note 24(c) below)	-	17,005,079	-	12,528,232
	-	**23,945,661**	**-**	**16,652,356**
Total trading assets	**32,726,616**	**23,945,661**	**20,891,955**	**16,652,356**
Current	19,571,331	15,272,602	18,589,829	12,528,232
Non-current	13,155,285	8,673,059	2,302,126	4,124,124

(b) Bonds FVPL are analysed below:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
9th FGN Bond Series 3 (16.00%)	307,987	-	307,987	-
12th FGN Bond Series 1 (15.54%)	1,436,202	-	1,436,202	-
13th FGN Bond Series 2 (12.40%)	92,495	291,320	92,495	291,320
13th FGN Bond Series 1 (12.50%)	-	389,307	-	389,307
14th FGN Bond Series 1 (16.2884%)	351,035	2,082,272	351,035	2,082,272
11th FGN Bond Series 2 (12.15%)	185,712	93,183	185,712	93,183
11th FGN Bond Series 1 (14.20%)	-	209,143	-	209,143
14th FGN Bond Series 2 (16.2499%)	236,683	119,180	236,683	119,180
FGN Sukuk 16.47 26-SEPT-2024/7Y	-	939,719	-	939,719
Non-Nigerian trading bonds	-	2,816,458	-	-
	2,610,114	**6,940,582**	**2,610,114**	**4,124,124**

Please note that the corresponding period figures in the table above relate to Trading Bonds.

(c) Treasury bills FVPL is analysed below:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Nigerian treasury bills' maturities:				
25-January-2018	-	12,122	-	12,122
01-February-2018	-	92,768	-	92,768
08-February-2018	-	1,644	-	1,644
15-February-2018	-	202,006	-	202,006
01-March-2018	-	735	-	735
08-March-2018	-	9,686	-	9,686
15-March-2018	-	2,826,433	-	2,826,433
29-March-2018	-	215,755	-	215,755
05-April-2018	-	4,906	-	4,906
12-April-2018	-	1,568,097	-	1,568,097

19-April-2018	-	40,246	-	40,246
26-April-2018	-	4,039	-	4,039
03-May-2018	-	105,021	-	105,021
10-May-2018	-	431,788	-	431,788
24-May-2018	-	1,163,996	-	1,163,996
31-May-2018	-	80,627	-	80,627
07-June-2018	-	928,720	-	928,720
14-June-2018	-	3,514	-	3,514
21-June-2018	-	593,890	-	593,890
05-July-2018	523,757	556,460	523,757	556,460
12-July-2018	232,544	307,129	232,544	307,129
19-July-2018	194,588	340,636	194,588	340,636
26-July-2018	326,636	126,060	326,636	126,060
02-August-2018	76,322	-	76,322	-
09-August-2018	5,031	-	5,031	-
16-August-2018	-	108,015	-	108,015
23-August-2018	-	14,255	-	14,255
30-August-2018	86,393	1,388,767	86,393	1,388,767
13-September-2018	195,327	2,167	195,327	2,167
20-September-2018	-	25,343	-	25,343
27-September-2018	8,003	-	8,003	-
04-October-2018	6,252,189	16,868	6,252,189	16,868
11-October-2018	126,850	-	126,850	-
18-October-2018	-	886,724	-	886,724
25-October-2018	11,745	-	11,745	-
01-November-2018	8,277	224,159	8,277	224,159
15-November-2018	96,626	245,656	96,626	245,656
22-November-2018	156,889	-	156,889	-
06-December-2018	54,270	-	54,270	-
13-December-2018	2,043,209	-	2,043,209	-
20-December-2018	705,513	-	705,513	-
27-December-2018	195,942	-	195,942	-
03-January-2019	2,823,982	-	2,823,982	-
10-January-2019	190,576	-	190,576	-
24-January-2019	1,896,875	-	1,896,875	-
31-January-2019	271,778	-	271,778	-
14-February-2019	151,208	-	151,208	-
28-February-2019	12,803	-	12,803	-
14-March-2019	159,546	-	159,546	-
21-March-2019	235,200	-	235,200	-
30-May-2019	464,491	-	464,491	-
20-June-2019	775,271	-	775,271	-
Non-Nigerian treasury bills	11,834,661	4,476,847	-	-
	30,116,502	**17,005,079**	**18,281,841**	**12,528,232**

Please note that the corresponding period figures in the table above relate to Trading Treasury Bills

25 Derivative financial instruments

(a) Group

Jun-2018

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	22,984,012	788,209	(755,240)
Put and Call options	1,185,214	2,668,238	(2,389,566)
Derivative assets/(liabilities)	**24,169,226**	**3,456,447**	**(3,144,806)**

Group

Dec-2017

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,688,033	638,261	(592,320)
Put and Call options	33,346,156	2,200,817	(2,014,266)
Derivative assets/(liabilities)	**64,034,189**	**2,839,078**	**(2,606,586)**

Parent

Jun-2018

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	22,984,012	788,209	(755,240)
Put and Call options	1,185,214	2,668,238	(2,389,566)
Derivative assets/(liabilities)	**24,169,226**	**3,456,447**	**(3,144,806)**

Parent

Dec-2017

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,688,033	638,261	(592,320)
Put and Call options	33,346,156	2,200,817	(2,014,266)
Derivative assets/(liabilities)	**64,034,189**	**2,839,078**	**(2,606,586)**

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives and Options

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading.

The Forwards transactions of the Bank are purely FX purchases from counterparties on behalf of customers for trade finance

The Bank has delivered Naira but yet to receive FX. Therefore they are not typical Forward transactions with the Sovereign.

A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rat

on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. 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. Additionally the Group offers its customers derivatives in connection with their risk management objectives to transfer or reduce market risk (commodity price) for their own trading purpose. The hedge transaction with the customer is backed by visible trade transaction. The foreign currency forward and option contracts are subject to the same risk management policies.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in Net gains/(losses) 'on financial instruments classified as held for trading'.

26 Investment securities

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
(a) (i) Investment securities at FVOCI:				
Investment securities measured at FVOCI - Treasury bills	549,882,552	-	478,380,039	-
Investment securities measured at FVOCI - Bonds	16,976,464	-	11,861,592	-
Investment securities measured at FVOCI - Corporate bond	7,233,221	-	7,233,221	-
Investment securities measured at FVOCI - Equity (See note 26(a)(ii) below	3,059,319	-	3,050,123	-
	577,151,556	-	500,524,975	-
Impairment on Bond - FVOCI	(1,398)	-	(1,398)	-
Impairment on Treasury Bills - FVOCI	(58,468)	-	(58,468)	-
Impairment on corporate bond - FVOCI	(198,438)	-	(198,438)	-
Total investment securities at FVOCI	**576,893,252**	**-**	**500,266,671**	**-**
Available for sale investment securities:				
Treasury bills	-	492,469,374	-	433,094,854
Bonds	-	15,375,680	-	10,356,140
Corporate bond	-	6,626,983	-	6,626,983
Equity securities at fair value (See note 26(a)(ii) below	-	3,011,648	-	3,011,648
Unquoted equity securities at cost (see note 26(b) below)	-	4,160,706	-	4,151,658
	-	521,644,391	-	457,241,283
Specific impairment for equities (see note 26(c) below)	-	(4,151,658)	-	(4,151,658)
Total available for sale investment securities	**-**	**517,492,733**	**-**	**453,089,625**

Investment securities at amortised cost:				
Investment securities measured at amortised cost - Bonds	42,138,765	-	2,007,233	-
Investment securities measured at amortised cost - Treasury bills	80,041,795	-	-	-
Investment securities measured at amortised cost - Corporate bond	357,013	-	-	-
	122,537,573	**-**	**2,007,233**	**-**
Impairment on Bonds - Amortised Cost	(9,033)	-	(9,033)	-
Total Investment securities at amortised cost	**122,528,540**	**-**	**1,998,200**	**-**
Held to maturity investment securities:				
Bonds	-	38,179,228	-	2,007,253
Treasury bills	-	57,931,373	-	-
Corporate bond	-	355,997	-	-
	-	**96,466,598**	**-**	**2,007,253**
Impairment on investments held to maturity	-	-	-	-
Total held to maturity investment securities	**-**	**96,466,598**	**-**	**2,007,253**
Total investment securities	**699,421,792**	**613,959,331**	**502,264,871**	**455,096,878**
Current	648,225,656	565,340,377	479,861,508	433,094,854
Non-current	51,196,136	48,618,954	22,403,363	22,002,024

(a) (ii) Unquoted equity securities at FVOCI is analysed below:

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Dec-2017**	**Parent Jun-2018**	**Parent Dec-2017**
- GIM UEMOA	9,196	-	-	-
- Unified Payment Services Limited[1]	254,432	212,342	254,432	212,342
- Nigeria Automated Clearing Systems	713,608	700,406	713,608	700,406
- Afrexim	80,310	84,674	80,310	84,674
- Africa Finance Corporation	2,001,773	2,014,226	2,001,773	2,014,226
	3,059,319	**3,011,648**	**3,050,123**	**3,011,648**
	3,059,319	**3,011,648**	**3,050,123**	**3,011,648**

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

(b) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
SMEEIS investment:				
- Forrilon Translantic Ltd	-	1,080,851	-	1,080,851
- Iscare Nigeria Ltd	-	40,000	-	40,000
- Ruqayya Integrated Farms	-	40,500	-	40,500
- National E-Government Strategy	-	25,000	-	25,000
- Central Securities Clearing System	-	10,500	-	10,500
- Bookcraft Ltd	-	20,000	-	20,000
- 3 Peat Investment Ltd	-	1,016,032	-	1,016,032
- Shonga F.H. Nigeria Ltd	-	200,000	-	200,000
- Safe Nigeria Ltd	-	350,000	-	350,000
- CRC Credit Bureau	-	61,111	-	61,111
- Cards Technology Limited	-	265,000	-	265,000
- Thisday Events Center	-	500,000	-	500,000
- HITV Limited	-	500,000	-	500,000
- SCC Algon Ltd	-	42,664	-	42,664
Cost of SMIEES investment	**-**	**4,151,658**	**-**	**4,151,658**
Less specific impairment for equities	-	(4,151,658)	-	(4,151,658)
Carrying value of SMIEES investment	**-**	**-**	**-**	**-**
Other unquoted equity investment:				
- GIM UEMOA	-	9,048	-	-
Cost of other unquoted equity investment	**-**	**9,048**	**-**	**-**
Carrying value of other unquoted equity investment	**-**	**9,048**	**-**	**-**
Total cost of unquoted equity investment	**-**	**4,160,706**	**-**	**4,151,658**
Total impairment of unquoted equity investment	-	(4,151,658)	-	(4,151,658)
Total carrying value of unquoted equity investment	**-**	**9,048**	**-**	**-**

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Balance at 1 January	9,048	145,576	-	138,164
- Exchange difference	-	1,636	-	-
- Disposal	-	(61,288)	-	(61,288)
- Additional impairment on equity investment	-	(696,680)	-	(696,680)
- Transfer to equity investments at fair value	(9,048)	1,127,820	-	1,127,820
- Impairment charge previously taken on equity investments at fair value		(508,016)		(508,016)
Balance, end of the period	**-**	**9,048**	**-**	**-**

None of the Bank's equity investments is held for trading and the Bank has made an irrevocable election to classify all of them at FVOCI.

None of the equity investments is disposed during the period and the Bank received dividend income of N137,267,000 (June 2017: N3,217,976) from the equity investments during the period.

Kindly refer to Note 6e for the movement in the value of equity securities at fair value during the period.

(c) Specific impairment for equities

Movement in specific impairment for equities for the prior period is as shown below:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Balance at 1 January	-	3,454,978	-	3,454,978
- Charge for the period	-	696,680	-	696,680
Balance, end of the period	**-**	**4,151,658**	**-**	**4,151,658**

Specific impairment for equities is further analysed by classification below:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Specific impairment on equity securities at cost	-	4,151,658	-	4,151,658
	-	**4,151,658**	**-**	**4,151,658**

27 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Financial assets held for trading	**437,822**	**14,453**	**-**	**-**
- Treasury bills	437,822	14,453	-	-
Investment Securities - FVOCI (See note (c) below):				
- Treasury bills	66,428,094	-	66,428,094	-
	66,428,094	**-**	**66,428,094**	**-**
Impairment On Pledged Assets	(7,960)	-	(7,960)	-
Total investment securities FVOCI	**66,420,134**	**-**	**66,420,134**	**-**
Investment Securities - available for sale (See note (c) below):	**-**	**58,961,722**	**-**	**58,961,722**
- Treasury bills	-	58,961,722	-	58,961,722
Total Assets Pledged as Collateral	**66,857,956**	**58,976,175**	**66,420,134**	**58,961,722**
Current	66,843,268	58,976,175	66,420,134	58,961,722
Non-current	14,688	-	-	-

(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) Gross Treasury Bills pledged as collateral of N66,428,094,000 (December 2017: N58,961,722,000) have been reclassified from treasury bills FVOCI.

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

28 Loans and advances to banks

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Loans and advances to banks	1,905,660	751,991	46,989	45,110
Less Impairment:				
Stage 1 Loans	(74)	-	(74)	-
Stage 2 Loans	-	-	-	-
Stage 3 Loans	(3,542)	-	(3,542)	-
Less collective allowances for impairment	-	(1,630)	-	(1,630)
	1,902,044	**750,361**	**43,373**	**43,480**
Current	1,902,044	750,361	43,373	43,480
Non-current	-	-	-	-

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

Jun-2018

Group

In thousands of Nigerian Naira	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,630	1,630	-	-	-	-
IFRS 9 Reclassifications	(1,630)	(1,630)	1,630	-	-	1,630
IFRS 9 Adjustments	-	-	5,698	912	3,097	9,707
Balance at 1 January 2018 per IFRS 9	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	(7,254)	-	(467)	(7,721)
	-	-	74	912	2,630	3,616

Jun-2018

Parent

In thousands of Nigerian Naira	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,630	1,630	-	-	-	-
IFRS 9 Reclassifications	(1,630)	(1,630)	1,630	-	-	1,630
IFRS 9 Adjustments	-	-	5,698	912	3,097	9,707
Balance at 1 January 2018 per IFRS 9	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	(7,254)	-	(467)	(7,721)
	-	-	74	912	2,630	3,616

Dec-2017

	Group		Parent		
	Dec-2017		Dec-2017		
In thousands of Nigerian Naira	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,121	1,121	-	1,121	1,121
Increase in impairment allowances	509	509	-	509	509
	1,630	1,630	-	1,630	1,630

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

Group

Jun-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	-	-	-	-	7,328	912	3,097	11,337	-	-	-	-	7,328	912	3,097	11,337
Increase in impairment allowances	-	-	1,846	1,846	(7,254)	(912)	(1,401)	(9,567)	-	-	-	-	(7,254)	(912)	445	(7,721)
Balance, end of period	**-**	**-**	**1,846**	**1,846**	**74**	**-**	**1,696**	**1,770**	**-**	**-**	**-**	**-**	**74**	**-**	**3,542**	**3,616**

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/ (reversal) in impairment allowances	-	1	1	-	508	508	-	-	-	-	509	509
Balance, end of year	**-**	**1,109**	**1,109**	**-**	**521**	**521**	**-**	**-**	**-**	**-**	**1,630**	**1,630**

Parent

Jun-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	-	-	-	-	7,328	912	3,097	11,337	-	-	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	1,846	1,846	(7,254)	(912)	(1,401)	(9,567)	-	-	-	-	(7,254)	(912)	445	(7,721)
Balance, end of period	**-**	**-**	**1,846**	**1,846**	**74**	**-**	**1,696**	**1,770**	**-**	**-**	**-**	**-**	**74**	**-**	**3,542**	**3,616**

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/ (reversal) in impairment allowances	-	1	1	-	508	508	-	-	-	-	509	509
Balance, end of year	**-**	**1,109**	**1,109**	**-**	**521**	**521**	**-**	**-**	**-**	**-**	**1,630**	**1,630**

29 Loans and advances to customers

In thousands of Nigerian Naira	Group Jun-2018	Parent Jun-2018
Loans to individuals:		
Loans	141,908,195	86,139,831
Overdrafts	10,903,961	6,805,549
Others[1]	47,791	-
Gross loans	**152,859,947**	**92,945,380**
Loans	(833,330)	(734,636)
Overdrafts	(84,804)	(80,962)
Others[1]	-	-
Impairment on Stage 1 - 12 Months ECL	**(918,134)**	**(815,598)**
Loans	(36,199)	(4,260)
Overdrafts	(14,380)	(3,770)
Others[1]	-	-
Impairment on Stage 2 - Life Time ECL Not Credit Impaired	**(50,579)**	**(8,030)**
Loans	(4,152,606)	(2,841,526)
Overdrafts	(3,555,709)	(3,506,733)
Others[1]	-	-
Impairment on Stage 3 - Non Performing Loans	**(7,708,315)**	**(6,348,259)**
Loans	(5,022,135)	(3,580,422)
Overdrafts	(3,654,893)	(3,591,465)
Others[1]	-	-
Total impairment	**(8,677,028)**	**(7,171,887)**
Loans	136,886,060	82,559,409
Overdrafts	7,249,068	3,214,084
Others[1]	47,791	-
Carrying amount	**144,182,919**	**85,773,493**
Loans to Non-individuals:		
Loans	1,064,128,229	957,951,054
Overdrafts	156,849,673	123,751,596
Others[1]	37,544,547	37,544,547
Gross loans	**1,258,522,449**	**1,119,247,197**
Loans	(10,691,293)	(9,843,090)
Overdrafts	(2,651,987)	(2,582,282)
Others[1]	(135,992)	(135,992)
Impairment on Stage 1 - 12 Months ECL	**(13,479,272)**	**(12,561,364)**
Loans	(12,256,795)	(12,199,535)
Overdrafts	(18,155,327)	(18,131,181)
Others[1]	(5,058)	(5,058)
Impairment on Stage 2 - Life Time ECL Not Credit Impaired	**(30,417,180)**	**(30,335,774)**
Loans	(45,893,929)	(38,202,364)
Overdrafts	(21,454,878)	(20,784,726)
Others[1]	(201,880)	(201,880)
Impairment on Stage 3 - Non Performing Loans	**(67,550,687)**	**(59,188,970)**
Loans	(68,842,017)	(60,244,989)
Overdrafts	(42,262,192)	(41,498,189)
Others[1]	(342,930)	(342,930)
Total impairment	**(111,447,139)**	**(102,086,108)**
Loans	995,286,212	897,706,065
Overdrafts	114,587,481	82,253,407
Others[1]	37,201,617	37,201,617
Carrying amount	**1,147,075,310**	**1,017,161,089**
Total carrying amount (individual and non individual)	**1,291,258,229**	**1,102,934,582**

[1] Others include Usances and Usances Settlement

Current	689,109,357	565,650,220
Non-current	602,148,872	537,284,362

Loans and advances to customers (Cont'd)

In thousands of Nigerian Naira	Group Dec-2017	Parent Dec-2017
Loans to individuals:		
Loans	153,951,256	99,137,780
Overdrafts	12,115,194	6,181,249
Others[1]	-	-
Gross loans	**166,066,450**	**105,319,029**
Loans	(1,219,772)	(392,090)
Overdrafts	(89,602)	-
Others[1]	-	-
Specific impairment	**(1,309,374)**	**(392,090)**
Loans	(1,427,724)	(1,364,333)
Overdrafts	(871,039)	(864,176)
Others[1]	-	-
Collective impairment	**(2,298,763)**	**(2,228,509)**
Loans	(2,647,496)	(1,756,423)
Overdrafts	(960,641)	(864,176)
Others[1]	-	-
Total impairment	**(3,608,137)**	**(2,620,599)**
Loans	151,303,760	97,381,357
Overdrafts	11,154,553	5,317,073
Others[1]	-	-
Carrying amount	**162,458,313**	**102,698,430**
Loans to Non-individuals:		
Loans	1,083,739,003	1,050,931,690
Overdrafts	218,451,039	134,473,702
Others[1]	48,066,648	35,525,974
Gross loans	**1,350,256,690**	**1,220,931,366**
Loans	(39,243,656)	(37,827,497)
Overdrafts	(7,820,027)	(4,195,066)
Others[1]	(541,330)	-
Specific impairment	**(47,605,013)**	**(42,022,563)**
Loans	(9,612,470)	(9,373,753)
Overdrafts	(6,543,740)	(5,932,692)
Others[1]	(420,350)	(329,100)
Collective impairment	**(16,576,560)**	**(15,635,545)**
Loans	(48,856,126)	(47,201,250)
Overdrafts	(14,363,767)	(10,127,758)
Others[1]	(961,680)	(329,100)
Total impairment	**(64,181,573)**	**(57,658,108)**
Loans	1,034,882,877	1,003,730,440
Overdrafts	204,087,272	124,345,944
Others[1]	47,104,968	35,196,874
Carrying amount	**1,286,075,117**	**1,163,273,258**
Total carrying amount (individual and non individual)	**1,448,533,430**	**1,265,971,688**

[1] Others include Usances and Usances Settlement

Current	679,267,218	569,007,523
Non-current	769,266,212	696,964,165

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS
Jun-2018
Group

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,309,374	2,298,763	3,608,137	-	-	-	-
IFRS 9 Reclassifications	(1,309,374)	(2,298,763)	(3,608,137)	2,298,763	-	1,309,374	3,608,137
IFRS 9 Adjustments	-	-	-	(537,740)	1,038,782	5,221,928	5,722,970
Balance at 1 January 2018 per IFRS 9	-	-	-	1,761,023	1,038,782	6,531,302	9,331,107
Foreign currency translation and other adjustments	-	-	-	(39,095)	(321,900)	(202,601)	(563,596)
Increase/(reversal) in impairment allowances	-	-	-	(803,794)	(666,303)	4,265,571	2,795,474
Financial assets derecognised	-	-	-	-	-	(2,885,957)	(2,885,957)
Balance, end of period	**-**	**-**	**-**	**918,134**	**50,579**	**7,708,315**	**8,677,028**

Jun-2018
Parent

			-				-
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	392,090	2,228,509	2,620,599	-	-	-	-
IFRS 9 Reclassifications	(392,090)	(2,228,509)	(2,620,599)	2,228,509	-	392,090	2,620,599
IFRS 9 Adjustments	-	-	-	(558,582)	674,333	4,950,973	5,066,724
Balance at 1 January 2018 per IFRS 9	-	-	-	1,669,927	674,333	5,343,063	7,687,323
Increase/ (reversal) in impairment allowances	-	-	-	(854,329)	(666,303)	3,853,963	2,333,331
Financial assets derecognised	-	-	-	-	-	(2,848,767)	(2,848,767)
Balance, end of period	**-**	**-**	**-**	**815,598**	**8,030**	**6,348,259**	**7,171,887**

Dec-2017

	Group			**Parent**		
	Dec-17			**Dec-17**		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,085,240	2,135,259	3,220,499	2,500	2,078,390	2,080,890
Foreign currency translation and other adjustments	36,782	130,505	167,287	-	-	-
Increase in impairment allowances	937,850	32,999	970,849	954,760	150,119	1,104,879
Write offs	(750,498)	-	(750,498)	(565,170)	-	(565,170)
Balance, end of year	**1,309,374**	**2,298,763**	**3,608,137**	**392,090**	**2,228,509**	**2,620,599**

