Guaranty Trust Bank plc
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GTBank

June 2019

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 interim Financial Statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the period ended 30 June, 2019. 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.

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Corporate Governance

Introduction

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

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

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

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

The Bank complies with the requirements of the Central Bank of Nigeria ("CBN") in respect of internal review of its compliance status with defined corporate governance practices and submits reports on the Bank's compliance status to the CBN and the Nigeria Deposit Insurance Corporation. The Bank also conducts an Annual Board and Directors' Review/Appraisal covering all aspects of the Boards' structure, composition, responsibilities, processes and relationships, in compliance with the requirement of the CBN Code. To conduct the Annual Board Appraisal for the financial year ended December 31, 2018, the Board engaged the consultancy firm of Ernst and Young LP. The independent consultants carried out a comprehensive review of the effectiveness of the Board by assessing the performance of the Board, the Board Committees and Directors. The report of the Appraisal has been submitted to the CBN and also presented to Shareholders at the 29th Annual General Meeting of the Bank.

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

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

Governance Structure

The Board

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

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

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

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

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

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

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

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

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

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

The Board met two (2) times during the period ended June 30, 2019.

Responsibilities of the Board

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

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

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

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

Roles of Chairman and Chief Executive

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

The Board has delegated the responsibility for the day-to-day management of the Bank to the Managing

Director/Chief Executive Officer, who is supported by Executive Management. The Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board of Directors.

Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

Director Nomination Process

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

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

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

Induction and Continuous Training

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

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

The Bank attaches great importance to training its Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various committees to which they belong. The Bank's Non-Executive Directors attended foreign and/or local courses in the half year ended June 30, 2019.

Non-Executive Directors' Remuneration

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

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

Board Committees

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

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

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

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

Board Risk Management Committee

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

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

- To review and recommend for the approval of the Board, the Bank's Risk Management Policies including the risk profile and limits;

- To determine the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls;

- To evaluate the Group's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the activities and risk profile of the Bank and its subsidiaries;

- To oversee Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection and reporting mechanisms;

- To review and recommend to the Board for approval, the contingency plan for specific risks;

- To review the Bank's compliance level with applicable laws and regulatory requirements which may impact on the Bank's risk profile;

- To conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile;

- To handle any other issue referred to the Committee from time to time by the Board.

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met twice (2) during the period ended June 30, 2019.

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

S/No	Name	Status	Designation	Dates of Attendance
1.	Mr. H. A. Oyinlola	Non-Executive Director	Chairman	28-Jan-2019 16-Apr-2019
2.	Mr. J. K. O. Agbaje	Managing Director	Member	28-Jan-2019 16-Apr-2019
3.	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Member	28-Jan-2019 16-Apr-2019
4.	Mr. B. T. Soyoye	Non-Executive (Independent) Director	Member	28-Jan-2019 16-Apr-2019
5.	Mrs. V. O. Adefala	Non-Executive (Independent) Director	Member	28-Jan-2019 16-Apr-2019
6.	Mr. A. A. Odeyemi	Executive Director	Member	28-Jan-2019 16-Apr-2019
7.	Mrs. M. C. Olusanya	Executive Director	Member	28-Jan-2019 16-Apr-2019

Board Credit Committee

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

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

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

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met two (2) times during the period ended June 30, 2019.

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

S/No	Name	Status	Designation	Dates of Attendance
1	Mr. O. M. Agusto	Non-Executive Director	Chairman	28-Jan-2019 16-Apr-2019
2	Mr. K. A. Adeola	Non-Executive Director	Member	28-Jan-2019 16-Apr-2019
3	Mr. I. Hassan	Non-Executive Director	Member	28-Jan-2019 16-Apr-2019
4	Mrs. V.O. Adefala	Non-Executive (Independent) Director	Member	28-Jan-2019 16-Apr-2019
5	Mr. H. Musa	Executive Director	Member	28-Jan-2019 16-Apr-2019
6	Mr. J. M. Lawal	Executive Director	Member	28-Jan-2019 16-Apr-2019
7	Mr. B. G. Okuntola[1]	Executive Director	Member	16-Apr-2019

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

Board Human Resources and Nominations Committee

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

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

The membership of the Committee is as follows:

S/No	Name	Status	Designation	Dates of Attendance
1	Mr. I. Hassan	Non-Executive Director	Chairman	28-Jan-2019 16-Apr-2019
2	Mr. J.K.O. Agbaje	Managing Director	Member	28-Jan-2019 16-Apr-2019
3	Mr. H.A. Oyinlola	Non-Executive Director	Member	28-Jan-2019 16-Apr-2019
4	Ms. I. L. Akpofure[1]	Non-Executive (Independent) Director	Member	28-Jan-2019 16-Apr-2019
5	Mr. B. T. Soyoye	Non-Executive (Independent) Director	Member	28-Jan-2019 16-Apr-2019
6	Mrs. M. C. Olusanya	Executive Director	Member	28-Jan-2019 16-Apr-2019

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

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met twice during the period ended June 30, 2019.

Board Remuneration Committee

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

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

S/No	Name	Status	Designation	Dates of Attendance
1	Mr. O. M. Agusto	Non-Executive Director	Chairman	28-Jan-2019
2	Mr. K.A Adeola	Non-Executive Director	Member	28-Jan-2019
3	Mrs. V.O. Adefala	Non-Executive (Independent) Director	Member	N/A[1]

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

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

Board Information Technology Strategy Committee

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

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

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

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

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

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

The Committee is required to hold its Meetings twice in a year. The Committee met once (1) in the period ended June 30, 2019.

Board Audit Committee

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

The Terms of Reference of the Board Audit Committee include:

- To keep the effectiveness of the Bank's system of accounting, reporting and internal control under review and to ensure compliance with legal and agreed ethical requirements;
- To review the activities, findings, conclusions and recommendations of the external auditors relating to the Bank's annual audited financial statements;
- To review the Management Letter of the External Auditor and Management's response thereto;
- To review the appropriateness and completeness of the Bank's statutory accounts and its other published financial statements;
- To oversee the independence of the external auditors;
- To receive a summary of whistle blowing cases reported and the result of the investigation from the Head of Internal Audit;
- To ensure that the Bank's Investment Valuation Policy is updated to take into account changes in International Financial Reporting Standards (IFRS) as issued and/or amended from time to time by the International Accounting Standards Board and/or in valuation techniques as recommended by the European Venture Capital Association and best practices.

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

S/No	Name	Status	Designation	Dates of Attendance
1.	Ms. I. L. Akpofure	Non-Executive (Independent) Director	Chairman	28-Jan-2019 15-Apr-2019
2.	Mr. O. M. Agusto	Non-Executive Director	Member	28-Jan-2019 15-Apr-2019
3.	Mr. I. Hassan	Non-Executive Director	Member	28-Jan-2019 15-Apr-2019

The Committee is required to hold its Meetings once every quarter. The Committee met two (2) times 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, review and ensure that adequate whistle blowing procedures are in place and that a summary of issues reported are highlighted to the Committee and review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors and there is no conflict of interest. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

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

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

The Statutory Audit Committee of the Bank met two (2) times during the period under review. The following members served on the Committee during the period ended June 30, 2019:

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

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 period ended June 30, 2019.

S/N	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATION COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD I.T. STRATEGY	BOARD AUDIT COMMITTEE
	DATE OF MEETINGS	30-Jan-2019 17-Apr-2019	29-Jan-2019 16-Apr-2019	29-Jan-2019 16-Apr-2019	28-Jan-2019 15-Apr-2019	30-Jan-2019	15-Apr-2019	28-Jan-2019 15-Apr-2019
	NUMBER OF MEETINGS	**2**	**2**	**2**	**2**	**1**	**1**	**2**
1	Mrs. O. A. Demuren[1]	2	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. J. K. O Agbaje	2	N/A	2	2	N/A	1	N/A
3	Mr. O. M. Agusto	2	2	N/A	N/A	1	N/A	2
4	Mr. K. A. Adeola	2	2	N/A	N/A	1	1	N/A
5	Mr. I. Hassan	2	2	N/A	2	N/A	N/A	2
6	Mr. H. A. Oyinlola	2	N/A	2	2	N/A	1	N/A
7	Ms. I. Akpofure	2	N/A	2	2	N/A	1	2
8	Mr. B. T. Soyoye	2	N/A	2	2	N/A	N/A	N/A
9	Mrs. V. O. Adefala[2]	2	2	2	N/A	N/A	N/A	N/A
10	Mr. A. A. Odeyemi	2	N/A	2	N/A	N/A	1	N/A
11	Mr. H. Musa[3]	2	2	N/A	N/A	N/A	1	N/A
12	Mr. J. M. Lawal	2	2	N/A	N/A	N/A	1	N/A
13	Mrs. M. C. Olusanya	2	N/A	2	2	N/A	N/A	N/A
14	Mr. B. G. Okuntola[4]	2	1	N/A	N/A	N/A	N/A	N/A

[1] The Chairman is not a member of any Committee in compliance with the CBN Code which prohibits the chairman of the Board from being a member of any Committee;
[2] Appointed to the Board Remuneration Committees at the Board Meeting held on January 28, 2019
[3] Appointed to the Board Information Technology and Strategy Committees at the Board Meeting held on January 28, 2019
[4] Appointed to the Board Credit Committee at the Board Meeting held on January 28, 2019
N/A -Not Applicable

Tenure of Directors

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

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

Board Appraisal

In the Bank's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, Ernst and Young LP, to carry out the annual Board and Directors appraisal for the 2018 financial year. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Bank's compliance status with the provisions of the CBN and SEC Codes.

The Annual Board and Director Review/Appraisal Report for the 2018 financial year was presented to shareholders at the 29th Annual General Meeting of the Bank.

Shareholders

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

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

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

Protection of Shareholders' Rights

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

Communication Policy

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

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

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

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

(i) **Compliance with Rules and Regulations**: The Bank complies with the legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Banks and other Financial Institutions Act (BOFIA), the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by the Central Bank of Nigeria as well as the Securities and Exchange Commission, the United Kingdom Listing Authority ("UKLA") (by virtue of the listing of Global Depositary Receipts by the Bank on The London Stock Exchange in July 2007);

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

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

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

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

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

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

Information Flow

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

The Company Secretary

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

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

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

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

Insider Trading and price sensitive information

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

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

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

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

Management Committees

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

The standing Management Committees in the Bank are:

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

Management Risk Committee

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

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

The mandate of the Committee includes;

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

on a quarterly basis.

Management Credit Committee

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

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

Criticized Assets Committee

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

Assets and Liability Management Committee

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

Information Technology (IT) Steering Committee

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

1. **Planning, Budgeting and Monitoring**
   - Review and approval of the Bank's IT plan and budget (short and long term).
   - Review IT performance against plans and budgets, and recommend changes, as required.
   - Review, prioritization and approve IT investment initiatives.
   - Establishment of a balance in approval of overall IT investment portfolio in terms of risk, return and strategy.

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

3. IT Risk Assurance

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

Information Technology (IT) Risk Management Committee

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

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

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

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

Whistle Blowing procedures

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

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

Code of Conduct

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

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

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 41 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 our bank's risk management framework that provides the structure through which the performance objectives of the subsidiaries are defined, measured and performance monitoring is conducted.

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

As at June 30, 2019, the Group had eight (8) international banking subsidiaries and two (2) sub-subsidiaries. The operations and management of these subsidiaries are monitored and controlled by GTBank Plc as described below:

Oversight function

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

Subsidiary Board Representation

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

Subsidiary Board Committees

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

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

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

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

Representation on the Local Board and Board Committees

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

Management of Subsidiaries

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

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

Existence of Group Co-ordination Unit

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

Monthly Management Reporting

Subsidiaries furnish International Banking Directorate with reports on their business activities and operating environment monthly. The reports cover the subsidiaries' financial performance, risk assessment, regulatory activities among others.

Business Performance Review Session

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

Annual System and Control Audit

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

Annual Risk Management Audit

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

Group Compliance Function

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

Group Treasury Function

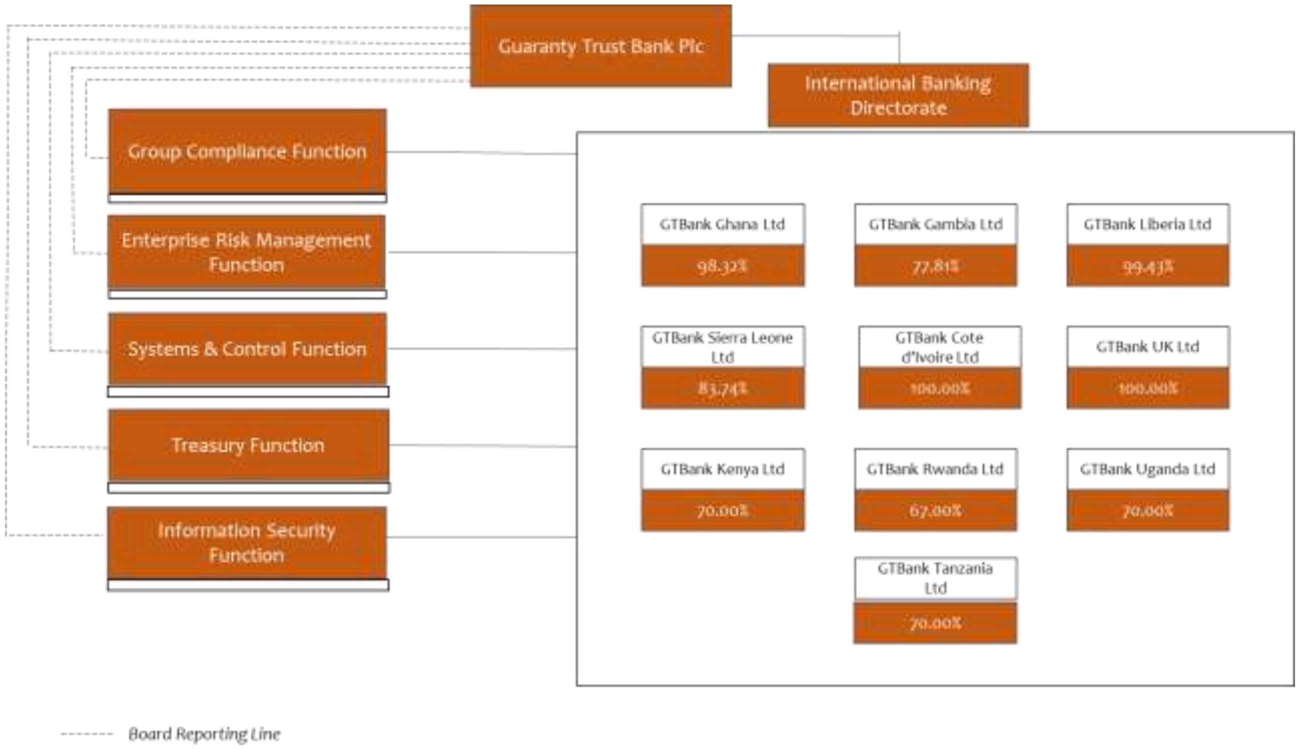
The Group Treasury function is responsible for providing required guidance in optimizing the deployment of resources in the subsidiaries except GTBank UK. The key focus is efficiency of the Balance Sheet. Monthly Assets and Liabilities review meetings are held with the Group treasury team to create synergies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

Group Information Security Assurance

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

External Auditors' Report

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


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
98.32%
GTBank Gambia Ltd
77.81%
GTBank Liberia Ltd
99.43%
GTBank Sierra Leone Ltd
83.74%
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 understand the importance of sustainability for business success. Since inception, sustainability has been part of our business model and strategy. As a sustainable bank, we are not only interested in profitability but also human rights and environmental protection. Thus, we have incorporated all the 3Ps (Profit, Planet and People) into our business operation and activities rather than only focusing on economic sustainability (profit).

We are continuously devising innovative ways of improving our environmental, social and economic performance. Our understanding of sustainable banking has assisted us in conserving our resources, respecting stakeholders, improving relationships (customers, employees and communities) and managing/mitigating risks that may hinder our success as a bank. We have taken into consideration the environmental and social impact of our business operations and activities on communities. We track our environmental and social performance and encourage our customers to do the same.

We have fully integrated Environmental and Social (E&S) practices to our business model. We revised our sustainability policy periodically to meet up with our capacity and resources. This is based on our understanding of the importance of sustainable growth to our business success especially in this era of climate change and financial volatility. We are thus committed to having a bank that is economically viable, socially responsive and environmentally aware.

Beyond compliance to local and international requirements on E&S issues, we are improvement-driven. We are concerned about doing things better by taking a clue from our past experience. We have a mind-set of exceeding expectation set by global best practices such as the IFC Performance Standards.

We remain committed to international standards and the promotion of sustainable finance, this is evident in our continued membership of the United Nations Environment Programme Finance Initiatives (UNEP-FI) and an organizational stakeholder for Global Reporting Initiative (GRI). As a signatory to the Nigerian Sustainable Banking Principles (NSBP), we ensure that our business activities and operations are in tandem with the provisions of the nine (9) principles.

This Sustainability Report is a reflection of our journey in the first half of the year 2019, highlighting various initiatives undertaken by the bank to ensure that we remain a sustainable bank. The scope of the report covers our activities in the Marketplace, Community, Environment and Workplace.

Market Place

At GTBank, we promote government efforts at diversification through our active lending to critical sectors of the economy such as Agriculture, Power, Manufacturing, Real Estate, and Oil and Gas. Our investment to critical sectors has helped to enhance economic growth and sustainable development.

In the first half of the year 2019, we screened all the 444 corporate credits approved by the Bank for E&S risks. We conducted enhanced due diligence for customers operating in the high risk sectors as classified by the Central Bank of Nigeria (CBN). We assessed all approved transactions for human rights risks such as child labour and forced labour. Our assessment entails initial screening with the Exclusion Checklist for all customers and Further Due Diligence Assessment for High Risk customers. The full integration of Environmental & Social Risk Management (ESRM) framework into our credit approval process has helped us to minimize the negative impacts of our lending on people and the environment.

As part of meeting up with our mandate of providing top-notch financial products and services to our customers, we increased the number of our agent banking locations to 60 from 55 that it was in December 2018. Through these agent banking locations, we received deposits of about N2.3 Billion in the last six months.

This is an increase of 16% from the last reporting period in December 2018. From our partnership with CBN SANEF Initiative, we opened 315, 966 new accounts with a deposit value of N 64.7 Million in the last 6 months.

In order to further increase our contribution to financial inclusion and women empowerment, we introduced "Quick Credit" for Non-Salary Earners (NSE). To date, about 12,504 NSEs have benefitted from the loan with a total exposure of N2.78 Billion to the bank. This is in addition to other products that we have in place such as food, fashion and quick credits which amount to N28.62 Billion as at 30th of June, 2019. All these credits (including the quick credit for NSE) were granted at competitive interest rate and without collateral.

We continue to introduce various programmes and products to promote Small and Medium Enterprises (SME), empower women and deepen financial inclusion. For instance, in the first half of the year 2019, the fourth edition of Food & Drink Fair was conducted as part of our drive to promote SME especially the food industry.

The bank launched Habari in November 2018 and has continued to improve its features to satisfy the need of everyone. Habari is the first mobile platform to be created by a financial institution in Nigeria. It is open and accessible to everyone; meeting their lifestyles needs. Through our USSD code, *737#, our customers in most remote locations are able to access financial services using mobile phones.

Community

At GTBank, Corporate Social Responsibility (CSR) is at the heart of our strategic objective. We are committed to enriching the lives of the people in the communities we operate in. Our CSR strategy stand on four pillars namely community development, education, environment and Arts.

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

In terms of promoting education, we continue to organize a monthly reading event involving 200 students to promote reading culture; trained 2,133 students on savings across 14 schools in 6 states in Nigeria during Financial Literacy Day in March 2019, amongst others.

In terms of Arts promotion, our free online Art Gallery continue to provide enormous benefits especially in promoting and showcasing the work of artists in Africa. A summary of other CSR projects facilitated by the Bank in the first half of 2019 are listed below:

Area of Focus	Project Description	Beneficiaries
Arts	**Art 635 Virtual Reality Exhibition** – A virtual experience and exhibition of artworks enlisted on Art 635	1,269 artworks exhibited on the virtual reality space
	Art Gallery – A free online Art Gallery created to support the arts in Africa.	Artwork added – Over 1358
Education	**GTcrea8 Scholarship -** GTBank Donates a monetary sum of ₦150,000.00 to 72 different students as a scholarship contribution every year.	72 Undergraduates
	Book N Guage/ Farafina Reads- A monthly Book reading event promoting the reading culture.	200 participants/ monthly

	GTBank Adopt-a-school project – The GTBank Adopt-a-school project is a child focused programme introduced by the bank in 2004, to improve the quality of public education available to the Nigerian child.	Over 200 participants
	Support for Children with disabilities - A Secondary school initiative that seeks to change the mind-set of inclusion of children living with disabilities into main stream schools.	200 participants
Healthcare	**Support for St Kizito Hospital -** Donation of water plant to Hospital that provides health care services to women living with HIV	
	Support for Sickle cell patients- A staff initiative that supports people living with sickle cell	10 people with sickle cell received free health care.
	Orange Ribbon Initiative - An annual autism conference and one-on-one consultation sessions to educate and assist caregivers on how to care for those living with the autism spectrum disorder.	2,000 conference attendance; 36,000 online attendance.
Sports/Youth Development	**GTBank Masters Cup-** An annual football tournament for private secondary schools in Lagos State.	1155 players, 34 schools
	GTBank CARES – A sum of N55 Million was spent to acquire 488 bicycle for distribution to children living in rural communities across Nigeria. The aim is to leverage on the power of mobility through bicycles to ensure that more children attend school and ultimately break the cycle of poverty.	488 persons

Environment

As a sustainable bank, we continue to monitor our carbon footprint through tracking of our electricity, water, fuel, solid waste and paper usage. Some of the initiatives introduced to reduce paper consumption include the use of both sides of the paper, the storing of documents digitally and electronically, being selective with what we print, the reuse of printed paper for jotting, among others. The total litres of diesel consumed decreased by 70,468 litres from December 2018 to June 2019. The decrease over both reporting periods was as result of timely shut down of our branches. The total number of our branches/business offices powered by alternative sources of energy (solar energy) has increased by 9 (From 29 to 38) from the last reporting period. The solar energy is connected to the ATMs and communication equipment in the branches.

The number of our ATMs powered by alternative sources of energy (Solar energy) also increased from 68 to 79. There were no negative environmental and social impacts issues reported on any of our branches or projects financed in the first half of 2019.

Workplace

At GTBank, we recognize the importance of our workforce in the attainment of our strategic business objective. We are not only concerned with recruiting capable hands, but providing them the necessary training and environment to perform optimally in satisfying our customers' needs. We identify the training needs of all our employees; and provide conducive environment for them to increase their turnaround time.

In the first half of 2019, the bank E&S Team trained fifty (50) account officers/relationship management team on Environmental and Social Risk Management (ESRM). They also conducted a training on ESRM for all members of Enterprise Risk Management (ERM) division of the bank. We periodically publish on our intranet E&S Learning Case Studies covering critical sectors of the economy. Our E&S team attended the workshop on ESMS implementation organized by IFC; and a 2-day sustainability summit to learn and share ideas on sustainability best practices with organizations from different sectors in Nigeria.

For our entire staff, we provided training on subject matters ranging from Corporate Governance, Enterprise Risk Management, Environmental and Social Risk Management, Leadership and Management, among others. We continue to provide our employees with weekly awareness on health-related issues and personal finance through "Wellness Wednesdays" and "Finance Fridays" published on our intranet. In March 2019, we had second season of our Orange League Football Competition. The football competition has helped to promote friendly competition among our various business lines.

NSBP PRINCIPLES	DEFINITION	PROGRESS UPDATE
Principle 1	**Our Business Activities: Environmental & Social Risk Management.** Integration of environmental and social consideration into our lending activities.	• All our transactions were screened for E&S risk in the period under review. • To date, we have visited/conducted desktop Due Diligence Assessments for 74 customers. This accounts for 85% of portfolio of loans classified as high risk. • During the half year (Jan-June 2019), we came up with 59 Action Plans for 12 Customers based on the outcome of the Due Diligence Assessments undertaken.
Principle 2	**Our Business Operations: Environmental & Social Footprint.** Avoidance of the negative impact of our Business Operations.	• We developed initiatives to reduce use of papers which is implemented bank-wide. • We presently have 38 branches powered by alternative power source (ATMs & communication equipment). This has increased the number of our ATMs powered by hybrid energy (blend of solar and conventional power sources) to 79.
Principle 3	**Human Rights:** Respect for the rights of all in Business Operations.	• All 444 transactions booked were assessed for human rights risks such as child labour and forced labour. Assessment comprises of initial screening with the Exclusion Checklist for all customers and Further Due Diligence Assessment for High Risk customers.
Principle 4	**Women's Economic Empowerment:** Promote economic empowerment through a gender inclusive workplace culture and provide products and services for women.	• There was an increase in the number of female employees in the work force (69 additional female). • The number of women on our board remain the same (4 women). • The bank has products such as Food, Fashion and Quick credits that women can apply for without collateral.

Principle 5	**Financial Inclusion:** Promotion of financial inclusion and provision of financial services to individuals and communities that have limited or no access to the formal financial sector.	• The bank opened an additional 5 Agent Banking locations from the last reporting period to date in Lagos, Rivers and Oyo states. We opened 286,680 accounts through these locations during the review period. • The Bank hosted the GTBank Food and Drink Fair to support SME businesses in the food industry. The event was attended by over 250,000 individuals and provided vendors the opportunity to promote their food products and services. • The number of our branches that can easily be accessed by physically challenged increased from 116 to 118 from December 2018 to June 2019. All new branches are provided with ramps for easy access. • Through our agent banking locations, we received deposits of about N2.3 Billion. This is an increase of 16% from December 2018 to June 2019. • We also partnered with CBN SANEF Initiative. We were able to open 315, 966 new accounts with a deposit value of N 64.7 Million from the relationship in the last 6 months.
Principle 6	**E&S Governance:** Implementation of a transparent E&S governance practices within the institution and assess the E&S governance of our clients.	• Our internal audit team (SYSCON) conducts monthly visit to track and monitor our progress on E&S using our annual plan. • We provided update to our investors (IFC and Proparco) on our E&S performance • We do monthly and quarterly reports to our management and board on our E&S journey.
Principle 7	**Capacity Building:** Development of capacity to identify, assess and manage E&S risks and opportunities associated with the bank's business activities and operations	• The bank E&S team trained 50 account officers/relationship management team on Environmental and Social Risk Management (ESRM). • We conducted a training on ESRM for all members of Enterprise Risk Management (ERM) division. • We published on the intranet E&S Learning Case Studies on customers operating in some critical sectors of the economy.
Principle 8	**Collaborative Partnerships:** Collaboration across the sector and leveraging on international partnerships and move the financial sector as one and ensure consistency with international standards.	• We attended a 2-day sustainability summit for organizations in different sectors in Nigeria to learn and share best practices in Sustainability. • Held E&S process review meetings with IFC. • We attended the workshop on ESMS implementation organized by IFC.
Principle 9	**Reporting:** Regularly review and report our progress in meeting the principles	• The bank rendered the Bi-Annual Sustainability Report to the regulator (CBN) and also dedicated a chapter on the Bank's sustainability journey in the financials. • We also provide periodic updates to our investors such as IFC on the integration of ESRM in the Bank's framework.

Introduction

At Guaranty Trust Bank plc ("the Bank"), we understand the importance of our customers' satisfaction to the achievement of our set goals. Hence, the incorporation of the 'treating customers fairly' principles into our business strategy to enable us deliver on our promises to our stakeholders.

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

The information gathered is used for detailed analysis to identify recurring issues which are reviewed by the relevant stakeholders for learning purposes and improvement of the Bank's products and services with emphasis on preventing a reoccurrence of such identified issues.

The Feedback Channels/ Customer Touch points

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

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

Customers' opinion on products, services and processes

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

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

Complaints Handling and Resolution Structure

The Bank has an effective mechanism in place for complaints handling which ensures the prompt resolution of customers' complaints if and when they arise. The Complaints Unit of the Bank is charged with the responsibility for receipt, prompt investigation and resolution of customers' complaints. It also serves as the liaison between the Bank and its customers as well as regulatory authorities.

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

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

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

REPORTS TO THE CBN

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 for the financial half year ended 30 June 2019 pursuant to CBN circular dated August 16, 2011.

	Description	**Number**		**Amount Claimed (N'000)**		**Amount Refunded (N'000)**	
		2019	**2018**	**2019**	**2018**	**2019**	**2018**
1	Pending Complaints brought forward from prior year	87	106	329,014	853,165	-	-
2	Received Complaints	26,813	45,737	85,913	700,092	-	-
3	Resolved Complaints	26,832	45,756	86,075	1,224,243	70,423	326,328
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved Complaints pending with the Bank carried forward *	68	87	328,852	329,014	-	-

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

The table below show Complaints received and resolved by the Bank in other currencies for the period ended June 30, 2019.

RECEIVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed	
		2019	**2018**
1	United States Dollars	$41,777	$1,835,818
2	Great Britain Pounds	£470	£0
3	Euros	€5,984	€9

RESOLVED COMPLAINTS (Per Currency)

	Currency	Amount Claimed		Amount Refunded	
		2019	**2018**	**2019**	**2018**
1	United States Dollars	$41,777	$1,835,818	$11,465	$1,829,139
2	Great Britain Pounds	£470	£0	£0	£0
3	Euros	€5,984	€9	€3,890	€0

UNRESOLVED COMPLAINTS (Per Currency)

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

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

At Guaranty Trust Bank plc ("The Bank"), we are committed to the fight against all forms of financial crimes, which includes money laundering and terrorist financing, bribery and corruption. To this end, the Bank has continually implemented a framework for Anti-Money Laundering ("AML"), Combating the Financing of Terrorism ("CFT") and the prevention of the financing and proliferation of weapons of mass destruction. Strict adherence to the same is mandatory for all members of staff Group wide.

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

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

Structure of the framework

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

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

Scope of the framework

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

(i) Board and Management responsibilities:

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

(ii) Reports to Senior Management and the Board:

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

(iii) Know Your Customer (KYC) procedures:

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

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

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

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

As part of the Bank's KYC and CDD procedures, identification documents are requested and obtained to confirm the ultimate beneficial owners of a business and the organization's control and structure. Sanction screening is also conducted prior to entering into a relationship as well as prior to effecting a transaction to ensure that the Bank does not enter into a relationship with a sanctioned person/entity.

(iv) Transaction Monitoring:

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

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

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

(v) Transaction Reporting:

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

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

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

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

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

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

(vi) Relationship with Regulators and Law Enforcement Agencies:

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

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

(vii) Sanctions Compliance Management:

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

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

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

(viii) Politically Exposed Persons (PEPs)

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

In line with FATF's recommendation, the Bank employs the use of an automated monitoring tool in identifying and monitoring PEP transactions. This is achieved through the thorough review of information provided by customers and their transaction trends.

Establishment of new accounts for PEPs as well as continuity of such accounts (for those already existing in the system) is subject to the approval of an Executive Director and the Compliance Unit.

(ix) AML/CFT principles for Correspondent Banking:

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

(x) Prohibited Business Relationships:

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

(xi) Risk Assessment:

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

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

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

(xiii) AML/CFT Training:

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

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

(xiv) AML/CFT Audits:

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

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

(xv) Record Retention:

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

Internal control 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, 2019

The Directors of Guaranty Trust Bank Plc ("the Bank") are pleased to present their report on the affairs of the Bank and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the period ended June 30, 2019.

Legal form and principal activity

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

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

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

The Bank has the following overseas subsidiaries: Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (United Kingdom) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (Ivory Coast) Limited, Guaranty Trust Bank (Kenya) Limited, Guaranty Trust Bank (Rwanda) Limited, Guaranty Trust Bank (Uganda) Limited, 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, 2019, are shown below:

	Group Jun-19 N'000	Group Jun-18 N'000	Parent Jun-19 N'000	Parent Jun-18 N'000
Gross Earnings	221,869,545	226,632,061	177,891,857	189,807,919
Profit before income tax	115,787,342	109,632,617	97,138,109	96,542,841
Income tax expense	(16,654,105)	(14,051,037)	(12,163,470)	(10,383,488)
Profit for the period	99,133,237	95,581,580	84,974,639	86,159,353
Profit attributable to:				
Equity holders of the parent entity	98,339,509	95,042,943	84,974,639	86,159,353
Non-controlling interests	793,728	538,637	-	-
Earnings Per Share (Kobo) - Basic	350	338	289	293
Earnings Per Share (Kobo) - Diluted	350	338	289	293

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, 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 2019	*Indirect Holding June 2019	Direct Holding June 2018	*Indirect Holding June 2018
		Shares of 50k each		Shares of 50k each	
1	Mrs. O. A. Demuren	868,295	-	356,581	-
2	Mr. Olusegun Agbaje	32,146,651	9,481,350	32,146,651	9,481,350
3	Mr. Adebayo Adeola	2,681,640	-	3,181,640	-
4	Mr. Ibrahim Hassan	630,838	-	630,838	-
5	Mr. Olabode Agusto	200,000	-	200,000	-
6	Mr. H. A. Oyinlola	-	-	-	-
7	Ms. Imoni Akpofure	-	-	-	-
8	Mr. B. T. Soyoye	-	-	-	-
9	Mrs. V. O. Adefala	160,000	-	160,000	-
10	Mr. Demola Odeyemi	7,661,601	1,688,550	7,661,601	1,688,550
11	Mr. Haruna Musa	102,875	12,500	2,875	12,500
12	Mr. Bolaji Lawal	137,382	116,400	137,382	116,400
13	Mrs. Miriam Olusanya	247,866	234,350	-	-
14	Mr. Babajide Okuntola	-	-	-	-

*Indirect shareholding includes underlying shares of GDRs (Global Depository Receipts)

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	- Part of gross salary package for Executive Directors only.	Paid last month of the

salary	- Reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	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

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, 2019, is as follows:

Share Range			Number of Shareholders	% of Shareholder	Number of Holdings	% Shareholding
1	-	10,000	250,045	76.9381	750,516,703	2.5501
10,001	-	50,000	56,691	17.4437	1,221,768,050	4.1513
50,001	-	100,000	8,736	2.6880	613,661,327	2.0851
100,001	-	500,000	7,461	2.2957	1,521,125,082	5.1684
500,001	-	1,000,000	880	0.2708	610,407,919	2.0740
1,000,001	-	5,000,000	857	0.2637	1,761,487,384	5.9851
5,000,001	-	10,000,000	113	0.0348	769,497,718	2.6146
10,000,001	-	50,000,000	147	0.0452	3,329,553,121	11.3130
50,000,001	-	100,000,000	31	0.0095	2,274,708,196	7.7289
100,000,001	-	500,000,000	25	0.0077	4,707,948,485	15.9965
500,000,001	-	1,000,000,000	4	0.0012	2,597,396,466	8.8253
1,000,000,001	-	2,000,000,000	3	0.0009	4,140,907,207	14.0698
2,000,000,001	-	5,000,000,000	1	0.0003	2,724,282,929	9.2565
SUB TOTAL :-			324,994	99.9997	27,023,260,587	91.8185
GTBANK GDR UNDERLYING SHARES			1	0.0003	2,407,918,637	8.1815
TOTAL			**324,995**	**100.0000**	**29,431,179,224**	**100.0000**

According to the Register of Members as at June 30, 2019, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

SHAREHOLDER	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
GTBank GDR (underlying shares)	2,407,918,637	8.18
Stanbic Nominees Nigeria Limited	7,758,759,570	26.36

Citibank Nigeria Limited ("Citibank") held the 2,407,918,637 units of shares in its capacity as custodian for the underlying shares of the Global Depositary Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. Citibank does not exercise any investor rights over the underlying shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares.

Stanbic Nominees Nigeria Limited ("Stanbic") held 26.36% 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 ₦136,679,366 (December 31 2018: ₦928,078,323) as donations and charitable contributions during the period. It comprises contributions to Educational organizations, Art and Cultural organizations amongst others.

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

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)
Arts	Art 635 Gallery	500,000
Community Development	Massey Hospital Support	84,000
	Maternal & Child Health Support	1,725,000
	Orange Cycle Initiative	13,914,989
	Orange Heart Initiative – Sickle Cell	88,100
	Orange Ribbon – Autism Project	33,363,658
	Simple Change	422,200
	Touching Lives	3,469,580
	LASG Women Economic Empowerment	500,000
	St Kizito Clinic	157,500
	Swizz Red Cross Partnership	9,891,650
	Nigeria Police	3,132,000
Education	Adopt-a-School	690,000
	Financial Literacy	7,065,040
	Masters Cup	33,237,668
	School Support	20,068,982
	You Read Initiative	559,500
Others	CSR Report	735,000
	UNEP FI Membership	7,074,499
Grand Total		**136,679,366**

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, 2019 and profit attributable to equity holders on the date other than as disclosed in the financial statements.

Research and development

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

Gender Analysis

The average number and percentage of males and females employed during the period ended June 30, 2019 vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Employees	1,946	1,610	3,556	55%	45%

Gender analysis in average terms of Board and Top Management as at June 30, 2019 is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Board	10	4	14	71%	29%
Top Management (AGM - GM)	35	22	57	61%	39%
Total	**45**	**26**	**71**	**63%**	**37%**

Detailed Gender analysis in average terms of Board and Top Management as at June 30, 2019 is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Assistant General Manager	14	11	25	56%	44%
Deputy General Manager	11	9	20	55%	45%
General Manager	10	2	12	83%	17%
Executive Director	4	1	5	80%	20%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	5	3	8	62%	38%
Total	**45**	**26**	**71**	**63%**	**37%**

Human Resources Policy

(1) Recruitment

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

(2) Diversity and Inclusion

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

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

(3) Employment of Physically Challenged Persons

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

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

(4) Employee Involvement and Training

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

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

(5) Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense. In line with the status of the Bank as a family-friendly organization, we operate a crèche facility at our Head Office and 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 24, 2019

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended June 30, 2019

The Directors accept responsibility for the preparation of the financial statements set out from pages 50 – 299 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
24 July, 2019	24 July, 2019

Report of the Audit Committee

For the period ended June 30, 2019

To the members of Guaranty Trust Bank Plc

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

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

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended June 30, 2019 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N165,248,000 (31 December, 2018: N179,316,000) was outstanding as at 30 June, 2019. The status of performance of insider related credits is as disclosed in Note 46d.

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

Alhaji M.A. Usman
Chairman, Audit Committee
22 July, 2019

Members of the Audit Committee are:

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

Shareholder's Representatives

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 2019, 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 2019;
- 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 interim consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the interim 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.

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

pwc

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.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers (Individual - N9.09billion; Non-individual - N63.82billion) We focused on this area due to the size of the loans and advances balance net of impairment (N1.27trillion) and because it requires significant judgement in measuring credit risk in line with the Expected Credit Loss (ECL) Model. Key areas of judgement include: • Identification of default and determination of criteria for assessing significant increase in credit risk (SICR); • Assessment of the internal rating model used to determine the credit quality of facilities and to measure the default risk of obligors; • Incorporation of forward looking information in building the economic scenarios within the model, as well as determining the probability weightings used in the ECL model; • Determination of the 12 month and Lifetime probability of default (PD) used in the ECL model; and • Estimation of the Loss Given Default (LGD) by considering collateral values having adjusted for haircut and time value of money as well as estimation of recoveries on unsecured exposures. See notes 3(b(j)), 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 loan loss impairment in line with the ECL model. We assessed management's default definition against the 90 days past due rebuttable presumption as prescribed by IFRS 9 and other qualitative default indicators as stipulated in the standard. For loans that do not have an objective evidence of impairment, we assessed the criteria applied by management in determining significant increase in credit risk since initial recognition. We evaluated and tested the design and operating effectiveness of the controls that management has established in respect of ECL model governance particularly around: • Restriction of access to modify the ECL algorithm; • Data extraction between the loan application system and the ECL model; and • Staging of facilities based on internal credit ratings as well as stipulated notch movements in credit risk ratings. We applied a risk based testing approach to evaluate the reasonableness of the internal rating model by selecting a sample of credit facilities and reviewing related customer files and account statements to test the identification of default and SICR. This was performed by 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 assessed a sample from this population for impairment triggers using computer assisted audit techniques. Using our credit modelling experts, we checked the calculation of the PD and forward looking information in the ECL model. Our other audit procedures included: • Assessing the reasonableness of forward looking information incorporated into the impairment calculations;

- Evaluating the multiple economic scenarios chosen as well as the weightings applied to non-linear losses; and
- Re-performing certain model calculations to confirm the risk parameter outputs.

In assessing management's estimation of the LGD, we checked the reasonableness of the collateral valuation reports as well as the expected future cash flows.

We reviewed the IFRS 9 disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information comprises Corporate governance, Subsidiary governance, Sustainability report, Reports and feedback, Anti-money laundering and combating terrorist financing framework, Internal control and risk management systems, Directors' report, Statement of directors responsibilities, Report of the audit committee, Regulatory requirements under IFRS regime, Operational risk management, Agents and agent's location, Activities of cards operations, Consolidated and separate income statements for 3 months ended 30 June 2019, Consolidated and separate statements of other comprehensive income for 3 months ended 30 June 2019, Value added statements, Five year financial summary, 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 an audit opinion or 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, 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.

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 46 to the interim consolidated and separate financial statements; and

v) as disclosed in Note 47 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/or relevant circulars issued by the Central Bank of Nigeria during the period ended 30 June 2019.

Obioma Ubah

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

5 August 2019

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

Financial statements

Statements of financial position

As at 30 June 2019

In thousands of Nigerian Naira	Notes	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Assets					
Cash and bank balances	23	867,834,611	676,989,012	620,601,560	457,497,929
Financial assets at fair value through profit or loss	24	38,023,786	11,314,814	19,748,546	8,920,153
Derivative financial assets	25	1,546,323	3,854,921	1,546,323	3,854,921
Investment securities:					
– Fair Value through profit or loss	26	60,759,753	2,620,200	60,759,753	2,620,200
– Fair Value through other comprehensive income	26	503,660,709	536,084,955	422,996,033	459,629,259
– Held at amortised cost	26	141,130,257	98,619,509	2,002,679	2,003,272
Assets pledged as collateral	27	60,958,062	56,777,170	60,446,439	56,291,739
Loans and advances to banks	28	1,585,643	2,994,642	37,477	46,074
Loans and advances to customers	29	1,272,857,985	1,259,010,359	1,086,006,268	1,067,999,019
Restricted deposits and other assets	34	498,306,416	508,678,702	480,760,788	494,969,807
Investment in subsidiaries	30	-	-	55,814,032	55,814,032
Property and equipment	31	131,363,159	111,825,917	114,872,069	96,300,538
Intangible assets	32	15,905,709	16,402,621	5,090,347	5,635,606
Deferred tax assets	33	4,180,247	2,169,819	-	-
		3,598,112,660	3,287,342,641	2,930,682,314	2,711,582,549
Assets classified as held for sale and discontinued operations	34(b)	-	-	944,030	938,945
Total assets		**3,598,112,660**	**3,287,342,641**	**2,931,626,344**	**2,712,521,494**
Liabilities					
Deposits from banks	35	134,284,735	82,803,047	496,938	735,929
Deposits from customers	36	2,417,809,970	2,273,903,143	1,983,395,779	1,865,816,172
Financial liabilities at fair value through profit or loss	37	18,340,915	1,865,419	18,340,915	1,865,419
Derivative financial liabilities	25	1,518,045	3,752,666	1,518,045	3,752,666
Other liabilities	38	212,707,495	140,447,508	188,771,467	119,812,419
Current income tax liabilities	21	7,153,956	22,650,861	6,807,990	22,511,233
Other borrowed funds	40	188,292,421	178,566,800	187,787,024	177,361,218
Deferred tax liabilities	33	14,994,439	7,785,850	14,407,538	7,888,454
		2,995,101,976	**2,711,775,294**	**2,401,525,696**	**2,199,743,510**
Liabilities classified as held for sale and discontinued operations	34(b)	-	-	940,810	935,725
Total liabilities		**2,995,101,976**	**2,711,775,294**	**2,402,466,506**	**2,200,679,235**

Statements of financial position (Continued)

In thousands of Nigerian Naira	*Notes*	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Capital and reserves attributable to equity holders of the parent entity	41				
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(6,151,242)	(5,583,635)	-	-
Retained earnings		128,213,875	106,539,050	92,482,249	79,668,689
Other components of equity		329,531,978	323,991,767	298,490,885	293,986,866
Capital and reserves attributable to equity holders of the parent entity		**589,781,315**	**563,133,886**	**529,159,838**	**511,842,259**
Non-controlling interests in equity		13,229,369	12,433,461	-	-
Total equity		**603,010,684**	**575,567,347**	**529,159,838**	**511,842,259**
Total equity and liabilities		**3,598,112,660**	**3,287,342,641**	**2,931,626,344**	**2,712,521,494**

Approved by the Board of Directors on 24 July 2019:

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

Executive Director
Haruna Musa
FRC/2017/CIBN/00000016515

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

The accompanying notes are an integral part of these financial statements

Income statements
For the Period ended 30 June 2019

In thousands of Nigerian Naira	*Notes*	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Interest income calculated using effective interest rate	9	146,448,905	159,871,561	120,543,289	136,399,299
Interest income on financial assets at fair value through profit or loss	9	2,543,759	2,009,158	1,855,843	1,098,788
Interest expense	10	(32,627,904)	(43,951,186)	(25,996,313)	(36,129,827)
Net interest income		**116,364,760**	**117,929,533**	**96,402,819**	**101,368,260**
Loan impairment charges	11	(2,186,033)	(2,031,734)	(1,673,173)	(2,001,057)
Net interest income after loan impairment charges		**114,178,727**	**115,897,799**	**94,729,646**	**99,367,203**
Fee and commission income	12	35,348,970	27,356,320	26,648,016	19,276,566
Fee and commission expense	13	(1,505,138)	(1,446,593)	(541,610)	(1,032,247)
Net fee and commission income		**33,843,832**	**25,909,727**	**26,106,406**	**18,244,319**
Net gains on financial instruments held at fair value through profit or loss	14	9,488,464	12,649,671	2,896,698	9,019,140
Other income	15	28,039,447	24,745,351	25,948,011	24,014,126
Net impairment on other financial assets	16	108,445	-	362,261	-
Personnel expenses	17	(18,578,601)	(18,576,247)	(11,624,608)	(12,459,690)
Right-of-use asset amortisation	18	(1,230,467)	-	(358,131)	-
Operating lease expenses	18	-	(801,684)	-	(309,089)
Depreciation and amortization	19	(10,622,861)	(8,230,390)	(8,415,903)	(6,711,162)
Other operating expenses	20	(39,439,644)	(41,961,610)	(32,506,271)	(34,622,006)
Profit before income tax		**115,787,342**	**109,632,617**	**97,138,109**	**96,542,841**
Income tax expense	21	(16,654,105)	(14,051,037)	(12,163,470)	(10,383,488)
Profit for the period		**99,133,237**	**95,581,580**	**84,974,639**	**86,159,353**
Profit attributable to:					
Equity holders of the parent entity		98,339,509	95,042,943	84,974,639	86,159,353
Non-controlling interests		793,728	538,637	-	-
		99,133,237	**95,581,580**	**84,974,639**	**86,159,353**
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	3.50	3.38	2.89	2.93
– Diluted	22	3.50	3.38	2.89	2.93

The accompanying notes are an integral part of these financial statements

Statements of other comprehensive income

For the Period ended 30 June 2019

In thousands of Nigerian Naira	***Notes***	**Group Jun-2019**	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
Profit for the Period		99,133,237	95,581,580	84,974,639	86,159,353
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Net change in fair value of equity investments FVOCI		54,313	38,475	54,313	38,475
		54,313	38,475	54,313	38,475
Remeasurements of post-employment benefit obligations		-	(265,419)	-	(265,419)
Income tax relating to remeasurements of post-employment benefit obligations		-	79,626	-	79,626
		-	(185,793)	-	(185,793)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		(5,929,901)	2,477,480	-	-
Income tax relating to foreign currency translation differences for foreign operations	21	1,778,970	(743,244)	-	-
Net change in fair value of financial assets FVOCI		7,336,292	(3,876,046)	6,356,724	(4,474,090)
Income tax relating to net change in fair value of financial assets FVOCI	21	(2,200,888)	1,085,313	(1,907,018)	1,264,726
		984,473	(1,056,497)	4,449,706	(3,209,364)
Other comprehensive income for the period, net of tax		1,038,786	(1,203,815)	4,504,019	(3,356,682)
Total comprehensive income for the period		**100,172,023**	**94,377,765**	**89,478,658**	**82,802,671**
Profit attributable to:					
Equity holders of the parent entity		99,376,115	93,369,947	89,478,658	82,802,671
Non-controlling interests		795,908	1,007,818	-	-
Total comprehensive income for the period		**100,172,023**	**94,377,765**	**89,478,658**	**82,802,671**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
June 2019
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2019	**14,715,590**	**123,471,114**	**4,429,116**	**302,556,994**	**(5,583,635)**	**(1,262,254)**	**18,267,911**	**106,539,050**	**563,133,886**	**12,433,461**	**575,567,347**
IFRS 16 Opening Adjustment	-	-	-	-	-	-	-	(54,690)	(54,690)	-	(54,690)
Restated Balance as at 1 January 2019	**14,715,590**	**123,471,114**	**4,429,116**	**302,556,994**	**(5,583,635)**	**(1,262,254)**	**18,267,911**	**106,484,360**	**563,079,196**	**12,433,461**	**575,512,657**
Total comprehensive income for the period:											
Profit for the Period	-	-	-	-	-	-	-	98,339,509	98,339,509	793,728	99,133,237
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(3,970,008)	-	(3,970,008)	(180,923)	(4,150,931)
Fair value adjustment	-	-	-	-	-	5,006,614	-	-	5,006,614	183,103	5,189,717
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**5,006,614**	**(3,970,008)**	**-**	**1,036,606**	**2,180**	**1,038,786**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**5,006,614**	**(3,970,008)**	**98,339,509**	**99,376,115**	**795,908**	**100,172,023**
Transactions with equity holders, recorded directly in equity:											
Transfers for the Period	-	-	162,392	4,341,213	-	-	-	(4,503,605)	-	-	-
Acquisition/disposal of own shares	-	-	-	-	(567,607)	-	-	-	(567,607)	-	(567,607)
Inflow from NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(72,106,389)	(72,106,389)	-	(72,106,389)
	-	**-**	**162,392**	**4,341,213**	**(567,607)**	**-**	**-**	**(76,609,994)**	**(72,673,996)**	**-**	**(72,673,996)**
Balance at 30 June 2019	**14,715,590**	**123,471,114**	**4,591,508**	**306,898,207**	**(6,151,242)**	**3,744,360**	**14,297,903**	**128,213,875**	**589,781,315**	**13,229,369**	**603,010,684**

Consolidated Statement of Changes in Equity
Jun-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	-	-	(52,324,173)	-	-	258,336	-	(98,999,526)	(151,065,363)	(782,655)	(151,848,018)
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**

Statement of Changes in Equity
June 2019
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2019	**14,715,590**	**123,471,114**	**4,361,913**	**291,247,595**	**(1,622,642)**	**79,668,689**	**511,842,259**
IFRS 16 Opening Adjustment	-	-	-	-	-	(54,690)	(54,690)
Restated Balance as at 1 January 2019	**14,715,590**	**123,471,114**	**4,361,913**	**291,247,595**	**(1,622,642)**	**79,613,999**	**511,787,569**
Total comprehensive income for the period:							
Profit for the Period	-	-	-	-	-	84,974,639	84,974,639
Other comprehensive income, net of tax							
Fair value adjustment	-	-	-	-	4,504,019	-	4,504,019
Total other comprehensive income	**-**	**-**	**-**	**-**	**4,504,019**	**-**	**4,504,019**
Total comprehensive income	-	-	-	-	4,504,019	84,974,639	**89,478,658**
Transactions with equity holders, recorded directly in equity:							
Dividend to equity holders	-	-	-	-	-	(72,106,389)	(72,106,389)
	-	**-**	**-**	**-**	-	**(72,106,389)**	**(72,106,389)**
Balance at 30 June 2019	**14,715,590**	**123,471,114**	**4,361,913**	**291,247,595**	**2,881,377**	**92,482,249**	**529,159,838**

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

Statement of Changes in Equity
Jun-2018
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2018	**14,715,590**	**123,471,114**	**67,762,679**	**258,145,396**	**4,887,758**	**115,361,824**	**584,344,361**
Changes on initial application of IFRS 9	-	-	(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**

Statements of cash flows

For the Period ended 30 June 2019

In thousands of Nigerian Naira	***Notes***	**Group Jun-2019**	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
Cash flows from operating activities					
Profit for the year		99,133,237	95,581,580	84,974,639	86,159,353
Adjustments for:					
Depreciation of property and equipment	19, 31	9,331,911	7,123,405	7,410,710	5,852,720
Amortisation of Intangibles		1,290,950	1,106,985	1,005,193	858,442
Gain on disposal of property and equipment		(32,643)	(159,820)	(25,391)	(56,991)
Gain on repossessed collateral		(1,040,200)	-	(1,040,200)	-
Impairment on financial assets		2,077,588	4,965,306	1,310,912	2,001,057
Net interest income		(116,364,760)	(117,929,533)	(96,402,819)	(101,368,260)
Foreign exchange gains	15	(2,660,875)	(17,371,255)	(1,846,187)	(16,742,859)
Fair value changes for FVTPL		(4,525,108)	(26,419)	(3,983,961)	(26,419)
Derivatives fair value changes		73,977	(79,149)	73,977	(79,149)
Dividend income		(150,134)	(137,267)	(150,134)	(137,267)
Income tax expense	21, 34(b)	16,654,105	14,051,037	12,163,470	10,383,488
Other non-cash items		214,835	389,087	214,835	389,087
		4,002,883	(12,486,043)	3,705,044	(12,766,798)
Net changes in:					
Financial assets held for trading		(25,773,930)	(8,633,792)	(10,246,530)	(4,213,180)
Assets pledged as collateral		(4,180,409)	(7,881,545)	(4,154,700)	(7,458,412)
Loans and advances to banks and placements with banks		19,793,727	(105,491,359)	13,353,893	(84,601,531)
Loans and advances to customers		(13,205,032)	30,377,072	(14,041,462)	35,395,878
Restricted deposits and other assets		11,323,136	(55,466,058)	14,738,233	(55,291,566)
Deposits from banks		51,087,835	14,785,655	(238,991)	5,015
Deposits from customers		152,174,634	178,339,804	114,810,952	142,327,881
Financial liabilities held for trading		16,475,496	3,566,445	16,475,496	3,566,445
Other liabilities		72,744,473	107,908,807	69,236,449	106,779,663
		280,439,930	157,505,029	199,933,340	136,510,193
Interest received		146,840,220	174,023,917	120,246,688	149,641,284
Interest paid		(32,515,852)	(44,031,305)	(25,884,261)	(36,209,946)
		114,324,368	129,992,612	94,362,427	113,431,338
		398,767,181	275,011,598	298,000,811	237,174,733
Income tax paid		(26,500,375)	(29,408,127)	(23,231,208)	(26,494,700)
Net cash provided by operating activities		**372,266,806**	**245,603,471**	**274,769,603**	**210,680,033**

Statements of cash flows

For the Period ended 30 June 2019

In thousands of Nigerian Naira	***Notes***	**Group Jun-2019**	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
Cash flows from investing activities					
Redemption of investment securities		240,750,537	414,411,983	249,591,947	447,784,716
Purchase of investment securities		(303,949,924)	(499,121,600)	(261,249,174)	(499,121,600)
Dividends received		150,134	137,267	150,134	137,267
Purchase of property and equipment	31	(29,732,038)	(14,462,163)	(26,020,535)	(12,530,743)
Proceeds from the sale of property and equipment		614,971	543,155	63,685	57,956
Purchase of intangible assets	32	(831,385)	(1,033,924)	(459,934)	(445,222)
Net cash used in investing activities		(92,997,705)	(99,525,282)	(37,923,877)	(64,117,626)
Cash flows from financing activities					
Repayment of long term borrowings		(21,153,843)	(20,538,651)	(20,484,898)	(18,352,137)
Increase in long term borrowings		30,522,143	11,050,000	30,522,143	11,050,000
Finance lease repayments		-	(273,526)	-	(273,526)
Purchase of treasury shares		(567,607)	-	-	-
Dividends paid to owners	42	(72,106,389)	(70,634,830)	(72,106,389)	(70,634,830)
Increase in non-controlling interest	30	-	19,281	-	-
Net cash used in financing activities		(63,305,696)	(80,377,726)	(62,069,144)	(78,210,493)
Net increase/(decrease) in cash and cash equivalents		215,963,405	65,700,463	174,776,582	68,351,914
Cash and cash equivalents at beginning of the period		614,963,180	609,174,896	407,468,242	426,425,496
Effect of exchange rate fluctuations on cash held		(6,426,042)	19,250,561	1,933,871	14,904,979
Cash and cash equivalents at end of the period	23(b)	824,500,543	694,125,920	584,178,695	509,682,389

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 2019, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

The interim consolidated and separate financial statements of the parent and the group have been prepared 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.

The Consolidated and Separate Financial Statements have been audited and were authorized for issue by the directors on 24th July 2019.

3. (a) Significant Accounting Policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Fair value through other comprehensive income (FVOCI) financial assets are measured at fair value through equity.
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.
- Assets and liabilities held for trading are measured at fair value.
- Assets and Liabilities held to maturity are measured at amortised cost.
- Loans and Receivables are measured at amortised cost.

(c) Use of Estimates and Judgements

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

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

IFRS 16 – Leases

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

IFRS 16 became effective 1 January 2019. The Group has appropriately disclosed its lease in line with the requirements of the amendment.

Amendments to IAS 19

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

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

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and

the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

IFRIC 23 – Uncertainty over Income Tax Treatments
This standard which became effective 1 January 2019, clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit(tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over tax treatments under IAS 12. The Group has considered the guidiance included within the interpretation and concluded that the prescribed approach does not have a material impact on the Group

Amendments to IFRS 2 - Share Based Payment - Classification and measurment of share based payment transactions
This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments do not have any material impact on the Group.

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

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2019:

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

Amendments to IFRS 3 (Business Combination)

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

They include:

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

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

Amendment to IAS 1 and IAS 8

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

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

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

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

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

IFRS 17 - Insurance Contracts

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

3. (b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

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

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

Acquisition of subsidiaries

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

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

(ii) Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity is consolidated if the Group is exposed, or has rights to variable returns from its involvement with the Structured Entity and has the ability to affect those returns through its power over the Structured Entity. Power is the current ability to direct the activities that significantly influence returns.

The Group established GTB Finance B.V. Netherlands as a Structured Entity to raise funds from the international financial market. The Bank has, however, substituted the liability and the investment in the Entity is now carried as Held For Sale.

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each Income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

- All resulting exchange differences are recognised in other comprehensive income.

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

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

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

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

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

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

(d) Fees and commission

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

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

(e) Net gains on financial instruments classified as held for trading

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

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

Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships.
Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in Other Income – Mark to market gain/(loss) on trading investments in the Income statement.

(g) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of Net gains on financial instruments classified as held for trading. Dividend income on long term equity investments is recognised as a component of other income.

(h) Leases

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

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

(a) The Group is the lessee

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

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

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

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

(b) The Group is the lessor

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

(I) Income Tax

(a) Current income tax

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

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

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

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

(b) Deferred income tax

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

However, the deferred income tax is not recognised for:

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

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

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

(j) Financial assets and liabilities

I. Recognition

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

II. Classification and Measurement

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

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

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

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

Business Model Assessment

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

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

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

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

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

- When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Group considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.
- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

    - Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
    - Selling the financial asset to manage credit concentration risk (infrequent).
    - Selling the financial assets as a result of changes in tax laws (infrequent).
    - Other situations also depends upon the facts and circumstances which need to be judged by the management

Cash flow characteristics assessment

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

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

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

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

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

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

a) Financial assets measured at amortised cost

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

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

b) Financial assets measured at FVOCI

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

c) Financial assets measured at FVTPL

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

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

d) Equity Instruments

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

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

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

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

e) Financial Liabilities at fair value through profit or loss

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

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

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

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

f) Financial Liabilities at amortised cost

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

Cash and cash equivalents

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

III. Reclassifications

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

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

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

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

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

IV. Modification of financial assets and liabilities

a. Financial assets

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

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

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

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

Quantitative criteria

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

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

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

Qualitative criteria

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

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

Other factor to be considered:

- Extension of maturity dates

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

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

b. Financial Liabilities

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

De-recognition of financial instruments

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

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

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

V. Impairment of Financial Assets

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

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

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

Expected Credit Loss Impairment Model

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

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

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

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

Measurement of Expected Credit Losses

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

Details of these statistical parameters/inputs are as follows:

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

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

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

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

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

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

Forward-looking information

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

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

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

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

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

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

Macroeconomic factors

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

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

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

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

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

Multiple forward-looking scenarios

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

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

Assessment of significant increase in credit risk (SICR)

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, loans that are more than 90 days past due are considered impaired. More information around rebuttal is presented under Financial Risk Management on page 135.

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

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

Presentation of allowance for ECL in the statement of financial position

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both

components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

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

VI. Write-off

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

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

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

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

VII. Embedded derivatives

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

VIII. Offsetting financial instruments

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

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

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

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

(m) Repossessed Collateral

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

(n) Investment in subsidiaries

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

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

(o) Property and equipment

(i) Recognition and measurement

The bank recognizes items of property, plant and equipment at the time the cost is incurred.

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(p) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

q) Impairment of Non financial assets

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

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

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

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

(r) Deposits, debt securities issued

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

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

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

(s) Provisions

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

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The Group recognizes no provision for future operating losses.
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(t) Financial guarantees and loan commitments

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

a) The amount of the loss allowance, and

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

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

(u) Employee benefits

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

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

(ii) Defined benefit plans

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

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

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

(iii) Termination Benefits

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

(iv) Short-term employee benefits

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

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

(v) Share-based payment transactions

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

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

(v) Discontinued operations

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

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) Is a subsidiary acquired exclusively with a view to resale

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

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

(w) Share capital and reseves

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

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

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

(x) Earnings per share

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

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

(y) Segment reporting

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

(z) Levies

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

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

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

4. Financial Risk Management

(a) Introduction and overview

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

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

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

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

(b) Risk Management Philosophy

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

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

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

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

Risk Appetite

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

Risk Appetite Statement

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

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

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

Risk Tolerance

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

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

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

(c) Risk Management Framework

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

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

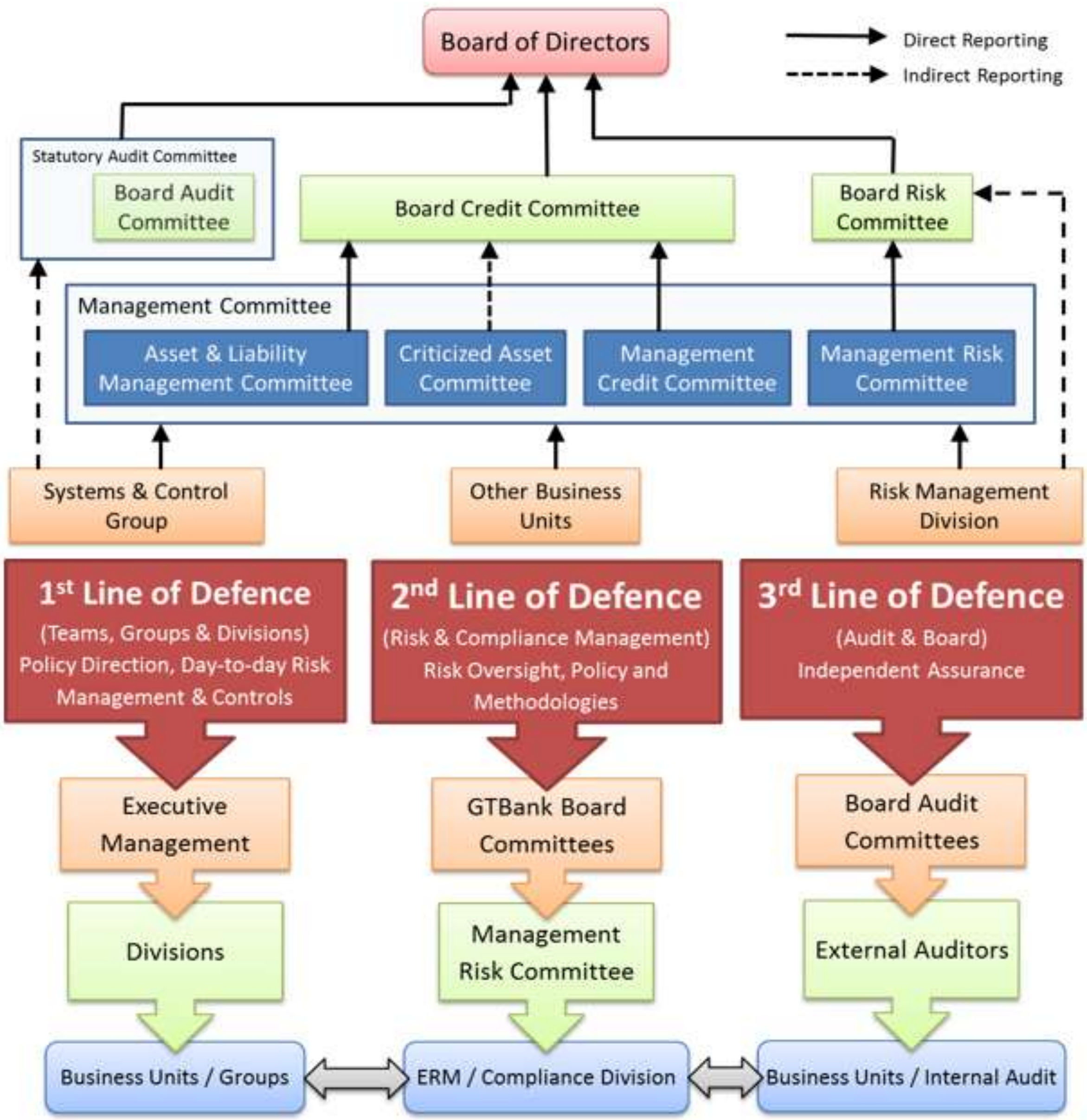
The Board of Directors has overall responsibility for the establishment of the Bank's Risk Management framework and exercises its oversight function over all the Bank's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees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

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

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

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

The Risk Governance Structure of the Group



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

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

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

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

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

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

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

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

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

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

The **Asset & Liability Management Committee** establishes the Bank's standards and policies covering the various components of Market Risk Management. These include Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and Management Risk Committees with regard to Market Risk is exercised, and that Market Risk exposures are monitored, reported and managed. Furthermore, the Committee limits and monitors the potential impact of specific pre-defined market movements on the comprehensive income of the Bank through stress tests and simulations.

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

The **Credit Risk Management Group** through Credit Risk Control is responsible for identifying, controlling, monitoring and reporting credit risk related issues while Credit Administration serves as the secretariat for the Management Credit Committee meetings and managing the credit exposures related to lending and investment activities as well as other unfunded credit exposures that have default probabilities; such as contingent liabilities.

Credit risk is the most critical risk for the Bank as credit exposures, arising from lending activities account for the major portion of the Bank's assets and source of its revenue. Thus, the Bank ensures that credit risk related exposures are properly monitored, managed and controlled.

(d) Risk Management Methodology

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

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

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

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

(e) Risk Management Overview

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

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

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

(f) Credit risk

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

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

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

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

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

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

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

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

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

For capital adequacy computation under Basel 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) Approah using the OFSAA Basel II solution software. The advanced measurement approach for credit risk uses PD, LGD and EAD as the input parameters.