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

Jun-2018

Group

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	47,605,013	16,576,560	64,181,573	-	-	-	-
IFRS 9 Reclassifications	(47,605,013)	(16,576,560)	(64,181,573)	16,576,560	-	47,605,013	64,181,573
IFRS 9 Adjustments	-	-	-	2,235,479	57,953,409	78,763,411	138,952,299
Balance at 1 January 2018 per IFRS 9	-	-	-	18,812,039	57,953,409	126,368,424	203,133,872
Foreign currency translation and other adjustments	-	-	-	(265,601)	(626,054)	(1,270,966)	(2,162,621)
Increase/ (reversal) in impairment allowances	-	-	-	(5,563,708)	(26,910,175)	34,685,179	2,211,296
Recovery	-	-	-	-	-	(529,255)	(529,255)
Reclassifications	-	-	-	496,542	-	(496,542)	-
Financial assets derecognised	-	-	-	-	-	(91,206,153)	(91,206,153)
Balance, end of period	**-**	**-**	**-**	**13,479,272**	**30,417,180**	**67,550,687**	**111,447,139**

Jun-2018

Parent

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	42,022,563	15,635,545	57,658,108	-	-	-	-
IFRS 9 Reclassifications	(42,022,563)	(15,635,545)	(57,658,108)	15,635,545	-	42,022,563	57,658,108
IFRS 9 Adjustments	-	-	-	2,047,895	57,245,949	77,098,974	136,392,818
Balance at 1 January 2018 per IFRS 9	-	-	-	17,683,440	57,245,949	119,121,537	194,050,926
Foreign currency translation and other adjustments	-	-	-	-	-	95,143	95,143
Increase/ (reversal) in impairment allowances	-	-	-	(5,618,618)	(26,910,175)	32,204,240	(324,553)
Reclassifications	-	-	-	496,542	-	(496,542)	-
Recovery	-	-	-	-	-	(529,255)	(529,255)
Financial assets derecognised	-	-	-	-	-	(91,206,153)	(91,206,153)
Balance, end of period	**-**	**-**	**-**	**12,561,364**	**30,335,774**	**59,188,970**	**102,086,108**

Dec-2017

	Group			**Parent**		
	Dec-17			**Dec-17**		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	19,891,322	57,536,016	77,427,338	15,871,130	55,947,744	71,818,874
Foreign currency translation and other adjustments	305,576	(142,038)	163,538	71	-	71
Increase/ (reversal) in impairment allowances	30,897,880	(18,852,382)	12,045,498	28,373,246	(18,347,163)	10,026,083
Reclassifications	21,965,036	(21,965,036)	-	21,965,036	(21,965,036)	-
Write offs	(25,454,801)	-	(25,454,801)	(24,186,920)	-	(24,186,920)
Balance, end of year	**47,605,013**	**16,576,560**	**64,181,573**	**42,022,563**	**15,635,545**	**57,658,108**

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

Group

Jun-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	1,687,590	288,404	1,038,159	3,014,153	73,433	750,378	5,493,143	6,316,954	-	-	-	-	1,761,023	1,038,782	6,531,302	9,331,107
Foreign currency translation and other adjustments	(35,484)	(230,381)	(109,145)	(375,010)	(3,611)	(91,519)	(93,456)	(188,586)	-	-	-	-	(39,095)	(321,900)	(202,601)	(563,596)
Increase/ (reversal) in impairment allowances	(818,776)	(21,824)	3,243,627	2,403,027	14,982	(644,479)	1,021,944	392,447	-	-	-	-	(803,794)	(666,303)	4,265,571	2,795,474
Financial assets derecognised	-	-	(20,035)	(20,035)	-	-	(2,865,922)	(2,865,922)	-	-	-	-	-	-	(2,885,957)	(2,885,957)
Balance, end of period	**833,330**	**36,199**	**4,152,606**	**5,022,135**	**84,804**	**14,380**	**3,555,709**	**3,654,893**	**-**	**-**	**-**	**-**	**918,134**	**50,579**	**7,708,315**	**8,677,028**

Group

Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,048,642	1,274,077	2,322,719	36,559	861,180	897,739	39	2	41	1,085,240	2,135,259	3,220,499
Foreign currency translation and other adjustments	50,880	81,055	131,935	(14,098)	49,450	35,352	-	-	-	36,782	130,505	167,287
Increase/ (reversal) in impairment allowances	240,710	72,592	313,302	696,124	(39,591)	656,533	1,016	(2)	1,014	937,850	32,999	970,849
Write offs	(120,460)	-	(120,460)	(628,983)	-	(628,983)	(1,055)	-	(1,055)	(750,498)	-	(750,498)
Balance, end of year	**1,219,772**	**1,427,724**	**2,647,496**	**89,602**	**871,039**	**960,641**	**-**	**-**	**-**	**1,309,374**	**2,298,763**	**3,608,137**

Parent

Jun-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	1,604,908	27,571	398,034	2,030,513	65,019	646,762	4,945,029	5,656,810	-	-	-	-	1,669,927	674,333	5,343,063	7,687,323
Increase in impairment allowances	(870,272)	(23,311)	2,443,492	1,549,909	15,943	(642,992)	1,410,471	783,422	-	-	-	-	(854,329)	(666,303)	3,853,963	2,333,331
Financial assets derecognised	-	-	-	-	-	-	(2,848,767)	(2,848,767)	-	-	-	-	-	-	(2,848,767)	(2,848,767)
Balance, end of period	**734,636**	**4,260**	**2,841,526**	**3,580,422**	**80,962**	**3,770**	**3,506,733**	**3,591,465**	**-**	**-**	**-**	**-**	**815,598**	**8,030**	**6,348,259**	**7,171,887**

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/ (reversal) in impairment allowances	390,640	145,258	535,898	564,120	4,861	568,981	-	-	-	954,760	150,119	1,104,879
Write offs	-	-	-	(565,170)	-	(565,170)	-	-	-	(565,170)	-	(565,170)
Balance, end of year	**392,090**	**1,364,333**	**1,756,423**	**-**	**864,176**	**864,176**	**-**	**-**	**-**	**392,090**	**2,228,509**	**2,620,599**

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

Group
Jun-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	12,550,447	44,677,055	69,569,757	126,797,259	6,144,402	13,009,418	56,776,513	75,930,333	117,190	266,936	22,154	406,280	18,812,039	57,953,409	126,368,424	203,133,872
Foreign currency translation and other adjustments	(210,665)	(252,273)	(832,991)	(1,295,929)	(52,256)	(373,677)	(433,892)	(859,825)	(2,680)	(104)	(4,083)	(6,867)	(265,601)	(626,054)	(1,270,966)	(2,162,621)
Increase/ (reversal) in impairment allowances	(1,648,489)	(32,167,987)	(22,313,582)	(56,130,058)	(3,936,701)	5,519,586	56,814,952	58,397,837	21,482	(261,774)	183,809	(56,483)	(5,563,708)	(26,910,175)	34,685,179	2,211,296
Recovery	-	-	(529,255)	(529,255)	-	-	-	-	-	-	-	-	-	-	(529,255)	(529,255)
Reclassifications	-	-	-	-	496,542	-	(496,542)	-	-	-	-	-	496,542	-	(496,542)	-
Financial assets derecognised	-	-	-	-	-	-	(91,206,153)	(91,206,153)	-	-	-	-	-	-	(91,206,153)	(91,206,153)
Balance, end of period	**10,691,293**	**12,256,795**	**45,893,929**	**68,842,017**	**2,651,987**	**18,155,327**	**21,454,878**	**42,262,192**	**135,992**	**5,058**	**201,880**	**342,930**	**13,479,272**	**30,417,180**	**67,550,687**	**111,447,139**

Group
Dec-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	16,387,454	11,906,458	28,293,912	3,244,652	5,061,009	8,305,661	259,216	40,568,549	40,827,765	19,891,322	57,536,016	77,427,338
Foreign currency translation and other adjustments	284,670	(88,217)	196,453	20,906	(53,821)	(32,915)	-	-	-	305,576	(142,038)	163,538
Increase/(reversal) in impairment allowances	25,974,534	(2,205,771)	23,768,763	4,641,239	1,536,552	6,177,791	282,107	(18,183,163)	(17,901,056)	30,897,880	(18,852,382)	12,045,498
Reclassifications	21,965,036	-	21,965,036	-	-	-	-	(21,965,036)	(21,965,036)	21,965,036	(21,965,036)	-
Write offs	(25,368,038)	-	(25,368,038)	(86,770)	-	(86,770)	7	-	7	(25,454,801)	-	(25,454,801)
Balance, end of year	**39,243,656**	**9,612,470**	**48,856,126**	**7,820,027**	**6,543,740**	**14,363,767**	**541,330**	**420,350**	**961,680**	**47,605,013**	**16,576,560**	**64,181,573**

Parent
Jun-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	11,655,281	44,391,980	64,646,223	120,693,484	5,922,355	12,587,151	54,474,818	72,984,324	105,804	266,818	496	373,118	17,683,440	57,245,949	119,121,537	194,050,926
Foreign currency translation and other adjustments	-	-	95,143	95,143	-	-	-	-	-	-	-	-	-	-	95,143	95,143
Increase/(reversal) in impairment allowances	(1,812,191)	(32,192,445)	(26,009,747)	(60,014,383)	(3,836,615)	5,544,030	58,012,603	59,720,018	30,188	(261,760)	201,384	(30,188)	(5,618,618)	(26,910,175)	32,204,240	(324,553)
Recovery	-	-	(529,255)	(529,255)	-	-	-	-	-	-	-	-	-	-	(529,255)	(529,255)
Reclassifications	-	-	-	-	496,542	-	(496,542)	-	-	-	-	-	496,542	-	(496,542)	-
Financial assets derecognised	-	-	-	-	-	-	(91,206,153)	(91,206,153)	-	-	-	-	-	-	(91,206,153)	(91,206,153)
Balance, end of period	**9,843,090**	**12,199,535**	**38,202,364**	**60,244,989**	**2,582,282**	**18,131,181**	**20,784,726**	**41,498,189**	**135,992**	**5,058**	**201,880**	**342,930**	**12,561,364**	**30,335,774**	**59,188,970**	**102,086,108**

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**

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Jun-2018 % ownership	Parent Dec-2017 % ownership	Parent Jun-2018 ₦'000	Parent Dec-2017 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	83.74	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	-	-
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	5,077,458
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
GTB Tanzania	70.00	70.00	2,241,750	2,241,750
			46,207,004	46,207,004
Current			-	-
Non-current			46,207,004	46,207,004

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

In thousands of Nigerian Naira	Parent Jun-2018	Parent Dec-2017
Balance, beginning of the period	46,207,004	43,968,474
Additions during the period	-	2,241,750
Transferred to assets classified as held for sale and discontinued operations	-	(3,220)
Balance, end of the period	**46,207,004**	**46,207,004**

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 30 June 2018, are as follows:

Full year profit and loss
Jun-2018

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Operating income	2,545,580	-	10,521,655	3,570,325	3,298,377	2,982,525	1,861,191	1,095,399	5,223,997	34,962
Operating expenses	(2,198,700)	-	(3,725,637)	(1,618,898)	(1,422,600)	(2,281,047)	(1,222,837)	(779,616)	(4,097,836)	(319,520)
Loan impairment charges	-	-	682,728	72,468	(496,867)	-	(931)	-	(287,447)	(626)
Profit before tax	**346,880**	**-**	**7,478,746**	**2,023,895**	**1,378,910**	**701,478**	**637,423**	**315,783**	**838,714**	**(285,184)**
Taxation	-	-	(2,200,572)	(568,518)	(344,728)	(109,976)	(172,104)	-	(271,650)	-
Profit after tax	**346,880**	**-**	**5,278,174**	**1,455,377**	**1,034,182**	**591,502**	**465,319**	**315,783**	**567,064**	**(285,184)**
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	131,485	-
Total comprehensive income for the period	**346,880**	**-**	**5,278,174**	**1,455,377**	**1,034,182**	**591,502**	**465,319**	**315,783**	**698,549**	**(285,184)**

Condensed financial position
Jun-2018

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Assets										
Cash and bank balances	184,468	8,279	38,152,105	13,501,591	6,638,342	156,456,439	13,957,492	3,193,541	24,855,422	190,025
Loans and advances to banks	-	-	-	-	-	1,358,287	-	-	-	500,384
Loans and advances to customers	-	2,491,774	28,609,443	16,983,815	26,183,876	36,097,872	4,746,107	6,613,863	69,513,183	62,917
Financial assets held for trading	-	-	11,834,661	-	-	-	-	-	-	-
Investment securities:										
– Fair Value through other comprehensive Income	53,718,536	-	-	-	-	38,121,274	19,532,044	9,196	18,964,067	-
– Held at amortised cost	-	-	85,168,148	8,854,071	2,738,992	-	-	10,594,850	12,486,699	687,580
Assets pledged as collateral	-	-	-	-	-	-	-	14,689	423,133	-
Other assets	-	-	3,103,216	555,025	3,103,134	568,734	391,174	757,275	3,984,826	197,978
Property and equipment	-	-	2,383,419	1,265,849	2,253,669	780,419	2,670,835	1,186,577	2,339,839	1,493,492
Intangible assets	-	-	148,178	-	62,529	-	106,461	34,272	1,481,439	327,931
Deferred tax assets	-	-	-	-	-	393,518	-	-	1,230,577	-
Total assets	**53,903,004**	**2,500,053**	**169,399,170**	**41,160,351**	**40,980,542**	**233,776,543**	**41,404,113**	**22,404,263**	**135,279,185**	**3,460,307**
Financed by:										
Deposits from banks	-	-	7,626,355	-	1,958,839	140,781,920	-	1,365	1,114,356	-
Deposits from customers	-	-	126,256,323	31,209,928	27,757,009	75,854,917	34,182,755	14,870,684	100,944,214	673,819
Current income tax liabilities	-	-	105,535	(132,258)	464,325	-	13,446	-	(262,762)	-
Deferred tax liabilities	-	-	6,415	17,917	-	-	(168,398)	-	249,389	-
Other liabilities	9,169,232	-	3,896,046	1,347,921	1,692,837	1,238,988	2,215,618	1,321,214	1,662,212	39,995
Other borrowed funds	487,296	-	1,297,909	-	968,611	-	-	-	5,873,364	-
Total liabilities	**9,656,528**	**-**	**139,188,583**	**32,443,508**	**32,841,621**	**217,875,825**	**36,243,421**	**16,193,263**	**109,580,773**	**713,814**
Equity and reserve	44,246,476	2,500,053	30,210,587	8,716,843	8,138,921	15,900,718	5,160,692	6,211,000	25,698,412	2,746,493
	53,903,004	**2,500,053**	**169,399,170**	**41,160,351**	**40,980,542**	**233,776,543**	**41,404,113**	**22,404,263**	**135,279,185**	**3,460,307**

Condensed cash flow

Jun-2018

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Net cash flow:										
- from operating activities	(20,722,727)	-	24,920,792	(191,002)	432,007	27,508,336	8,329,843	3,773,980	(525,712)	(302,348)
- from investing activities	21,701,075	-	(20,440,862)	(282,502)	(204,612)	(8,637,546)	(2,782,878)	(3,615,945)	1,241,087	(666,451)
- from financing activities	(941,209)	-	(813,328)	-	(239,817)	-	-	-	(1,133,368)	-
Increase in cash and cash equivalents	37,139	-	3,666,602	(473,504)	(12,422)	18,870,790	5,546,965	158,035	(417,993)	(968,799)
Cash balance, beginning of period	147,329	7,948	33,957,550	13,795,410	6,459,540	135,385,632	8,240,527	3,007,428	23,970,384	1,138,938
Effect of exchange difference	-	331	527,953	179,686	191,225	2,200,015	170,000	28,077	1,303,031	19,886
Cash balance, end of period	**184,468**	**8,279**	**38,152,105**	**13,501,592**	**6,638,343**	**156,456,437**	**13,957,492**	**3,193,540**	**24,855,422**	**190,025**

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2018, are as follows:

Profit and loss
Jun-2018

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Operating income	2,697,565	809,717	1,716,581
Operating expenses	(1,946,632)	(975,010)	(1,176,195)
Loan impairment charges	59,808	(63,123)	(284,132)
Profit before tax	810,741	(228,416)	256,254
Taxation	(243,222)	(28,428)	-
Profit after tax	567,519	(256,844)	256,254

Condensed financial position
Jun-2018

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Assets			
Cash and bank balances	8,714,329	7,508,241	8,632,852
Loans and advances to customers	45,687,356	6,258,759	17,567,068
Investment securities:			
– Fair Value through other comprehensive Income	18,964,067	-	-
– Held at amortised cost	4,065,987	2,321,713	6,098,999
Assets pledged as collateral	-	423,133	-
Other assets	730,380	512,342	2,742,104
Investment in subsidiaries	11,171,141	-	-
Property and equipment	894,489	265,150	1,180,200
Intangible assets	673,050	314,587	419,365
Deferred tax assets	367,036	863,541	-
Total assets	**91,267,835**	**18,467,466**	**36,640,588**
Financed by:			
Deposits from banks	15,161	495,105	604,090
Deposits from customers	57,107,685	13,658,520	30,178,009
Deferred tax liabilities	76,832	-	172,557
Other liabilities	488,006	646,321	527,885
Other borrowed funds	5,873,364	-	-
Total liabilities	**63,561,048**	**14,799,946**	**31,482,541**
Equity and reserve	27,706,787	3,667,520	5,158,047
	91,267,835	**18,467,466**	**36,640,588**

Condensed results of the consolidated entities as at 30 June 2017, are as follows:

Jun-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
Condensed profit and loss									
Operating income	1,414,777	264,276	8,440,878	2,631,760	2,476,374	2,126,396	2,302,946	627,681	4,871,768
Operating expenses	(735,902)	(264,276)	(3,623,547)	(1,404,844)	(1,126,520)	(1,797,635)	(1,249,420)	(609,642)	(4,116,588)
Loan impairment charges	-	-	(64,378)	166,548	(62,919)	-	(4,937)	-	69,637
Profit before tax	678,875	-	4,752,953	1,393,464	1,286,935	328,761	1,048,589	18,039	824,817
Taxation	-	-	(1,641,985)	(418,039)	(321,729)	-	(342,143)	-	(225,855)
Profit after tax	678,875	-	3,110,968	975,425	965,206	328,761	706,446	18,039	598,962
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	46,154
Total comprehensive income for the period	**678,875**	**-**	**3,110,968**	**975,425**	**965,206**	**328,761**	**706,446**	**18,039**	**645,116**

Condensed results of the consolidated entities as at 31 December 2017, are as follows:

Dec-2017

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya
Condensed financial position									
Assets									
Cash and bank balances	147,329	7,948	33,957,550	13,795,410	6,459,540	135,385,632	8,240,527	3,007,428	23,970,384
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
Property and equipment	-	-	1,948,612	1,242,819	1,922,441	714,733	2,304,290	1,188,378	2,558,000
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**
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
Debt securities issued	-	-	-	-	-	-	-	-	-
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
Other borrowed funds	1,428,505	-	2,076,854	-	1,160,153	-	-	-	6,583,523
Total liabilities	**9,966,270**	**-**	**115,420,780**	**30,616,299**	**31,023,540**	**189,627,978**	**30,739,499**	**12,515,428**	**102,315,714**
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
	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**

Jun-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
Condensed cash flow									
Net cash flow:									
- from operating activities	13,232,706	130,715,173	25,285,559	(1,319,445)	103,134	7,883,484	2,144,239	1,108,540	(7,136,948)
- from investing activities	(12,661,777)	-	(11,124,134)	1,296,948	(252,350)	(555,438)	298,109	(355,028)	2,779,643
- from financing activities	(546,604)	(130,707,373)	(3,273,319)	(70,431)	(244,491)	-	166,890	-	3,305,057
Increase in cash and cash equivalents	24,325	7,800	10,888,106	(92,928)	(393,707)	7,328,046	2,609,238	753,512	(1,052,248)
Cash balance, beginning of period	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	-	-	51,495	(1,278,894)	388,777	6,824,647	1,346	19,596	506,670
Cash balance, end of period	**137,554**	**7,800**	**39,288,879**	**11,899,025**	**11,177,971**	**115,889,432**	**14,899,658**	**2,231,506**	**21,825,103**

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2017, are as follows:

Profit and loss

Jun-2017

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Operating income	2,674,326	812,370	1,385,272
Operating expenses	(2,136,530)	(825,161)	(1,154,897)
Loan impairment charges	88,907	50,694	(69,964)
Profit before tax	626,703	37,903	160,411
Taxation	(188,012)	(37,843)	-
Profit after tax	438,691	60	160,411

Condensed financial position

Dec-2017

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Assets			
Cash and cash equivalents	10,420,208	7,102,845	6,447,685
Loans and advances to customers	42,549,247	7,501,690	16,258,852
Investment securities:			
– Available for sale	18,483,658	-	-
– Held to maturity	3,825,678	1,965,870	6,187,422
Other assets	1,825,502	448,452	2,343,802
Investment in subsidiaries	10,496,401	-	-
Property and equipment	894,507	300,825	1,362,668
Intangible assets	569,850	332,945	434,314
Deferred tax assets	235,947	888,761	-
Total assets	**89,300,998**	**18,541,388**	**33,034,743**
Financed by:			
Deposits from banks	5,365,203	880,613	536
Deposits from customers	48,508,848	13,009,271	26,925,467
Deferred tax liabilities	-	-	205,664
Other liabilities	1,534,770	244,964	580,242
Other borrowed funds	6,588,177	-	-
Total liabilities	**61,996,998**	**14,134,848**	**27,711,909**
Equity and reserve	27,304,000	4,406,540	5,322,834
	89,300,998	**18,541,388**	**33,034,743**

31 Property and equipment

(a) Group

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 2018	55,636,100	13,963,300	76,830,826	10,688,278	12,603,126	14,032,714	183,754,344
Exchange difference	250,011	20,579	521,403	84,227	-	67,377	943,597
Additions	1,567,271	891	6,039,654	1,199,745	80,204	5,574,398	14,462,163
Disposals/Reclass	(764)	-	(35,542)	(424,171)	-	(381,939)	(842,416)
Transfers	1,130,604	-	493,101	66,284	-	(1,689,989)	-
Balance at 30 June 2018	**58,583,222**	**13,984,770**	**83,849,442**	**11,614,363**	**12,683,330**	**17,602,561**	**198,317,688**
Balance at 1 January 2017	52,358,464	13,830,084	66,952,716	9,622,070	12,602,476	10,195,212	165,561,022
Exchange difference	288,286	(17,260)	422,057	11,744	-	21,211	726,038
Additions	2,161,128	11,828	9,147,724	1,607,854	650	6,074,334	19,003,518
Disposals	(575,333)	-	(301,563)	(553,390)	-	(105,948)	(1,536,234)
Transfers	1,403,555	138,648	609,892	-	-	(2,152,095)	-
Balance at 31 December 2017	**55,636,100**	**13,963,300**	**76,830,826**	**10,688,278**	**12,603,126**	**14,032,714**	**183,754,344**

[1] Of this amount as at June 2018, Leasehold improvement accounts for N13,649,890,000 (23.3%) while Buildings accounts for N44,933,331,000 (76.7%)

[2] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2018	12,917,085	1,078,923	57,174,036	7,219,016	6,695,286	-	85,084,346
Exchange difference	82,078	2,735	393,430	59,825	-	-	538,068
Charge for the period	976,864	85,854	4,337,448	830,741	892,497	-	7,123,404
Disposal	(764)	-	(35,542)	(422,775)	-	-	(459,081)
Balance at 30 June 2018	**13,975,263**	**1,167,512**	**61,869,372**	**7,686,807**	**7,587,783**	**-**	**92,286,737**
Balance at 1 January 2017	11,252,837	910,517	48,768,107	6,218,413	4,923,093	-	72,072,967
Exchange difference	81,808	(2,867)	342,034	6,896	-	-	427,871
Charge for the year	1,629,943	171,273	8,367,607	1,479,607	1,772,193	-	13,420,623
Disposal	(47,503)	-	(303,712)	(485,900)	-	-	(837,115)
Balance at 31 December 2017	**12,917,085**	**1,078,923**	**57,174,036**	**7,219,016**	**6,695,286**	**-**	**85,084,346**
Carrying amounts:							
Balance at 30 June 2018	**44,607,959**	**12,817,258**	**21,980,070**	**3,927,556**	**5,095,547**	**17,602,561**	**106,030,951**
Balance at 31 December 2017	**42,719,015**	**12,884,377**	**19,656,790**	**3,469,262**	**5,907,840**	**14,032,714**	**98,669,998**

Property and equipment (continued)

(b) Parent

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 2018	47,090,253	13,071,574	63,179,252	8,018,350	12,603,126	11,490,298	155,452,853
Additions[3]	1,052,041	-	5,133,053	719,140	80,204	5,546,305	12,530,743
Disposals/Reclass	-	-	-	(283,415)	-	-	(283,415)
Balance at 30 June 2018	**48,142,294**	**13,071,574**	**68,312,305**	**8,454,075**	**12,683,330**	**17,036,603**	**167,700,181**
Balance at 1 January 2017	44,305,594	12,919,926	54,990,812	7,335,418	12,602,476	9,257,593	141,411,819
Additions	1,381,103	13,000	7,985,308	1,213,460	650	4,186,780	14,780,301
Disposals	-	-	(203,809)	(530,528)	-	(4,930)	(739,267)
Transfers	1,403,556	138,648	406,941	-	-	(1,949,145)	-
Balance at 31 December 2017	**47,090,253**	**13,071,574**	**63,179,252**	**8,018,350**	**12,603,126**	**11,490,298**	**155,452,853**

[1] Of this amount as at June 2018, Leasehold improvement accounts for N11,199,676,000 (23.3%) while Buildings accounts for N36,942,615,000 (76.7%)

[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 N353,200,305 (Dec 2017: N1,433,787,000) relating to Lands acquired by the Bank.

Property and equipment (continued)

Parent

Depreciation In thousands of Nigerian Naira	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2018	10,223,589	970,173	47,093,776	5,490,231	6,695,286	-	70,473,055
Charge for the period	669,836	85,719	3,590,533	614,135	892,497	-	5,852,720
Disposal	-	-	-	(282,450)	-	-	(282,450)
Balance at 30 June 2018	**10,893,425**	**1,055,892**	**50,684,309**	**5,821,916**	**7,587,783**	**-**	**76,043,325**
Balance at 1 January 2017	9,021,001	798,540	40,269,000	4,690,160	4,923,093	-	59,701,794
Charge for the year	1,202,588	171,633	7,028,585	1,264,517	1,772,193	-	11,439,516
Disposal	-	-	(203,809)	(464,446)	-	-	(668,255)
Balance at 31 December 2017	**10,223,589**	**970,173**	**47,093,776**	**5,490,231**	**6,695,286**	**-**	**70,473,055**
Carrying amounts:							
Balance at 30 June 2018	**37,248,869**	**12,015,682**	**17,627,996**	**2,632,159**	**5,095,547**	**17,036,603**	**91,656,856**
Balance at 31 December 2017	**36,866,664**	**12,101,401**	**16,085,476**	**2,528,119**	**5,907,840**	**11,490,298**	**84,979,798**

(c) The Bank had capital commitments of N823,976,000 (31 December 2017: N165,155,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2017: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2018	8,675,928	15,748,774	24,424,702
Exchange translation differences	4,496	206,661	211,157
Additions	-	1,033,924	1,033,924
Balance at 30 June 2018	**8,680,424**	**16,989,359**	**25,669,783**
Balance at 1 January 2017	8,672,465	12,674,080	21,346,545
Exchange translation differences	3,463	222,335	225,798
Additions	-	2,863,251	2,863,251
Disposals	-	(10,892)	(10,892)
Balance at 31 December 2017	**8,675,928**	**15,748,774**	**24,424,702**
Amortization and impairment losses			
Balance at 1 January 2018	-	9,589,748	9,589,748
Exchange translation differences	-	118,179	118,179
Amortization for the period	-	1,106,985	1,106,985
Balance at 30 June 2018	**-**	**10,814,912**	**10,814,912**
Balance at 1 January 2017	-	7,487,639	7,487,639
Exchange translation differences	-	149,927	149,927
Amortization for the year	-	1,963,074	1,963,074
Disposals	-	(10,892)	(10,892)
Balance at 31 December 2017	**-**	**9,589,748**	**9,589,748**
Carrying amounts:			
Balance at 30 June 2018	**8,680,424**	**6,174,447**	**14,854,871**
Balance at 31 December 2017	**8,675,928**	**6,159,026**	**14,834,954**

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the period ended June 2018 (2017: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2018	11,593,688
Additions	445,222
Balance at 30 June 2018	**12,038,910**
Balance at 1 January 2017	8,867,445
Additions	2,726,244
Balance at 31 December 2017	**11,593,689**
Amortization and impairment losses	
Balance at 1 January 2018	7,092,393
Amortization for the period	858,442
Balance at 30 June 2018	**7,950,835**
Balance at 1 January 2017	5,489,484
Amortization for the year	1,602,909
Balance at 31 December 2017	**7,092,393**
Carrying amounts:	
Balance at 30 June 2018	**4,088,075**
Balance at 31 December 2017	**4,501,296**

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated to the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

Cash Generating Units	**Jun-18**	**Dec -17**
Rest of West Africa:		
- Corporate Banking	38,146	33,422
- Commercial Banking	5,928	6,177
- Retail Banking	11,344	11,323
East Africa:		
- Corporate Banking	5,936,823	5,660,796
- Commercial Banking	922,660	1,046,282
- Retail Banking	1,765,521	1,917,928
	8,680,423	**8,675,928**

No impairment loss on goodwill was recognised during the period ended 30 June 2018 (31 December 2017: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations ,using cash flow projections based on financial budgets approved by senior management covering a five-year period and appropriate discount rates.

Cash Flow Forecasts

The cash flow projections 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; 4.3 per cent and 6.2per cent for CGUs in West Africa and East Africa regions respectively. These constant growth rates are based on the long term forecast of GTBank's growth in the countries in which the CGU's operate centred on past performance, current industry trend and management's expectations of market development. The forecast period is based on the Group's medium to long term perspective with respect to the operations of these units.

Valuation Assumptions and Other Disclosures

For each of the CGUs to which the goodwill was allocated, the key assumptions used in Value-in-use calculations are as follows:

The recoverable amounts of the East Africa region for which goodwill were allocated have been based on their value in use which were determined by discounting the projected cash flows generated by the segments in the region with the weighted discount rate of 12.83% 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. 189

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

2018-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	22.7%	23.7%	24.2%	8.4%	8.9%	10.4%
Operating Income Growth Rate (%)	19.4%	19.9%	21.4%	9.5%	14.9%	15.8%
Other Operating Costs (₦'Million)	15,165	2,357	4,510	5,995	932	1,783
Capital Expenditure (₦'Million)	1,982	308	590	981	152	292
Recoverable Amount (₦'Million)	126,742	19,697	37,691	25,770	4,005	7,664
Long Term Growth Rate (%)	4%- 5%	4%- 5%	4%- 5%	6%- 7%	6%- 7%	6%- 7%
Discount Rate (%)	22.01%	22.01%	22.01%	12.83%	12.83%	12.83%

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%

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		Jun-2018			Dec-2017	
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	1,624,095	-	1,624,095	1,666,990	-	1,666,990
Net deferred tax assets/(liabilities)	**1,624,095**	**-**	**1,624,095**	**1,666,990**	**-**	**1,666,990**

In thousands of Nigerian Naira	**Jun-2018**	**Dec-2017**
Deferred tax assets:		
-Deferred tax assets to be recovered after more than 12 months	1,624,095	1,666,990

Group

Deferred tax liabilities

In thousands of Nigerian Naira	Jun-2018			Dec-2017		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	-	12,196,011	12,196,011	-	10,889,409	10,889,409
Fair value reserves	-	91,269	91,269	-	1,355,995	1,355,995
Allowances for loan losses	6,258,212	-	(6,258,212)	5,359,705	-	(5,359,705)
Defined benefit obligation/Actuarial Loss	1,035,533	-	(1,035,533)	641,268	-	(641,268)
Revaluation gain and Other assets	-	4,952,842	4,952,842	-	7,086,332	7,086,332
Foreign currency translation difference	-	6,513,444	6,513,444	-	4,745,462	4,745,462
Net deferred tax (assets)/liabilities	**7,293,745**	**23,753,566**	**16,459,821**	**6,000,973**	**24,077,198**	**18,076,225**

In thousands of Nigerian Naira	**Jun-2018**	**Dec-2017**
Deferred tax assets:		
-Deferred tax assets to be recovered within 12 months	7,293,745	6,000,973
Deferred tax liabilities:		
-Deferred tax liabilities to be recovered within 12 months	11,557,555	13,187,789
-Deferred tax liabilities to be recovered after more than 12 months	12,196,011	10,889,409

Parent
Deferred Tax Liabilities

In thousands of Nigerian Naira		Jun-2018			Dec-2017	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	12,090,688	12,090,688	-	10,373,412	10,373,412
Fair value reserves	-	91,269	91,269	-	1,355,995	1,355,995
Allowances for loan losses	6,258,212	-	(6,258,212)	5,359,705	-	(5,359,705)
Defined benefit obligation/Actuarial Loss	1,035,533	-	(1,035,533)	641,268	-	(641,268)
Revaluation gain and Other assets	-	4,952,842	4,952,842	-	7,086,332	7,086,332
Net deferred tax (assets)/liabilities	**7,293,745**	**17,134,799**	**9,841,054**	**6,000,973**	**18,815,739**	**12,814,766**

In thousands of Nigerian Naira	Jun-2018	Dec-2017
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	7,293,745	6,000,973
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	5,044,111	8,442,327
-Deferred tax liabilities to be recovered after more than 12 months	12,090,688	10,373,412

Movements in deferred tax assets during the period

Group
Jun-2018

In thousands of Nigerian Naira

	Property and equipment, and software	Total
Balance at 1 January 2018	1,666,990	1,666,990
Recognised in Profit or loss	(42,895)	(42,895)
Balance at 30 June 2018	**1,624,095**	**1,624,095**

Movements in deferred tax liabilities during the period

Group
Jun-2018

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2018	10,889,410	1,355,995	(5,359,705)	(641,268)	7,086,332	4,745,461	18,076,225
Exchange Difference	(86,481)	648,860	92,787	-	(1,187,669)	292,069	(240,434)
Recognised in Profit or loss	1,393,083	(828,274)	(991,294)	(314,639)	(945,820)	732,668	(954,276)
Other comprehensive Income	-	(1,085,313)	-	(79,626)	-	743,244	(421,695)
Balance at 30 June 2018	**12,196,012**	**91,268**	**(6,258,212)**	**(1,035,533)**	**4,952,843**	**6,513,442**	**16,459,820**

Movements in deferred tax assets during the period

Group
Dec-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Total
Balance at 1 January 2017	592,623	255,012	730,792	1,578,427
Recognised in Profit or loss	1,074,367	-	(730,792)	343,575
Other comprehensive Income	-	(255,012)	-	(255,012)
Balance at 31 December 2017	**1,666,990**	**-**	**-**	**1,666,990**

Movements in deferred tax liabilities during the period

Group
Dec-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2017	11,020,971	(1,159,001)	(17,408,177)	(125,966)	20,149,416	5,164,141	17,641,384
Exchange Difference	(86,481)	648,860	92,787	-	(3,473,133)	394,061	(2,423,906)
Recognised in Profit or loss	(45,080)	(842,809)	11,955,685	(767,005)	(9,589,951)	(1,693,849)	(983,009)
Other comprehensive Income	-	2,708,945	-	251,703	-	881,108	3,841,756
Balance at 31 December 2017	**10,889,410**	**1,355,995**	**(5,359,705)**	**(641,268)**	**7,086,332**	**4,745,461**	**18,076,225**

Parent
Jun-2018

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Revaluation gain and Other assets	Total
Balance at 1 January 2018	10,373,412	1,355,995	(5,359,705)	(641,268)	7,086,332	12,814,766
Recognised in Profit or loss	1,717,276	-	(898,507)	(314,639)	(2,133,490)	(1,629,360)
Other comprehensive Income	-	(1,264,726)	-	(79,626)	-	(1,344,352)
Balance at 30 June 2018	**12,090,688**	**91,269**	**(6,258,212)**	**(1,035,533)**	**4,952,842**	**9,841,054**

Parent
Dec-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Revaluation gain and Other assets	Total
Balance at 1 January 2017	10,559,043	(1,227,618)	(17,408,177)	(125,966)	20,149,417	11,946,699
Recognised in Profit or loss	(185,631)	-	12,048,472	(767,005)	(13,063,085)	(1,967,249)
Other comprehensive Income	-	2,583,613	-	251,703	-	2,835,316
Balance at 31 December 2017	**10,373,412**	**1,355,995**	**(5,359,705)**	**(641,268)**	**7,086,332**	**12,814,766**

34 Restricted deposits and other assets

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Repossessed collaterals	7,398,961	7,398,961	7,398,961	7,398,961
Prepayments (See note 34(ii) below)	26,592,565	20,819,575	15,511,092	10,786,689
Accounts Receivable	9,458,746	6,749,165	9,458,746	6,749,165
Foreign Banks - Cash Collateral	17,500,502	19,228,807	17,500,502	19,228,807
Restricted deposits with central banks (See note 34(i) below)	414,984,773	374,877,033	413,433,707	373,491,691
Contribution to AGSMEIS (See note 34(iii) below)	14,406,074	6,341,840	14,406,074	6,341,840
Recognised assets for defined benefit obligations (See note 40)	9,651,272	9,658,362	9,651,272	9,658,362
	499,992,893	**445,073,743**	**487,360,354**	**433,655,515**
Impairment on other assets (See note 34(iv) below)	(233,385)	(126,846)	(233,385)	(126,846)
	499,759,508	**444,946,897**	**487,126,969**	**433,528,669**
Current	71,140,998	56,797,097	459,087,158	46,764,211
Non-current	428,618,510	388,149,800	28,039,811	386,764,458

(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 N413,433,707,000 with the Central Bank of Nigeria (CBN) as at 30 June 2018 (December 2017:N373,491,691,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2017: 27.5%) of total Naira deposits made up of 22.5% regular CRR and 5% Special Intervention Reserve which should be held with the Central Bank of Nigeria as a regulatory requirement.

(ii) Included in Prepayments is an amount of N4,811,470,000 as at 30 June 2018 (December 2017: N4,990,629,000) which relates to prepaid operating lease rentals on branches leased by the Bank.

(iii) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

(iv) Movement in impairment of other assets:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Opening Balance at 1 January 2018	126,846	305,556	126,846	305,556
Additional impairment on initial application of IFRS 9	106,539	-	106,539	-
Reclassification[1]	-	(178,710)	-	(178,710)
Closing Balance	233,385	126,846	233,385	126,846

[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 Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Investment in subsidiaries	-	-	3,220	3,220
Other assets[1]	-	-	899,604	847,600
Total assets of disposal group	-	-	902,824	850,820

Liabilities of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Other borrowed funds[1]	-	-	899,604	847,600
Total liabilities of disposal group	-	-	899,604	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**	**3,220**

35 Deposits from banks

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Money market deposits	8,844,747	6,419,514	-	-
Other deposits from banks	93,722,991	79,011,000	47,375	42,360
	102,567,738	**85,430,514**	**47,375**	**42,360**
Current	102,567,738	85,430,514	47,375	42,360
Non-current	-	-	-	-

36 Deposits from customers

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Retail customers:				
Term deposits	159,026,742	160,211,639	111,827,664	118,973,888
Current deposits	438,190,513	378,641,048	322,704,452	278,205,508
Savings	510,464,077	479,772,792	417,016,631	398,163,682
Corporate customers:				
Term deposits	217,702,795	204,719,751	160,007,356	153,045,770
Current deposits	943,372,804	838,702,403	845,496,825	749,172,099
	2,268,756,931	**2,062,047,633**	**1,857,052,928**	**1,697,560,947**
Current	2,261,226,021	2,028,914,996	1,856,998,464	1,697,556,864
Non-current	7,530,910	33,132,637	54,464	4,083

37 Financial liabilities held for trading

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Treasury bills short positions	6,213,914	2,647,469	6,213,914	2,647,469
	6,213,914	**2,647,469**	**6,213,914**	**2,647,469**
Current	6,213,914	2,647,469	6,213,914	2,647,469
Non-current	-	-	-	-

38 Debt securities issued

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Debt securities at amortized cost:				
Eurobond debt security	96,151,576	92,131,923	96,151,576	92,131,923
	96,151,576	**92,131,923**	**96,151,576**	**92,131,923**
Current	96,151,576	92,131,923	96,151,576	92,131,923
Non-current	-	-	-	-

Debt securities with carrying amount of N96,151,576,000 (USD 278,749,000) (December 2017: N92,131,923,000 (USD 278,210,000)) represents amortised cost of Dollar guaranteed note originally issued by GTB B.V. Netherlands. The outstanding note of USD 278,749,000 (principal amount of USD276,934,000) 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. The Bank had, in October 2017 through a tender offer made to investors, redeemed USD123,066,000 of the USD400,000,000 notes.

39 **Other liabilities**

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Cash settled share based payment liability (Note 39(d))	9,169,232	8,537,765	-	-
Liability for defined contribution obligations (Note 39(a))	127,279	58,629	67	-
Deferred income on financial guarantee contracts	170,530	138,636	40,056	37,337
Litigation Claims Provision (Note 39(e))	178,710	178,710	178,710	178,710
Certified cheques	10,955,733	10,482,214	8,160,866	7,660,447
Lease obligation (Note 39(b))	-	262,599	-	262,599
Customers' deposit for foreign trade (Note 39(c))	17,877,266	19,938,543	17,514,944	19,828,369
Customers' escrow balances	260,604,313	156,588,741	260,604,313	156,588,741
Account Payables	8,302,222	11,183,326	7,715,365	9,175,514
Impairment On Contingents (Note 39(f))	6,741,958	-	6,741,958	-
Creditors and agency services	12,345,145	9,295,176	2,969,147	1,835,197
Customers deposit for shares of other Corporates	6,574,488	1,684,905	6,574,488	1,684,905
	333,046,876	**218,349,244**	**310,499,914**	**197,251,819**
Current	315,957,105	208,560,825	303,539,190	197,035,772
Non-current	17,089,771	9,788,419	6,960,724	216,047

(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 N5,095,547,000 (December 2017: N5,907,835,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (June 2017:Nil)

The future minimum lease payments extend over a number of years. This is analysed as follows:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Not more than one year	-	264,899	-	264,899
Over one year but less than five years	-	-	-	-
	-	264,899	-	264,899
Less future finance charges	-	(2,300)	-	(2,300)
	-	**262,599**	**-**	**262,599**

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	Jun-2018	Dec-2017	Jun-2018	Dec-2017
Not more than one year	-	262,599	-	262,599
Over one year but less than five years	-	-	-	-
	-	**262,599**	**-**	**262,599**

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Jun-2018		Dec-2017	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	22.54	378,859	19.63	403,531
Granted	15.71	19,519	14.84	25,808
Exercised	39.03	(34,852)	26.44	(50,479)
As at end of the period	**25.22**	**363,527**	**22.54**	**378,859**

The total unit of shares of the scheme stood at 1,318,246,000 as at June 2018, out of which 363,527,000 have been granted. Out of the 363,527,000 Share Appreciation Right (SARs) granted as at Dec 2017 (Dec 2017: 378,346,000 SARs), 273,147,707 SARs (Dec 2017: 292,251,197) have met the vesting criteria. SARs exercised in 2018 resulted in 34,851,508 shares (Dec 2017:50,478,910) being granted at a weighted average price of N39.03 each (Dec 2017: N26.44 each).

The fair value of SAR was determined using a multi-factor model which entails using average share price for vested shares and multiple combination of 5.71% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

As at 31st Dec 2017, the impact of the SAR on the statement of financial position of the Group stood at N9,169,232,000 (2017:N8,537,765,000). Of this amount, the liability on vested but unexercised SARs was N8,016,580,000 (2017: N7,618,703,000). The impact on the income statement for the period ended 30th June 2018 stood at N324,827,000 (2017: N735,902,000)

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 period have the following expiry date and exercise prices:

	Exercise price		Share options (thousands of Naira)	
Grant-Vest	Jun-2018	Dec-2017	Jun-2018	Dec-2017
2004-2009	29.17	25.94	3,695,122.00	3,604,809.00
2004-2017	26.83	23.58	115,434	97,723
2005-2010	28.13	24.75	621,848	537,377
2005-2011	0.00	24.16	-	74,932
2005-2013	27.40	25.62	644,251	551,268
2006-2011	27.57	23.37	141,729	218,514
2006-2014	29.00	25.13	279,266	241,968
2007-2012	27.21	23.31	709,261	694,210
2007-2013	27.35	23.04	78,393	66,036
2007-2014	26.32	23.25	260,462	211,467
2007-2015	27.99	20.48	53,180	38,921
2007-2016	23.85	22.87	254,832	436,550
2008-2013	25.58	22.33	414,424	346,175
2008-2014	25.00	22.32	58,839	49,195
2008-2015	24.11	20.72	66,478	55,064
2008-2017	28.08	25.43	63,189	54,098
2009-2014	26.83	23.37	96,996	83,776
2009-2015	29.35	26.07	14,234	12,643
2009-2016	0.00	26.07	-	4,073
2010-2015	21.10	16.92	61,559	49,373
2010-2016	26.34	23.21	71,893	61,614
2010-2017	26.59	22.84	50,881	42,112
2010-2018	24.95	21.72	43,246	47,780
2010-2019	25.78	22.85	57,783	51,209
2011-2016	22.99	19.78	399,737	306,455
2011-2017	25.34	21.62	35,177	30,022
2011-2018	26.20	21.05	48,465	38,947
2011-2019	18.81	19.12	51,721	43,498
2011-2020	16.77	15.31	31,869	26,019
2012-2017	22.40	17.38	95,307	67,856
2012-2018	21.48	15.05	15,982	11,193
2012-2021	24.57	22.59	7,372	6,777
2012-2022	13.95	10.54	11,734	8,868
2013-2018	19.30	15.34	227,083	151,266
2014-2019	17.69	12.73	124,204	77,252
2014-2022	16.16	12.31	3,175	2,419
2015-2020	13.15	6.88	106,874	46,143
2015-2022	11.76	5.71	27,059	11,989
2015-2023	12.47	5.19	4,495	1,870
2015-2024	5.82	4.71	135	110
2016-2021	6.74	5.28	97,809	61,104
2016-2025	4.89	4.14	1,957	1,655
2017-2022	4.98	4.03	20,989	12,654
2017-2023	4.58	3.91	916	781
2018-2026	3.79	0.00	189	-
2018-2023	3.95	0.00	3,683	-
			9,169,232	**8,537,765**

(e) Provision for litigation arose from the assessment carried out by the Solicitors of the Bank of all the pending litigations the Bank was involved in as at Jun 30, 2018. Please see Note 44 for further information on Litigations.

Movement in provision for litigation claims during the year is as follows:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Opening Balance	178,710	-	178,710	-
Reclassification[1]	-	178,710	-	178,710
Closing Balance	**178,710**	**178,710**	**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.