(i) Management of Credit Risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. The Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit heads. Larger facilities require approval by the Deputy Managing Director, Managing Director, Management Credit Committee, and the Board Credit Committee/Board of Directors as appropriate.
- Reviewing and assessing credit risk. Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintaining the Bank's risk rating in order to categorise exposures according to the degree of risk of financial loss faced and to attention management on the attendant risks. The current risk rating framework consists of ten grades reflecting varying degrees of risk of default with rating "1" as the best and "10" as lost. The risk ratings are subject to regular reviews by Credit Risk Management Group.
- Reviewing compliance of business units with agreed exposure limits. Regular review and reports are provided by the Risk Management Group on the credit quality and appropriate corrective actions are taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

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

(ii) Credit Risk Measurement

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

The lifetime ECL is the loss allowance computed for credit exposures in Stage 2 and 3. As part of the envolving risk culture, the bank developed internal rating models along the bank's business segments (Corporate, Commercial, Retail and Small and Medium Enterprises) consistent with international rating agencies with historical data of over five years. This has enabled the bank to successfully implement the Internal Rating Based Approach as well as the implementation of Expected Credit Loss measurement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

   The core input used to determine PDs are the internal ratings generated by the Bank’s Credit Analysis sub-system (Lead to Loan). These ratings are assigned to customers after careful review of quantitative and qualitative factors specific to the obligor, macro indicators and industry information. The Bank’s rating model currently considers past and current economic information, however, the accounting standard requires that forward looking information is incorporated into the PD determination.

To achieve an IFRS 9 compliant PD, the Bank adopted Logistic Regression model which incorporates the macroeconomic forecasts into the PD determination process. The Normal scenario macroeconomic variables used for the purpose of the forecast is obtained from credible sources while the Upturn and Downturn scenarios are derived based on historical trend analysis and management's unbiased estimates of forward looking macroeconomic indicators.

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

1. Investments in securities issued by Sovereign

2. Investments in securities issued by State Government

3. Interbank Placements

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

   EAD measures the utilised exposure at default. For on-balance sheet exposures, the gross value of the exposure is taken into account, and off-balance sheet exposures a credit conversion factor (CCF) is used to estimate future utilisation. The off balance sheet exposures are considered when performing staging and ECL calculations.
   The modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms. This expected changes includes:

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

   This cash-flow model further reflects movements in the EAD in the months before default. Interest payments receivable on the account as at the reporting date is included in the EAD to reflect an expectation that these interest payments could be missed in the eventuality/occurrence of a default.
   The inputs into the EAD model are reviewed to assess their suitability for IFRS 9 and adjusted, where required, to ensure an unbiased, probability-weighted ECL calculation reflecting current expectations and forward-looking information.

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

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

   The forecasted cash flows are discounted using the EIR. These discounted cash flows are summed up to provide the expected recovery amount. The total exposure of the firm at the time of default minus the expected recovery amount gives the loss given default in absolute terms. The ratio of loss given default in

absolute value to exposure at default gives the LGD in percentage terms.
The Bank incorporates FLI into the LGD model through adjustments to the collateral values to reflect their fair value and the EAD to reflect prepayment rates and foreign currency adjustments (on foreign currency denominated facilities).

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

(iii) Risk Limit Control and Mitigation Policies

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

The obligor limit as set by the regulators and it is currently at 20% of the Bank's shareholders' funds is adopted and it covers exposures to counterparties and related parties.
In addition to the regulatory limit, other parameters are applied internally to determine the suitable limits that an individual borrower should have. These include: obligor rating, position in the industry and perceived requirements of key players (e.g. import finance limit may be determined by the customer's import cycle and volume during each cycle), financial analysis, etc.

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

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

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

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

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

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

The above limits are subject to the following overriding approvals:

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

Master Netting Arrangements

Master netting arrangements are entered into to manage its exposure to credit losses, where applicable, with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.
The overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Off-balance sheet engagements

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

Contingencies

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

Placements

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

IFRS 7 requires the Group to disclose the amounts that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (eg netting agreements that do not qualify for offset in accordance with IAS 32). This disclosure is presented below for the Bank and Group as at 30 June 2019 and 31 December 2018.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Cash and bank balances:				
- Unrestricted balances with central banks	131,928,367	72,552,069	86,384,574	47,484,035
- Balances held with other banks	207,546,662	208,289,218	76,358,749	75,142,158
- Money market placements	470,683,163	331,989,039	421,037,959	291,334,276
Loans and advances to banks	1,585,643	2,994,642	37,477	46,074
Loans and advances to customers[1]:				
- Loans to individuals	161,848,680	147,603,603	118,378,611	97,756,079
- Loans to non-individuals	1,111,009,305	1,111,406,756	967,627,657	970,242,940
Financial assets held for trading:				
- Debt securities	38,023,786	11,314,814	19,748,546	8,920,153
- Derivative financial instruments	1,546,323	3,854,921	1,546,323	3,854,921
Investment securities:				
- Debt securities	701,105,804	633,613,868	481,322,938	460,551,315
Assets pledged as collateral:				
- Debt securities	60,958,062	56,777,170	60,446,439	56,291,739
Restricted deposits and other assets[2]	462,447,885	473,570,394	452,065,541	472,130,644
Total	**3,348,683,680**	**3,053,966,494**	**2,684,954,814**	**2,483,754,334**
Loans exposure to total exposure	38%	41%	40%	43%
Debt securities exposure to total exposure	24%	23%	21%	21%
Other exposures to total exposure	38%	36%	39%	36%

As shown above, 38% (Parent: 40%) of the total maximum exposures is derived from loans and advances to banks and customers (2018: 41% ; Parent: 43%); while 24% (Parent: 21%) represents exposure to investments in debt securities (2018: 23% ; Parent: 21%). The Directors are confident in their ability to continue to control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

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

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

Credit risk exposure relating to Off-Balance Sheet

In thousands of Nigerian naira	Maximum exposure Group		Maximum exposure Parent	
	Jun-2019	**Dec-2018**	**Jun-2019**	**Dec-2018**
Financial guarantees	373,947,566	386,386,612	348,884,096	362,816,565
Other contingents	48,321,403	54,664,913	16,487,309	22,059,650
Total	**422,268,969**	**441,051,525**	**365,371,405**	**384,876,215**

Contingencies are disclosed on Note 43

Classification of Maximum Exposure on Loans to Customers by Product

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

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

	Group		**Parent**	
	Jun-2019	**Dec-2018**	**Jun-2019**	**Dec-2018**
Loans to individuals:				
Overdraft	7,033,232	10,072,957	5,965,913	8,486,883
Loans	154,754,156	137,478,680	112,412,698	89,269,196
Others	61,292	51,966	-	-
	161,848,680	**147,603,603**	**118,378,611**	**97,756,079**
Loans to non-individuals:				
Overdraft	95,639,892	109,885,323	51,915,580	82,146,104
Loans	993,001,355	953,126,794	894,086,219	839,702,197
Others	22,368,058	48,394,639	21,625,858	48,394,639
	1,111,009,305	**1,111,406,756**	**967,627,657**	**970,242,940**

Credit quality of Financial Assets

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

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

Unrestricted balances with central banks

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

	Credit quality		Credit quality	
	Group		Parent	
In thousands of Nigerian naira	Jun-2019	Dec-2018	Jun-2019	Dec-2018
Sovereign Ratings				
Nigeria (B) S&P	86,384,574	47,484,035	86,384,574	47,484,035
Fitch:				
B+	7,795,597	-	-	-
B	23,426,424	-	-	-
unrated	14,321,772	25,068,034	-	-
	131,928,367	**72,552,069**	**86,384,574**	**47,484,035**

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

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

Balances held with other banks

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

	Credit quality		Credit quality	
	Group		Parent	
In thousands of Nigerian naira	Jun-2019	Dec-2018	Jun-2019	Dec-2018
Counterparties with external credit rating (S&P)				
AA+	432,888	430,548	432,888	430,548
AA	17,514	8,759,168	-	-
AA-	11,329,150	36,539	36,738	36,539
A+	58,197,165	57,110,516	48,057,972	50,815,129
A	27,067,095	19,038,477	2,080,899	1,110,811
A-1	-	1,081,566	-	-
A-	4,939,348	760,117	3,572,422	33,660
BBB+	11,395,895	9,261,474	-	-
BBB	3,893,829	1,901,878	2,096,369	1,901,878
BBB-	70,334	8,620,295	-	-
BB+	4,481	8,622,922	4,481	4,378
BB	673	-	-	-
B+	3,299,486	83,131	-	-
B	380,956	1,101,482	-	-
Unrated	13,795,260	33,627,560	20,076,980	20,809,215
Counterparties with external credit rating (Fitch)				
AA	4,898,234	-	-	-
A	5,559	11,042,526	-	-
A-	22,400,202	11,068,869	-	-

AA-	-	11,281,530	-	-
BBB+	8,843,502	8,727,158	-	-
BBB	16,177,138	-	-	-
BBB-	12,481,630	108,083	-	-
BB+	7,916,323	-	-	-
BB	-	8,857,379	-	-
BB-	-	6,768,000	-	-
	207,546,662	**208,289,218**	**76,358,749**	**75,142,158**

Money Market placements

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

	Credit quality		**Credit quality**	
	Group		**Parent**	
In thousands of Nigerian naira	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Counterparties with external credit rating (S&P)				
A	-	4,305,480	-	-
A-1+	18,074,577	17,976,425	18,074,577	17,976,425
A-1	301,964,434	220,443,523	301,964,434	220,443,523
A-	4,943,764	-	-	-
A-2	56,137,415	42,238,966	56,137,415	42,238,966
B	63,416,379	46,396,933	20,004,932	-
B-	7,002,795	-	7,002,795	-
	451,539,364	**331,361,327**	**403,184,153**	**280,658,914**
Counterparties with external credit rating (Fitch)				
BBB+	78,422	-	-	-
BBB-	541,110	-	-	-
BB	538,970	-	-	-
B+	5,678,730	-	-	-
	6,837,232	**-**	**-**	**-**
Sovereign Ratings				
Nigeria (B) S&P	7,505,240	-	7,505,240	-
	7,505,240	**-**	**7,505,240**	**-**
Counterparties without external credit rating				
Unrated	4,801,327	627,712	-	-
Foreign Subsidiaries	-	-	10,348,566	10,675,362
	4,801,327	**627,712**	**10,348,566**	**10,675,362**
	470,683,163	**331,989,039**	**421,037,959**	**291,334,276**

Financial Assets Held for trading

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Soverign Ratings				
Other Sovereign (B) S&P	18,275,240	2,394,661	-	-
Nigeria (B) S&P	19,748,546	8,920,153	19,748,546	8,920,153
	38,023,786	**11,314,814**	**19,748,546**	**8,920,153**

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-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Sovereign Ratings:				
AA	34,659,817	34,274,921	-	-
B+	54,121,903	44,011,235	-	-
Nigeria (B) S&P	414,358,837	451,167,653	414,358,837	451,167,653
Other Sovereign Rating (B) S&P	96,813,843	65,158,706	-	-
Counterparties with external credit rating (S&P):				
A-1	57,509,753	-	57,509,753	-
B-	-	7,380,390	-	7,380,390
B	7,451,670	-	7,451,670	-
unrated	34,187,303	29,617,691	-	-
Counterparties with external credit rating (Agusto):				
Aa-	2,002,678	2,003,272	2,002,678	2,003,272
	701,105,804	**633,613,868**	**481,322,938**	**460,551,315**

Of the Parent's Investment Securities of N481,322,938,000 (Dec 2018: N460,551,315,000) the sum of N414,358,837,000 (2018: N451,167,653,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of B (S&P).

Assets pledged as collateral

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Soverign Ratings				
Nigeria (B) S&P	60,446,439	56,291,739	60,446,439	56,291,739
B+	511,623	485,431	-	-
	60,958,062	**56,777,170**	**60,446,439**	**56,291,739**

Restricted deposits and other assets

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Soverign Ratings				
Other Sovereign Rating (B+) S&P	10,382,344	1,439,750	-	-
Nigeria (B) S&P	425,031,516	429,073,791	425,031,516	429,073,791
Counterparties with external credit rating (S&P)				
A-1	7,084,405	6,899,318	7,084,405	6,899,318
A-1+	359,391	214,484	359,391	214,484
A-2	1,090,088	1,989,358	1,090,088	1,989,358
Unrated	18,500,141	33,953,693	18,500,141	33,953,693
	462,447,885	**473,570,394**	**452,065,541**	**472,130,644**

Rating Legend:

External credit rating (S&P)
AA+:Very Strong Capacity to Repay
AA:Very Strong Capacity to Repay
AA-:Very Strong Capacity to Repay
A+: Strong Capacity to Repay
A: Strong Capacity to Repay
A-: Strong Capacity to Repay
A-1+ : Prime Rating
A-1 : Upper Medium Credit Rating
A-2 : Upper Medium Credit Rating
A-3 : Lower Medium Credit Rating
BBB+:Adequate Capacity to Repay
BBB:Adequate Capacity to Repay
BBB-:Adequate Capacity to Repay

External credit rating (S&P)
BB+:Moderate Capacity to Repay
BB: Speculative credit rating
B+: Highly Speculative Credit Rating
B: Highly Speculative Credit Rating
B-: Highly Speculative Credit Rating
C: Speculative Credit Rating

External credit rating (Moody's)
P-3: Moderate Capacity to Repay
F1+:Strong capacity to repay
F1:Strong capacity to repay

External credit rating (Agusto):
Aa- : Very strong capacity to repay
A : Strong capacity to repay

External credit rating (Agusto):
A- : Strong capacity to meet obligations
B: Weak Financial condition but obligations are still being met as and when they fall du

External credit rating (Fitch)
AA-: High grade
A: High grade
A-: Upper medium grade
BBB+: Lower medium grade
BBB-: Lower medium grade
BB: Non investment grade speculative
BB-: Non investment grade speculative
B: Speculative credit rating
B+: Speculative credit rating

Credit Concentration

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

(i) Geographical Sector

Concentration of risks of financial assets with credit risk exposure

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

Credit risk exposure relating to On-Balance Sheet

Group

Jun-2019

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and bank balances:				
- Unrestricted balances with central banks	86,384,574	45,543,793	-	131,928,367
- Balances held with other banks	229,986	21,940,796	185,375,880	207,546,662
- Money market placements	55,145,833	78,444,838	337,092,492	470,683,163
Loans and advances to banks	37,477	1,024,171	523,995	1,585,643
Loans and advances to customers [1] *:*				
- Loans to individuals	118,378,611	16,859,732	26,610,337	161,848,680
- Loans to non-individuals	967,627,657	138,161,362	5,220,286	1,111,009,305
Financial assets held for trading:				
- Debt securities	19,748,546	18,275,240	-	38,023,786
- Derivative financial instruments	1,546,323	-	-	1,546,323
Investment securities:				
- Debt securities	473,871,268	185,122,854	42,111,682	701,105,804
Assets pledged as collateral:				
- Debt securities	60,446,439	511,623	-	60,958,062
Restricted deposits and other assets[2]	451,218,184	11,229,701	-	462,447,885
	2,234,634,898	**517,114,110**	**596,934,672**	**3,348,683,680**

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-2019

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	348,884,096	22,547,020	2,516,450	373,947,566
Other contingents	16,487,309	25,594,075	6,240,019	48,321,403
	365,371,405	**48,141,095**	**8,756,469**	**422,268,969**

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-2019

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,965,913	1,064,438	2,881	7,033,232
Loans	112,412,698	15,792,888	26,548,570	154,754,156
Others	-	2,406	58,886	61,292
	118,378,611	**16,859,732**	**26,610,337**	**161,848,680**
Loans to non-individuals:				
Overdraft	51,915,580	43,724,312	-	95,639,892
Loans	894,086,219	93,694,850	5,220,286	993,001,355
Others[#]	21,625,858	742,200	-	22,368,058
	967,627,657	**138,161,362**	**5,220,286**	**1,111,009,305**

[#] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Group
Dec-2018

In thousands of Nigerian naira

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

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
Dec-2018

In thousands of Nigerian naira

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

Contingencies are disclosed on Note 43

Classification of Credit Concentration on Loans to Customers by Product

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

Group
Dec-2018

In thousands of Nigerian naira

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

[1] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Jun-2019

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and bank balances:				
- Unrestricted balances with central banks	86,384,574	-	-	86,384,574
- Balances held with other banks	-	437,369	75,921,380	76,358,749
- Money market placements	55,145,833	18,074,578	347,817,548	421,037,959
Loans and advances to banks	37,477	-	-	37,477
Loans and advances to customers [1] :				
- Loans to individuals	118,378,611	-	-	118,378,611
- Loans to non-individuals	967,627,657	-	-	967,627,657
Financial assets held for trading:				
- Debt securities	19,748,546	-	-	19,748,546
- Derivative financial instruments	1,546,323	-	-	1,546,323
Investment securities:				
- Debt securities	473,871,268	-	7,451,670	481,322,938
Assets pledged as collateral:				
- Debt securities	60,446,439	-	-	60,446,439
Restricted deposits and other assets[2]	452,065,541	-	-	452,065,541
	2,235,252,269	**18,511,947**	**431,190,598**	**2,684,954,814**

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

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

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

Credit risk exposure relating to Off-Balance Sheet

Parent
Jun-2019

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	348,884,096	-	-	348,884,096
Other contingents	16,487,309	-	-	16,487,309
	365,371,405	**-**	**-**	**365,371,405**

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-2019

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,965,913	-	-	5,965,913
Loans	112,412,698	-	-	112,412,698
	118,378,611	**-**	**-**	**118,378,611**
Loans to non-individuals:				
Overdraft	51,915,580	-	-	51,915,580
Loans	894,086,219	-	-	894,086,219
Others[1]	21,625,858	-	-	21,625,858
	967,627,657	**-**	**-**	**967,627,657**

[1] Others include Usances and Usance Settlement.

Credit risk exposure relating to On-Balance Sheet

Parent

Dec-2018

In thousands of Nigerian naira

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

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Parent
Dec-2018

In thousands of Nigerian naira

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

Contingencies are disclosed on Note 43

Classification of Credit Concentration on Loans to Customers by Product

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

Parent
Dec-2018

In thousands of Nigerian naira

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

[1] Others include Usances and Usance Settlement.

(ii) Industry sectors

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

Credit Risk Exposure to on-balance sheet items

Group
Jun-2019
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and bank balances:												
- Unrestricted balances with central banks	-	-	-	-	-	131,928,367	-	-	-	-	-	131,928,367
- Balances held with other banks	-	207,546,662	-	-	-	-	-	-	-	-	-	207,546,662
- Money market placements	-	463,177,923	-	-	-	7,505,240	-	-	-	-	-	470,683,163
Loans and advances to banks	-	1,585,643	-	-	-	-	-	-	-	-	-	1,585,643
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	161,848,680	-	161,848,680
- Loans to non-individuals	30,063,108	45,010,658	46,662,904	8,483,692	85,267,101	51,150,685	236,833,123	499,345,186	50,827,027	-	57,365,821	1,111,009,305
Financial assets held for trading:												
- Debt securities	-	-	-	-	-	38,023,786	-	-	-	-	-	38,023,786
- Derivative financial instruments	-	1,546,323	-	-	-	-	-	-	-	-	-	1,546,323
Investment securities:												
- Debt securities	-	65,005,457	-	-	-	636,100,347	-	-	-	-	-	701,105,804
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	60,958,062	-	-	-	-	-	60,958,062
Restricted deposits and other assets[4]	-	-	-	-	-	427,280,988	-	-	-	-	35,166,897	462,447,885
	30,063,108	**783,872,666**	**46,662,904**	**8,483,692**	**85,267,101**	**1,352,947,475**	**236,833,123**	**499,345,186**	**50,827,027**	**161,848,680**	**92,532,718**	**3,348,683,680**

[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-2019

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	29,445	9,865,398	234,252,436	-	12,332,086	-	12,080,957	66,386,679	2,071,786	-	36,928,779	373,947,566
Other contingents	2,328,664	10,674,329	850,309	-	7,193,889	123,189	11,012,893	5,395,744	206,886	10,516	10,524,984	48,321,403
Total	**2,358,109**	**20,539,727**	**235,102,745**	**-**	**19,525,975**	**123,189**	**23,093,850**	**71,782,423**	**2,278,672**	**10,516**	**47,453,763**	**422,268,969**

[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-2019

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	7,033,232	-	7,033,232
Loans	-	-	-	-	-	-	-	-	-	154,754,156	-	154,754,156
Others	-	-	-	-	-	-	-	-	-	61,292	-	61,292
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**161,848,680**	**-**	**161,848,680**
Loans to non-individuals:												
Overdraft	1,486,567	1,365,314	8,080,950	662,663	27,037,803	183,875	18,048,855	20,594,531	3,103,199	-	15,076,135	95,639,892
Loans	28,442,379	43,645,344	38,527,642	7,821,029	49,063,760	50,966,810	206,928,027	477,898,682	47,722,759	-	41,984,923	993,001,355
Others	134,162	-	54,312	-	9,165,538	-	11,856,241	851,973	1,069	-	304,763	22,368,058
	30,063,108	**45,010,658**	**46,662,904**	**8,483,692**	**85,267,101**	**51,150,685**	**236,833,123**	**499,345,186**	**50,827,027**	**-**	**57,365,821**	**1,111,009,305**

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

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

Credit Risk Exposure to on-balance sheet items

Group

Dec-2018

In thousands of Nigerian naira

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

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

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

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

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

Credit Risk Exposure to off-balance sheet items

Group

Dec-2018

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,128,091	6,917,101	246,913,222	200,000	8,178,462	-	12,880,763	66,622,652	1,550,679	-	41,995,642	386,386,612
Other contingents	1,969,791	908,007	1,035,036	-	4,465,051	2,467	11,293,329	7,021,231	510,508	-	27,459,493	54,664,913
Total	**3,097,882**	**7,825,108**	**247,948,258**	**200,000**	**12,643,513**	**2,467**	**24,174,092**	**73,643,883**	**2,061,187**	**-**	**69,455,135**	**441,051,525**

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

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group

Dec-2018

In thousands of Nigerian naira

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

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

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

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

Credit Risk Exposure to on-balance sheet items

Parent
Jun-2019

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and bank balances:												
- Unrestricted balances with central banks	-	-	-	-	-	86,384,574	-	-	-	-	-	86,384,574
- Balances held with other banks	-	76,358,749	-	-	-	-	-	-	-	-	-	76,358,749
- Money market placements	-	413,532,719	-	-	-	7,505,240	-	-	-	-	-	421,037,959
Loans and advances to banks	-	37,477	-	-	-	-	-	-	-	-	-	37,477
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	118,378,611	-	118,378,611
- Loans to non-individuals	23,119,278	39,567,517	33,294,687	5,683,612	30,719,494	50,129,614	214,023,145	491,974,610	42,207,721	-	36,907,979	967,627,657
Financial assets held for trading:												
- Debt securities	-	-	-	-	-	19,748,546	-	-	-	-	-	19,748,546
- Derivative financial instruments	-	1,546,323	-	-	-	-	-	-	-	-	-	1,546,323
Investment securities:												
- Debt securities	-	64,961,423	-	-	-	416,361,515	-	-	-	-	-	481,322,938
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	60,446,439	-	-	-	-	-	60,446,439
Restricted deposits and other assets[4]	-	-	-	-	-	425,031,516	-	-	-	-	27,034,025	452,065,541
	23,119,278	**596,004,208**	**33,294,687**	**5,683,612**	**30,719,494**	**1,065,607,444**	**214,023,145**	**491,974,610**	**42,207,721**	**118,378,611**	**63,942,004**	**2,684,954,814**