(f)

Movement in impairment on contingents during the period is as follows:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Opening Balance at 1 January 2018	-	-	-	-
Additional impairment on initial application of IFRS 9	6,741,958	-	6,741,958	-
Closing Balance	**6,741,958**	**-**	**6,741,958**	**-**

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 Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Present value of funded obligations	(3,186,360)	(2,976,569)	(3,186,360)	(2,976,569)
Total present value of defined benefit obligations	(3,186,360)	(2,976,569)	(3,186,360)	(2,976,569)
Fair value of plan assets	12,837,632	12,634,931	12,837,632	12,634,931
Present value of net asset/(obligations)	9,651,272	9,658,362	9,651,272	9,658,362
Unrecognized actuarial gains and losses				
Recognized asset/(liability) for defined benefit obligations	**9,651,272**	**9,658,362**	**9,651,272**	**9,658,362**

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 Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
(Deficit)/surplus on defined benefit obligations, beginning of period	9,658,362	7,506,302	9,658,362	7,506,302
Net (Expense) / Income recognised in Profit and Loss[1]	151,282	1,176,734	151,282	1,176,734
Re-measurements recognised in Other Comprehensive Income[2]	(265,418)	839,010	(265,418)	839,010
Contributions paid	107,046	136,316	107,046	136,316
(Deficit)/surplus for defined benefit obligations, end of period	**9,651,272**	**9,658,362**	**9,651,272**	**9,658,362**

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Interest income on Net defined benefit obligation[a]	185,667	765,586	185,667	765,586
Current service costs	(34,385)	(116,074)	(34,385)	(116,074)
	151,282	**649,512**	**151,282**	**649,512**

[a]Interest cost on Net Defined benefit Obligation is analysed below:

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Interest income on assets	410,891	982,912	410,891	982,912
Interest cost on defined benefit obligation	(225,224)	(217,326)	(225,224)	(217,326)
	185,667	**765,586**	**185,667**	**765,586**

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Jun-2018	Group Jun-2017	Parent Jun-2018	Parent Jun-2017
Return on plan assets, excluding amounts included in interest expense/income	(208,190)	649,166	(208,190)	649,166
Effect of Exchange rate fluctuation	-	-	-	-
Gain/(loss) from change in demographic assumptions	(57,228)	-	(57,228)	-
	(265,418)	**649,166**	**(265,418)**	**649,166**

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Equity securities:				
- Quoted	3,922,983	4,131,173	3,922,983	4,131,173
Government securities				
- Quoted	968,930	1,295,360	968,930	1,295,360
Offshore investments				
- Quoted	2,863,002	2,909,629	2,863,002	2,909,629
Cash and bank balances				
- Unquoted	5,082,717	4,298,769	5,082,717	4,298,769
	12,837,632	**12,634,931**	**12,837,632**	**12,634,931**

Group

In thousands of Nigerian Naira	Jun-2018		Dec-2017	
Equity securities	3,922,983	31%	4,131,173	33%
Government securities	968,930	8%	1,295,360	10%
Offshore investments	2,863,002	22%	2,909,629	23%
Cash and bank balances	5,082,717	40%	4,298,769	34%
	12,837,632	**100%**	**12,634,931**	**100%**

Parent

In thousands of Nigerian Naira	Jun-2018		Dec-2017	
Equity securities	3,922,983	31%	4,131,173	33%
Government securities	968,930	8%	1,295,360	10%
Offshore investments	2,863,002	22%	2,909,629	23%
Cash and bank balances	5,082,717	40%	4,298,769	34%
	12,837,632	**100%**	**12,634,931**	**100%**

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited

The N3,922,983,000 equity investments of the scheme includes the Group’s ordinary shares with a fair value ofN3,679,894,000 (Dec 2017: N3,907,048,000). Additionally, out of the cash and bank balances of N5,082,717,000 , an amount with a fair value of N4,069,794,000 (Dec 2017:N3,954,045,000) represents deposit with the Group.

Expected contributions to post-employment benefit plans for the year ending 31 December 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 period ending June 2019 is expected to be as follows:

	Parent Jun-2019	Parent Jun-2018
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 period ending June 2019 is estimated to be as follows:

	Parent Jun-2019	Parent Jun-2018
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 Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Fair value of plan assets, beginning of the period	12,634,931	9,829,129	12,634,931	9,829,129
Contributions paid into/(withdrawn from) the plan	107,046	136,316	107,046	136,316
Benefits paid by the plan	(107,046)	(136,316)	(107,046)	(136,316)
Actuarial gain	(208,190)	1,193,825	(208,190)	1,193,825
Return on plan assets	410,891	1,611,977	410,891	1,611,977
Fair value of plan assets, end of the period	**12,837,632**	**12,634,931**	**12,837,632**	**12,634,931**

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Present value of obligation, beginning of the period	2,976,569	2,322,827	2,976,569	2,322,827
Interest cost	225,224	378,991	225,224	378,991
Current service cost	34,384	56,252	34,384	56,252
Benefits paid	(107,046)	(136,316)	(107,046)	(136,316)
Actuarial (gain) on obligation	57,229	354,815	57,229	354,815
Present value of obligation at end of the period	**3,186,360**	**2,976,569**	**3,186,360**	**2,976,569**

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2018	2017
Discount rate	15.2%	15.2%
Salary increase rate	10.0%	10.0%
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
Jun-2018
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
Jun-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%	(2,183,090)	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
Jun-2018
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
Jun-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%	(2,183,090)	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	Jun-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Present value of the defined benefit obligation	(3,129,131)	(2,621,754)	(3,613,593)	(2,693,447)	(2,099,823)
Fair value of plan assets	13,045,822	11,441,106	9,216,954	9,131,514	8,542,922
Experience adjustments on plan liabilities	(57,229)	(354,815)	1,290,766	(484,967)	(200,436)
Experience adjustments on plan assets	(208,190)	1,193,825	612,175	(857,767)	(595,564)
Surplus/(deficit)	9,651,272	9,658,362	7,506,302	5,095,333	5,647,099

(k) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

41 Other borrowed funds

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Due to IFC (see note (i) below)	71,497,842	77,341,263	65,624,478	70,757,740
Due to ADB (see note (ii) below)	-	2,946,842	-	2,946,842
Due to FMO	1,297,909	2,076,854	-	-
Due to BOI (see note (iii) below)	42,058,404	41,710,002	42,058,404	41,710,002
Due to CACS (see note (iv) below)	27,070,603	25,429,458	27,070,603	25,429,458
Due to Proparco (see note (v) below)	13,654,292	14,834,598	12,685,681	13,674,445
MSME Development Fund (see note (vi) below)	212,122	284,392	212,122	284,392
Excess Crude Account -Secured Loans Fund (see note (vii) below)	14,370,146	14,547,930	14,370,146	14,547,930
Due to DEG (see note (viii) below)	19,371,127	18,546,673	19,371,127	18,546,673
RSSF on lending (see note (ix) below)	25,198,469	22,773,902	25,198,469	22,773,902
SANEF Intervention Fund (see note (x) below)	1,000,000	-	1,000,000	-
	215,730,914	**220,491,914**	**207,591,030**	**210,671,384**
Current	46,459,061	50,140,861	45,161,153	48,064,006
Non-current	169,271,853	170,351,053	162,429,877	162,607,378

i). The amount of N65,624,478,000 (USD 190,249,000) (December 2017: N70,757,740,000 ; USD 213,666,000) represents the outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014(USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.

ii). The second tranche of the facility granted to the Parent by the African Development Bank(AfDB) matured during the period and was fully paid. The outstanding balance on the facility as at December 2017 was N2,946,842,000 (USD 8,899,000). 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 was paid semi annually from August 2013. Interest was paid semi annually on the second tranche at 5.157%.

iii). The amount of N42,058,404,000 (December 2017: N42,710,002,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/restructuring of SME/Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund (PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The Bank of Industry (BOI) is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

iv). The amount of N27,070,603,000 (December 2017: N25,429,458,000) represents the outstanding balance on the on-lending facilities granted to the Parent by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) under the Commercial Agriculture Credit Scheme (CACS). The FGN is represented by the Federal Ministry of Agriculture and Rural Development (FMARD) who has the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. The Facility is for a period of 7 years at 2% p.a cost to the Parent. The maximum interest rate to the borrowers under the Scheme is 9% p.a inclusive of all charges.

v). The amount of N12,685,681,000 (USD 36,776,000) (December 2017: N13,674,445,000 ; USD 41,293,000) represents the outstanding balance on the facility granted to the Parent by PROPARCO, the private sector financing arm of Agence Francais de Development(AfD). The facilities were disbursed in two tranches with the first tranche in December 2011 (USD 50,000,000) and the second tranche in January 2015(USD 50,000,000). The principal amount is repayable semi annually from January 2012 for the first tranche and April 2017 for the second tranche. Interest is paid on a semi-annual basis with the first tranche priced at 4.46% and second tranche at Libor plus 4.26%. The first tranche matured in January 2016 while the second tranche will mature in April 2022.

vi). The amount of N212,122,000 (December 2017: N284,392,000) represents the outstanding balance on the on lending facility granted by the Central Bank of Nigeria targeted at the growth and development of the Micro, Small and Medium Scale sub sector of the economy by providing single digit low interest rate funds. The facility is granted at an interest rate of 2% to the Parent . The maximum rate, inclusive of all charges, to the eligible MSMEs is 9% p.a. and the tenor of the facility ranges from 1 to 3 years depending on the type of enterprise.

vii). The amount of N14,370,146,000 (December 2017: N14,547,930,000) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State Governments for the execution of developmental and infrastructure projects. The facility is secured by the balance due to State Governments from the Excess Crude Account. The facility is priced at 2% p.a payable on a monthly basis. The loan is granted to the States at 9% p.a inclusive of all charges. The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States. The tenor of the facility is 20 years.

viii). The amount of N19,371,127,000 (USD 56,158,000) (December 2017: N18,546,673,000 ; USD 56,005,000) 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.

ix). The amount of N25,198,469,000 (December 2017: N22,773,902,000) represents the outstanding balance on the Real Sector Support Facility (RSSF). The Facility is given by the Central Bank of Nigeria to support large enterprises for startups and expansion financing needs. The real sector activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The Facility is administered at an all-in Interest rate/charge of 9% per annum payable on quarterly basis. The Central Bank of Nigeria is entitled to earn 3% as interest while the Bank makes a 6% Spread.

x). The Shared Agent Network Facility (SANEF) is an intervention fund under the MSME Development Fund to provide ten (10) year loans to CBN Licensed and pre-qualified Mobile Money and Super- Agent operators for the purposes of rolling out of a Shared Agent Network. The objective of the Shared Agent Network is to deepen financial inclusion in the country with the offering of basic financial services such as Cash-in, Cash-out, Funds, Bills Payments, Airtime Purchase, Government disbursements as well as remote enrollment on BMS infrastructure (BVN). The facility is for 10 years inclusive of a 2-year moratorium on principal and 1- year moratorium on Interest. The facility is disbursed at a single digit, all-inclusive interest rate of 5% per annum.

41b Reconciliation of Financial Liabilities

For the period ended 30 June 2018

Group

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**92,131,923**	**220,491,914**	**262,599**
Net Cash inflow/(outflow) - Principal	0	(9,488,650)	(273,526)
Net Cash outflow - Interest	(2,865,768)	(4,708,605)	-
Effect of exchange rate fluctuation	3,836,518	4,926,137	10,927
Reclassification			
Other non-cash	3,048,903	4,510,118	-
Closing Balance	**96,151,576**	**215,730,914**	**-**

Parent

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**92,131,923**	**210,671,384**	**262,599**
Net Cash inflow/(outflow) - Principal	-	(7,302,137)	(273,526)
Net Cash outflow - Interest	(2,865,768)	(4,245,742)	-
Effect of exchange rate fluctuation	3,836,518	4,420,269	10,927
Reclassification			
Other non-cash	3,048,903	4,047,256	-
Closing Balance	**96,151,576**	**207,591,030**	-

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 Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
(a)	Authorised:				
	50,000,000,000 ordinary shares of 50k each (31 December 2017: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

	In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2017: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
26,553,948,437 ordinary shares of 50k each (31 December 2017: 26,519,639,837)	13,276,975	13,259,820	13,276,975	13,259,820
2,877,230,787 ordinary shares (GDR) of 50k each (31 December 2017: 2,911,539,387)	1,438,615	1,455,770	1,438,615	1,455,770
	14,715,590	**14,715,590**	**14,715,590**	**14,715,590**

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the period was as follows:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the period				
Balance, end of period	**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 2017	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
At 31 December 2017/1 January 2018	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
At 30 June 2018	**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 did not appropriate any amount into the Statutory Reserves. Total statutory reserves was N247,571,078,000 at the end of the period.

(ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. Total SMEEIS reserves was N4,232,478,000 at the end of the period.

(iii) **Treasury shares:** Treasury shares in the sum of N5,291,245,000 (31 December 2017:N5,291,245,000) represents the Bank's shares held by the Staff Investment Trust as at 30 June 2018.

(iv) **Fair value reserve:** The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired.

(v) **Regulatory risk reserve:** The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IFRS 9 Expected credit loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required under IFRS 9. Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N15,438,506,000. The Bank did not transfer any amount to this Reserve during the period.

(vi) **Retained earnings:** Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

(vii) **Non-controlling interest**

The analysis of non-controlling interest per subsidiary is as shown below:

	Group Jun-2018	Group Dec-2017	Group Jun-2018	Group Dec-2017
	%	%	₦'000	₦'000
GTB (Gambia) Limited	22.19	22.19	1,149,007	996,493
GTB (Sierra Leone) Limited	16.26	15.76	1,412,731	1,169,853
GTB (Ghana) Limited	2.03	2.03	620,385	517,808
GTB Liberia	0.57	0.57	43,392	32,531
GTB Kenya Limited	30.00	30.00	7,683,204	7,884,888
GTB Tanzania	30.00	30.00	818,329	881,030
			11,727,048	11,482,603

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**

	Jun-2018			
In thousands of Nigerian Naira	Statutory Reserves	SMEEIS Reserves	AGSMEIS Reserves	Total
Opening Balance	247,571,078	4,232,478	6,341,840	258,145,396
Total comprehensive income for the year:				
Transfers for the period[1]	-	-	8,064,234	8,064,234
Total transactions with equity holders	**-**	**-**	**8,064,234**	**8,064,234**
Balance as at 30 June 2018	**247,571,078**	**4,232,478**	**14,406,074**	**266,209,630**

[1] The amount of N8,064,234,000 transferred into AGSMEIS reserves represents 5% of Dec 2017 PAT which was contributed into the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) during the period.

	Dec-2017			
In thousands of Nigerian Naira	Statutory Reserves	SMEEIS Reserves	AGSMEIS Reserves	Total
Opening Balance	199,185,674	4,232,478	-	203,418,152
Total comprehensive income for the year:				
Transfers for the year	48,385,404	-	6,341,840	54,727,244
Total transactions with equity holders	**48,385,404**	**-**	**6,341,840**	**54,727,244**
Balance as at 31 December 2017	**247,571,078**	**4,232,478**	**6,341,840**	**258,145,396**

43 Dividends

The following dividends were declared and paid by the Group during the period ended:

In thousands of Nigerian Naira	Group Jun-2018	Group Dec-2017	Parent Jun-2018	Parent Dec-2017
Balance, beginning of period	-	-	-	-
Final dividend declared[1]	70,634,830	51,504,563	70,634,830	51,504,563
Interim dividend declared	-	8,829,354	-	8,829,354
Payment during the period	(70,634,830)	(60,333,917)	(70,634,830)	(60,333,917)
Balance, end of period	-	-	-	-

[1] This relates to the final dividend declared for the 2017 financial year.

Subsequent to the balance sheet date, the Board of directors proposed an interim dividend of 30k per share (June 2017: 30k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

43 Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 464 cases as a defendant (31 December 2017: 470) and 390 cases as a plaintiff (31 December 2017: 427). The total amount claimed in the 464 cases against the Bank is estimated at N471.47 Billion and $19.06 Million (31 December 2017: N530.59 Billion and $132.80 Million) while the total amount claimed in the 390 cases instituted by the Bank is N111.7 Billion (31 December 2017: N110.86 Billion). However, the solicitors of the Bank are of the view that the probable liability which may arise from the cases pending against the Bank is not likely to exceed N178.71 Million (31 December 2017: N178.71 Million). This probable liability has been fully provided for by the Bank (please refer to Note 39).

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving transaction related bonds and indemnities. 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 Jun-2018**	**Group Dec-2017**	**Parent Jun-2018**	**Parent Dec-2017**
Contingent liabilities:				
Transaction related bonds and guarantees	472,322,322	433,620,435	459,741,183	414,229,702
	472,322,322	**433,620,435**	**459,741,183**	**414,229,702**
Commitments:				
Clean line facilities and letters of credit	70,439,411	51,861,890	31,827,717	22,369,921
Other commitments	8,082,427	8,890,842	-	-
	78,521,838	**60,752,732**	**31,827,717**	**22,369,921**

b. 49% (N227,113,887,000) of all the transaction related bonds and guarantees are collaterised (December 2017: 48%: N204,244,780,000). The cash-collaterised component of the bond and guarantee is N41,628,870,000 (31 December 2017: N50,888,704,000) while the balance of N185,485,017,000 (December 2017: N153,356,076,000) is non-cash.

44 The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

Classification and measurement of financial instruments

Group

	IAS 39		IFRS 9	
In thousands of Nigerian Naira	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets				
Cash and cash equivalents	Amortised cost (Loans and receivables)	641,973,784	Amortised cost	641,668,276
Trading assets	FVPL (Held for trading)	23,945,661	FVPL	23,945,661
Derivatives	FVPL (Held for trading)	2,839,078	FVPL	2,839,078
Investment securities:	FVOCI (Available for sale)	514,472,037	FVOCI	514,221,661
	Amortised cost (Loans and receivables)	96,466,598	Amortised cost	96,457,565
Pledged assets	FVOCI (Available for sale)	58,976,175	FVOCI	58,968,215
Loans & advances to banks	Amortised cost (Loans and receivables)	750,361	Amortised cost	740,658
Loans & advances to customers	Amortised cost (Loans and receivables)	1,448,533,430	Amortised cost	1,303,858,153
Restricted deposits & other assets	Amortised cost (Loans and receivables)	424,254,168	Amortised cost	424,147,629

Parent

	IAS 39		IFRS 9	
In thousands of Nigerian Naira	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets				
Cash and cash equivalents	Amortised cost (Loans and receivables)	455,296,196	Amortised cost	454,990,688
Trading assets	FVPL (Held for trading)	16,652,356	FVPL	16,652,356
Derivatives	FVPL (Held for trading)	2,839,078	FVPL	2,839,078
Investment securities:	FVOCI (Available for sale)	450,077,977	FVOCI	449,827,601
	Amortised cost (Loans and receivables)	2,007,253	Amortised cost	1,998,220
Pledged assets	FVOCI (Available for sale)	58,961,722	FVOCI	58,953,762
Loans & advances to banks	Amortised cost (Loans and receivables)	43,480	Amortised cost	33,777
Loans & advances to customers	Amortised cost (Loans and receivables)	1,265,971,688	Amortised cost	1,124,512,140
Restricted deposits & other assets	Amortised cost (Loans and receivables)	422,868,826	Amortised cost	422,762,287

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The following table reconciles the carrying amount of financial assets, from their previous measurement category in accordance with to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Group

In thousands of Nigerian Naira	IAS 39 carrying amount 31-Dec-17	Remeasurements	IFRS 9 carrying amount 01-Jan-18
Amortised cost			
Cash and cash equivalents			
Opening balance under IAS 39	641,973,784		
Remeasurement: ECL allowance		(305,508)	
Closing balance under IFRS 9			641,668,276
Investment securities - amortised cost			
Opening balance under IAS 39	96,466,598		
Remeasurement: ECL allowance		(9,033)	
Closing balance under IFRS 9			96,457,565
Loans & advances to banks			
Opening balance under IAS 39	750,361		
Remeasurement: ECL allowance		(9,703)	
Closing balance under IFRS 9			740,658
Loans & advances to customers			
Opening balance under IAS 39	1,448,533,430		
Remeasurement: ECL allowance		(144,675,277)	
Closing balance under IFRS 9			1,303,858,153
Restricted deposits & other assets			
Opening balance under IAS 39	424,254,168		
Remeasurement: ECL allowance		(106,539)	
Closing balance under IFRS 9			424,147,629
Fair value through profit or loss (FVTPL)			
Trading assets			
Opening balance under IAS 39	23,945,661		
Closing balance under IFRS 9			23,945,661
Derivatives			
Opening balance under IAS 39	2,839,078		
Closing balance under IFRS 9			2,839,078
Fair value through other comprehensive income (FVOCI)			
Investment securities - FVOCI (debt instruments)			
Opening balance under IAS 39	514,472,037		
Closing balance under IFRS 9			514,472,037
Pledged assets			
Opening balance under IAS 39	58,976,175		
Closing balance under IFRS 9			58,976,175

Parent

In thousands of Nigerian Naira	IAS 39 carrying amount 31-Dec-17	Remeasurements	IFRS 9 carrying amount 01-Jan-18
Amortised cost			
Cash and cash equivalents			
Opening balance under IAS 39	455,296,196		
Remeasurement: ECL allowance		(305,508)	
Closing balance under IFRS 9			454,990,688
Investment securities - amortised cost			
Opening balance under IAS 39	2,007,253		
Remeasurement: ECL allowance		(9,033)	
Closing balance under IFRS 9			1,998,220
Loans & advances to banks			
Opening balance under IAS 39	43,480		
Remeasurement: ECL allowance		(9,703)	
Closing balance under IFRS 9			33,777
Loans & advances to customers			
Opening balance under IAS 39	1,265,971,688		
Remeasurement: ECL allowance		(141,459,548)	
Closing balance under IFRS 9			1,124,512,140
Restricted deposits & other assets			
Opening balance under IAS 39	422,868,826		
Remeasurement: ECL allowance		(106,539)	
Closing balance under IFRS 9			422,762,287
Fair value through profit or loss (FVTPL)			
Trading assets			
Opening balance under IAS 39	16,652,356		
Closing balance under IFRS 9			16,652,356
Derivatives			
Opening balance under IAS 39	2,839,078		
Closing balance under IFRS 9			2,839,078
Fair value through other comprehensive income (FVOCI)			
Investment securities - FVOCI (debt instruments)			
Opening balance under IAS 39	450,077,977		
Closing balance under IFRS 9			450,077,977
Pledged assets			
Opening balance under IAS 39	58,961,722		
Closing balance under IFRS 9			58,961,722

IFRS 9 Impact on Changes in Equity & Allowances for Financial Instruments on Initial Application of IFRS 9 on January 1, 2018

The following table provides information on IFRS 9 impact on changes in Equity, i.e. reatined earnings, and reconciles the closing impairment allowance as at December 31 2017 for both the financial assets in 'accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 to the opening ECL allowance determined in accordance with IFRS 9 as at January 1, 2018.

Group

In thousands of Nigerian Naira	**December 31, 2017 (IAS 39/IAS 37 & Regulatory requirement)**	**IFRS 9 Allowances**	**IFRS 9 Impact on Retained Earnings & NCI as at Jan. 1, 2018**
Portfolio allowance / 12 months ECL - Stage 1	18,876,953	20,580,390	1,703,437
Life Time ECL Not Credit Impaired - Stage 2	-	58,993,103	58,993,103
Individually impaired / Life Time ECL Credit Impaired - Stage 3	48,914,387	80,578,654	31,664,267
Regulatory Risk Reserve (RRR) / Reclassification of RRR	52,324,173	52,324,173	-
Placements	-	305,508	305,508
EuroBond	-	190,510	190,510
Treasury Bills:			
- FVOCI- Pledged	-	7,960	7,960
- FVOCI	-	58,468	58,468
Bonds:			
- Amortized Cost	-	9,033	9,033
- FVOCI	-	1,398	1,398
Other Assets	-	106,539	106,539
Loan commitments and financial guarantee contracts issued	-	6,741,958	6,741,958
Total	**120,115,513**	**219,897,694**	**99,782,181**

Parent

In thousands of Nigerian Naira	**December 31, 2017 (IAS 39/IAS 37 & Regulatory requirement)**	**IFRS 9 Allowances**	**IFRS 9 Impact on Retained Earnings as at Jan. 1, 2018**
Portfolio allowance / 12 months ECL - Stage 1	17,865,684	19,360,706	1,495,022
Life Time ECL Not Credit Impaired - Stage 2	-	57,921,195	57,921,195
Individually impaired / Life Time ECL Credit Impaired - Stage 3	42,414,653	72,143,515	29,728,862
Regulatory Risk Reserve (RRR) / Reclassification of RRR	52,324,173	52,324,173	-
Placements	-	305,508	305,508
EuroBond	-	190,510	190,510
Treasury Bills:			
- FVOCI- Pledged	-	7,960	7,960
- FVOCI	-	58,468	58,468
Bonds:			
- Amortized Cost	-	9,033	9,033
- FVOCI	-	1,398	1,398
Other Assets	-	106,539	106,539
Loan commitments and financial guarantee contracts issued	-	6,741,958	6,741,958
Total	**112,604,510**	**209,170,962**	**96,566,452**

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 Jun-18	NCI Jun-18	Ownership interest Dec-17	NCI Dec-17
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	22.19%	77.81%	22.19%
2	Guaranty Trust Bank Sierra Leone Limited	Sierra Leone	83.74%	16.26%	84.24%	15.76%
3	Guaranty Trust Bank Ghana Limited	Ghana	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%	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 Jun-18	NCI Jun-18	Ownership interest Dec-17	NCI Dec-17
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 14th 2016 and commenced operations in December 2017 to spread its delivery of superior financial services to its East African customers.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, the Group's liability will be limited to its level of investment in the entity .

Non -controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for period ended 30 June, 2018:

	Significant subsidiaries	Principal place of business	Accumulated Non-controlling Interest		Profit or loss Allocated to Non-controlling Interest	
	In thousands of Nigerian Naira		Jun-18	Dec-17	Jun-18	Dec-17
1	Guaranty Trust Bank Gambia Limited	Gambia	1,149,007	996,493	103,265	253,300
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	1,412,731	1,169,853	236,635	321,587
3	Guaranty Trust Bank Ghana Limited	Ghana	620,385	517,808	108,672	134,842
4	Guaranty Trust Bank Liberia Limited	Liberia	43,392	32,531	5,860	7,520
5	Guaranty Trust Bank Kenya Limited	Kenya	7,683,204	7,884,888	169,760	316,199
6	Guaranty Trust Bank Tanzania Limited	Tanzania	818,329	881,030	(85,555)	(102,455)

The Parent is currently considering providing additional capital requirement of $25,000,000 to Guaranty Trust Bank Ghana in order for the subsidiary to meet up with the new regulatory capital requirement of 400,000,000 Ghanaian Cedis.

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**
Percentage holding	70%
Nature of entity	Hotel & Leisure
Purpose of investment	Government-induced investment
Activities of entity	Provision of hospitality services
***Carrying amount**	N0.00 (Dec-2017: N0.00)
Line item in SOFP	Investment securities-FVOCI***
Loans granted	N4,911,304,609 (Dec-2017: N2,546,139,404)
****Maximum exposure to loss**	N4,911,304,609 (Dec-2017: N2,546,139,404)
Source of Financing	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.
***Fair Value through Other Comprehensive Income.

The Bank does not provide financial support to the unconsolidated structured entities and has no plans to provide financial support to the entity in the future. However, the bank extended loans to the entity in the normal course of business at arm’s length.

The Bank does not have the rights to direct the entity to enter into, or veto any changes to transactions for the benefit of the Bank. In addition, the bank does not exercise decision-making rights that give the bank the ability to direct the relevant activities of the entity.

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 half-year period, the Bank received no Dividend from its subsidiaries.

The Bank has receivables from GTBank Ghana, GTBank Cote D'Ivoire, and GTBank Tanzania to the tune of ₦20,232,639, ₦15,300,037, ₦6,576,110 respectively as at 30 June, 2018 (December 2017: GTBank UK in the sum of ₦2,278,115). The Bank also received interest of ₦157,140,035 on its placement with GTBank UK.

(c) **Transactions with key management personnel**

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management include the close family members of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close family members are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(d) Risk assets outstanding 30 June 2018

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 N370,243,000 (31 December 2017:N631,288,000) was outstanding on these facilities at the end of the period. The bank earned a sum of N47,923,000 on insider related facilities during the period. 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					**Jun-2018**	**Dec-2017**
Jaykay Pharmacy Ltd	Director Related	Director Related	Performing	Mortgage Debenture	15,499	14,846
Mediabloc Consulting Nigeria Ltd.	Insider Related	Insider Related	Performing	Domiciliation; Personal Guarantee	6,270	6,825
Contemporary Gifts Limited	Insider Related	Insider Related	Performing	All Asset Debenture, Personal Guarantee	9,977	14,895
Discovery House Mont.Sch. Ltd	Insider Related	Insider Related	Performing	Tripartite Legal Mortgage, Domiciliation, Personal Guarar	38,862	57,377
School Kits Limited	Insider Related	Insider Related	Performing	Tripartite Legal Mortgage,Personal Guarantee	46,064	28,000
Downtown Hotel & Cat. Services	Director Related	Director Related	Performing	Tripartite Legal Mortgage,Personal Guarantee	4,363	25,000
Olanrewaju Kalejaiye	Insider Related	Insider Related	Performing	Legal Mortgage, Domiciliation	77,065	98,561
Hassan Ibrahim	Director Related	Director Related	Performing	Legal Mortgage	93,416	115,200
Uzoewulu Lisa Obiageli	Director Related	Max Advance	Performing	Domiciliation	-	1,081
Agusto, Olabode Mubasheer	Director Related	Director Related	Performing	Legal Mortgage	67,633	74,511
Adebayo Adeola	Director Related	Director Related	Performing	Cash In Pledged Funds	11,094	1,000
Fola Adeola	Director Related	Overdraft	Performing	Tripartite Equitable Mortgage	-	193,992
					370,243	**631,288**

(e) Director/insiders related deposit liabiilties

Name of company/Individual	Relationship	Type of Deposit	Parent	Parent
In thousands of Nigerian Naira			Jun-2018	Dec-2017
Agusto & Co. Limited	Director Related	Demand Deposit	18,482	33,721
Alliance Consulting	Director Related	Demand Deposit	946	939
Comprehensive Project Mgt. Servic	Director Related	Demand Deposit	13,785	18,358
Cubic Contractors Limited	Director Related	Demand Deposit	2,191	2,189
Eterna Plc	Director Related	Demand Deposit	36,547	16,176
IBFC Limited	Director Related	Demand Deposit	50	50
Jaykay Pharmacy Limited	Director Related	Demand Deposit	9	9
Kresta Laurel Limited	Director Related	Demand/Time Deposits	73,686	100,260
Main One Cable Company Ltd	Director Related	Demand Deposit	6,718	24,715
WSTC Financial Services Ltd	Director Related	Demand/Time Deposits	132,096	138,539
WSTC Nominee Limited	Director Related	Demand Deposit	431	431
Wstc Securities Limited	Director Related	Demand Deposit	-	12,216
International Travel Express Ltd	Director Related	Demand Deposit	15	15
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposit	9	44
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	159	157
Polystyrene Industries Ltd	Director Related	Demand Deposit	5,590	4,507
Touchdown Travels Limited	Director Related	Demand/Time Deposits	178,905	15,322
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	3,224	9,073
Agbaje, Olufemi Augustus	Director Related	Demand Deposit	17,168	14,930
Adeola Razack Adeyemi	Director Related	Demand Deposit	24,033	28,647
IBFC Alliance	Director Related	Demand Deposit	881	2,155
Contemporary Gifts Limited	Insider Related	Demand Deposit	36	35
Fcsl Asset Mgt Company Ltd	Director Related	Demand Deposit	6,112	11,393
Ithena Logic Limited	Director Related	Demand Deposit	-	1
School Kits Limited	Insider Related	Demand Deposit	2,635	863
Uzoewulu, Lisa Obiageli	Insider Related	Demand Deposit	162	31
Adeola Fola	Director Related	Demand Deposit	732,660	238,237
Hassan Ibrahim	Director Related	Demand Deposit	3,804	3,606
Agusto, Olabode Mubasheer	Director Related	Demand Deposit	10,299	4,520
Downtown Hotel & Cat. Services	Director Related	Demand Deposit	81	996
Kalejaiye, Olanrewaju Oluwatoyin	Insider Related	Demand Deposit	1,057	7,335
			1,271,771	**689,470**

Interest expense on insider related deposits was N12,602,000 during the period.

(f) Subsidiaries' deposit account balances

Name of company/Individual In thousands of Nigerian Naira	Relationship	Type of Deposit	Jun-2018	Dec-2017
GTB Sierra Leone	Subsidiaries	Domicilliary	1,277	1,226
GTB Ghana	Subsidiaries	Demand Deposit	3,462	3,462
GTB Ghana	Subsidiaries	Domicilliary	40,906	39,272
			45,645	43,960

-

(g) **Key management personnel and their immediate relatives engaged in the following transactions with the Group during the period:**

Loans and advances:

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Dec-2017**	**Parent Jun-2018**	**Parent Dec-2017**
Secured loans	370,243	631,288	370,243	631,288

Deposits:

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Dec-2017**	**Parent Jun-2018**	**Parent Dec-2017**
Total deposits	1,271,771	689,470	1,271,771	689,470

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

(h) **Key management personnel compensation for the period comprises:**

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Wages and salaries	896,636	920,406	785,830	795,084
Post-employment benefits	64,358	45,141	64,358	45,141
Share-based payments	1,357,813	1,060,423	1,224,789	1,060,423
Increase /(decrease) in share appreciation rights	137,017	(356,458)	-	-
	2,455,824	**1,669,512**	**2,074,977**	**1,900,648**

(i) (i) **Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Fees as directors	222,295	196,019	24,500	21,500
Other allowances	143,939	181,627	113,612	140,827
	366,234	377,646	138,112	162,327
Executive compensation	249,973	304,657	249,973	304,657
	616,207	**682,303**	**388,085**	**466,984**

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Jun-2018	Parent Jun-2017
Chairman	16,049	30,370
Highest paid director	84,578	84,578

(iii) The emoluments of all other directors fell within the following ranges:

	Parent Jun-2018	Parent Jun-2017
N 6,500,001 - N11,000,000	2	3
N11,500,001 - N12,000,000	-	-
N13,000,001 - N13,500,000	1	-
N13,500,001 - N22,500,000	4	4
Above N22,500,001	7	9
	14	16

48 Contraventions

INFRACTION	AMOUNT
2016 FX examination findings -CBN SMIS	N2,000,000
2016 & 2017 Risk Based Examination findings	N14,000,000

49 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements

50 Restatement of comparative financial information

In thousands of Nigerian Naira	Reported Group Jun-2017	Restatements Group	Restated Group Jun-2017	Reported Parent Jun-2017	Restatements Parent	Restated Parent Jun-2017
Interest income	165,884,856	-	165,884,856	145,244,701	-	145,244,701
Interest expense	(36,347,415)	-	(36,347,415)	(29,529,809)	-	(29,529,809)
Net interest income	**129,537,441**	**-**	**129,537,441**	**115,714,892**	**-**	**115,714,892**
Loan impairment charges	(7,212,808)	-	(7,212,808)	(7,316,758)	-	(7,316,758)
Net interest income after loan impairment charges	**122,324,633**	**-**	**122,324,633**	**108,398,134**	**-**	**108,398,134**
Fee and commission income[1]	28,027,266	(4,312,260)	23,715,006	21,388,555	(4,312,260)	17,076,295
Fee and commission expense	(965,643)	-	(965,643)	(653,914)	-	(653,914)
Net fee and commission income	**27,061,623**	**(4,312,260)**	**22,749,363**	**20,734,641**	**(4,312,260)**	**16,422,381**
Net gains/(losses) on financial instruments classified as held for trading	5,663,642	-	5,663,642	3,104,156	-	3,104,156
Other income[1]	14,521,815	4,312,260	18,834,075	16,864,493	4,312,260	21,176,753
Other income	**20,185,457**	**4,312,260**	**24,497,717**	**19,968,649**	**4,312,260**	**24,280,909**
Total operating income	**169,571,713**	**-**	**169,571,713**	**149,101,424**	**-**	**149,101,424**
Net impairment loss on financial assets	(646,180)	-	(646,180)	(646,180)	-	(646,180)
Net operating income after net impairment loss on financial assets	**168,925,533**	**-**	**168,925,533**	**148,455,244**	**-**	**148,455,244**
Personnel expenses	(16,368,191)	-	(16,368,191)	(11,380,738)	-	(11,380,738)
Operating lease expenses	(749,535)	-	(749,535)	(326,757)	-	(326,757)
Depreciation and amortization	(7,880,864)	-	(7,880,864)	(6,543,777)	-	(6,543,777)
Other operating expenses	(42,826,433)	-	(42,826,433)	(35,645,552)	-	(35,645,552)
Total expenses	**(67,825,023)**	**-**	**(67,825,023)**	**(53,896,824)**	**-**	**(53,896,824)**
Profit before income tax	**101,100,510**	**-**	**101,100,510**	**94,558,420**	**-**	**94,558,420**
Income tax expense	(17,421,102)	-	(17,421,102)	(14,123,341)	-	(14,123,341)
Profit for the year	**83,679,408**	**-**	**83,679,408**	**80,435,079**	**-**	**80,435,079**

[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 period 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
35	FORTE OIL MILE 12 KETU	MILE 12 BUS-STOP, KETU ALAPERE LAGOS
SELECT FORTE OIL FILLING STATIONS IN OGUN STATE		
36	FORTE OIL, IYANA IYESI- SANGO OTTA	IYANA IYESI ROAD, SANGO OTTA
37	FORTE OIL, ILO AWELA - SANGO OTTA	11, ILO AWELA ROAD, SANGO OTTA
SELECT FORTE OIL FILLING STATIONS IN PORT-HARCOURT		
38	FORTE OIL, RUMUBEKWE PH	PH/ABA EXPRESSWAY BY SHELL RA , PORT HARCOURT
39	FORTE OIL, MOSCOW ROAD PH	11, MOSCOW ROAD OPP RIVERS ST HOUSE OF ASSEMBLY, PORT HARCOURT
40	FORTE OIL MILE 5 PH	BY RUMUOKWUTA ROUND ABOUT, PORT HARCOURT
41	FORTE OIL AGGREY ROAD 2, PH	AGGREY ROAD 2, PORT HARCOURT.

42	FORTE OIL, LORRY PARK, PH	29 STATION ROAD, LAGOS BUSTOP, PORT HARCOURT
43	FORTE OIL, ELIOZU ROAD, PH	ELIOZU ROAD OFF EASTWEST PORT HARCOURT
SELECT FORTE OIL FILLING STATIONS IN ABUJA		
44	FORTE OIL, NEW NYANYA ABUJA	NEW NYANYA BUS-STOP ABUJA
45	FORTE OIL, KARU JIKWOYI BY LIVING FAITH	KARU ROAD, JIKWOYI BY LIVING FAITH ABUJA
46	FORTE OIL, JIKWOYI KARISHI WAY ABUJA	JIKWOYI KARISHI WAY ABUJA
SELECT FORTE OIL FILLING STATION IN AKWA-IBOM UYO		
47	FORTE OIL, AKWAIBOM-UYO	154, IKOT-EKPENE ROAD UYO
SELECT TOTAL NIGERIA PLC FILLING STATIONS IN LAGOS		
48	TOTAL, SURA - LAGOS ISLAND	4 SIMPSON STREET BESIDE SURA SHOPPING COMPLEX, LAGOS ISLAND
49	TOTAL, OGIJO - IKORODU	KM 12 SAGAMU EXPRESS ROAD, IKORODU OGIJO OGUN STATE
50	TOTAL STATION, MM WAY, EBUTE METTA	150/152 MM WAY, EBUTE METTA
51	TOTAL STATION, ITIRE	23/25 ITIRE RD, LAWANSON
52	TOTAL OJOTA	IKORODU ROAD OJOTA BUS-STOP LAGOS
53	TOTAL TINCAN APAPA	APAPA OSHODI EXPRESSWAY BERGER CEMENT BUS-STOP
SELECT FORTE OIL FILLING STATIONS IN KANO		
54	FORTE OIL CLUB ROAD	CLUB ROAD KANO
55	FORTE OIL ZARIA ROAD	ZARIA ROAD KANO
SELECT TOTAL NIGERIA PLC FILLING STATIONS IN KANO		
56	TOTAL HOTORO	HOTORO ROAD KANO

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
9	TOTAL STATION, EPE TOWN LAGOS	EPE TOWN, EPE, LAGOS
10	TOTAL STATION SURA LAGOS	SIMPSON STREET, LAGOS ISLAND, LAGOS.
SELECT LOCATIONS ON LAGOS MAINLAND		
11	TOTAL STATION, AJEGUNLE	MOBIL ROAD, AJEGUNLE
12	TOTAL STATION, AKOKA	52, ST FINBARRS ROAD, AKOKA, LAGOS
13	TOTAL STATION, ALAPERE	139/143 DEMURIN STREET, KETU.
14	TOTAL STATION, ALAPERE 2	IBADAN-LAGOS EXPRESSWAY,ALAPERE BUS STOP, LAGOS
15	TOTAL STATION, ALAUSA	MOBOLAJI JOHNSON WAY, ALAUSA
16	TOTAL STATION, BENSON BUS STOP	27 LAGOS RD IKORODU

17	TOTAL STATION, BONNY	BONNY, MARINE BEACH APAPA LAGOS
18	TOTAL STATION, CHALLENGE	282 AGEGE MOTOR RD, MUSHIN
19	TOTAL STATION, COATES	19 COATES STREET, OYINGBO, YABA
20	TOTAL STATION, DIYA	49, DIYA STREET, IFAKO-GBAGADA, LAGOS
21	TOTAL STATION, IGANDO	IKOTUN ROAD, IGANDO
22	TOTAL STATION, IJORA	4 CAUSE WAY, IJORA
23	TOTAL STATION, IKEJA	19 TOYIN STREET, IKEJA
24	TOTAL STATION, IKORODU ROAD	193, IKORODU ROAD, PALGROOVE, LAGOS
25	TOTAL STATION, IKOSI ROAD	54, IKOSI ROAD, KETU, LAGOS
26	TOTAL STATION, ILUPEJU	INDUSTRIAL AVENUE, ILUPEJU
27	TOTAL STATION, LASU IDIMU	KM 4 LASU IDIMU ROAD, IDIMU
28	TOTAL STATION, M M WAY	150/152 MM WAY, EBUTE METTA
29	TOTAL STATION, MILE 2	MILE 2 BUS STOP AMUWO ODOFIN, BADADRY E/WAY
30	TOTAL STATION, MUSHIN	217 AGEGE MOTOR RD, MUSHIN
31	TOTAL STATION, OGBA 2	11B METAL BOX ROAD, OGBA
32	TOTAL STATION, OJOTA 1	1, IKORODU ROAD, OJOTA, LAGOS
33	TOTAL STATION, OJOTA 2	430, IKORODU ROAD, OJOTA, LAGOS
34	TOTAL STATION, OJUELEGBA	36 OJUELEGBA ROAD, SURULERE, LAGOS
35	TOTAL STATION, OKE AFA	3 OKOTA ROAD, OKE AFA, LAGOS
36	TOTAL STATION, OLD OJO ROAD	118 OLD OJO RD. AGBOJU MAZA-MAZA ORIADE LCDA
37	TOTAL STATION, OLD TOLL GATE	LAGOS/IBADAN EXPRESSWAY, ALAUSA
38	TOTAL STATION, ONIGBAGBO	25 MOBOLAJI BANK ANTHONY WAY, IKEJA
39	TOTAL STATION, OSHODI	OSHODI APAPA EXPRESSWAY, OSHODI
40	TOTAL STATION, SURULERE	LUTH ISHAGA RD, SURULERE
41	TOTAL STATION, TIN CAN	APAPA OSHODI EXPRESS WAY
42	TOTAL STATION, TOYIN	39 TOYIN STREET, IKEJA
43	TOTAL STATION, WESTERN AVENUE	115,FUNSHO WIILIAMS ROAD, IPORI, LAGOS
44	TOTAL STATION, WHARF ROAD	294 WHARF ROAD, APAPA
45	TOTAL STATION, MOSALASI	22/23 MOSHALASHI, EGBEDA IDIMU, LAGOS
46	TOTAL STATION, H/MACAULAY	272 HERBERT MACAULAY ROAD, YABA, LAGOS
47	TOTAL STATION, OREGUN	47 KUDIRAT ABIOLA WAY, OREGUN, LAGOS
48	TOTAL STATION, ISOLO 2	201 MUSHIN ROAD, ISOLO, LAGOS
49	TOTAL STATION, IGBOBI	136/138 IKORODU ROAD, LAGOS
50	TOTAL STATION, TINUBU VILLAGE	52 IKORODU ROAD, LAGOS
51	TOTAL STATION, ABULE EGBA	ABEOKUTA EXPRESS ROAD ABULE-EGBA LAGOS
52	TOTAL STATION, AGEGE	142, ABEOKUTA/AGEGE MOTOR ROAD
53	TOTAL STATION ALAKUKO	LAGOS ABEOKUTA EXPRESS ROAD ALAKUKO
54	TOTAL STATION ATAN	SOKOTO BADDAGRY EXP. AGBARA-ATAN
55	TOTAL STATION IKORODU TOWN	6 SAGAMU RD IKORODU
56	TOTAL STATION IYANA MEIRAN	MEIRAN ROAD MEIRAN LAGOS
57	TOTAL STATION OGIJO	KM6 SAGMU RD OGIJO