[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-2019
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	27,964	6,646,437	224,654,985	-	8,587,493	-	11,427,485	65,350,168	1,668,771	-	30,520,793	348,884,096
Other contingents	865,394	-	-	-	1,984,040	-	6,539,287	660,687	7,034	-	6,430,867	16,487,309
Total	**893,358**	**6,646,437**	**224,654,985**	**-**	**10,571,533**	**-**	**17,966,772**	**66,010,855**	**1,675,805**	**-**	**36,951,660**	**365,371,405**

[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-2019

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,965,913	-	5,965,913
Loans	-	-	-	-	-	-	-	-	-	112,412,698	-	112,412,698
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118,378,611**	**-**	**118,378,611**
Loans to non-individuals:												
Overdraft	598,320	24,160	3,482,124	331,091	7,799,678	183,875	11,968,795	20,373,626	1,538,898	-	5,615,013	51,915,580
Loans	22,386,796	39,543,357	29,812,563	5,352,521	14,257,043	49,945,739	190,198,109	470,749,011	40,667,754	-	31,173,326	894,086,219
Others	134,162	-	-	-	8,662,773	-	11,856,241	851,973	1,069	-	119,640	21,625,858
	23,119,278	**39,567,517**	**33,294,687**	**5,683,612**	**30,719,494**	**50,129,614**	**214,023,145**	**491,974,610**	**42,207,721**	**-**	**36,907,979**	**967,627,657**

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

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

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2018

In thousands of Nigerian naira

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

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

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

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

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

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2018
In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,124,706	6,917,101	232,932,597	200,000	7,329,156	-	12,552,689	64,832,989	1,550,679	-	35,376,648	362,816,565
Other contingents	1,954,654	-	-	-	2,834,532	-	9,234,371	1,177,380	510,508	-	6,348,205	22,059,650
Total	**3,079,360**	**6,917,101**	**232,932,597**	**200,000**	**10,163,688**	**-**	**21,787,060**	**66,010,369**	**2,061,187**	**-**	**41,724,853**	**384,876,215**

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

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent
Dec-2018

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ Real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans and advances to customers:												
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	8,486,883	-	8,486,883
Loans	-	-	-	-	-	-	-	-	-	89,269,196	-	89,269,196
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**97,756,079**	**-**	**97,756,079**
Loans to non-individuals:												
Overdraft	1,143,606	774,431	5,059,852	277,462	9,499,023	10,326	42,000,925	16,475,967	1,519,340	-	5,385,172	82,146,104
Loans	20,697,715	41,065,768	30,071,419	5,180,582	22,795,378	54,058,175	144,898,364	439,322,994	49,539,154	-	32,072,648	839,702,197
Others	541,038	-	34,518	-	5,915,936	-	27,877,799	13,957,391	723	-	67,234	48,394,639
	22,382,359	**41,840,199**	**35,165,789**	**5,458,044**	**38,210,337**	**54,068,501**	**214,777,088**	**469,756,352**	**51,059,217**	**-**	**37,525,054**	**970,242,940**

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

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

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

Maximum exposure to credit risk - Loans and advances

Group
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	63,215,210	-	-	63,215,210
Very Strong Capacity	418,640,124	-	-	418,640,124
Strong Repayment Capacity	394,398,488	-	-	394,398,488
Acceptable risk	235,251,570	144,288,823	-	379,540,393
Default	-	-	91,624,471	91,624,471
Total	**1,111,505,392**	**144,288,823**	**91,624,471**	**1,347,418,686**

Parent
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	25,380,145	-	-	25,380,145
Very Strong Capacity	395,405,179	-	-	395,405,179
Strong Repayment Capacity	317,446,271	-	-	317,446,271
Acceptable risk	203,735,605	161,381,836	-	365,117,441
Default	-	-	99,444,792	99,444,792
Total	**941,967,200**	**161,381,836**	**99,444,792**	**1,202,793,828**

Maximum exposure to credit risk - Money Market Placements

Group
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	470,683,163	-	-	470,683,163

Parent
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	421,037,959	-	-	421,037,959

Maximum exposure to credit risk - Investment securities

Group
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	701,105,804	-	-	701,105,804

Parent
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	481,322,938	-	-	481,322,938

Maximum exposure to credit risk - off balance sheet

Group
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	422,268,969	-	-	422,268,969

Parent
Jun-2019
In thousands of Nigerian naira

Rating	Stage 1	Stage 2	Stage 3	Grand Total
Exceptional Capacity	365,371,405	-	-	365,371,405

Disclosures of various factors that impact the ECL Model as at 30 June 2019.
These Factors revolves around:
1) Discounting of the expected future casflows from individual Obligors with their respective Effective interest rate (EIR) on the set future dates to present value.
2) Application of varying haircut to underlying collateral and further discounting with their respective EIR
3) Application of varying Forward Looking Information in relation to Underlying Macroeconomic assumptions and the degree of responsivenes of the Obligors to the assumptions at different degree of Normal, Downturn and Upturn Scenarios. The weightings applied to the multiple economic scenarios are Upturn - 24%; Normal - 38%; and downturn - 38%.

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

Macro-Economic variable assumptions:

	Scenario	**Year 1**	**Year 2**	**Year 3**
Exchange rate (₦/USD)	Upturn	305.00	335.50	369.05
	Normal	364.18	370.70	407.77
	Downturn	366.18	383.35	421.69
Inflation rate (%)	Upturn	10.40	11.50	8.50
	Normal	12.40	13.50	10.50
	Downturn	14.60	15.50	12.50
Unemployment (%)	Upturn	21.50	21.50	21.50
	Normal	23.50	23.50	23.50
	Downturn	25.50	25.50	25.50
GDP growth rate (%)	Upturn	6.23	6.27	6.30
	Normal	2.50	4.60	5.10
	Downturn	-1.58	-1.59	-1.60

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

Macro-Economic variable assumptions:

	Scenario	**Year 1**	**Year 2**	**Year 3**
Exchange rate (₦/USD)	Upturn	305.00	335.50	369.05
	Normal	364.18	370.70	407.77
	Downturn	366.18	383.35	421.69
Inflation rate (%)	Upturn	10.40	11.50	8.50
	Normal	12.40	13.50	10.50
	Downturn	14.60	15.50	12.50
Crude oil prices	Upturn	90.40	90.94	91.49
	Normal	73.00	77.00	81.00
	Downturn	40.60	40.78	40.96
GDP growth rate (%)	Upturn	6.23	6.27	6.30
	Normal	2.50	4.60	5.10
	Downturn	-1.58	-1.59	-1.60

Disclosures of various factors that impact the Subsidiaries ECL Model as at 30 June 2019.

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

Macro-Economic variable assumptions for individual customers:

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

Macro-Economic variable assumptions for corporate customers:

Scenario	Macroeconomic Variable	United Kingdom	Ghana	Kenya	Serria-Leone	Gambia
Normal	Exchange rate (Per US$)	0.88	4.80	100.89	8,396.05	52.22
	inflation	2.00%	9.40%	4.70%	18.14%	4.00%
	GDP	0.30%	7.40%	6.00%	3.70%	5.14%
	Crude	n/a	77.00	n/a	n/a	n/a
Upturn	Exchange rate (Per US$)	0.98	4.50	90.80	7,396.05	51.18
	inflation	1.90%	8.00%	4.23%	16.99%	3.50%
	GDP	3.80%	9.60%	6.60%	4.70%	7.50%
	Crude	n/a	90.40	n/a	n/a	n/a
Downturn*	Exchange rate (Per US$)	1.11	5.60	105.93	9,396.05	54.58
	inflation	4.50%	12.00%	4.94%	19.29%	5.50%
	GDP	4.70%	3.40%	5.70%	2.70%	8.50%
	Crude	n/a	40.60	n/a	n/a	n/a

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

(vii) Impairment and provisioning policies

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

(1) Loan Categorization

All loans and advances are categorized as follows during the current 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 101-102

(2) Allowances for impairment

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

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

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

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

Realizable collaterals are important component of cash flows.

(3) Loans with renegotiated terms

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

(4) Governance structure around the ECL model:

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

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

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

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

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

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

(5) Policy around rebuttal:

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

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

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

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

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

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

Categorization of Loans and advances

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

Jun-2019

	Group				Parent			
	Jun-2019				Jun-2019			
In thousands of Nigerian Naira	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Stage 1 - 12 months ECL	155,232,660	954,644,137	1,628,595	1,111,505,392	116,313,599	825,630,117	23,484	941,967,200
Stage 2 - Life Time ECL Not Credit Impaired	3,143,712	141,145,037	74	144,288,823	1,600,890	128,234,193	74	129,835,157
Stage 3 - Non Performing Loans	12,566,905	79,040,867	16,699	91,624,471	8,216,962	68,465,674	16,699	76,699,335
Gross Loans and Advances	**170,943,277**	**1,174,830,041**	**1,645,368**	**1,347,418,686**	**126,131,451**	**1,022,329,984**	**40,257**	**1,148,501,692**
Less allowances for impairment:								
Stage 1 - 12 months ECL	1,174,284	5,897,224	56,949	7,128,457	882,659	4,174,638	4	5,057,301
Stage 2 - Life Time ECL Not Credit Impaired	905,104	10,171,274	25	11,076,403	342,760	8,543,385	25	8,886,170
Stage 3 - Non Performing Loans	7,015,209	47,752,238	2,751	54,770,198	6,527,421	41,984,304	2,751	48,514,476
Total allowance	**9,094,597**	**63,820,736**	**59,725**	**72,975,058**	**7,752,840**	**54,702,327**	**2,780**	**62,457,947**
Net Loans and Advances	**161,848,680**	**1,111,009,305**	**1,585,643**	**1,274,443,628**	**118,378,611**	**967,627,657**	**37,477**	**1,086,043,745**

Dec-2018

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

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

Jun-2019

	Group				Parent			
	Jun-2019				Jun-2019			
In thousands of Nigerian Naira	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Loans	149,905,569	865,519,828	1,543,094	1,016,968,491	111,922,401	772,428,440	10,684	884,361,525
Overdrafts	5,268,107	67,336,957	85,501	72,690,565	4,391,198	31,414,325	12,800	35,818,323
Others	58,984	21,787,352	-	21,846,336	-	21,787,352	-	21,787,352
Stage 1 - 12 Months ECL	**155,232,660**	**954,644,137**	**1,628,595**	**1,111,505,392**	**116,313,599**	**825,630,117**	**23,484**	**941,967,200**
Loans	1,652,106	121,967,759	-	123,619,865	157,947	115,130,313	-	115,288,260
Overdrafts	1,491,606	19,177,278	74	20,668,958	1,442,943	13,103,880	74	14,546,897
Others	-	-	-	-	-	-	-	-
Stage 2 - Life Time ECL Not Credit Impaired	**3,143,712**	**141,145,037**	**74**	**144,288,823**	**1,600,890**	**128,234,193**	**74**	**129,835,157**
Loans	8,152,762	33,814,498	2,079	41,969,339	4,125,312	28,546,753	2,079	32,674,144
Overdrafts	4,411,835	44,246,177	14,620	48,672,632	4,091,650	39,680,929	14,620	43,787,199
Others	2,308	980,192	-	982,500	-	237,992	-	237,992
Stage 3 - Non Performing Loans	**12,566,905**	**79,040,867**	**16,699**	**91,624,471**	**8,216,962**	**68,465,674**	**16,699**	**76,699,335**
Total Loans and Advances	**170,943,277**	**1,174,830,041**	**1,645,368**	**1,347,418,686**	**126,131,451**	**1,022,329,984**	**40,257**	**1,148,501,692**

The impairment allowance on loans is further analysed as follows:

	Group				Parent			
	Jun-2019				Jun-2019			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Stage 1: 12 Months ECL								
Loans	994,632	3,565,744	56,945	4,617,321	777,998	2,699,961	-	3,477,959
Overdrafts	179,652	2,093,086	4	2,272,742	104,661	1,236,283	4	1,340,948
Others	-	238,394	-	238,394	-	238,394	-	238,394
	1,174,284	**5,897,224**	**56,949**	**7,128,457**	**882,659**	**4,174,638**	**4**	**5,057,301**
Stage 2: Life Time ECL Not Credit Impaired								
Loans	541,101	6,788,972	-	7,330,073	4,674	5,732,332	-	5,737,006
Overdrafts	364,003	3,382,302	25	3,746,330	338,086	2,811,053	25	3,149,164
Others	-	-	-	-	-	-	-	-
	905,104	**10,171,274**	**25**	**11,076,403**	**342,760**	**8,543,385**	**25**	**8,886,170**
Stage 3: Non Performing Loans								
Loans	3,420,548	17,946,014	1,538	21,368,100	3,010,290	13,586,994	1,538	16,598,822
Overdrafts	3,594,661	29,645,132	1,213	33,241,006	3,517,131	28,236,218	1,213	31,754,562
Others	-	161,092	-	161,092	-	161,092	-	161,092
	7,015,209	**47,752,238**	**2,751**	**54,770,198**	**6,527,421**	**41,984,304**	**2,751**	**48,514,476**
Total allowance	**9,094,597**	**63,820,736**	**59,725**	**72,975,058**	**7,752,840**	**54,702,327**	**2,780**	**62,457,947**

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

Dec-2018

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

The impairment allowance on loans is further analysed as follows:

	Group Dec-2018 Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Parent Dec-2018 Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Stage 1: 12 Months ECL								
Loans	1,916,492	4,904,087	-	6,820,579	16,169	4,431,267	-	4,447,436
Overdrafts	23,055	560,642	39	583,736	21,370	492,606	39	514,015
Others	-	217,869	-	217,869	-	217,869	-	217,869
	1,939,547	**5,682,598**	**39**	**7,622,184**	**37,539**	**5,141,742**	**39**	**5,179,320**
Stage 2: Life Time ECL Not Credit Impaired								
Loans	35,515	8,143,678	-	8,179,193	332	8,058,286	-	8,058,618
Overdrafts	20,123	3,080,889	-	3,101,012	20,116	3,055,774	-	3,075,890
Others	-	-	-	-	-	-	-	-
	55,638	**11,224,567**	**-**	**11,280,205**	**20,448**	**11,114,060**	**-**	**11,134,508**
Stage 3: Non Performing Loans								
Loans	3,199,913	31,601,089	1,637	34,802,639	2,817,927	30,001,613	1,637	32,821,177
Overdrafts	2,185,578	44,040,086	988	46,226,652	2,183,327	39,528,812	988	41,713,127
Others	-	136,316	-	136,316	-	136,316	-	136,316
	5,385,491	**75,777,491**	**2,625**	**81,165,607**	**5,001,254**	**69,666,741**	**2,625**	**74,670,620**
Total allowance	**7,380,676**	**92,684,656**	**2,664**	**100,067,996**	**5,059,241**	**85,922,543**	**2,664**	**90,984,448**

(i) Credit quality of Stage 1 Loans and advances

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

Group
Jun-2019
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	2,881	23,515,549	58,886	7,597,491	31,459,721	-	72,706	507,976	63,215,210
Very strong capacity	408,832	4,494,393	-	9,849,759	398,818,344	4,044,367	1,024,429	-	418,640,124
Strong repayment capacity	4,420,192	116,715,564	-	35,948,551	224,800,546	12,513,553	82	-	394,398,488
Acceptable risk	435,591	5,180,772	-	15,151,428	209,230,945	5,229,432	12,718	10,684	235,251,570
Total	**5,267,496**	**149,906,278**	**58,886**	**68,547,229**	**864,309,556**	**21,787,352**	**1,109,935**	**518,660**	**1,111,505,392**

Group
Dec-2018
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	503,623	12,762,032	-	2,002,440	56,581,302	-	-	-	71,849,397
Very strong capacity	133,068	3,926,638	-	15,497,042	378,966,390	25,783,449	-	-	424,306,587
Strong repayment capacity	6,773,139	117,622,261	51,966	28,237,609	306,339,456	14,688,672	119,437	2,829,137	476,661,677
Acceptable risk	715,879	1,182,371	-	16,800,155	101,642,283	8,053,789	12,886	21,345	128,428,708
Total	**8,125,709**	**135,493,302**	**51,966**	**62,537,246**	**843,529,431**	**48,525,910**	**132,323**	**2,850,482**	**1,101,246,369**

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

Parent
Jun-2019
In thousands of Nigerian Naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Total**
Exceptional capacity	-	-	-	2,016,989	23,363,156	-	-	-	25,380,145
Very strong capacity	74,234	126,654	-	3,699,289	387,460,635	4,044,367	-	-	395,405,179
Strong repayment capacity	4,204,076	110,689,980	-	14,730,578	175,308,002	12,513,553	82	-	317,446,271
Acceptable risk	112,888	1,105,767	-	10,967,469	186,296,647	5,229,432	12,718	10,684	203,735,605
Total	**4,391,198**	**111,922,401**	**-**	**31,414,325**	**772,428,440**	**21,787,352**	**12,800**	**10,684**	**941,967,200**

Parent
Dec-2018
In thousands of Nigerian Naira

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

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

Group
Jun-2019
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross Loans:				
Loans	1,652,106	121,967,759	-	123,619,865
Overdraft	1,491,606	19,177,278	74	20,668,958
Others	-	-	-	-
	3,143,712	**141,145,037**	**74**	**144,288,823**
Impairment:				
Loans	541,101	6,788,972	-	7,330,073
Overdraft	364,003	3,382,302	25	3,746,330
	905,104	**10,171,274**	**25**	**11,076,403**
Net Amount:				
Loans	1,111,005	115,178,787	-	116,289,792
Overdraft	1,127,603	15,794,976	49	16,922,628
Others	-	-	-	-
	2,238,608	**130,973,763**	**49**	**133,212,420**
FV of collateral[1]:				
Loans	8,848,102	722,295,498	-	731,143,600
Overdraft	7,988,519	33,627,924	-	41,616,443
Others	-	-	-	-
	16,836,621	**755,923,422**	**-**	**772,760,043**
Amount of undercollateralisation:				
Overdraft	-	-	74	-
	-	**-**	**74**	**-**
Net Loans	**2,238,608**	**130,973,763**	**49**	**133,212,420**
Amount of undercollateralisation on net loans	**-**	**-**	**49**	**-**

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

Group
Dec-2018
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross Loans:				
Loans	2,994,860	107,962,613	-	110,957,473
Overdraft	1,480,235	48,944,124	3	50,424,362
Others	-	1	-	1
	4,475,095	**156,906,738**	**3**	**161,381,836**
Impairment:				
Loans	35,515	8,143,678	-	8,179,193
Overdraft	20,123	3,080,889	-	3,101,012
	55,638	**11,224,567**	**-**	**11,280,205**
Net Amount:				
Loans	2,959,345	99,818,935	-	102,778,280
Overdraft	1,460,112	45,863,235	3	47,323,350
Others	-	1	-	1
	4,419,457	**145,682,171**	**3**	**150,101,631**
FV of collateral[1]:				
Loans	3,837,762	131,637,253	-	135,475,015
Overdraft	1,896,846	69,430,792	-	71,327,638
Others	-	5	-	5
	5,734,608	**201,068,050**	**-**	**206,802,658**
Amount of undercollateralisation:				
Overdraft	-	-	3	-
	-	**-**	**3**	**-**
Net Loans	**4,419,457**	**145,682,171**	**3**	**150,101,631**
Amount of undercollateralisation on net loans	**-**	**-**	**49**	**-**

[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-2019
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross Loans:				
Loans	157,947	115,130,313	-	115,288,260
Overdraft	1,442,943	13,103,880	74	14,546,897
Others	-	-	-	-
	1,600,890	**128,234,193**	**74**	**129,835,157**
Impairment:				
Loans	4,674	5,732,332	-	5,737,006
Overdraft	338,086	2,811,053	25	3,149,164
Others	-	-	-	-
	342,760	**8,543,385**	**25**	**8,886,170**
Net Amount:				
Loans	153,273	109,397,981	-	109,551,254
Overdraft	1,104,857	10,292,827	49	11,397,733
Others	-	-	-	-
	1,258,130	**119,690,808**	**49**	**120,948,987**
FV of collateral[1]:				
Loans	539,633	703,517,307	-	704,056,940
Overdraft	150,180	20,547,821	-	20,698,001
Others	-	-	-	-
	689,813	**724,065,128**	**-**	**724,754,941**
Amount of undercollateralisation:				
Overdraft	1,292,763	-	74	-
	911,077	**-**	**74**	**-**
Net Loans	**1,258,130**	**119,690,808**	**49**	**120,948,987**
Amount of undercollateralisation on net loans	**568,317**	**-**	**49**	**-**

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

Parent
Dec-2018
In thousands of Nigerian Naira

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

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

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

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

Group
Jun-2019
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	8,152,762	33,814,498	2,079	41,969,339
Overdraft	4,411,835	44,246,177	14,620	48,672,632
Others	2,308	980,192	-	982,500
	12,566,905	**79,040,867**	**16,699**	**91,624,471**
Impairment:				
Loans	3,420,548	17,946,014	1,538	21,368,100
Overdraft	3,594,661	29,645,132	1,213	33,241,006
Others	-	161,092	-	161,092
	7,015,209	**47,752,238**	**2,751**	**54,770,198**
Net Amount:				
Loans	4,732,214	15,868,484	541	20,601,239
Overdraft	817,174	14,601,045	13,407	15,431,626
Others	2,308	819,100	-	821,408
	5,551,696	**31,288,629**	**13,948**	**36,854,273**
FV of collateral[1]:				
Loans	6,301,639	109,979,616	2,074	116,283,329
Overdraft	699,226	79,653,532	43,383	80,396,141
Others	366	584,822	-	585,188
FV of collateral	**7,001,231**	**190,217,970**	**45,457**	**197,264,658**
Amount of undercollateralisation:				
Loans	1,851,123	-	5	-
	5,565,674	-	-	-
Net Loans	**5,551,696**	**31,288,629**	**13,948**	**36,854,273**
Amount of undercollateralisation on net loans	-	-	-	-

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

Group
Dec-2018
In thousands of Nigerian Naira

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

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

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-2019
In thousands of Nigerian Naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	4,125,312	28,546,753	2,079	32,674,144
Overdraft	4,091,650	39,680,929	14,620	43,787,199
Others	-	237,992	-	237,992
	8,216,962	**68,465,674**	**16,699**	**76,699,335**
Impairment:				
Loans	3,010,290	13,586,994	1,538	16,598,822
Overdraft	3,517,131	28,236,218	1,213	31,754,562
Others	-	161,092	-	161,092
	6,527,421	**41,984,304**	**2,751**	**48,514,476**
Net Amount:				
Loans	1,115,022	14,959,759	541	16,075,322
Overdraft	574,519	11,444,711	13,407	12,032,637
Others	-	76,900	-	76,900
	1,689,541	**26,481,370**	**13,948**	**28,184,859**
FV of collateral[1]:				
Loans	6,301,639	77,638,091	2,074	83,941,804
Overdraft	4,007,993	64,788,868	43,383	68,840,244
Others	-	571,464	-	571,464
FV of collateral	**10,309,632**	**142,998,423**	**45,457**	**153,353,512**
Amount of undercollateralisation:				
Loans	-	-	5	-
Overdraft	83,657	-	-	-
	-	-	-	-
Net Loans	**1,689,541**	**26,481,370**	**13,948**	**28,184,859**
Amount of undercollateralisation on net loans	-	-	-	-

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

Parent
Dec-2018
In thousands of Nigerian Naira

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

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

(v) Credit collateral

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

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

All collateral offered must have the following attributes:

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

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

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

- Mortgages over residential properties

- Charges over business premises, fixed and floating assets as well as inventory.