58	TOTAL STATION OJOKORO	KM 14 LAGOS ABEOKUTA EXPRESS OJOKORO
59	TOTAL STATION OKE ODO	LAGOS ABEOKUTA EXPRESS RD, OKE-ODO
60	TOTAL STATION OKO OBA	OLD ABEOKUTA MOTOR RD, OKO-OBA
61	TOTAL STATION PENCINEMA	18, BALOGUN STREET AGEGE
63	TOTAL STATION AJANGBADI	273 OJO IJEDE RD AJANGBADI
63	TOTAL STATION IJANIKIN	KM28 BADAGRY EXPWAY IJANIKIN
64	TOTAL STATION OKOKOMAIKO	KM22 BADAGRY EXPRESSWAY
65	TOTAL STATION SEME-BADAGRY	SEA BEACH SEME BADAGRY
SELECT LOCATIONS IN OGUN STATE		
66	TOTAL STATION, ODE REMO	KM 55 ODE-REMO SAGAMU- IBADAN EXPRESS RD
67	TOTAL STATION, SAGAMU CENTRE	152, AKARIGBO STREET, SAGAMU
68	TOTAL STATION EPE GARAGE	EPE GARAGE, IJEBU ODE
69	TOTAL STATION IPARA	146 OLD IBADAN RD IPARA
70	TOTAL STATION ISHARA	43 ODEREMO RD ISHARA
71	TOTAL STATION OPIC	OPIC ESTATE AGBARA-OGUN STATE
72	TOTAL STATION SAGAMU LAGOS ROAD	185 AKARIGBO STREET IJOKO SAGAMU
73	TOTAL STATION SANGO OTTA	ABEOKUTA EXPRESS ROAD SANGO
74	TOTAL STATION IDIROKO	IDIROKO
75	TOTAL STATION KM2	KM2 SAGAMU BENIN EXPRESS WAY
76	TOTAL STATION IJEBU ITOKIN ROAD	ITOKIN RD KASOLERRI IKORODU
77	TOTAL STATION IFO	LAGOS-ABEOKUTA EXPRESS-WAY,IFO
78	TOTAL STATION ADATAN ABEOKUTA	75, IBADAN ROAD, ABEOKUTA.
79	TOTAL STATION IKEREKU ABEOKUTA	70,MAJEKODUNMI STREET,IKEREKU
80	TOTAL STATION ILARO 1 ABEOKUTA	5, ONA-OLA STREET,ILARO
81	TOTAL STATION LAFENWA ABEOKUTA	8,BRIDGE STREET , LAFENWA ABEOKUTA
82	TOTAL STATION OKEITOKU ABEOKUTA	48,OSHOLE STREET,ABEOKUTA
83	TOTAL STATION OWODE ABEOKUTA	OWODE-ILARO RD
84	TOTAL STATION WASIMI ABEOKUTA	LAGOS-ABEOKUTA EXPRESS-WAY,WASIMI
85	TOTAL STATION ABEOKUTA RD IJEBU	TOTAL SERVICE STATION, ABEOKUTA ROAD, IJEBU-ODE.
86	TOTAL STATION IBADAN RD IJEBU	12 IBADAN ROAD, IJEBU-ODE.
87	TOTAL STATION IJEBU IGBO	TOTAL FILLING STATION, IJEBU-IGBO.
88	TOTAL STATION IKANGBA IJEBU	TOTAL FILLING STATION, IKANGBA HOUSING ESTATE, IKANGBA.
89	TOTAL STATION IPERU IJEBU	TOTAL FILLING STATION, IPERU-REMO
90	TOTAL STATION MAMU IJEBU	TOTAL FILLING STATION, MAMU.
91	TOTAL STATION ORU IJEBU	TOTAL SERVICE STATION, ORU ROAD, IJEBU-IGBO.
SELECT LOCATIONS IN IBADAN , OYO STATE		
92	TOTAL STATION, NEW RESERVATION	IYAGANKU RD, AREA POLICE COMMAND, IBADAN
93	TOTAL STATION, SANGO STATION	OYO ROAD, SANGO, IBADAN
94	TOTAL STATION OKE ADO IBADAN	MOLETE RD., OKE ADO MOLETE-OKE BOLA RD
95	TOTAL STATION OLD LAGOS ROAD IBADAN	OLD LAGOS RD, IBADAN
96	TOTAL STATION ELEIYELE I IBADAN	JERICHO RD. IBADAN, ALONG ONIREKE/JERICHO RD

97	TOTAL STATION ADAMASINGBA IBADAN	FAJUYI RD. IBADAN, ALONG DUGBE-MOKOLA RD
98	TOTAL STATION ELEIYELE II IBADAN	JERICHO RD. IBADAN, ALONG ELEYELE-SANGO RD
99	TOTAL STATION RING ROAD S/S	LIBERTY RD. IBADAN, OLUSANYA AREA, RING ROAD
100	TOTAL STATION ORITA CHALLENGE IBADAN	OLD LAGOS RD. IBADAN, IYANA-ODOONA, ORITA CHALLENGE
101	TOTAL STATION ILUGUN IBADAN	ABEOKUTA RD., ABEOKUTA-ERUWA RD, ILUGUN TOWN
102	TOTAL STATION OLUYOLE IBADAN	OLUYOLE ESTATE, ALAAFIN AVENUE, OLUYOLE ESTATE
103	TOTAL STATION AGODI IBADAN	AGODI JUNCTION , GATE, IBADAN
104	TOTAL STATION MOKOLA IBADAN	MOKOLA ROUNDABOUT, MOKOLA, IBADAN
105	TOTAL STATION IWO ROAD IBADAN	IWO ROAD, IBADAN
106	TOTAL STATION NEW IFE RD IBADAN	NEW IFE ROAD ROUNDABOUT, NEW IFE ROAD
107	TOTAL STATION OLODE IBADAN	ALAKIA EXPRESS WAY, OLODE, ALAKIA
108	TOTAL STATION BODIJA IBADAN	SECRETARIAT-AGODIROAD, BESIDE BODIJA MARKET, IBADAN
109	TOTAL STATION ASHI IBADAN	ASHI ROAD, IBADAN, OPP CHRIST CHAPEL INTERNATIONAL CHURCH, ASHI, IBADAN
110	TOTAL STATION AGO TAPA F/S IBADAN	SANGO RD, MOKOLA
111	TOTAL STATION AKANRAN S/S IBADAN	WESLEY COLLEGE RD. LABO
112	TOTAL STATION ITUTABA F/S IBADAN	AKINLOYE WAY
113	TOTAL STATION OJE MKT S/S IBADAN	OJE MARKET, IBADAN
114	TOTAL STATION OJOO IBADAN	OYO RD. OJOO (BY ODOGBO ARMY BARRACK)
115	TOTAL STATION QUEEN ELIZABETH S/S IBADAN	TOTAL GARDEN
116	TOTAL STATION TRAILER PARK S/S IBADAN	POLY RD, IJOKODO
117	TOTAL STATION APATAPETE S/S IBADAN	ABEOKUTA RD.
118	TOTAL STATION GAISER S/S IBADAN	UMC ROAD, MOLETE
119	TOTAL STATION KINGS MKT F/S IBADAN	MOLETE RD., OJA OBA
120	TOTAL STATION RING ROAD IBADAN	LIBERTY RD. IBADAN (OLUSANYA AREA, RING ROAD)
121	TOTAL STATION WORKSHOP S/S IBADAN	KM 7, OLD LAGOS RD. IBADAN
122	TOTAL STATION EDE RD. OSHOGBO OYO	EDE ROAD, OSHOGBO.
123	TOTAL STATION EDE TOWN OYO	EDE TOWN
124	TOTAL STATION IBADAN RD. OYO	IBADAN RD. IFE
125	TOTAL STATION IGBETI OYO	IGBETTI TOWNSHIP
126	TOTAL STATION IKIRUN MP OYO	OTAEFUN, OSHOGBO
127	TOTAL STATION ISEYIN RD S/S OYO	ISEYIN RD, OYO
128	TOTAL STATION IWO M/P OYO	IWO TOWNSHIP
129	TOTAL STATION LAUTECH OYO	OPP.LADOKE AKINTOLA UNIVERSITY OGBOMOSHO
130	TOTAL STATION OSHOGBO MP OYO	STATION ROAD, OSHOGBO
131	TOTAL STATION OSHOGBO SERV. STN OYO	OLD GARAGE, OSHOGBO
132	TOTAL STATION OYO CENTER OYO	OYO TOWNSHIP
133	TOTAL STATION OYO RD. OGBOMOSO OYO	OGBOMOSHO TOWNSHIP
134	TOTAL STATION SABO RD OYO	SABO RD,OYO
135	TOTAL STATION SHAKI OYO	SHAKI TOWNSHIP

SELECT LOCATIONS IN KADUNA		
136	TOTAL STATION UNGWAN RIMI	KADUNA UNGWA RIMI, KADUNA NORTH
137	TOTAL STATION SOUTH BRIDGE	KADUNA SOUTH
138	TOTAL STATION KADUNA ZARIA	ZARIA RD,KADUNA NORTH
139	TOTAL STATION WAFF RD	WAFF RD,KADUNA, KADUNA NORTH
140	TOTAL STATION KACHIA RD 1	KACHIA RD,KADUNA SOUTH
141	TOTAL STATION REFINERY RD	REFINERY RD, KADUNA SOUTH
142	TOTAL STATION KADARA SS	KADARA, KADUNA SOUTH
143	TOTAL STATION DOKA CRS SS	DOKA CRESCENT, KADUNA NORTH
144	TOTAL STATION BARNAWA	MOZAMBIQUE ROAD BARNAWA
145	TOTAL STATION MALALI	KADUNA NORTH
146	TOTAL STATION COURT HOUSE ROAD KADUNA	COURT HOUSE RD-ALONG PZ ROAD OPPSITE UNION BANK ZARIA
147	TOTAL STATION FUNTUA BYEPASS KADUNA	BYPASS FUNTUA
148	TOTAL STATION FUNTUNA MOTOR PARK KADUNA	BYPASS FUNTUA-GUSAU BYPASS ALONG GUSAU FUNTUA RD
149	TOTAL STATION HANWA JUNCTION KADUNA	HANWA JUNCTION
150	TOTAL STATION HOSPITAL ROAD ZARIA KADUNA	ALONG HOSPITAL ROAD (OPP OLD TEACHING HOSPITAL)
151	TOTAL STATION MAIN STREET KADUNA	1.MAIN ST. RD
152	TOTAL STATION MALUMFASHI KADUNA	KANO RD. MALUFASHI
153	TOTAL STATION NEW BRIDGE KADUNA	NEW BRIDGE RD
SELECT LOCATIONS IN ABUJA		
154	TOTAL STATION ASOKORO	OPP POLICE HQTR, AREA 11 JUNCTION
155	TOTAL STATION JS TARKA	4 JS TARKA STREET,AREA 2
156	TOTAL STATION KURUDU	KURUDU ROAD, KURUDU, ABUJA
157	TOTAL STATION NEW KARU	NEW NYANYAN, KEFFI ROAD, ABUJA
158	TOTAL STATION MASAKA 2	KUCHIKAWU, KEFFI ROAD, ABUJA
159	TOTAL STATION UKE	UKE, KEFFI ROAD, ABUJA
160	TOTAL STATION KEFFI	KEFFI ROUNDABOUT, AKWANGA ROAD, ABUJA
161	TOTAL STATION MARARABA 2	BESIDE AA RANO, KEFFI ROAD, ABUJA
162	TOTAL STATION MASAKA 1	MASAKA, ABUJA ROAD, ABUJA
163	TOTAL STATION AIRPORT RD.	ABUJA AIRPORT ROAD
164	TOTAL STATION TOTAL HOUSE	TOTAL HOUSE ABUJA, OPP NNPC TOWERS, ABUJA
165	TOTAL STATION WUSE 1	ZONE 5 JUNCTION, OPP FEBSON MALL, ABUJA
166	TOTAL STATION WUSE 2	BERGER JUNCTION, ZONE 6, ABUJA
167	TOTAL STATION SULTAN ABUBAKAR	NEAR CUSTOMS, ZONE 3, ABUJA
168	TOTAL STATION HERBERT MACAULAY	OPP SKY MEMORIAL, ZONE 6, ABUJA
169	TOTAL STATION INDEPENDENT LAYOUT	IND. LAYOUT CBD, CARDASTRAL ZONE, ABUJA
170	TOTAL STATION UTAKO	UTAKO FCT ABUJA
171	TOTAL STATION KUBWA 1	22 JUNCTION KUBWA , ALONG GADO NASCO ROAD
172	TOTAL STATION ZUBA JUNCTION	ZUBA JUNCTION, ALONG SULEJA ROAD

173	TOTAL STATION MADALLA 2	ALONG ZUBA - KADUNA RD, MADALLA
174	TOTAL STATION POST OFFICE RD	MM WAY LOKOJA, ALONG POST OFFICE RD
175	TOTAL STATION GWAGWALADA	ALONG GWAGWALADA - ABAJI RD
176	TOTAL STATION GANAJA RD	ALONG GANAJA LOKOJA ROAD, OPPOSITE FIRST 200 HOUSING UNIT
177	TOTAL STATION TIPPER GARAGE	GWARIPA ABUJA ROAD
178	TOTAL STATION AJAOKUTA RD (SIBM)	LOKOJA AJAOKUTA RD, LOKOJA
179	TOTAL STATION SULEJA EXPRESS	ALONG KADUNA -ABUJA RD, LIVING FAITH CHURCH
180	TOTAL STATION GWARINPA	FIRST AVENUE GWARINPA
181	TOTAL STATION KUJE	KUJE TOWN
182	TOTAL STATION LUGBE ABUJA	2ND AVENUE, H CLOSE, LUGBE
183	TOTAL STATION GWAGWALADA ABUJA	ALONG GWAGWALADA - ABAJI RD
SELECT LOCATIONS IN KANO		
184	TOTAL STATION KANO COOP	1 ZARIA ROAD,NASSARAWA,KANO
185	TOTAL STATION AIRPORT ROAD KANO	181 A AIRPORT ROAD ,KANO
186	TOTAL STATION TAXI PARK KANO	2 MIDDLE/COURT ROAD SABON GARI
187	TOTAL STATION CORONATION KANO	16,LAGOS STREET,CIVIC CENTER ,KANO
188	TOTAL STATION ZARIA ROAD KANO	ZARIA ROAD DAWAKIN KUDU
189	TOTAL STATION WUDIL ROAD KANO	KM 11 WUDIL ROAD KANO
190	TOTAL STATION DAURA TOWN KANO	DAURA TOWN,DAURA
191	TOTAL STATION CLUB ROAD KANO	181 B, AIRPORT ROAD,KANO
192	TOTAL STATION ZOO ROAD KANO	ZOO ROAD,GANDUN ALBASA, KANO
193	TOTAL STATION HOTORO KANO	KM 2 MAIDUGURI ROAD HOTORO
194	TOTAL STATION KAFAR KWAYA KATSINA	KOFAR KWAYA,KATSINA
195	TOTAL STATION GWARZO ROAD KANO	GWARZO RD
196	TOTAL STATION IBB WAY KATSINA TOWN KANO	IBB WAY, KATSINA TOWN
197	TOTAL STATION KATSINA ROAD KANO	KATSINA RD. BACHIRAWA
SELECT LOCATIONS IN RIVERS		
198	TOTAL STATION RUMUOBIAKANI	ALONG PHC ABA EXPRESS RIVER-STATE, ALONG ABA/PHC ROAD BY MARKET JUNCTION
199	TOTAL STATION RUMUOMASI	ALONG STATION R/D P.H CITY, ALONG OLD ABA ROAD BEFORE RUMUOMASI ROUNDABOUT
200	TOTAL STATION OROGBUM	PLOT IO8 ABA R/D ALONG OROGBUM P.H, ALONG ABA/PHC ROAD BY GARRISON JUNCTION
201	TOTAL STATION MILE 2	123 IKWERE ROAD MILE 2 PHC CITY, ALONG IKWERRE ROAD, MILE 2
202	TOTAL STATION MILE 5	ALONG OBIO AKPOR PH EXPRESS P.H, ALONG IKWERRE ROAD, MILE 5
203	TOTAL STATION PH 1	EXPRESSWAY PHC, OBIO/AKPOR RIVER-STATE, ALONG ABA/PH ROAD, AFTER SHELL
204	TOTAL STATION LIBERATION DRIVE	TOTAL STATION ROAD RIVER STATE, ALONG STATION ROAD, AFTER HIGH COURT
205	TOTAL STATION ELELE ALIMINI	P.H OWERRI EXPRESS R/D ALIMINI R/STATE, ALONG PHC-WARRI EXPRESS, ALIMINI
206	TOTAL STATION GRA	PLOT 171 ABA R/D P.H EXPRESS OBIO AKPOR, ALONG ABA/PHC ROAD BY GRA JUNCTION
207	TOTAL STATION PH 2	PLOT 124 TRANS AMADI LAYOUT P.H, AT SLAUGHTER ROUND ABOUT TRANSAMADI

208	TOTAL STATION RUMUADAOLU	RUMUADAOLU-RUMUOLA ROAD, PHC
SELECT LOCATIONS IN OWERRI-IMO STATE		
209	TOTAL STATION OGBAKU	OWERRI - ONITSHA EXPRESSWAY, OGBAKU TOWN
210	TOTAL STATION ARUGO PARK	OWERRI-ONITSHA EXPRESSWAY BY ARUGO PARK
211	TOTAL STATION ANARA	ISIALA ROUND ABOUT
212	TOTAL STATION DOUGLAS ROAD	ALONG OWERRI - ABA EXPRESSWAY, BY DOUGLAS
213	TOTAL STATION EGBU ROAD	OWERRI - UMUAHIA RD, BY EGBU ROAD
214	TOTAL STATION OKIGWE	69 OWERRI ROAD, NEW UMUAHIA RD.
215	TOTAL STATION OWERRI CENTRE	BY OWERRI CENTRAL MARKET, BY DOUGLAS ROAD
216	TOTAL STATION ANARA OWERRI	ISIALA MBANO ROUNDABOUT ANARA
SELECT LOCATION IN ENUGU STATE		
217	TOTAL STATION NSUKKA	NSUKKA ROUND ABOUT, NSUKKA
218	TOTAL STATION 9TH MILE F/S ENUGU	9TH MILE CORNER ENUGU
219	TOTAL STATION ABAKALIKI F/S ENUGU	55 OGOJA RD, ABAKALIKI
220	TOTAL STATION AGBANI ENUGU	82 AGBANI ROAD,ENUGU
221	TOTAL STATION AKAGBE UGWU ENUGU	ENUGU-PORT HARCOURT EXPRESSWAY, ENUGU
222	TOTAL STATION IBAGWA F/S ENUGU	IBAGWA NSUKKA
223	TOTAL STATION OGBETE ENUGU	OGBETE ROAD,COAL CAMP ENUGU
224	TOTAL STATION OJI RIVER F/S ENUGU	OLD ENUGU ROAD,OJI RIVER
225	TOTAL STATION ORBA ENUGU	KM 200, ENUGU/MAKURDI EXP, AMALLA-ORBA
226	TOTAL STATION PRESIDENTIAL RD S/S ENUGU	46/46 PRESIDENTIAL ROAD,ENUGU
SELECT LOCATIONS IN ANAMBRA STATE		
227	TOTAL STATION OGUTA RD	34 OGUTA RD, ONITSHA
228	TOTAL STATION IHIALA	ALONG OWERRI - ABA EXPRESSWAY, IHIALA TOWN
229	TOTAL STATION ABAGANA ONITSHA	OYEAGU MARKET,ABAGANA, ANMBRA STATE
230	TOTAL STATION AWKA OLD ENUGU ROAD ONITSHA	8 OLD ENUGU ROAD, AWKA,ANAMBRA
231	TOTAL STATION EKWULOBIA ONITSHA	1 AWKA ROAD, EKWULOBIA,ANAMBRA STATE
232	TOTAL STATION ENUGU ONITSHA EXP.AWKA ONITSHA	ENUGU-ONITSHA EXPRESSWAY, AWKA ANAMBRA. (NEAR AROMA JUNCTION, AWKA)
233	TOTAL STATION ENUGU ROAD ONITSHA	70 AWKA RD, ONITSHA ,ANAMBRA STATE
234	TOTAL STATION ENUGU UKWU ONITSHA	OLD ONITSHA -ENUGU ROAD, ENUGU UKWU.
235	TOTAL STATION NEW MKT ROAD ONITSHA	84 NEW MARKET RD, ONITSHA
236	TOTAL STATION NKPOR JUNCTION (NEW TARZAN) ONITSHA	KM 9 ENUGU -ONITSHA EXPRESSWAY,OGIDI, ANAMBRA
237	TOTAL STATION OLD MKT ROAD ONITSHA	54 OLD MARKET RD, ONITSHA,ANAMBRA
SELECT LOCATION IN CROSSRIVER STATE		
238	TOTAL STATION MARIAN ROAD	MARIAN ROAD, CALABAR
239	TOTAL STATION ABAK RD SS CALABAR	189 ABAK ROAD, UYO, AKWA IBOM STATE
240	TOTAL STATION CALABAR RD SS	12 CALABAR ROAD, CALABAR-(ALONG CALABAR RD.CALABAR)
241	TOTAL STATION IKOM-OLD DEALER CALABAR	60 CALABAR ROAD, 4 CORNER SQUARE, IKOM, CROSS RIVER STATE

242	TOTAL STATION IKOT EKPENE FS CALABAR	1 ABA ROAD, OPPOSITE MOTOR PARK, IKOT EKPENE, AKWA IBOM STATE
243	TOTAL STATION YELLOW DUKE SS CALABAR	EKPO ABASI-YELLO DUKE JUNCTION, CALABAR SOUTH
SELECT LOCATIONS IN ABIA STATE		
244	TOTAL STATION ABA CTR.	42 ASA RD., ABA-CENTRAL
245	TOTAL STATION ABA GRA.	BRASS JUNCTION ABAYI, ABA OWR.RD.
246	TOTAL STATION ABA OWR.RD.	ABA OWR.RD.ABAYI, OPP.RHEMA UNV.
247	TOTAL STATION OGBOR HILL	1 UMUOBA ROAD, NEW UMUAHIA RD.
248	TOTAL STATION OLD ABA RD.UMUAHIA	OLD ABA ROAD, ABA
SELECT LOCATION IN YENEGOA-BAYELSA STATE		
249	TOTAL STATION BAYELSA	EPIA YENEGWE – YENAGUA ROAD, BAYELSA STATE
SELECT LOCATIONS IN BENIN-EDO STATE		
250	TOTAL STATION UGBOWO	UWASOTA JUNCTION, BENIN CITY, EDO STATE.
251	TOTAL STATION KM8	KM 8, SAPELE ROAD, BENIN CITY, EDO STATE.
252	TOTAL STATION 138 AKPAKPAVA	138 AKPAKPAVA ROAD, BENIN CITY, EDO STATE.
253	TOTAL STATION BENIN CENTRE	8 / 10 AKPAKPAVA ROAD, BENIN CITY, EDO STATE.
254	TOTAL STATION OLUKU JUNCTION	OLUKU JUNCTION, LAGOS ROAD, BENIN, EDO STATE.
255	TOTAL STATION 1ST EAST CIRCULAR	34 1ST EAST CIRCULAR ROAD, BENIN, EDO STATE.
256	TOTAL STATION LAGOS RD	14 URUBI STREET, IYARO, BENIN CITY, EDO STATE.
257	TOTAL STATION AUCHI SS	AUCHI TOWN
258	TOTAL STATION IKPOBA SLOPE BENIN	99 AKPAKPAVA ROAD, BENIN CITY
259	TOTAL STATION LORRY PARK BENIN	LORRY PARK, NEW BENIN MARKET, BENIN CITY
260	TOTAL STATION MISSION ROAD BENIN	41 MISSION ROAD,. BENIN CITY
261	TOTAL STATION OWO ROAD BENIN	OWO ROAD, OLUKU, BENIN CITY
262	TOTAL STATION WIRE ROAD BENIN	59 WIRE ROAD, BENIN CITY
SELECT LOCATIONS IN DELTA STATE		
263	TOTAL STATION EFFURUN SS	298 EFFURUN SAPELE ROAD EFFURUN, WARRI, DELTA STATE
264	TOTAL STATION OKUMAGBA ESTATE SS	265 OKUMAGBA ESTATE, WARRI, DELTA STATE
265	TOTAL STATION AIRPORT ROAD SS	104 AIRPORT ROAD WARRI
266	TOTAL STATION OKUMAGBA AVENUE FS	1 OKUMAGBA AVENUE WARRI
267	TOTAL STATION WARRI CENTRE SS	168 WARRI SAPELE ROAD WARRI
268	TOTAL STATION AGBARHO SS WARRI	AGBARHO S/S PATANI EXP WAY
269	TOTAL STATION OSUBI	OSUBI RD BY OSUBI AIRPORT
270	TOTAL STATION BRIDGE HEAD 1	KM1 ASABA BENIN EXPRESS
271	TOTAL STATION ASABA UMUEZEI FS	ASABA UMUEZEI
272	TOTAL STATION BRIDGE HEAD 2	111 DENNIS OSADEBE WAY ASABA
273	TOTAL STATION ASABA FERRY	ASABA FERRY JUNCTION
274	TOTAL STATION BENIN/ASABA EXP SS	BENIN ASABA EXPRESS
275	TOTAL STATION OLD SEC RD PSS	OLD SECT RD ASABA
276	TOTAL STATION OGORODE FS	108 SAPELE WARRI ROAD SAPELE

277	TOTAL STATION OKIRIGWHRE SS	OKIRIGHWRE JUNCTION SAPELE
278	TOTAL STATION KOKO FS	KOKO EXPRESS WAY KOKO
279	TOTAL STATION MARKET ROAD UGHELLI	101 MARKET ROAD UGHELLI
280	TOTAL STATION PATANI ROAD FS	265, UGH PATANI RD UGHELLI
281	TOTAL STATION AGBOR FS	AGBOR TOWN
282	TOTAL STATION IBILLO F/S ASABA	ODO,IBILLO-FROM AUCHI,2ND TOTAL STATION BY THE RIGHT ALONG OLD UBA BANK (CLOSE TO OLD UBA IBILLO)
283	TOTAL STATION UMUNEDE ASABA	CLOSE TO UMUNEDE MARKET-UMUNEDE
SELECT LOCATIONS IN OSUN STATE		
284	TOTAL STATION AKURE ROAD ILESA	AKURE RD, ILESHA
285	TOTAL STATION OSHOGBO ROAD ILESA	OSHOGBO RD, ILESHA
286	TOTAL STATION IFE ROAD ILESA	IFE RD, ILESHA
287	TOTAL STATION ILESHA CENTER SS	ILESHA CENTRE, ILESHA
288	TOTAL STATION IBADAN ROAD IFE	IBADAN RD, IFE
289	TOTAL STATION IFE CENTER	IFE CENTRE, IFE
290	TOTAL STATION IPETU IJESHA FS	IPETU IJESHA, IPETU IJESHA TOWN
291	TOTAL STATION MODAKEKE 2 PSS	MODAKEKE 2, IRAYE ROAD, MODAKEKE TOWN
292	TOTAL STATION APOMU TOWN FS ILESHA	IFE RD. APOMU
293	TOTAL STATION IBOKUN TOWN FS ILESHA	IBOKUN TOWN
294	TOTAL STATION ONDO RD. FS ILESHA	ONDO ROAD IFE
SELECT LOCATIONS IN KWARA STATE		
295	TOTAL STATION JEBBA ROAD ILORIN	ALONG OLD JEBBA ROAD, ILORIN
296	TOTAL STATION GERI ALIMI ILORIN	ALONG UMAR SABO ROAD, ILORIN
297	TOTAL STATION AJASE IPO 1 S/S ILORIN	AJASE IPO TOWN OFFA EXPRESS ROAD
298	TOTAL STATION EYENKORIN ILORIN	OGBOMOSHO/ILORIN RD.
299	TOTAL STATION OFFA RD ILORIN	AJASE IPO RD, OFFA (NEW OFFA GARAGE)
300	TOTAL STATION OFFA TOWN ILORIN	OFFA TOWN
301	TOTAL STATION OGBOMOSHO RD ILORIN	OGBOMOSHO RD. SURULERE, ILORIN (BY ABDULAZEEZ ROAD)
302	TOTAL STATION OLOJE S/S ILORIN	ALONG KAIAMA ROAD (BESIDE MTN OLOJE OKE ILORIN CONNECT POINT)
303	TOTAL STATION OMUARAN TOWN ILORIN	OLORUN TOWN
304	TOTAL STATION OTUN-EKITI ILORIN	ODO OJA ROAD,OTUN EKITI (OORE PALACE)
305	TOTAL STATION STATION RD ILORIN	EMIRS ROAD, ILORIN.
SELECT LOCATION IN AKWA-IBOM STATE		
306	TOTAL STATION UYO TOWN	179 IKOT EKPENE ROAD, UYO
SELECT LOCATIONS IN JIGAWA STATE		
307	TOTAL STATION BIRNIN KUDU JIGAWA	BIRNIN KUDU TOWN-MAIDUGURI RD. B/KUDU-BIRNIN KUDU MARKET
308	TOTAL STATION HADEJIA TOWN JIGAWA	KOFAR AREWA HADEJIA-KANO-NGURU RD-(OLD MOTOR PARK)
309	TOTAL STATION JAMA'ARE SS JIGAWA	JAMAARE TOWN
310	TOTAL STATION MALLAM MADORI JIGAWA	HADEJIA RD. MALLAM MADORI (MOTOR PARK M/MADORI)
311	TOTAL STATION WUDIL TOWN JIGAWA	GARINDAU WUDIL TOWN (BY POLICE ACADEMY MAIDUGURI ROAD)

SELECT LOCATIONS IN ZAMFARA STATE		
312	TOTAL STATION AHMADU BELLO WAY SS GUSAU	AHMADU BELLO WAY, SOKOTO BY ALIU FLY-OVER ,SOKOTO KEBBI ROUNDABOUT
313	TOTAL STATION ILLELA ROAD 2 SS GUSAU	ILLELA RD, SOKOTO
314	TOTAL STATION JEGA R/ABOUT B/KEBBI GUSAU	JEGA RD, BIRNIN KEBBI (JEGA ROUNDABOUT, BIRNIN KEBBI)
315	TOTAL STATION RAILWAY STREET FS GUSAU	RAILWAY STREET GUSAU SOKOTO ROAD (GUSAU METROPOLITAN HOTEL)
316	TOTAL STATION SOKOTO ROAD, GUSAU	GADA BIYU, SOKOTO ROAD GUSAU
317	TOTAL STATION TALATA MAFARA GUSAU	SOKOTO RD, TALATA MAFARA
SELECT LOCATIONS IN ADAMAWA STATE		
318	TOTAL STATION AIRPORT ROAD YOLA	AIRPORT ROAD JUNCTION,JIMETA YOLA
319	TOTAL STATION GALADIMA AMINU WAY YOLA	52,GALADIMA AMINU WAY,JIMETA YOLA
320	TOTAL STATION JALINGO S/S YOLA	80,HAMMAN RUWA WAY,JALINGO
321	TOTAL STATION MICHIKA MUBI S/S YOLA	KM 18 MUBI RD MARARABA, HONG LGA
322	TOTAL STATION MM WAY S/S YOLA	55 MOHAMMED MUSTAPHA WAY,JIMETA
323	TOTAL STATION NUMAN FERRY YOLA	NUMAN FERRY
324	TOTAL STATION RAJAB MUBI PSS YOLA	ALONG MUBI ROAD,MARARABA MUBI
325	TOTAL STATION YOLA RD YOLA	ALONG YOLA ROAD,JIMETA YOLA (BY FEDERAL SECRETARIAT)
SELECT LOCATIONS IN PLATEAU STATE		
326	TOTAL STATION BARKI LADI JOS	BARKIN LADI ALONG PANKSHINAFTER BARKIN LADI LOCAL GOVT SECRETARIATE
327	TOTAL STATION BUKURU BYE PASS SS JOS	BUKURU BYEPASS
328	TOTAL STATION DOGON DUTSE SS JOS	DOGON DUTSE FS-ALONG BAUCHI ROAD (BEFORE UNIJOS MAIN CAMPUS)
329	TOTAL STATION JOS MOTOR PARK FS JOS	JOS MOTOR PARK
330	TOTAL STATION MARKET STREET SS JOS	MARKET STREET
331	TOTAL STATION SHENDAM FS JOS	SHENDAM
332	TOTAL STATION YAKUBU GOWON WAY SS JOS	YAKUBU GOWON WAY
333	TOTAL STATION ZARIA BYE PASS SS JOS	ZARIA BYE PASS
SELECT LOCATIONS IN BENUE STATE		
334	TOTAL STATION AKWANGA F/S MAKURDI	ALONG AKWANGA LAFIA RD
335	TOTAL STATION GBOKO F/S (MARKET ROAD) MAKURDI	ALONG MARKET RD GBOKO BY MAIN ROUND ABOUT
336	TOTAL STATION JERICO ROAD SS MAKURDI	JERICHO RD OTUKPO (AFTER AP FILLING STATION)
337	TOTAL STATION K/IBRAHIM F/S MAKURDI	ALONG KASHIM IBRAHIM RD
338	TOTAL STATION LAFIA S/S MAKURDI	ALONG AKWANGA-MAKURDI RD
339	TOTAL STATION MKD CENTRE S/.S MAKURDI	MARKET RD WADATA
340	TOTAL STATION N.A. ROAD OTUKPO MAKURDI	N.A RD OTUKPO
341	TOTAL STATION OTUKPO RD. F/S MAKURDI	ALONG OTUKPO ROAD
342	TOTAL STATION WUKARI F/S MAKURDI	ALONG WUKARI IBE ROAD
SELECT LOCATIONS IN BORNO STATE		
343	TOTAL STATION AIRPORT ROAD MAIDUGURI	AIRPORT RD SS KANO ROAD MAIDUGURI
344	TOTAL STATION BAMA ROAD MAIDUGURI	UNIMAID SS BAMA ROAD BY UNIVERSITY

345	TOTAL STATION DAMATURU S/S MAIDUGURI	FEZZAN PSS-KANO ROAD BY DAMBOA ROAD-BY KANO MOTOR PARK JUNTION, OPPOSITE BORNO EXPRESS PARK.
346	TOTAL STATION FEZZAN S/S (DAMBOA) MAIDUGURI	LORRY PARK,POTISKUM(MOHD IDRIS WAY,OPPOSITE MOTOR PARK)
347	TOTAL STATION GAMBORU RD SS MAIDUGURI	RACE COURSE
348	TOTAL STATION L/PARK POTISKUM SS MAIDUGURI	MAIDUGURI RD,POTISKUM
349	TOTAL STATION MAIDUGURI RD SS	DAMATURU SS
350	TOTAL STATION RACE COURSE MAIDUGURI	BAMA ROAD BY LAGOS STREET (ALONG UNIVERSITY OF MAIDUGURI.)
351	TOTAL STATION UNIMAID S/S MAIDUGURI	GAMBORU RD SS (ALONG CHAD BASIN CUSTOM ROUND ABOUT)
SELECT LOCATIONS IN GOMBE STATE		
352	TOTAL STATION AHMADU BELLO WAY GOMBE	AHMADU BELLO WAY, SOKOTO
353	TOTAL STATION ALKALAM SS GOMBE	BAUCHI RD,GOMBE OPPOSITE GOMBE MOTORS
354	TOTAL STATION ATBU , BAUCHI GOMBE	ALONG UNIVERSITY HOSTEL ROAD BESIDE SUG GARDEN GOMBE
355	TOTAL STATION BAUCHI R/ABOUT FS GOMBE	BAUCHI ROUND ABOUT LEADING TO KANO ROAD GIDAN-MAI
356	TOTAL STATION BAUCHI RD, GOMBE	BAUCHI RD,GOMBE CLOSE GOMBE MOTOR PARK
357	TOTAL STATION BIU RD SS GOMBE	BIU RD,GOMBE BY LIJI VILLAGE
358	TOTAL STATION JOS RD SS, BAUCHI	JOS RD,BAUCHI (OPPOSITE SHABA-WANKA ARMY BARACK)
359	TOTAL STATION YANDOKA SS GOMBE	YANDOKA RD,BAUCHI (OPPOSITE AHMADU BELLO STADIUM,BAUCHI)
360	TOTAL STATION YOLA RD, KALTUNGO GOMBE	YOLA RD,KALTUNGO
SELECT LOCATIONS IN NIGER STATE		
361	TOTAL STATION BIDA ROAD 1 SS MINNA	MARKET ROAD, BIDA-ALONG MARKET RD, BIDA
362	TOTAL STATION BOSSO ROAD SS MINNA	26 BOSSO RD, MINNA-ALONG BOSSO RD, NEAR MOBIL ROUND ABOUT (OPPOSITE OBASANJO SHOPPING COMPLEX)
363	TOTAL STATION KADUNA ROAD KONTAGORA MINNA	COLLEGE RD, KONTAGORA (OPPOSITE HYDRO GARAGE)
364	TOTAL STATION LAGOS ROAD, KONTAGORA MINNA	ALONG LAGOS RD, KONTAGORA (AFTER YAURI RD JUNCTION)
365	TOTAL STATION MOKWA S/S MINNA	KM 2 BIDA MOKWA RD
366	TOTAL STATION NEW BUSSA MINNA	KAINJI ROUND ABOUT
367	TOTAL STATION RIVER BASIN, MINNA	MINNA- ZUNGERU RD
368	TOTAL STATION TEGINA MINNA	KADUNA RD, TEGINA
369	TOTAL STATION TUNDUN FULANI MINNA	TUNDUNFULANI,MINNA
370	TOTAL STATION WESTERN BYE PASS, MINNA	WESTERN BYPASS, MINNA (OPPOSITE NNPC MEGA STATION)
SELECT LOCATIONS IN ONDO STATE		
371	TOTAL STATION ADEMULEGUN RD AKURE	NO 220, ADEMULEGUN ROAD, KOLA REWIRE, ONDO TOWNSHIP
372	TOTAL STATION AKURE MOTOR PARK AKURE	CLOSE TO AKURE MOTOR PARK, ONDO TOWNSHIP, ONDO STATE
373	TOTAL STATION EREKESAN MARKET AKURE	ADESIDE ROAD, OJA MARKET, AKURE, ONDO STATE
374	TOTAL STATION HOSPITAL ROAD AKURE	OLUWATUYI RD, IJOKA AKURE
375	TOTAL STATION ILESHA ROAD AKURE	AKURE SOUTH LOCAL GOVT ROAD, AKURE ONDO STATE
376	TOTAL STATION ONDO MOTOR PARK AKURE	ODO JOMU, ONDO TOWNSHIP, ONDO STATE
377	TOTAL STATION ONDO ODOTU AKURE	ODO IJOMU, ONDO TOWNSHIP, ONDO STATE
378	TOTAL STATION ONDO YABA AKURE	EBIDO JUNCTION, YABA STREET, ONDO TOWNSHIP, ONDO STATE

379	TOTAL STATION ORE EXPRESS AKURE	IJEBU/SAGAMU EXPRESSWAY, ORE
380	TOTAL STATION ORE JUNCTION AKURE	OLD BENIN ROAD, ORE, ONDO STATE
381	TOTAL STATION ST. DAVIDS AKURE	ONDO IJOMU STREET, AKURE ONDO STATE
SELECT LOCATIONS IN EKITI STATE		
382	TOTAL STATION ADO IKERE EKITI	ADO IKERE RD, FAYOSE MKT, ADO EKITI
383	TOTAL STATION ADO IWOROKO EKITI	FAJUYI PARK, ALONG IWOROKO RD, ADO EKITI.
384	TOTAL STATION ADO OWO EKITI	OWO EXPRESS WAY, AKURE, ONDO STATE.
385	TOTAL STATION BIG H (FCE OKENE) EKITI	EIKA-ADAGU OTITE, ALONG DAURA RD (OKENE-LOKOJA RD), BY EID PRAYER GROUND
386	TOTAL STATION IKARE CENTRE EKITI	ILEPA STREET, BESIDE MOBIL FILLING STATION, IKARE, ONDO STATE
387	TOTAL STATION IKARE OWO ROAD EKITI	ALONG OWO ROAD, OKERUWA, IKARE AKOKO, ONDO STATE
388	TOTAL STATION IKERE EKITI	OKE IKERE, ALONG ADO AKURE RD, IKERE EKITI
389	TOTAL STATION IKOLE EKITI	OBA AYEYEMI ROAD, OPP FIRST BANK, IKOLE EKITI
390	TOTAL STATION OGBESE EKITI	KILO 18, AKURE OWO EXPRESS WAY, OGBESE, ONDO STATE.
391	TOTAL STATION OKENE EKITI	ABUJA LOKOJA ROAD, OKENE, KOGI STATE.
392	TOTAL STATION OWO CENTRE EKITI	NO 14 OODASA STREET, ADJACENT FIRST BANK, OWO, ONDO STATE.
393	TOTAL STATION POLY ROAD EKITI	POLY ROAD EKITI

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 30 June 2018.

5.1. Table below shows a summary of transactions done on GTBank Cards

Category	No. of Transactions		Value Of International Transaction		Value Of Local Transactions	
	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17
	'000	'000	₦'mm	₦'mm	₦'mm	₦'mm
Naira denominated debit cards	130,083	230,458	29,871	32,049	1,114,112	2,113,904
Foreign currency credit cards	140	285	12,455	20,909	-	-
Foreign currency debit cards	654	1,072	29,865	45,909	1,357	1,712

Breakdown of transactions done using GTBank Cards (Number of transactions)

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In thousands	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17
Naira MasterCard debit	-	-	1,694	2,982	90,506	175,801	37,883	51,676
Foreign Currency Denominated Cards:								
MasterCard debit	47	59	363	528	8	9	16	19
MasterCard credit	6	9	56	94	-	-	-	-
Visa classic debit	23	50	187	388	4	7	7	11
Visa classic credit	6	15	68	157	-	-	-	-
World credit	0	1	4	10	-	-	-	-
Total	**82**	**135**	**2,372**	**4,158**	**90,518**	**175,816**	**37,905**	**51,706**

Breakdown of transactions done using GTBank Cards (Value of Transactions)

In millions of Naira	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17
Naira MasterCard debit	0	0	29,871	32,049	806,589	1,650,268	307,524	463,636
MasterCard debit	4,524	4,908	13,464	19,447	98	87	855	967
MasterCard credit	664	902	3,542	4,747	-	-	-	-
Visa classic debit	2,487	4,518	9,390	17,036	50	78	354	580
Visa classic credit	723	1,588	6,542	11,661	-	-	-	-
World credit	39	94	944	1,917	-	-	-	-
Total	**8,437**	**12,010**	**63,753**	**86,858**	**806,737**	**1,650,433**	**308,732**	**465,184**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Declined Transactions	Declined Transactions on International ATMs & POS/WEB	Restriction of cash withdrawals on International ATM Usage on non-EMV terminals Insufficient funds	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. Escalation to the relevant department of the regulators (CBN) to assist to check the activities of processors/switches responsible for persistent incidents

Dispense Error	Cash/ Value not received for a transaction	This occurs when an ATM attempts to dispense cash after an account has been debited but fails due to network failure. This also occur when a customer's account has been debited for a certain amount for goods/services, but value is not received	Strict adherence to resolution of customers' complaints within stipulated time frame. Proactive reversal of failed transactions that are not auto reversed. Constant follow up with relevant stakeholders (e.g. switches and TPPs) to address any identified cause(s) of delayed refund.

Income statements
For 3 months ended 30 June 2018 (Unaudited)

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Interest income	81,107,753	81,776,182	68,487,169	71,294,596
Interest expense	(22,867,021)	(18,367,889)	(18,751,330)	(14,908,434)
Net interest income	**58,240,732**	**63,408,293**	**49,735,839**	**56,386,162**
Loan impairment charges	(392,464)	(3,800,430)	(810,595)	(3,767,434)
Net interest income after loan impairment charges	**57,848,268**	**59,607,863**	**48,925,244**	**52,618,728**
Fee and commission income	12,132,143	10,034,882	8,235,876	6,696,897
Fee and commission expense	(709,805)	(380,382)	(581,696)	(287,103)
Net fee and commission income	**11,422,338**	**9,654,500**	**7,654,180**	**6,409,794**
Net gains on financial instruments classified as held for trading	7,496,573	1,250,508	5,811,858	205,795
Other income	16,925,321	16,905,628	16,671,641	19,168,464
Net impairment loss on financial assets	-	(646,180)	-	(646,180)
Personnel expenses	(9,097,946)	(8,175,574)	(6,234,336)	(5,759,406)
Operating lease expenses	(180,890)	(292,898)	(161,325)	(170,179)
Depreciation and amortization	(3,983,972)	(3,738,304)	(3,412,873)	(3,156,202)
Other operating expenses	(23,421,369)	(23,857,108)	(19,396,994)	(20,131,307)
Profit before income tax	**57,008,323**	**50,708,435**	**49,857,395**	**48,539,507**
Income tax expense	(6,096,760)	(8,506,436)	(4,136,974)	(6,300,126)
Profit for the period	**50,911,563**	**42,201,999**	**45,720,421**	**42,239,381**
Profit attributable to:				
Equity holders of the parent entity	50,661,598	41,910,516	45,720,421	42,239,381
Non-controlling interests	249,965	291,483	-	-
	50,911,563	**42,201,999**	**45,720,421**	**42,239,381**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):				
– Basic	1.81	1.50	1.55	1.44
– Diluted	1.81	1.50	1.55	1.44

The accompanying notes are an integral part of these financial statements

Statements of other comprehensive income

For 3 months ended 30 June 2018 (Unaudited)

In thousands of Nigerian Naira	**Group Jun-2018**	**Group Jun-2017**	**Parent Jun-2018**	**Parent Jun-2017**
Profit for the period	50,911,563	42,201,999	45,720,421	42,239,381
Other comprehensive income:				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of post-employment benefit obligations	(265,419)	649,166	(265,419)	649,166
Income tax relating to remeasurements of post-employment benefit obligations	79,626	(194,750)	79,626	(194,750)
	(185,793)	454,416	(185,793)	454,416
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(1,265,294)	438,280	-	-
Income tax relating to foreign currency translation differences for foreign operations	379,588	(131,484)	-	-
Net change in fair value of financial assets FVOCI	(478,079)	-	(1,081,333)	-
Income tax relating to Net change in fair value of financial assets FVOCI	143,424	-	324,400	-
Net change in fair value of available for sale financial assets	-	(228,916)	-	(197,491)
Income tax relating to Net change in fair value of available for sale financial assets	-	68,675	-	59,247
	(1,220,361)	146,555	(756,933)	(138,244)
Other comprehensive income for the period, net of tax	(1,406,154)	600,971	(942,726)	316,172
Total comprehensive income for the period	**49,505,409**	**42,802,970**	**44,777,695**	**42,555,553**
Total comprehensive income attributable to:				
Equity holders of the parent entity	48,996,104	42,282,384	44,816,170	42,555,553
Non-controlling interests	547,780	(39,482,675)	-	-
Total comprehensive income for the period	**49,543,884**	**2,799,709**	**44,816,170**	**42,555,553**

The accompanying notes are an integral part of these financial statements

Value Added Statements

For the period ended 30 June 2018

Group

In thousands of Nigerian Naira	Jun-2018 Continuing operations	Jun-2018 Total	%	Jun-2017 Continuing operations	Jun-2017 Total	%
Gross earnings	226,632,061	226,632,061		214,097,579	214,097,579	
Interest expense:						
-Local	(22,063,999)	(22,063,999)		(22,171,174)	(22,171,174)	
- Foreign	(21,887,187)	(21,887,187)		(14,176,241)	(14,176,241)	
	182,680,875	182,680,875		177,750,164	177,750,164	
Loan impairment charges / Net impairment loss on financial assets	(2,031,734)	(2,031,734)		(7,858,988)	(7,858,988)	
	180,649,141	180,649,141		169,891,176	169,891,176	
Bought in materials and services						
- Local	(43,766,749)	(43,766,749)		(43,226,218)	(43,226,218)	
- Foreign	(443,138)	(443,138)		(1,315,393)	(1,315,393)	
Value added	136,439,254	136,439,254	100	125,349,565	125,349,565	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	18,576,247	18,576,247	14	16,368,191	16,368,191	13
Government						
- Taxation	14,051,037	14,051,037	10	17,421,102	17,421,102	14
Retained in the Group						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	8,230,390	8,230,390	6	7,880,864	7,880,864	6
- Profit for the period (including non - controlling interest, statutory and regulatory risk reserves)	95,581,580	95,581,580	70	83,679,408	83,679,408	67
	136,439,254	136,439,254	100	125,349,565	125,349,565	100