- Charges over financial instruments such as equities, treasury bills etc.

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

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation. The Bank uses external agents to realize the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

Summary of collaterals pledged by customers against loans and advances

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

Group
Jun-2019

	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	1,109,876,797	8,776,855,170	1,628,595	1,522,868
Against Stage 2 Loans and Advances	144,288,749	772,760,043	74	-
Against Stage 3 Loans and Advances	91,607,772	197,219,203	16,699	45,457
Total	**1,345,773,318**	**9,746,834,416**	**1,645,368**	**1,568,325**

Group
Dec-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	1,098,263,564	11,123,108,271	2,982,805	194,506
Against Stage 2 Loans and Advances	161,381,833	206,802,658	3	-
Against Stage 3 Loans and Advances	99,430,294	147,859,739	14,498	45,092
Total	**1,359,075,691**	**11,477,770,668**	**2,997,306**	**239,598**

Parent
Jun-2019

	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	941,943,716	8,266,887,209	23,484	90,907
Against Stage 2 Loans and Advances	129,835,083	724,754,941	74	-
Against Stage 3 Loans and Advances	76,682,636	153,308,055	16,699	45,457
Total	**1,148,461,435**	**9,144,950,205**	**40,257**	**136,364**

Parent
Dec-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	938,510,580	11,015,566,685	34,237	194,506
Against Stage 2 Loans and Advances	136,903,707	157,986,559	3	-
Against Stage 3 Loans and Advances	83,566,516	124,827,739	14,498	45,092
Total	**1,158,980,803**	**11,298,380,983**	**48,738**	**239,598**

Notes to the financial statements

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

Group

In thousands of Nigerian Naira	**Loans and advances to customers Jun-2019**	**Loans and advances to banks Jun-2019**
Against Stage 1 Loans and Advances:		
Property	1,592,658,036	1,522,742
Equities	34,270,971	-
Treasury bills	2,037,077	-
Cash	260,232,042	-
Guarantees	1,314,226,343	-
Negative pledge	15,282,744	-
ATC*, stock hypothecation and ISPO*	20,490,721	-
Others #	5,537,657,236	126
Total	**8,776,855,170**	**1,522,868**
Against Stage 2 Loans and Advances:		
Property	58,418,728	-
Equities	614,812,796	-
Cash	4,030,125	-
Guarantees	3,018,215	-
Negative pledge	43,380,260	-
ATC*, stock hypothecation and ISPO*	-	-
Others #	49,099,919	-
Total	**772,760,043**	**-**
Against Stage 3 Loans and Advances:		
Property	141,809,037	42,000
Equities	934,193	-
Treasury bills	55,500	-
Cash	7,730,322	-
Guarantees	7,656,354	-
ATC*, stock hypothecation and ISPO*	728,660	-
Others #	38,305,137	3,457
Total	**197,219,203**	**45,457**
Grand total	**9,746,834,416**	**1,568,325**

*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-2019**	**Loans and advances to banks Jun-2019**
Against Stage 1 Loans and Advances:		
Property	1,165,205,123	90,825
Equities	33,501,138	-
Treasury bills	2,037,077	-
Cash	253,055,432	-
Guarantees	1,312,375,709	-
Negative pledge	14,083,000	-
ATC*, stock hypothecation and ISPO*	20,490,721	-
Others [#]	5,466,139,009	82
Total	**8,266,887,209**	**90,907**
Against Stage 2 Loans and Advances:		
Property	20,670,918	-
Equities	614,812,796	-
Cash	3,027,000	-
Guarantees	3,007,800	-
Negative pledge	43,380,260	-
ATC*, stock hypothecation and ISPO*	-	-
Others [#]	39,856,167	-
Total	**724,754,941**	**-**
Against Stage 3 Loans and Advances:		
Property	99,623,360	42,000
Equities	934,193	-
Treasury bills	55,500	-
Cash	7,730,322	-
Guarantees	7,656,354	-
ATC*, stock hypothecation and ISPO*	728,660	-
Others [#]	36,579,666	3,457
Total	**153,308,055**	**45,457**
Grand total	**9,144,950,205**	**136,364**

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

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

Group

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

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

Parent

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

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

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group
Jun-2019

	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	1,358,364,463	206,244,078	28,049,495	1,592,658,036	1,471,518	51,224	-	1,522,742
Equities	33,745,466	525,505	-	34,270,971	-	-	-	-
Cash	235,743,310	3,276,223	21,212,509	260,232,042	-	-	-	-
Guarantees	1,307,662,654	3,721,633	2,842,056	1,314,226,343	-	-	-	-
ATC*, stock hypothecation and ISPO*	20,172,400	318,321	-	20,490,721	-	-	-	-
Others #	5,419,000,234	89,985,721	28,671,281	5,537,657,236	-	126	-	126
Total	**8,374,688,527**	**304,071,481**	**80,775,341**	**8,759,535,349**	**1,471,518**	**51,350**	**-**	**1,522,868**
Against Stage 2 Loans and Advances:								
Property	37,567,653	20,851,075	-	58,418,728	-	-	-	-
Equities	614,812,796	-	-	614,812,796	-	-	-	-
Cash	-	4,030,125	-	4,030,125	-	-	-	-
Guarantees	10,007	3,008,208	-	3,018,215	-	-	-	-
Negative pledge	39,544,576	3,835,684	-	43,380,260	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	-	-	-	-	-	-	-
Others #	39,208,568	9,891,351	-	49,099,919	-	-	-	-
Total	**731,143,600**	**41,616,443**	**-**	**772,760,043**	**-**	**-**	**-**	**-**
Against Stage 3 Loans and Advances:								
Property	84,214,392	57,246,702	347,943	141,809,037	-	42,000	-	42,000
Equities	915,493	18,700	-	934,193	-	-	-	-
Treasury bills	50,000	5,500	-	55,500	-	-	-	-
Cash	7,604,610	125,712	-	7,730,322	-	-	-	-
Guarantees	2,463,381	5,192,973	-	7,656,354	-	-	-	-
ATC*, stock hypothecation and ISPO*	551,035	177,625	-	728,660	-	-	-	-
Others #	20,482,346	17,585,546	237,245	38,305,137	2,074	1,383	-	3,457
Total	**116,281,257**	**80,352,758**	**585,188**	**197,219,203**	**2,074**	**43,383**	**-**	**45,457**
Grand total	**9,222,113,384**	**426,040,682**	**81,360,529**	**9,729,514,595**	**1,473,592**	**94,733**	**-**	**1,568,325**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Parent
Jun-2019

	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	1,029,135,774	108,199,923	27,869,426	1,165,205,123	39,601	51,224	-	90,825
Equities	32,975,633	525,505	-	33,501,138	-	-	-	-
Cash	229,380,803	2,462,120	21,212,509	253,055,432	-	-	-	-
Guarantees	1,307,104,462	2,429,191	2,842,056	1,312,375,709	-	-	-	-
Negative pledge	13,146,187	936,813	-	14,083,000	-	-	-	-
Treasury bills	2,011,789	25,288	-	2,037,077	-	-	-	-
ATC*, stock hypothecation and ISPO*	20,172,400	318,321	-	20,490,721	-	-	-	-
Others #	5,366,264,240	71,203,488	28,671,281	5,466,139,009	-	82	-	82
Total	**8,000,191,288**	**186,100,649**	**80,595,272**	**8,266,887,209**	**39,601**	**51,306**	**-**	**90,907**
Against Stage 2 Loans and Advances:								
Property	19,310,714	1,360,204	-	20,670,918	-	-	-	-
Equities	614,812,796	-	-	614,812,796	-	-	-	-
Cash	-	3,027,000	-	3,027,000	-	-	-	-
Guarantees	3,637	3,004,163	-	3,007,800	-	-	-	-
Negative pledge	39,544,576	3,835,684	-	43,380,260	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	-	-	-	-	-	-	-
Others #	30,385,217	9,470,950	-	39,856,167	-	-	-	-
Total	**704,056,940**	**20,698,001**	**-**	**724,754,941**	**-**	**-**	**-**	**-**
Against Stage 3 Loans and Advances:								
Property	52,648,508	46,640,633	334,219	99,623,360	-	42,000	-	42,000
Equities	915,493	18,700	-	934,193	-	-	-	-
Treasury bills	50,000	5,500	-	55,500	-	-	-	-
Cash	7,604,610	125,712	-	7,730,322	-	-	-	-
Guarantees	2,463,381	5,192,973	-	7,656,354	-	-	-	-
ATC*, stock hypothecation and ISPO*	551,035	177,625	-	728,660	-	-	-	-
Others #	19,706,703	16,635,718	237,245	36,579,666	2,074	1,383	-	3,457
Total	**83,939,730**	**68,796,861**	**571,464**	**153,308,055**	**2,074**	**43,383**	**-**	**45,457**
Grand total	**8,788,187,958**	**275,595,511**	**81,166,736**	**9,144,950,205**	**41,675**	**94,689**	**-**	**136,364**

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

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group
Dec-2018

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

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

Parent
Dec-2018

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

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

(b) Credit risk (continued)

Debt securities

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

Group
Jun-2019

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	12,072,890	60,910,862	-	72,983,752
State government bonds	-	2,002,679	-	2,002,679
Corporate bonds	-	7,495,704	-	7,495,704
FVPL Notes	-	57,509,753	-	57,509,753
Treasury bills	25,950,896	573,186,806	60,958,062	660,095,764
	38,023,786	**701,105,804**	**60,958,062**	**800,087,652**

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

Group
Dec-2018

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

Parent
Jun-2019

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	-	10,123,885	-	10,123,885
State government bonds	-	2,002,679	-	2,002,679
Corporate bonds	-	7,451,670	-	7,451,670
FVPL Notes	-	57,509,753	-	57,509,753
Treasury bills	19,748,546	404,234,951	60,446,439	484,429,936
	19,748,546	**481,322,938**	**60,446,439**	**561,517,923**

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

Parent
Dec-2018

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

(g) Liquidity Risk

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

The objective of the Group's liquidity risk management system is to ensure that all foreseeable funding commitments can be met when due, and that access to wholesale markets is controlled and cost effective. To this end the Group maintains a diversified funding base comprising of retail, small business, commercial and institutional customer deposits. The Group continues to develop and improve its liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk across its network. Seeking at all times to balance safety, liquidity, profitability and regulatory requirements.

A brief overview of the Group's liquidity management processes during the period includes the following:

1. Control of liquidity risk by the setting of dynamic limits on metrics such as liquidity ratio, reserve ratio, asset and liability gap measures, amongst others. Internal limits are typically more stringent than regulatory limits across all jurisdictions of the Group's operation.

2. The limits are monitored regularly with exceptions reported to the Management Risk Committee (MRC) and the Board.

3. Based on its judgement of financial market trends, the Group actively adjusts its business strategies to manage liquidity risk.

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

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

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

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

8. Monitoring the level of undrawn commitments.

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

10. Regular conduct of the Asset and Liability Management Committee (ALMAC) meetings.

The Group's Asset and Liability Management Committee (ALMAC) is charged with the following responsibilities.

1. Establishing policies and tolerance levels, from both risk and return perspectives, for liquidity, interest rate and balance sheet valuation management.

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

on a timely basis.

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

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

(i) Funding approach

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

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

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

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

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

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

(ii) Exposure to Liquidity Risk

One of the key measure used by the Group for managing liquidity risk is the ratio of liquid assets to short term liabilities. For this purpose, liquid assets include but is not limited to cash and its equivalents and investment grade debt securities for which there is an active and liquid market. Short term liabilities include local currency deposits from banks and customers. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

	Jun-2019	**Dec-2018**
At end of period	47.25%	41.44%
Average for the period	46.60%	48.07%
Maximum for the period	49.86%	55.88%
Minimum for the period	43.33%	38.58%
Regulatory requirement	30.00%	30.00%

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

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-2019

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and bank balances	23	867,834,611	868,792,284	825,280,909	28,934,240	11,691,215	2,885,920	-
Financial assets at fair value through profit or loss	24	38,023,786	45,777,583	7,791,112	10,886,058	10,128,752	2,236,112	14,735,549
Derivative financial assets	25	1,546,323	4,973,607	1,322,164	1,346,290	2,305,153	-	-
Investment securities:								
– Fair value through profit or loss[2]	26	57,509,753	54,162,361	-	27,061,690	27,100,671	-	-
– Fair Value through other comprehensive Income[2]	26	502,465,794	548,776,507	106,158,178	283,561,713	116,089,302	11,037,718	31,929,596
– Held at amortised cost	26	141,130,257	142,614,920	74,944,931	5,129,137	8,118,266	51,085,594	3,336,992
Assets pledged as collateral	27	60,958,062	63,205,623	15,855,623	47,350,000	-	-	-
Loans and advances to banks	28	1,585,643	1,586,199	1,580,597	5,602	-	-	-
Loans and advances to customers	29	1,272,857,985	1,658,066,428	347,657,000	145,431,101	228,399,191	754,858,144	181,720,992
Restricted deposits and other assets[3]	34	473,460,572	473,460,572	450,574,314	7,980,521	3,246,281	11,659,456	-
		3,417,372,786	**3,861,416,084**	**1,831,164,828**	**557,686,352**	**407,078,831**	**833,762,944**	**231,723,129**
Financial liabilities								
Deposits from banks	35	134,284,735	134,284,890	114,598,767	19,344,606	341,517	-	-
Deposits from customers	36	2,417,809,970	2,419,290,695	2,372,676,752	23,400,555	21,457,718	1,640,289	115,381
Financial liabilities at fair value through profit or loss	37	18,340,915	19,352,943	2,630,445	11,111,429	5,611,069	-	-
Derivative financial liabilities	25	1,518,045	1,296,614	1,296,614	-	-	-	-
Other liabilities[4]	38	205,955,819	206,344,097	54,265,533	137,997,698	3,165,933	10,914,933	-
Other borrowed funds	40	188,292,421	195,737,685	16,157,932	16,963,060	20,166,047	118,520,323	23,930,323
		2,966,201,905	**2,976,306,924**	**2,561,626,043**	**208,817,348**	**50,742,284**	**131,075,545**	**24,045,704**
Gap (asset - liabilities)				(730,461,215)	348,869,004	356,336,547	702,687,399	207,677,425
Cumulative liquidity gap				(730,461,215)	(381,592,211)	(25,255,664)	677,431,735	885,109,160

[1] Includes balances with no specific contractual maturities

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

[3] Excludes Prepayments

[4] Excludes Deferred Income, Impairment on Contingents and Provision for Litigations

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2018

In thousands of Nigerian Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and bank balances	23	676,989,012	684,888,871	622,619,752	31,388,309	30,880,810	-	-
Financial assets held for trading	24	11,314,814	12,035,769	3,655,872	1,402,123	6,369,485	608,289	-
Derivative financial assets	25	3,854,921	3,927,773	3,390,609	537,164	-	-	-
Investment securities:								
– Fair Value through other comprehensive Income[2]	26	534,994,359	604,675,127	170,378,560	68,058,875	319,526,168	11,000,773	35,710,751
– Held at amortised cost	26	98,619,509	100,267,957	11,434,343	24,261,354	11,393,879	18,488,305	34,690,076
Assets pledged as collateral	27	56,777,170	64,279,431	459,922	-	63,794,000	25,509	-
Loans and advances to banks	28	2,994,642	2,996,825	2,979,554	6,032	11,239	-	-
Loans and advances to customers	29	1,259,010,359	1,783,373,076	372,593,725	152,093,129	186,554,096	830,545,801	241,586,325
Restricted deposits and other assets[3]	34	484,262,706	484,262,706	467,132,272	4,909,855	1,207,892	11,012,687	-
		3,128,817,492	**3,740,707,535**	**1,654,644,609**	**282,656,841**	**619,737,569**	**871,681,364**	**311,987,152**
Financial liabilities								
Deposits from banks	35	82,803,047	82,802,591	56,333,265	16,197,869	10,271,457	-	-
Deposits from customers	36	2,273,903,143	2,275,622,752	2,098,060,216	121,242,352	48,223,520	8,096,664	-
Financial liabilities held for trading	37	1,865,419	2,331,546	674,820	120,497	1,135,352	-	400,877
Derivative financial liabilities	25	3,752,666	3,294,678	3,294,678	-	-	-	-
Other liabilities[4]	38	133,114,496	133,502,300	50,012,831	66,497,041	2,967,346	14,025,082	-
Other borrowed funds	40	178,566,800	188,301,828	12,445,615	20,395,806	23,175,846	107,934,106	24,350,455
		2,674,005,571	**2,685,855,695**	**2,220,821,425**	**224,453,565**	**85,773,521**	**130,055,852**	**24,751,332**
Gap (asset - liabilities)				(566,176,816)	58,203,276	533,964,048	741,625,512	287,235,820
Cumulative liquidity gap				(566,176,816)	(507,973,540)	25,990,508	767,616,020	1,054,851,840

[1] Includes balances with no specific contractual maturities

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

[3] Excludes Prepayments

[4] Excludes Deferred Income, Impairment on Contingents and Provision for Litigations

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Jun-2019

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and bank balances	23	620,601,560	621,559,155	584,958,983	25,576,326	11,023,846	-	-
Financial assets at fair value through profit or loss	24	19,748,546	27,502,354	1,517,665	6,267,978	9,637,794	-	10,078,917
Derivative financial assets	25	1,546,323	4,973,607	1,322,164	1,346,290	2,305,153	-	-
Investment securities:								
– Fair value through profit or loss[2]	26	57,509,753	54,162,361	-	27,061,690	27,100,671	-	-
– Fair Value through other comprehensive Income[2]	26	421,810,506	468,121,676	56,275,014	277,348,548	93,891,519	8,676,999	31,929,596
– Held at amortised cost	26	2,002,679	3,487,260	-	-	-	3,487,260	-
Assets pledged as collateral	27	60,446,439	62,694,000	15,344,000	47,350,000	-	-	-
Loans and advances to banks	28	37,477	38,033	32,431	5,602	-	-	-
Loans and advances to customers	29	1,086,006,268	1,471,214,884	293,826,808	125,918,582	172,621,233	705,974,153	172,874,108
Restricted deposits and other assets[3]	34	463,078,228	463,078,228	443,478,728	5,144,434	3,154,131	11,300,935	-
		2,732,787,779	**3,176,831,558**	**1,396,755,793**	**516,019,450**	**319,734,347**	**729,439,347**	**214,882,621**
Financial liabilities								
Deposits from banks	35	496,938	497,091	497,091	-	-	-	-
Deposits from customers	36	1,983,395,779	1,984,876,494	1,977,859,466	4,819,456	2,163,935	33,637	-
Financial liabilities at fair value through profit or loss	37	18,340,915	19,352,943	2,630,445	11,111,429	5,611,069	-	-
Derivative financial liabilities	25	1,518,045	1,542,862	1,296,614	246,248	-	-	-
Other liabilities[4]	38	182,507,037	182,507,037	46,371,499	135,984,142	-	151,396	-
Other borrowed funds	40	187,787,024	195,232,287	16,157,932	16,710,542	19,913,168	118,520,322	23,930,323
		2,374,045,738	**2,384,008,714**	**2,044,813,047**	**168,871,817**	**27,688,172**	**118,705,355**	**23,930,323**
Gap (asset - liabilities)				(648,057,254)	347,147,633	292,046,175	610,733,992	190,952,298
Cumulative liquidity gap				(648,057,254)	(300,909,621)	(8,863,446)	601,870,546	792,822,844

[1] Includes balances with no specific contractual maturities

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

[3] Excludes Prepayments

[4] Excludes Deferred Income, Impairment on Contingents and Provision for Litigations

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2018

In thousands of Nigerian Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and bank balances	23	457,497,929	458,243,656	407,970,683	21,459,130	28,813,843	-	-
Financial assets held for trading	24	8,920,153	9,641,107	2,967,513	1,233,599	5,439,995	-	-
Derivative financial assets	25	3,854,921	3,927,773	3,390,609	537,164	-	-	-
Investment securities:								
– Fair Value through other comprehensive Income[2]	26	458,548,043	528,228,968	121,450,000	60,631,625	304,524,882	8,918,722	32,703,739
– Held at amortised cost	26	2,003,272	3,651,808	-	-	-	3,651,808	-
Assets pledged as collateral	27	56,291,739	63,794,000	-	-	63,794,000	-	-
Loans and advances to banks	28	46,074	48,257	30,986	6,032	11,239	-	-
Loans and advances to customers	29	1,064,999,019	1,592,361,661	339,251,788	110,579,074	141,730,533	777,687,752	223,112,514
Restricted deposits and other assets[3]	34	485,822,956	482,822,956	465,692,522	4,909,855	1,207,892	11,012,687	-
		2,537,984,106	**3,142,720,186**	**1,340,754,101**	**199,356,479**	**545,522,384**	**801,270,969**	**255,816,253**
Financial liabilities								
Deposits from banks	35	735,929	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,867,536,286	1,858,412,811	5,348,322	3,713,239	61,914	-
Financial liabilities held for trading	37	1,865,419	2,331,546	674,820	120,497	1,135,352	-	400,877
Derivative financial liabilities	25	3,752,666	3,825,090	3,294,678	530,412	-	-	-
Other liabilities[4]	38	112,975,988	112,975,987	42,323,832	66,497,041	-	4,155,114	-
Other borrowed funds	40	177,361,218	187,096,262	12,445,615	19,945,532	23,175,846	107,178,814	24,350,455
		2,162,507,392	**2,174,501,100**	**1,917,887,685**	**92,441,804**	**28,024,437**	**111,395,842**	**24,751,332**
Gap (asset - liabilities)				(577,133,584)	106,914,675	517,497,947	689,875,127	231,064,921
Cumulative liquidity gap				(577,133,584)	(470,218,909)	47,279,038	737,154,165	968,219,086