Value Added Statements

For the period ended 30 June 2018

Parent

In thousands of Nigerian Naira	Jun-2018 Continuing operations	Jun-2018 Total	%	Jun-2017 Continuing operations	Jun-2017 Total	%
Gross earnings	189,807,919	189,807,919		186,601,905	186,601,905	
Interest expense:						
-Local	(22,221,139)	(22,221,139)		(22,269,493)	(22,269,493)	
- Foreign	(13,908,688)	(13,908,688)		(7,260,316)	(7,260,316)	
	153,678,092	153,678,092		157,072,096	157,072,096	
Loan impairment charges / Net impairment loss on financial assets	(2,001,057)	(2,001,057)		(7,962,938)	(7,962,938)	
	151,677,035	151,677,035		149,109,158	149,109,158	
Bought in materials and services						
- Local	(35,520,204)	(35,520,204)		(35,310,830)	(35,310,830)	
- Foreign	(443,138)	(443,138)		(1,315,393)	(1,315,393)	
Value added	115,713,693	115,713,693	100	112,482,935	112,482,935	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	12,459,690	12,459,690	11	11,380,738	11,380,738	10
Government						
- Taxation	10,383,488	10,383,488	9	14,123,341	14,123,341	13
Retained in the Bank						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	6,711,162	6,711,162	6	6,543,777	6,543,777	6
- Profit for the period (including statutory and regulatory risk reserves)	86,159,353	86,159,353	74	80,435,079	80,435,079	72
	115,713,693	115,713,693	100	112,482,935	112,482,935	101

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Jun-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Assets					
Cash and bank balances	830,978,252	641,973,784	455,863,305	254,633,215	246,939,868
Financial assets held for trading	32,726,616	23,945,661	12,053,919	34,626,186	9,415,919
Derivative financial assets	3,456,447	2,839,078	1,042,470	-	529,732
Investment securities:					
– Fair Value through other comprehensive Income	576,893,252	-	-	-	-
– Available for sale	-	517,492,733	448,056,733	364,180,150	344,701,935
– Held at amortised cost	122,528,540	-	-	-	-
– Held to maturity	-	96,466,598	80,155,825	29,408,045	35,160,640
Assets pledged as collateral	66,857,956	58,976,175	48,216,412	61,954,777	39,179,198
Loans and advances to banks	1,902,044	750,361	653,718	1,051,521	5,695,592
Loans and advances to customers	1,291,258,229	1,448,533,430	1,589,429,834	1,371,925,547	1,275,681,135
Other assets	499,759,508	444,946,897	371,995,835	303,110,737	307,461,561
Property and equipment	106,030,951	98,669,998	93,488,055	87,988,778	76,236,447
Intangible assets	14,854,871	14,834,954	13,858,906	12,470,612	12,516,219
Deferred tax assets	1,624,095	1,666,990	1,578,427	3,244,141	2,358,280
Total assets	**3,548,870,761**	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**	**2,355,876,526**
Liabilities					
Deposits from banks	102,567,738	85,430,514	125,067,848	26,256,839	31,661,622
Deposits from customers	2,268,756,931	2,062,047,633	1,986,246,232	1,610,349,689	1,618,208,194
Financial liabilities held for trading	6,213,914	2,647,469	2,065,402	-	-
Derivative financial liabilities	3,144,806	2,606,586	987,502	-	253,374
Other liabilities	333,046,876	218,349,244	115,682,490	104,605,713	57,200,461
Current income tax liabilities	9,716,192	24,147,356	17,928,279	17,739,676	20,827,157
Deferred tax liabilities	16,459,821	18,076,225	17,641,384	6,839,522	4,391,668
Debt securities issued	96,151,576	92,131,923	126,237,863	180,117,424	167,321,207
Other borrowed funds	215,730,914	220,491,914	219,633,604	165,122,908	91,298,545
Total liabilities	**3,051,788,768**	**2,725,928,864**	**2,611,490,604**	**2,111,031,771**	**1,991,162,228**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares	(5,291,245)	(5,291,245)	(5,291,245)	(4,754,156)	(3,987,575)
Retained earnings	46,367,529	128,386,206	90,273,587	51,089,585	51,425,181
Other components of equity	306,091,958	352,403,527	272,891,094	222,651,255	173,410,666
Total equity attributable to owners of the Bank	**485,354,946**	**613,685,192**	**496,060,140**	**407,173,388**	**359,034,976**
Non-controlling interests in equity	11,727,047	11,482,603	8,842,695	6,388,550	5,679,322
Total equity	**497,081,993**	**625,167,795**	**504,902,835**	**413,561,938**	**364,714,298**
Total equity and liabilities	**3,548,870,761**	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**	**2,355,876,526**

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	Jun-2018	Jun-2017	Jun-2016	Jun-2015	Jun-2014
Interest income	161,880,719	165,884,856	109,777,801	113,884,461	99,715,892
Interest expense	(43,951,186)	(36,347,415)	(30,662,694)	(33,764,800)	(28,153,061)
Net interest income	**117,929,533**	**129,537,441**	**79,115,107**	**80,119,661**	**71,562,831**
Loan impairment charges	(2,031,734)	(7,212,808)	(37,546,531)	(5,950,749)	(5,338,868)
Net interest income after loan impairment charges	**115,897,799**	**122,324,633**	**41,568,576**	**74,168,912**	**66,223,963**
Fee and commission income	27,356,320	23,715,006	36,077,451	24,609,003	24,761,713
Fee and commission expense	(1,446,593)	(965,643)	(1,268,325)	(1,090,768)	(967,674)
Net fee and commission income	**25,909,727**	**22,749,363**	**34,809,126**	**23,518,235**	**23,794,039**
Net gains on financial instruments classified as held for trading	12,649,671	5,663,642	2,346,369	7,596,332	5,935,317
Other income	24,745,351	18,834,075	61,671,041	6,905,939	2,572,088
Total other income	**37,395,022**	**24,497,717**	**64,017,410**	**14,502,271**	**8,507,405**
Operating income	179,202,548	169,571,713	140,395,112	112,189,418	98,525,407
Net impairment reversal on financial assets	-	(646,180)	-	3,000	234,201
Net operating income after net impairment loss on financial assets	**179,202,548**	**168,925,533**	**140,395,112**	**112,192,418**	**98,759,608**
Personnel expenses	(18,576,247)	(16,368,191)	(14,514,147)	(15,108,949)	(13,449,790)
General and administrative expenses					
Operating lease expenses	(801,684)	(749,535)	(602,724)	(535,361)	(452,324)
Depreciation and amortization	(8,230,390)	(7,880,864)	(7,010,631)	(6,123,906)	(5,853,568)
Other operating expenses	(41,961,610)	(42,826,433)	(32,579,272)	(27,312,235)	(25,607,189)
Total expenses	**(69,569,931)**	**(67,825,023)**	**(54,706,774)**	**(49,080,451)**	**(45,362,871)**
Profit before income tax	**109,632,617**	**101,100,510**	**85,688,338**	**63,111,967**	**53,396,737**
Income tax expense	(14,051,037)	(17,421,102)	(13,920,717)	(9,738,386)	(9,388,709)
Profit for the period	**95,581,580**	**83,679,408**	**71,767,621**	**53,373,581**	**44,008,028**

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

– Basic	3.38	2.96	2.54	1.88	1.55
– Diluted	3.38	2.96	2.54	1.88	1.55

Five Year Financial Summary
Statement of financial Position

Bank

In thousands of Nigerian Naira	Jun-2018	Dec-2017	Dec-2016	Dec-2015	Dec-2014
Assets					
Cash and cash bank balances	622,856,941	455,296,196	233,847,233	173,133,109	161,778,647
Financial assets held for trading	20,891,955	16,652,356	6,321,370	25,075,618	5,675,545
Derivative financial assets	3,456,447	2,839,078	1,042,470	-	529,732
Investment securities:					
– Fair Value through other comprehensive Income	500,266,671	-	-	-	-
– Available for sale	-	453,089,625	408,246,905	327,585,822	317,749,878
– Held at amortised cost	1,998,200	-	-	-	-
– Held to maturity	-	2,007,253	5,219,262	3,210,575	4,511,342
Assets pledged as collateral	66,420,134	58,961,722	48,205,702	61,946,270	39,173,640
Loans and advances to banks	43,373	43,480	29,943	638,817	30,815
Loans and advances to customers	1,102,934,582	1,265,971,688	1,417,217,952	1,265,207,443	1,182,393,874
Other assets	487,126,969	433,528,669	364,152,777	297,240,082	304,174,757
Investment in subsidiaries	46,207,004	46,207,004	43,968,474	41,905,781	40,130,284
Property and equipment	91,656,856	84,979,798	81,710,025	79,192,748	68,042,098
Intangible assets	4,088,075	4,501,296	3,377,961	2,492,959	2,417,700
	2,947,947,207	**2,824,078,165**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**
Assets classified as held for sale and discontinued operations	902,824	850,820	-	-	-
Total assets	**2,948,850,031**	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**
Liabilities					
Deposits from banks	47,375	42,360	40,438	39,941	143,713
Deposits from customers	1,857,052,928	1,697,560,947	1,681,184,820	1,422,550,125	1,439,522,070
Financial liabilities held for trading	6,213,914	2,647,469	2,065,402	-	-
Derivative financial liabilities	3,144,806	2,606,586	987,502	-	253,374
Other liabilities	310,499,914	197,251,819	90,060,440	85,126,211	47,714,495
Current income tax liabilities	9,527,918	24,009,770	17,819,039	19,378,526	22,275,884
Deferred tax liabilities	9,841,054	12,814,766	11,946,699	6,345,773	3,955,805
Debt securities issued	96,151,576	92,131,923	-	-	-
Other borrowed funds	207,591,030	210,671,384	332,317,881	338,580,300	252,830,895
	2,500,070,515	**2,239,737,024**	**2,136,422,221**	**1,872,020,876**	**1,766,696,236**
Liabilities included in assets classified as held for sale and discontinued operations	899,604	847,600	-	-	-
Total liabilities	**2,500,970,119**	**2,240,584,624**	**2,136,422,221**	**1,872,020,876**	**1,766,696,236**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Retained earnings	26,069,867	115,361,824	83,989,499	46,048,031	48,824,128
Other components of equity	283,623,341	330,795,833	254,741,650	221,373,613	172,901,244
Total equity attributable to owners of the Bank	**447,879,912**	**584,344,361**	**476,917,853**	**405,608,348**	**359,912,076**
Non-controlling interests in equity					
Total equity	**447,879,912**	**584,344,361**	**476,917,853**	**405,608,348**	**359,912,076**
Total equity and liabilities	**2,948,850,031**	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**	**2,126,608,312**

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	Jun-2018	Jun-2017	Jun-2016	Jun-2015	Jun-2014
Interest income	137,498,087	145,244,701	95,412,078	103,006,457	90,342,844
Interest expense	(36,129,827)	(29,529,809)	(26,209,788)	(30,096,854)	(25,010,689)
Net interest income	**101,368,260**	**115,714,892**	**69,202,290**	**72,909,603**	**65,332,155**
Loan impairment charges	(2,001,057)	(7,316,758)	(36,655,298)	(6,001,644)	(5,252,074)
Net interest income after loan impairment charges	**99,367,203**	**108,398,134**	**32,546,992**	**66,907,959**	**60,080,081**
Fee and commission income	19,276,566	17,076,295	31,547,739	20,692,826	21,410,122
Fee and commission expense	(1,032,247)	(653,914)	(1,073,820)	(958,982)	(826,415)
Net fee and commission income	**18,244,319**	**16,422,381**	**30,473,919**	**19,733,844**	**20,583,707**
Net gains on financial instruments classified as held for trading	9,019,140	3,104,156	1,122,345	6,211,074	4,694,862
Other income	24,014,126	21,176,753	63,280,783	7,774,753	3,679,570
Total other income	**33,033,266**	**24,280,909**	**64,403,128**	**13,985,827**	**8,374,432**
Total Operating income	150,644,788	149,101,424	127,424,039	100,627,630	89,038,220
Net impairment reversal on financial assets	-	(646,180)	-	3,000	234,201
Net operating income after net impairment loss on financial assets	**150,644,788**	**148,455,244**	**127,424,039**	**100,630,630**	**89,272,421**
Personnel expenses	(12,459,690)	(11,380,738)	(10,948,292)	(11,042,124)	(10,251,189)
Operating lease expenses	(309,089)	(326,757)	(335,750)	(337,919)	(334,811)
Depreciation and amortization	(6,711,162)	(6,543,777)	(6,080,689)	(5,335,802)	(5,193,715)
Other operating expenses	(34,622,006)	(35,645,552)	(28,026,514)	(24,712,673)	(22,409,100)
Total expenses	**(54,101,947)**	**(53,896,824)**	**(45,391,245)**	**(41,428,518)**	**(38,188,815)**
Profit before income tax	**96,542,841**	**94,558,420**	**82,032,794**	**59,202,112**	**51,083,606**
Income tax expense	(10,383,488)	(14,123,341)	(12,189,789)	(8,267,256)	(7,955,437)
Profit for the period	**86,159,353**	**80,435,079**	**69,843,005**	**50,934,856**	**43,128,169**

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

– Basic	2.93	2.73	2.37	1.73	1.47
– Diluted	2.93	2.73	2.37	1.73	1.47

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
2018	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL

Dividend History

Ten-year dividend and unclaimed dividend history as at 30 June 2018

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 30-Jun-18	Percentage Dividend Amount Unclaimed
Payment 32	Interim	28-02-08	3,419,853,912.50	25 kobo	213,177,345.20	6.23%
Payment 33	Final	28-02-08	9,575,590,955.00	70 kobo	405,744,038.35	4.24%
Payment 34	Final	31-12-08	14,922,998,891.00	100 kobo	681,803,688.61	4.57%
Payment 35	Final	31-12-09	13,990,311,460.50	75 kobo	637,792,024.91	4.56%
Payment 36	Interim	31-12-10	5,829,296,441.75	25 kobo	253,439,945.27	4.35%
Payment 37	Final	31-12-10	17,487,889,325.37	75 kobo	753,859,046.17	4.31%
Payment 38	Interim	31-12-11	7,286,620,552.30	25 Kobo	316,285,050.16	4.34%
Payment 39	Final	31-12-11	25,016,502,340.40	85 Kobo	1,011,946,565.33	4.05%
Payment 40	Interim	31-12-12	7,357,794,806.00	25 Kobo	304,128,733.51	4.13%
Payment 41	Final	31-12-12	38,260,532,991.20	130 kobo	1,514,167,548.92	3.96%
Payment 42	Interim	31-12-13	7,357,794,806.00	25 Kobo	332,194,390.85	4.51%
Payment 43	Final	31-12-13	42,675,209,874.80	145 kobo	1,792,257,659.49	4.20%
Payment 44	Interim	31-12-14	7,357,794,806.00	25 Kobo	322,796,884.28	4.39%
Payment 45	Final	31-12-14	44,146,768,836.00	150 kobo	1,849,925,055.35	4.19%
Payment 46	Interim	31-12-15	7,357,794,806.00	25 Kobo	309,573,736.44	4.21%
Payment 47	Final	31-12-15	44,735,392,420.48	152 Kobo	1,741,472,354.44	3.89%
Payment 48	Interim	31-12-16	7,357,794,806.00	25 Kobo	313,038,770.43	4.25%
Payment 49	Final	31-12-16	51,504,563,642.00	175 kobo	2,095,040,782.21	4.07%
Payment 50	Interim	31-12-17	8,829,353,767.20	30 kobo	401,723,453.71	4.55%
Payment 51	Final	31-12-17	70,634,830,137.60	240 kobo	4,659,342,541.02	6.60%

CORPORATE SOCIAL RESPONSIBILITY REPORT

At Guaranty Trust Bank, we believe that we can only thrive as much as the community we serve. Hence, each year, our Corporate Social Responsibilities are geared towards areas where we can make the most impact and implement critical changes and development in the lives of people and the host communities where we serve. GTBank CSR are built on these four pillars: Education, Community Development, Arts and the Environment.

Pillar	**Amount (N)**
Arts	42,813,606
Community Development	30,757,628
CSR Profiling	1,715,789
Education	134,026,198
Environment	405,118
Total	**209,718,340**

CHAMPIONING EDUCATION FOR ALL

One of the key ways through which we encourage growth and solve major challenges faced in our host communities is by promoting equal access to education for all irrespective of age, race, background or economic status. We believe that championing campaigns that boost learning opportunities is key to improving lives. Through our GTBank YouRead Initiative, we engage 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.

<u>Rekindling the Culture of Reading</u>

In furtherance of the Bank's goal to rekindle interest in reading, once every month, book reading events that foster engaging conversations around books and promote Nigerian authors are organized. During the first half of the year, seven authors were hosted with a record number of over 1500 persons in attendance.

In January, 19 year old author of Tales of uber minor and PhD student at the University of California, Nkechinyere Chidi-Mbolu was hosted to a reading session with young students in Lagos.

Similarly, award winning author, Lesley Nneka Arimah for the first time was hosted to a book reading session in Nigeria where she interacted with Nigerian audience on her debut: "What it means when a man falls from the sky". Over 200 persons attended the event.

Other authors hosted at different occasions include: Bolatito Bez-Idakula, Lanre Olusola, Teju BabyFace Oyelakin, Mojisola-Cole and Jacqueline U Agweh.

Renovation of the Children's Section of the Herbert Macaulay Library

To mark the World Book Day and encourage reading activities amongst children at the remodeled Herbert Macaulay Library, the children section of the library was transformed to a more vibrant space for kid's reading and learning pleasure with appropriate furniture, interior fittings and children's books.

Books Rock

This year's Children's day Celebration was marked with a book reading session for kids tagged "Books Rock". Book Reading sessions, Spelling Bee Competition, Arts & Craft work, Letter writing competition, were some of the activities earmarked for the year's celebration.

Read Aloud Marathon

To put Nigeria on the global map as a nation passionate about books, and also inspire Nigerians to maintain an active reading culture, GTBank sponsored 40 year old Olubayode Treasures Olawunmi to attempt the Guinness World Record in the Longest Marathon Read Aloud. With the Bank's support, Bayode read over 15 Nigerian published books in 120 hours over a period of 6 days at the Herbert Macaulay Library, Yaba.

Fostering Learning through Extracurricular Activities

Five Secondary Schools from the 2017 Principals Cup Football were treated to an all-expense paid excursion to iMax Cinemas where they gleaned lessons on diversity, race and global responsibility from the movie **Black Panther**. Over 150 students benefitted from this initiative.

Promoting Innovation and Academic Excellence

Inspired by the performance of a team of four Junior Secondary School students whose passion for innovation led them to create a Virtual Farm mobile app, the Bank sponsored the young innovators to the finale of the Conrad Challenge in Florida. The team (Neon) made history and won the globally renowned innovation competition.

Promoting Financial Literacy

In line with the mandate by Central Bank of Nigeria to achieve financial inclusion and enhance the knowledge of young people on finance, we marked the Financial Literacy Day in Abia, Benue, Cross-River, Gombe, Osun, Taraba, and Zamfara states. Over 1330 students were positively impacted through these financial literacy trainings.

NURTURING THE NEXT LEAGUE OF FOOTBALL TALENTS

Over the years, our sports education program has serve as a platform for identifying, nurturing and grooming young and talented players. This has helped identified players build a successful career in the future, whilst promoting camaraderie.

Our annual football tournaments include: Principals Cup tournament in Lagos and Ogun States, the Masters Cup tournament and the Super Cup.

- **The Principals Cup football tournament:** This competition currently runs in Lagos and Ogun and they are in their 9th and 6th seasons respectively. The tournament 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 nine 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 six years to 380 participating teams.

- **The Masters Cup football tournament:** This tournament is for non-Government managed schools. The competition has a total of 42 teams in both the male and female categories and is in its 7th season of the competition.

The winners in all the tournaments - the Principals Cup Lagos and Ogun States and the Masters Cup usually play at the end of the season in the Super Cup match, to decide 'the champion' of the tournament champions.

Exceptional players discovered during the tournament season are coached and trained in our player's developmental programme – CAMP GTBank.

PROMOTING ARTS

Art plays a crucial role in helping communities thrive. Our arts initiatives seeks to connect, enrich, educate individuals, as well as promote cultural exchanges. We believe all forms of creative expressions can break societal barriers and build global relationships.

Promoting Creative Expressions through Writing

As part of our initiatives geared towards encouraging creativity and appreciation for Art, the Dusty Manuscript Contest was launched to give budding writers the opportunity to win publishing deals for their finished, yet–to-be published, manuscripts, Over 1000 submissions were received after a call for entry in February while the top three selected entries were rewarded with publishing contracts as well as cash prizes.

Harnessing Art for Economic Empowerment

One of the ways through which we harness the power of art for economic growth is by providing innovative platforms for artists to profit from their creative works. To achieve this, we launched an Art635 storefront on SME MarketHub to allow artists connect with art collectors and easily sell their art pieces.

Onboarding of New Artists on the Art635 Gallery

GTBank takes pride in promoting the cultural heritage of the markets it operates in by enhancing the prospects of local artisans and enriching their talents. On a daily basis, more artists signed up to showcase their works for more visibility, appreciation and profitability through the Art635 Gallery.

Building the Capacity of Upcoming Female Photographers

For us, Corporate Social Responsibility goes beyond corporate philanthropy. We believe in providing capacity building initiatives that serve to boost the expertise exposure and business growth of entrepreneurs in the creative space. That is why we launched the Days of Dorcas Photography Workshop and Competition, an opportunity for talented female artists between ages of 18 – 35 years, to enhance their career in visual arts and photography. This Art635 initiative served as an opportunity for budding female photographers to enhance their career in visual arts and photography through a workshop facilitated by renowned photographers.

Promoting Our Cultural Heritage

GTBank partnered with Ogun State Government to celebrate cultural differences across Africa through drums. The festival brought together participants from across Nigeria, Africa and the world to showcase the rich cultural heritage of different ethnic groups through dance, exhibition, music and drums.

Preserving Historical Artefacts and Monuments

In commemoration of the International Museum Day on May 18, the Bank worked with the National Commission for Museums and Monuments (NCMM) to raise awareness on the essence of history. An educational program targeted at secondary school students was organized to promote the importance of cultural exchange, enrichment of cultures; development of mutual understanding, cooperation and peace among people.

SUPPORTING OUR COMMUNITIES

Medical Outreach for Women with Disabilities

In line with our goal of touching lives, we partnered with a not-for-profit organization called Empathy Driven Women International Initiative (EDWIN) to organize a medical outreach for women with disabilities. Through the support of medical personnel and volunteers, Medical care and consultations was provided to beneficiaries.

Supporting Families, celebrating Love

This year, to mark Valentine’s Day, the Bank brought together 5 couples who have been married for over 20 years to celebrate love and promote family bonds. The couples were treated to an all- expense paid 3-day getaway, where they rekindled their love and build long-lasting friendship.

ENVIRONMENT

Waste to Play Project

We supported a group of environmentalists called PP40 residing in Ibadan on a Waste-To-Play project. The focus of this project was to convert waste such as plastic and used tyres into Play equipment for secondary school students.