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

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

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

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-2019

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	867,834,611	824,500,544	28,842,808	11,605,339	2,885,920	-
Financial assets at fair value through profit or loss	24	38,023,786	7,758,767	10,693,120	9,466,383	2,236,112	7,869,404
Derivative financial assets	25	1,546,323	1,304,508	241,815	-	-	-
Investment securities:							
– Fair value through profit or loss[2]	26	57,509,753	-	28,148,359	29,361,394	-	-
– Fair Value through other comprehensive Income[2]	26	502,465,794	103,824,996	269,946,406	108,758,117	9,812,389	10,123,886
– Held at amortised cost	26	141,130,257	74,944,849	5,129,137	8,118,266	49,601,013	3,336,992
Assets pledged as collateral	27	60,958,062	15,481,905	45,476,157	-	-	-
Loans and advances to banks	28	1,585,643	1,585,643	-	-	-	-
Loans and advances to customers	29	1,272,857,985	439,162,190	139,032,601	182,960,186	447,057,550	64,645,458
Restricted deposits and other assets[3]	34	473,460,572	450,574,314	7,980,521	3,246,281	11,659,456	-
		3,417,372,786	**1,919,137,716**	**535,490,924**	**353,515,966**	**523,252,440**	**85,975,740**
Financial liabilities							
Deposits from banks	35	134,284,735	114,598,612	19,344,606	341,517	-	-
Deposits from customers	36	2,417,809,970	2,371,384,891	23,297,358	21,375,605	1,636,735	115,381
Financial liabilities at fair value through profit or loss	37	18,340,915	2,621,923	10,669,879	5,049,113	-	-
Derivative financial liabilities	25	1,518,045	1,279,234	238,811	-	-	-
Other liabilities[4]	38	205,955,819	53,877,254	137,997,699	3,165,933	10,914,933	-
Other borrowed funds	40	188,292,421	15,566,127	15,151,304	18,416,029	115,228,638	23,930,323
		2,966,201,905	**2,559,328,041**	**206,699,657**	**48,348,197**	**127,780,306**	**24,045,704**
Gap (asset - liabilities)			(640,190,325)	328,791,267	305,167,769	395,472,134	61,930,036
Cumulative liquidity gap			(640,190,325)	(311,399,058)	(6,231,289)	389,240,845	451,170,881

[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-2019

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Transaction related bonds and guarantees	43	373,947,566	20,470,692	37,733,623	33,025,516	48,230,204	234,487,531
Clean line facilities and letters of credit	43	40,073,734	21,465,722	12,520,991	5,678,746	408,275	-
Other commitments	43	8,247,669	7,515,565	458,357	273,747	-	-
		422,268,969	**49,451,979**	**50,712,971**	**38,978,009**	**48,638,479**	**234,487,531**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
Group
Dec-2018

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	676,989,012	614,963,180	31,308,402	30,717,430	-	-
Financial assets held for trading	24	11,314,814	3,611,911	1,344,081	5,750,533	608,289	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income[2]	26	534,994,359	169,976,207	64,762,322	278,222,487	9,462,441	12,570,902
– Held at amortised cost	26	98,619,509	11,434,431	24,261,354	11,393,879	16,839,769	34,690,076
Assets pledged as collateral	27	56,777,170	459,922	-	56,291,739	25,509	-
Loans and advances to banks	28	2,994,642	2,994,642	-	-	-	-
Loans and advances to customers	29	1,259,010,359	457,889,986	129,287,425	135,203,410	451,570,342	85,059,196
Restricted deposits and other assets[3]	34	484,262,706	467,132,272	4,909,855	1,207,892	11,012,687	-
		3,128,817,492	**1,731,800,038**	**256,390,873**	**518,787,370**	**489,519,037**	**132,320,174**
Financial liabilities							
Deposits from banks	35	82,803,047	56,333,721	16,197,869	10,271,457	-	-
Deposits from customers	36	2,273,903,143	2,096,999,602	120,821,548	47,991,456	8,090,537	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[4]	38	133,114,496	49,625,026	66,497,041	2,967,347	14,025,082	-
Other borrowed funds	40	178,566,800	11,856,935	18,327,198	21,113,566	102,918,646	24,350,455
		2,674,005,571	**2,218,716,114**	**222,468,262**	**83,328,915**	**125,034,265**	**24,458,015**
Gap (asset - liabilities)			(486,916,076)	33,922,611	435,458,455	364,484,772	107,862,159
Cumulative liquidity gap			(486,916,076)	(452,993,465)	(17,535,010)	346,949,762	454,811,921

[1] Includes balances with no specific contractual maturities
[2] Equity securities have been excluded under liquidity consideration.
[3] Excludes prepayments
[4] Excludes Deferred Income and Provision for Litigations
Management of this liquidity gap is as disclosed in Note 4(g)
Restricted deposits have been bucketed within "less than 3 months" to match the underlying deposit liabilities

Residual contractual maturities of contingencies

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

Group
Dec-2018

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	43	386,386,612	48,620,259	23,114,253	28,082,700	54,732,839	231,836,561
Clean line facilities and letters of credit	43	46,922,591	31,697,405	10,807,456	4,064,220	68,922	284,588
Other commitments	43	7,742,322	4,062,313	449,821	2,850,665	269,878	109,645
		441,051,525	**84,379,977**	**34,371,530**	**34,997,585**	**55,071,639**	**232,230,794**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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

Parent
Jun-2019

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	620,601,560	584,178,696	25,484,894	10,937,970	-	-
Financial assets at fair value through profit or loss	24	19,748,546	1,485,309	6,075,040	8,975,425	-	3,212,772
Derivative financial assets	25	1,546,323	1,304,508	241,815	-	-	-
Investment securities:							
– Fair value through profit or loss[2]	26	57,509,753	-	28,148,359	29,361,394	-	-
– Fair Value through other comprehensive Income[2]	26	421,810,506	53,941,375	263,733,241	86,560,334	7,451,670	10,123,886
– Held at amortised cost	26	2,002,679	-	-	-	2,002,679	-
Assets pledged as collateral	27	60,446,439	14,970,282	45,476,157	-	-	-
Loans and advances to banks	28	37,477	37,477	-	-	-	-
Loans and advances to customers	29	1,086,006,268	385,331,825	119,520,082	127,182,228	398,173,559	55,798,574
Restricted deposits and other assets[3]	34	463,078,228	443,478,728	5,144,434	3,154,131	11,300,935	-
		2,732,787,779	**1,484,728,200**	**493,824,022**	**266,171,482**	**418,928,843**	**69,135,232**
Financial liabilities							
Deposits from banks	35	496,938	496,938	-	-	-	-
Deposits from customers	36	1,983,395,779	1,976,567,615	4,716,259	2,081,822	30,083	-
Financial liabilities at fair value through profit or loss	37	18,340,915	2,621,923	10,669,879	5,049,113	-	-
Derivative financial liabilities	25	1,518,045	1,279,234	238,811	-	-	-
Other liabilities[4]	38	182,507,037	46,371,499	135,984,142	-	151,396	-
Other borrowed funds	40	187,787,024	15,566,127	14,898,786	18,163,150	115,228,638	23,930,323
		2,374,045,738	**2,042,903,336**	**166,507,877**	**25,294,085**	**115,410,117**	**23,930,323**
Gap (asset - liabilities)			(558,175,136)	327,316,145	240,877,397	303,518,726	45,204,909
Cumulative liquidity gap			(558,175,136)	(230,858,991)	10,018,406	313,537,132	358,742,041

[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-2019

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	43	348,884,096	14,221,093	33,456,626	23,797,307	44,087,489	233,321,581
Clean line facilities and letters of credit	43	16,487,309	6,576,605	7,616,770	2,293,934	-	-
		365,371,405	**20,797,698**	**41,073,396**	**26,091,241**	**44,087,489**	**233,321,581**

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2018

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	457,497,929	407,468,244	21,379,223	28,650,462	-	-
Financial assets held for trading	24	8,920,153	2,923,553	1,175,557	4,821,043	-	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income[2]	26	458,548,043	119,617,951	57,335,072	264,650,740	7,380,390	9,563,890
– Held at amortised cost	26	2,003,272	-	-	-	2,003,272	-
Assets pledged as collateral	27	56,291,739	-	-	56,291,739	-	-
Loans and advances to banks	28	46,074	46,074	-	-	-	-
Loans and advances to customers	29	1,067,999,019	424,050,878	87,605,030	89,142,085	400,615,641	66,585,385
Restricted deposits and other assets[3]	34	482,822,956	465,692,522	4,909,855	1,207,892	11,012,687	-
		2,537,984,106	**1,423,136,709**	**172,922,171**	**444,763,961**	**421,011,990**	**76,149,275**
Financial liabilities							
Deposits from banks	35	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,857,042,119	5,229,962	3,488,304	55,787	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[4]	38	112,975,988	42,323,833	66,497,041	-	4,155,114	-
Other borrowed funds	40	177,361,218	11,856,919	17,876,924	21,113,566	102,163,354	24,350,455
		2,162,507,392	**1,915,859,630**	**90,228,533**	**25,586,959**	**106,374,255**	**24,458,015**
Gap (asset - liabilities)			(492,722,921)	82,693,638	419,177,002	314,637,735	51,691,260
Cumulative liquidity gap			(492,722,921)	(410,029,283)	9,147,719	323,785,454	375,476,714

[1] Includes balances with no specific contractual maturities

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

[3] Excludes prepayments

[4] Excludes Deferred Income and Provision for Litigations

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

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

Residual contractual maturities of contingencies

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

Parent
Dec-2018

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	43	362,816,565	39,398,558	18,160,470	23,902,603	50,682,502	230,672,432
Clean line facilities and letters of credit	43	22,059,650	13,532,750	4,661,639	3,865,261	-	-
		384,876,215	**52,931,308**	**22,822,109**	**27,767,864**	**50,682,502**	**230,672,432**

[1] Includes balances with no specific contractual maturities

(ii) Repricing period of financial assets and liabilities

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

Group
Jun-2019

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	867,834,611	824,500,544	28,842,808	11,605,339	2,885,920	-
Financial assets at fair value through profit or loss	24	38,023,786	7,758,767	10,693,120	9,466,383	2,236,112	7,869,404
Derivative financial assets	25	1,546,323	1,304,508	241,815	-	-	-
Investment securities:							
– Fair value through profit or loss[1]	26	57,509,753	-	28,148,359	29,361,394	-	-
– Fair Value through other comprehensive Income[1]	26	502,465,794	103,824,996	269,946,406	108,758,117	9,812,389	10,123,886
– Held at amortised cost	26	141,130,257	74,944,849	5,129,137	8,118,266	49,601,013	3,336,992
Assets pledged as collateral	27	60,958,062	15,481,905	45,476,157	-	-	-
Loans and advances to banks	28	1,585,643	1,585,643	-	-	-	-
Loans and advances to customers	29	1,272,857,985	1,021,151,823	47,166,036	68,392,764	106,547,296	29,600,066
Restricted deposits and other assets[2]	34	473,460,572	450,574,314	7,980,521	3,246,281	11,659,456	-
		3,417,372,786	**2,501,127,349**	**443,624,359**	**238,948,544**	**182,742,186**	**50,930,348**
Financial liabilities							
Deposits from banks	35	134,284,735	114,598,612	19,344,606	341,517	-	-
Deposits from customers	36	2,417,809,970	2,371,384,891	23,297,358	21,375,605	1,636,735	115,381
Financial liabilities at fair value through profit or loss	37	18,340,915	2,621,923	10,669,879	5,049,113	-	-
Derivative financial liabilities	25	1,518,045	1,279,234	238,811	-	-	-
Other liabilities[3]	39	205,955,819	53,877,254	137,997,699	3,165,933	10,914,933	-
Other borrowed funds	41	188,292,421	15,566,127	15,151,304	18,416,029	115,228,638	23,930,323
		2,966,201,905	**2,559,328,041**	**206,699,657**	**48,348,197**	**127,780,306**	**24,045,704**
		451,170,881	**(58,200,692)**	**236,924,702**	**190,600,347**	**54,961,880**	**26,884,644**

[1] Excludes equity securities. [2] Excludes Prepayments

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

Repricing period of financial assets and liabilities

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

Group
Dec-2018

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	676,989,012	614,963,180	31,308,402	30,717,430	-	-
Financial assets held for trading	24	11,314,814	3,611,911	1,344,081	5,750,533	608,289	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income[1]	26	534,994,359	169,976,207	64,762,322	278,222,487	9,462,441	12,570,902
– Held at amortised cost	26	98,619,509	11,434,431	24,261,354	11,393,879	16,839,769	34,690,076
Assets pledged as collateral	27	56,777,170	459,922	-	56,291,739	25,509	-
Loans and advances to banks	28	2,994,642	2,994,642	-	-	-	-
Loans and advances to customers	29	1,259,010,359	1,003,193,790	52,508,658	63,163,798	101,759,793	38,384,320
Restricted deposits and other assets[2]	34	484,262,706	467,132,272	4,909,855	1,207,892	11,012,687	-
		3,128,817,492	**2,277,103,842**	**179,612,106**	**446,747,758**	**139,708,488**	**85,645,298**
Financial liabilities							
Deposits from banks	35	82,803,047	56,333,721	16,197,869	10,271,457	-	-
Deposits from customers	36	2,273,903,143	2,091,490,259	117,301,188	57,021,159	8,090,537	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[3]	38	133,114,496	49,625,026	70,652,155	2,967,347	9,869,968	-
Other borrowed funds	40	178,566,800	11,856,935	18,327,198	21,113,566	102,918,646	24,350,455
		2,674,005,571	**2,213,206,771**	**223,103,016**	**92,358,618**	**120,879,151**	**24,458,015**
		454,811,921	**63,897,071**	**(43,490,910)**	**354,389,140**	**18,829,337**	**61,187,283**

[1] Excludes equity securities. [2] Excludes Prepayments

[3] Excludes Deferred Income and Provision for Litigations

Repricing period of financial assets and liabilities

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

Parent
Jun-2019

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	620,601,560	584,178,696	25,484,894	10,937,970	-	-
Financial assets at fair value through profit or loss	24	19,748,546	1,485,309	6,075,040	8,975,425	-	3,212,772
Derivative financial assets	25	1,546,323	1,304,508	241,815	-	-	-
Investment securities:							
– Fair value through profit or loss[1]	26	57,509,753	-	28,148,359	29,361,394	-	-
– Fair Value through other comprehensive Income[1]	26	421,810,506	53,941,375	263,733,241	86,560,334	7,451,670	10,123,886
– Held at amortised cost	26	2,002,679	-	-	-	2,002,679	-
Assets pledged as collateral	27	60,446,439	14,970,282	45,476,157	-	-	-
Loans and advances to banks	28	37,477	37,477	-	-	-	-
Loans and advances to customers	29	1,086,006,268	967,321,458	27,653,517	12,614,806	57,663,305	20,753,182
Restricted deposits and other assets[2]	34	463,078,228	443,478,728	5,144,434	3,154,131	11,300,935	-
		2,732,787,779	**2,066,717,833**	**401,957,457**	**151,604,060**	**78,418,589**	**34,089,840**
Financial liabilities							
Deposits from banks	35	496,938	496,938	-	-	-	-
Deposits from customers	36	1,983,395,779	1,976,567,615	4,716,259	2,081,822	30,083	-
Financial liabilities at fair value through profit or loss	37	18,340,915	2,621,923	10,669,879	5,049,113	-	-
Derivative financial liabilities	25	1,518,045	1,279,234	238,811	-	-	-
Other liabilities[3]	38	182,507,037	46,371,499	135,984,142	-	151,396	-
Other borrowed funds	40	187,787,024	15,566,127	14,898,786	18,163,150	115,228,638	23,930,323
		2,374,045,738	**2,042,903,336**	**166,507,877**	**25,294,085**	**115,410,117**	**23,930,323**
		358,742,041	**23,814,497**	**235,449,580**	**126,309,975**	**(36,991,528)**	**10,159,517**

[1] Excludes equity securities. [2] Excludes Prepayments

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

Repricing period of financial assets and liabilities

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

Parent
Dec-2018

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and bank balances	23	457,497,929	407,468,244	21,379,223	28,650,462	-	-
Financial assets held for trading	24	8,920,153	2,923,553	1,175,557	4,821,043	-	-
Derivative financial assets	25	3,854,921	3,337,487	517,434	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income[1]	26	458,548,043	119,617,951	57,335,072	264,650,740	7,380,390	9,563,890
– Held at amortised cost	26	2,003,272	-	-	-	2,003,272	-
Assets pledged as collateral	27	56,291,739	-	-	56,291,739	-	-
Loans and advances to banks	28	46,074	46,074	-	-	-	-
Loans and advances to customers	29	1,067,999,019	969,354,681	12,112,631	12,090,967	54,530,231	19,910,509
Restricted deposits and other assets[2]	34	482,822,956	465,692,522	4,909,855	1,207,892	11,012,687	-
		2,537,984,106	**1,968,440,512**	**97,429,772**	**367,712,843**	**74,926,580**	**29,474,399**
Financial liabilities							
Deposits from banks	35	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,857,042,119	5,229,962	3,488,304	55,787	-
Financial liabilities held for trading	37	1,865,419	659,094	113,676	985,089	-	107,560
Derivative financial liabilities	25	3,752,666	3,241,736	510,930	-	-	-
Other liabilities[3]	38	112,975,988	42,323,833	70,652,155	-	-	-
Other borrowed funds	40	177,361,218	11,856,919	17,876,924	21,113,566	102,163,354	24,350,455
		2,162,507,392	**1,915,859,630**	**94,383,647**	**25,586,959**	**102,219,141**	**24,458,015**
		375,476,714	**52,580,882**	**3,046,125**	**342,125,884**	**(27,292,561)**	**5,016,384**

[1] Excludes equity securities.   [2] Excludes Prepayments

[3] Excludes Deferred Income and Provision for Litigations

(h) Settlement Risk

The Treasury Group activities with counterparties may give rise to settlement risk at the time of settlement of trade transactions. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations i.e. deliver cash, securities or other assets, as contractually agreed.

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

(i) Market Risk

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

(i) Management of Market Risk

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

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

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

(ii) Exposure to Market Risks – Trading Book

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

The Bank traded in the following financial instruments in the course of the 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.

Value-at-Risk (VaR)

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

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

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

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

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

Group VaR by risk type		**Jun-19**		
In thousands of Naira	**Average**	**High**	**Low**	**At reporting date**
Foreign exchange risk	108,666	358,962	9,394	22,443
Interest rate risk	153,008	641,768	22,542	75,740
Total	**261,673**	**1,000,730**	**31,937**	**98,182**

Group VaR by risk type		**Jun-18**		
In thousands of Naira	**Average**	**High**	**Low**	**At reporting date**
Foreign exchange risk	109,425	329,708	8,355	41,394
Interest rate risk	170,658	452,950	19,149	155,290
Total	**280,083**	**782,659**	**27,504**	**196,685**

Bank VaR by risk type		**Jun-19**		
In thousands of Naira	**Average**	**High**	**Low**	**At reporting date**
Foreign exchange risk	103,966	344,318	8,968	21,528
Interest rate risk	139,263	585,624	20,573	69,071
Total	**243,229**	**929,943**	**29,540**	**90,600**

Bank VaR by risk type		**Jun-18**		
In thousands of Naira	**Average**	**High**	**Low**	**At reporting date**
Foreign exchange risk	105,986	318,362	8,067	40,024
Interest rate risk	155,327	412,298	17,466	142,146
Total	**261,313**	**730,660**	**25,533**	**182,170**

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 2019 and 31 December 2018 that would result from the possible changes in these parameters from the actual assumptions used in the Group's economic variable assumption.

Group

June 2019

	Improvement		**Worsening**	
In thousands of naira	**Pre-Tax**	**Post-Tax**	**Pre-Tax**	**Post-Tax**
COMMERCIAL	(1,949,629)	(1,364,740)	1,414,652	990,256
CORPORATE	(2,724,481)	(1,907,137)	1,244,258	870,981
PUBLIC SECTOR	233,046	163,132	913,786	639,650
RETAIL	415,243	290,670	928,553	649,987
SME	2,779	1,946	2,525	1,767
	(4,023,042)	**(2,816,129)**	**4,503,773**	**3,152,641**

Group

Dec-18

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

Parent

June 2019 In thousands of naira	Improvement Pre-Tax	Improvement Post-Tax	Worsening Pre-Tax	Worsening Post-Tax
COMMERCIAL	(1,864,603)	(1,305,222)	1,352,957	947,070
CORPORATE	(2,589,811)	(1,812,868)	1,182,755	827,928
PUBLIC SECTOR	231,426	161,998	907,434	635,204
RETAIL	381,027	266,719	852,040	596,428
SME	2,630	1,841	2,389	1,672
	(3,839,332)	**(2,687,532)**	**4,297,574**	**3,008,302**

Parent

Dec 2018

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

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

Group
Jun-2019
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	23	867,834,611	131,962,863	598,691,160	51,085,972	28,858,337	57,236,279
Financial assets at fair value through profit or loss	24	38,023,786	19,748,546	-	-	-	18,275,240
Derivative financial assets	25	1,546,323	-	1,546,323	-	-	-
Investment securities:							
– Fair value through profit or loss	26	57,509,753	-	57,509,753	-	-	-
– Fair Value through other comprehensive Income	26	502,465,794	414,358,836	33,883,067	8,228,145	-	45,995,746
– Held at amortised cost	26	141,130,257	2,002,679	6,420,623	-	-	132,706,955
Assets pledged as collateral	27	60,958,062	60,446,439	-	-	-	511,623
Loans and advances to banks	28	1,585,643	37,400	669,661	-	-	878,582
Loans and advances to customers	29	1,272,857,985	446,456,172	686,335,357	32,189,342	2,035,704	105,841,410
Restricted deposits and other assets[1]	34	473,460,572	450,662,268	14,617,129	48,492	1,633,326	6,499,357
		3,417,372,786	**1,525,675,203**	**1,399,673,073**	**91,551,951**	**32,527,367**	**367,945,192**
Deposits from banks	35	134,284,735	135,924	79,749,482	8,420,466	6,448,600	39,530,263
Deposits from customers	36	2,417,809,970	1,357,585,423	736,400,931	61,219,921	18,158,554	244,445,141
Financial liabilities at fair value through profit or loss	37	18,340,915	18,340,915	-	-	-	-
Derivative financial liabilities	25	1,518,045	-	1,518,045	-	-	-
Other liabilities[2]	38	205,955,819	179,340,662	14,431,405	1,464,965	1,703,128	9,015,659
Other borrowed funds	40	188,292,421	125,997,211	62,295,210	-	-	-
		2,966,201,905	**1,681,400,135**	**894,395,073**	**71,105,352**	**26,310,282**	**292,991,063**
Financial Instrument Gap		**451,170,881**	**(155,724,932)**	**505,278,000**	**20,446,599**	**6,217,085**	**74,954,129**

[1] Excludes prepayments

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

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

Group
Dec-2018
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and bank balances	23	676,989,012	51,716,658	494,843,985	44,928,007	30,337,650	55,162,712
Financial assets held for trading	24	11,314,814	8,920,153	-	-	-	2,394,661
Derivative financial assets	25	3,854,921	2,900	3,852,021	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	534,994,359	451,167,653	33,450,053	8,205,169	-	42,171,484
– Held at amortised cost	26	98,619,509	2,003,274	5,737,932	-	-	90,878,303
Assets pledged as collateral	27	56,777,170	56,291,739	-	-	-	485,431
Loans and advances to banks	28	2,994,642	46,068	1,604,829	-	-	1,343,745
Loans and advances to customers	29	1,259,010,359	442,965,853	672,749,790	35,341,450	326,375	107,626,891
Restricted deposits and other assets[1]	34	484,262,706	444,928,987	33,823,609	1,601,689	2,062,746	1,845,675
		3,128,817,492	**1,458,043,285**	**1,246,062,219**	**90,076,315**	**32,726,771**	**301,908,902**
Deposits from banks	35	82,803,047	735,929	66,365,949	8,782,657	6,819,103	99,409
Deposits from customers	36	2,273,903,143	1,360,358,539	608,590,333	57,584,910	17,444,527	229,924,834
Financial liabilities held for trading	37	1,865,419	1,865,419	-	-	-	-
Derivative financial liabilities	25	3,752,666	-	-	-	-	3,752,666
Other liabilities[2]	38	133,114,496	107,378,316	15,211,384	1,480,039	2,140,312	6,904,445
Other borrowed funds	40	178,566,800	105,867,988	72,698,812	-	-	-
		2,674,005,571	**1,576,206,191**	**762,866,478**	**67,847,606**	**26,403,942**	**240,681,354**
Financial Instrument Gap		**454,811,921**	**(118,162,906)**	**483,195,741**	**22,228,709**	**6,322,829**	**61,227,548**

[1] Excludes prepayments

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

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

Parent
Jun-2019
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and bank balances	23	620,601,560	131,732,876	448,948,633	26,959,525	12,270,512	690,014
Financial assets at fair value through profit or loss	24	19,748,546	19,748,546	-	-	-	-
Derivative financial assets	25	1,546,323	-	1,546,323	-	-	-
Investment securities:							
– Fair value through profit or loss	26	57,509,753	-	57,509,753	-	-	-
– Fair Value through other comprehensive Income	26	421,810,506	414,358,836	7,451,670	-	-	-
– Held at amortised cost	26	2,002,679	2,002,679	-	-	-	-
Assets pledged as collateral	27	60,446,439	60,446,439	-	-	-	-
Loans and advances to banks	28	37,477	37,400	77	-	-	-
Loans and advances to customers	29	1,086,006,268	446,456,172	639,546,326	2	3,768	-
Restricted deposits and other assets[1]	34	463,078,228	450,662,268	10,626,654	35,978	1,600,323	153,005
		2,732,787,779	**1,525,445,216**	**1,165,629,436**	**26,995,505**	**13,874,603**	**843,019**
Deposits from banks	35	496,938	135,924	361,014	-	-	-
Deposits from customers	36	1,983,395,779	1,357,585,423	593,467,617	21,421,831	10,912,340	8,568
Financial liabilities at fair value through profit or loss	24	18,340,915	18,340,915	-	-	-	-
Derivative financial liabilities	25	1,518,045	-	1,518,045	-	-	-
Other liabilities[2]	38	182,507,037	168,639,910	11,985,047	85,580	1,637,808	158,692
Other borrowed funds	40	187,787,024	125,997,211	61,789,813	-	-	-
		2,374,045,738	**1,670,699,383**	**669,121,536**	**21,507,411**	**12,550,148**	**167,260**
Financial Instrument Gap		**358,742,041**	**(145,254,167)**	**496,507,900**	**5,488,094**	**1,324,455**	**675,759**

[1] Excludes prepayments

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

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

Parent
Dec-2018
Financial instruments by currency

In thousands of Nigerian Naira	***Note***	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and bank balances	23	457,497,929	51,520,797	366,176,874	24,206,618	15,116,241	477,399
Financial assets held for trading	24	8,920,153	8,920,153	-	-	-	-
Derivative financial assets	25	3,854,921	2,900	3,852,021	-	-	-
Investment securities:							
– Fair Value through other comprehensive Income	26	458,548,043	451,167,653	7,380,390	-	-	-
– Held at amortised cost	26	2,003,272	2,003,272	-	-	-	-
Assets pledged as collateral	27	56,291,739	56,291,739	-	-	-	-
Loans and advances to banks	28	46,074	46,068	6	-	-	-
Loans and advances to customers	29	1,067,999,019	442,965,853	624,978,111	4	55,051	-
Restricted deposits and other assets[1]	34	482,822,956	444,928,987	33,823,609	1,601,689	2,062,746	405,925
		2,537,984,106	**1,457,847,422**	**1,036,211,011**	**25,808,311**	**17,234,038**	**883,324**
Deposits from banks	35	735,929	735,929	-	-	-	-
Deposits from customers	36	1,865,816,172	1,360,358,539	475,322,797	18,686,025	11,448,811	-
Financial liabilities held for trading	36	1,865,419	1,865,419	-	-	-	-
Derivative financial liabilities	25	3,752,666	-	-	-	-	3,752,666
Other liabilities[2]	38	112,975,988	97,566,457	12,770,704	121,238	2,108,514	409,075
Other borrowed funds	40	177,361,218	105,867,988	71,493,230	-	-	-
		2,162,507,392	**1,566,394,332**	**559,586,731**	**18,807,263**	**13,557,325**	**4,161,741**
Financial Instrument Gap		**375,476,714**	**(108,546,910)**	**476,624,280**	**7,001,048**	**3,676,713**	**(3,278,417)**

[1] Excludes prepayments

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

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

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 June 30 2019, the Bank's capital adequacy ratio was 21.69% (December 31, 2018- 21.55%). Group capital stood at 23.48% (December 2018 – 23.39%).

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

Capital adequacy ratio

	Group				Bank			
	Transitional Arrangement Impact	Transitional Arrangement Impact	Full Impact	Full Impact	Transitional Arrangement Impact	Transitional Arrangement Impact	Full Impact	Full Impact
In thousands of Nigerian Naira	Jun-2019	Dec-2018	Jun-2019	Dec-2018	Jun-2019	Dec-2018	Jun-2019	Dec-2018
Tier 1 capital								
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Retained profits	128,213,875	106,539,050	128,213,875	106,539,050	92,482,249	79,668,689	92,482,249	79,668,689
Statutory Reserve	288,259,542	283,918,329	288,259,542	283,918,329	272,609,043	272,609,043	272,609,043	272,609,043
SMEEIS and AGSMEIS Reserves	18,638,665	18,638,665	18,638,665	18,638,665	18,638,552	18,638,552	18,638,552	18,638,552
IFRS 9 Transitional Adjustment	51,832,899	51,832,899	-	-	50,039,944	50,039,944	-	-
RRR applied for IFRS 9 Impact	-	-	(65,490,719)	(65,490,719)	-	-	(65,490,719)	(65,490,719)
Non-Controlling Interest	13,229,369	12,433,461	13,229,369	12,433,461	-	-	-	-
Other reserves								
Tier 1 Sub-Total	**638,361,054**	**611,549,108**	**521,037,436**	**494,225,490**	**571,956,492**	**559,142,932**	**456,425,829**	**443,612,269**
Less Regulatory deductions :								
Other intangible assets	(7,222,695)	(7,719,684)	(7,222,695)	(7,719,684)	(5,090,347)	(5,635,606)	(5,090,347)	(5,635,606)
Deferred Tax Assets		-		-		-		-
Goodwill	(8,683,014)	(8,682,937)	(8,683,014)	(8,682,937)	-	-	-	-
Deferred Tax	(4,180,247)	(2,169,819)	(4,180,247)	(2,169,819)	-	-	-	-
Treasury Shares	(6,151,242)	(5,583,635)	(6,151,242)	(5,583,635)	-	-		-
100% of investments in unconsolidated Banking and financial subsidiary/associate companies	-	-	-	-	(55,814,032)	(55,814,032)	(55,814,032)	(55,814,032)
Net Total Tier 1 Capital (A)	**612,123,856**	**587,393,033**	**494,800,238**	**470,069,415**	**511,052,113**	**497,693,294**	**395,521,450**	**382,162,631**
Tier 2 capital								
Foreign Exchange Adjustments	14,297,903	18,267,911	14,297,903	18,267,911	-	-	-	-
Fair Value Reserves	3,744,360	(1,262,254)	3,744,360	(1,262,254)	2,881,377	(1,622,642)	2,881,377	(1,622,642)
Net Total Tier 2 Capital (B)	**18,042,263**	**17,005,657**	**18,042,263**	**17,005,657**	**2,881,377**	**(1,622,642)**	**2,881,377**	**(1,622,642)**
Total Qualifying Capital (C= A+B)	**630,166,119**	**604,398,690**	**512,842,501**	**487,075,072**	**513,933,490**	**496,070,652**	**398,402,827**	**380,539,989**
Composition Of Risk-Weighted Assets								
Credit Risk	1,700,270,267	1,625,280,021	1,634,779,548	1,559,789,302	1,443,089,919	1,393,082,592	1,377,599,200	1,327,591,873
Operational Risk	539,463,656	487,938,118	539,463,656	487,938,118	454,625,285	423,792,503	454,625,285	423,792,503
Market Risk	9,832,045	34,326,532	9,832,045	34,326,532	4,634,387	14,559,721	4,634,387	14,559,721
Aggregate	**2,249,565,968**	**2,147,544,672**	**2,184,075,249**	**2,082,053,953**	**1,902,349,591**	**1,831,434,816**	**1,836,858,872**	**1,765,944,097**
Total Risk-Weighted Capital Ratic	**28.01%**	**28.14%**	**23.48%**	**23.39%**	**27.02%**	**27.09%**	**21.69%**	**21.55%**
Tier 1 Risk-Based Capital Ratio	**27.21%**	**27.35%**	**22.65%**	**22.58%**	**26.86%**	**27.18%**	**21.53%**	**21.64%**

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

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

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

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

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

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

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

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

The outcome of the application of the CBN guidance on the treatment of IFRS 9 ECL provisions is as presented in the capital adequacy computation on page 191.

(c) Capital allocation

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

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

6. Use of estimates and judgments

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

(a) Key sources of estimation uncertainty

Measurement of the expected credit losses

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

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

Determining fair values

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

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

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

Financial asset and liability classification

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

1. In classifying financial assets as measured at amortised cost, the Group has determined that it meets the

description of financial assets set out in accounting policy **3b(j)(ii)(a).**

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

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

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

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

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Translation of FX position during the period*:* This is referenced to Nigeria Interbank Foreign Exchange (NIFEX) rate quoted on FMDQ.

Defined benefits plan

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

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

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in note 3(q). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates. Goodwill and Goodwill Impairment testing are shown in note 32(c) below.

Valuation of equity financial instruments

The Group's accounting policy on fair value measurements is discussed under note 3b (j)(iib).

The Group measures fair values using the following hierarchy of methods.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

All fair values are on a recurring basis.The sensitivity of investments and derivatives to fluctuation in market prices and yields are disclosed in note 4(i) under market risk above.

Group
Jun-2019
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
-Debt securities	24	38,023,786	-	-	38,023,786
Derivative financial assets	25	-	1,546,323	-	1,546,323
Investment securities:					
-Debt securities at FVOCI	26	494,970,090	7,495,704	-	502,465,794
-Equity securities at FVOCI	26	-	-	1,194,915	1,194,915
-Investment securities - FVPL Notes	26	-	57,509,753	-	57,509,753
-Equity securities FVTPL	26	-	-	3,250,000	3,250,000
Assets pledged as collateral	27	60,958,062	-	-	60,958,062
Total assets		**593,951,938**	**66,551,780**	**4,444,915**	**664,948,633**
Liabilities					
Financial liabilities at fair value through profit or loss	37	18,340,915	-	-	18,340,915
Derivative financial liabilities	25	-	1,518,045	-	1,518,045
Total liabilities		**18,340,915**	**1,518,045**	**-**	**19,858,960**

Group
Dec-2018
In thousands of Nigerian Naira

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

Parent
Jun-2019
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
-Debt securities	24	19,748,546	-	-	19,748,546
Derivative financial assets	25	-	1,546,323	-	1,546,323
Investment securities:					
-Debt securities at FVOCI	26	414,358,836	7,451,670	-	421,810,506
-Equity securities at FVOCI	26	-	-	1,185,527	1,185,527
-Investment securities - FVPL Notes	26	-	57,509,753	-	57,509,753
-Equity securities FVTPL	26	-	-	3,250,000	3,250,000
Assets pledged as collateral	27	60,446,439	-	-	60,446,439
Total assets		**494,553,821**	**66,507,746**	**4,435,527**	**565,497,094**
Liabilities					
Financial liabilities at fair value through profit or loss	37	18,340,915	-	-	18,340,915
Derivative financial liabilities	25	-	1,518,045	-	1,518,045
Total liabilities		**18,340,915**	**1,518,045**	**-**	**19,858,960**

Parent
Dec-2018
In thousands of Nigerian Naira

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

Reconciliation of Level 3 Items

-Investment Securities (unquoted equity securities)

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
Opening balance	3,710,796	3,011,648	3,701,416	3,011,648
Effect of exchange rate fluctuations	8	-	-	-
Derecognition via sales option	-	(2,001,773)	-	(2,001,773)
Recognition via purchase option	-	2,620,200	-	2,620,200
Total unrealised gains or (losses) in Profit and Loss	629,800	-	629,800	-
Total unrealised gains or (losses) in OCI	54,311	71,341	54,311	71,341
Additional investment during the period	50,000	-	50,000	-
Reclassification from unquoted equity at cost	-	9,380	-	-
	4,444,915	**3,710,796**	**4,435,527**	**3,701,416**

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-2019 *In thousands of Nigerian Naira*	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets						
Cash and bank balances (a)	34,954,440	(13,601,216)	21,353,224	-	-	21,353,224
Other Assets (b)	12,277,592	-	12,277,592	-	12,277,592	-
	47,232,032	**(13,601,216)**	**33,630,816**	**-**	**12,277,592**	**21,353,224**
Financial liabilities						
Other Liabilities (b)	12,277,592	-	12,277,592	12,277,592	-	-
	12,277,592	**-**	**12,277,592**	**12,277,592**	**-**	**-**

Group

Dec-2018 *In thousands of Nigerian Naira*	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets						
Cash and bank balances (a)	27,932,973	(4,915,700)	23,017,273	-	-	23,017,273
Other Assets (b)	14,541,153	-	14,541,153	-	14,541,153	-
	42,474,126	**(4,915,700)**	**37,558,426**	**-**	**14,541,153**	**23,017,273**
Financial liabilities						
Other Liabilities (b)	14,541,153	-	14,541,153	14,541,153	-	-
	14,541,153	**-**	**14,541,153**	**14,541,153**	**-**	**-**

Parent

Jun-2019 *In thousands of Nigerian Naira*	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets						
Cash and bank balances (a)	34,954,440	(13,601,216)	21,353,224	-	-	21,353,224
Other Assets (b)	12,277,592	-	12,277,592	-	12,277,592	-
	47,232,032	**(13,601,216)**	**33,630,816**	**-**	**12,277,592**	**21,353,224**
Financial liabilities						
Other Liabilities (b)	12,277,592	-	12,277,592	12,277,592	-	-
	12,277,592	**-**	**12,277,592**	**12,277,592**	**-**	**-**

Parent

Dec-2018 *In thousands of Nigerian Naira*	**Gross amounts of Financial Assets/liabilities**	**Gross amounts set off on the SOFP**	**Net amounts presented on the SOFP**	**Related amount not set off in the SOFP**	**Cash collateral**	**Net amount**
Financial assets						
Cash and bank balances (a)	27,932,973	(4,915,700)	23,017,273	-	-	23,017,273
Other Assets (b)	14,541,153	-	14,541,153	-	14,541,153	-
	42,474,126	**(4,915,700)**	**37,558,426**	**-**	**14,541,153**	**23,017,273**
Financial liabilities						
Other Liabilities (b)	14,541,153	-	14,541,153	14,541,153	-	-
	14,541,153	**-**	**14,541,153**	**14,541,153**	**-**	**-**

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

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

(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 2019, the Group disclosed the gross value of its investment in Corporate bond FVOCI as N7,724,639,000 (December 2018: N7,608,088,000) 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 period using the income approach.

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

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

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

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

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

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

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

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

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

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

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

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

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

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

Where:

NI = Net Income

NCC = Non- Cash Charges

Int = Interest

T= tax rate

FCI = Fixed Capital Investment

WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

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

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

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

Terminal value = ($FCFF_5$ *(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 14.31% and the yield on the 10-year US Government bond (for unquoted securities denominated in US $) of 2.0%.
3. Market premium of 5.96% was adopted based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Beta = 1
5. Growth rate used is growth rate in earnings between the latest year and prior period.

Summary of carrying amounts of equity Securities at fair value through equity

In thousands of Nigerian Naira	June-19	Dec-18
Historical cost	201,831	151,831
Cumulative Unrealized Fair Value Gain recognized in Equity (OCI)	983,695	929,384
Fair value	1,185,526	1,081,215

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

In thousands of Nigerian Naira	Group Jun-19	Group Dec-18	Parent Jun-19	Parent Dec-18
Balance, beginning of the period	1,090,596	3,011,648	1,081,215	3,011,648
Effect of exchange rate fluctuation	8	1	-	-
Derecognition via sales option	-	(2,001,773)	-	(2,001,773)
Additional investment during the period	50,000	9,380	50,000	-
Fair value movement recognised in OCI	54,311	71,340	54,311	71,340
Balance, end of the period	**1,194,915**	**1,090,596**	**1,185,526**	**1,081,215**

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

In thousands of Nigerian Naira	Group June-19	Group Dec-18	Parent June-19	Parent Dec-18
Balance, beginning of the period	**2,620,200**	-	**2,620,200**	-
Derecognition via purchase option		2,620,200	-	2,620,200
Fair value movement recognised in profit	629,800	-	629,800	-
Balance, end of the period	**3,250,080**	**2,620,200**	**3,250,080**	**2,620,200**

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

The Group estimated the fair value of its Foreign exchange derivatives as at 30 June 2019 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis.

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

- **Corporate banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.
- **Commercial banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for mid-size and fledgling corporate customers.
- **Retail banking** – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- **SME banking** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.
- **Public Sector** – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment (see note 30(b)). There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Operating segments (Continued)

Information about operating segments

Group

Jun-2019

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	144,751,829	40,874,772	20,827,920	9,747,730	4,473,469	220,675,720
Derived from other business segments	(25,559,335)	17,252,917	2,782,955	4,612,414	911,049	-
Total revenue	**119,192,494**	**58,127,689**	**23,610,875**	**14,360,144**	**5,384,518**	**220,675,720**
Interest expenses	(23,921,057)	(4,017,881)	(2,065,885)	(1,162,509)	(1,460,572)	(32,627,904)
Fee and commission expenses	(519,061)	(798,540)	(118,134)	(61,326)	(8,077)	(1,505,138)
Net operating income	**94,752,376**	**53,311,268**	**21,426,856**	**13,136,309**	**3,915,869**	**186,542,678**
Expense:						
Operating expenses	(11,296,638)	(25,659,444)	(11,143,724)	(8,978,822)	(2,170,084)	(59,248,712)
Net impairment loss on financial assets	(493,625)	(1,090,165)	(238,883)	(318,006)	63,091	(2,077,588)
Depreciation and amortization	(2,514,076)	(3,877,590)	(2,034,514)	(1,865,195)	(331,486)	(10,622,861)
Total cost	**(14,304,339)**	**(30,627,199)**	**(13,417,121)**	**(11,162,023)**	**(2,438,479)**	**(71,949,161)**
Profit before income tax from reportable segments	**80,448,037**	**22,684,069**	**8,009,735**	**1,974,286**	**1,477,390**	**114,593,517**
Tax	(11,691,674)	(3,296,721)	(1,164,071)	(286,927)	(214,712)	(16,654,105)
Profit after income tax from reportable segments	**68,756,363**	**19,387,348**	**6,845,664**	**1,687,359**	**1,262,678**	**97,939,412**
Assets and liabilities:						
Total assets	2,442,553,764	648,560,707	254,955,249	161,662,177	89,795,215	3,597,527,112
Total liabilities	(1,143,996,287)	(1,254,157,120)	(281,851,911)	(278,010,274)	(26,322,847)	(2,984,338,439)
Net assets/ (liabilities)	**1,298,557,477**	**(605,596,413)**	**(26,896,662)**	**(116,348,097)**	**63,472,368**	**613,188,673**
Additions to Non-Current Assets	**5,582,082**	**13,788,522**	**6,008,457**	**5,699,757**	**1,005,609**	**32,084,427**
Assets:						
Loans and advances to banks	1,585,643	-	-	-	-	1,585,643
Loans and advances to customers	940,411,362	131,271,526	115,319,174	25,942,271	59,913,652	1,272,857,985
Others	1,500,556,759	517,289,181	139,636,075	135,719,906	29,881,563	2,323,083,484
	2,442,553,764	**648,560,707**	**254,955,249**	**161,662,177**	**89,795,215**	**3,597,527,112**
Liabilities:						
Deposits from banks	134,284,735	-	-	-	-	134,284,735
Deposits from customers	656,013,288	1,230,788,997	245,631,380	272,235,228	13,141,077	2,417,809,970
Others	353,698,264	23,368,123	36,220,531	5,775,046	13,181,770	432,243,734
	1,143,996,287	**1,254,157,120**	**281,851,911**	**278,010,274**	**26,322,847**	**2,984,338,439**

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**
Dec-2018						
Assets and liabilities:						
Total assets	1,843,313,809	799,917,602	353,932,291	194,762,188	96,134,088	3,288,059,978
Total liabilities	(843,834,952)	(1,172,483,100)	(392,732,705)	(276,287,146)	(16,567,423)	(2,701,905,326)
Net assets/ (liabilities)	**999,478,857**	**(372,565,498)**	**(38,800,414)**	**(81,524,958)**	**79,566,665**	**586,154,652**
Additions to Non-Current Assets	**5,582,082**	**13,788,522**	**6,008,457**	**5,699,757**	**1,005,609**	**32,084,427**
Dec-2018						
Assets:						
Loans and advances to banks	2,994,642	-	-	-	-	2,994,642
Loans and advances to customers	923,448,724	113,006,487	133,795,205	24,509,561	64,250,382	1,259,010,359
Others	916,870,443	686,911,115	220,137,086	170,252,627	31,883,706	2,026,054,977
	1,843,313,809	**799,917,602**	**353,932,291**	**194,762,188**	**96,134,088**	**3,288,059,978**
Liabilities:						
Deposits from banks	82,803,047	-	-	-	-	82,803,047
Deposits from customers	557,912,256	1,132,866,762	319,859,063	250,387,212	12,877,850	2,273,903,143
Others	203,119,649	39,616,338	72,873,642	25,899,934	3,689,573	345,199,136
	843,834,952	**1,172,483,100**	**392,732,705**	**276,287,146**	**16,567,423**	**2,701,905,326**

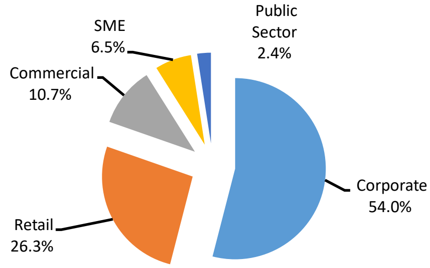
Operating segments (Continued)

Information about operating segments

Revenue

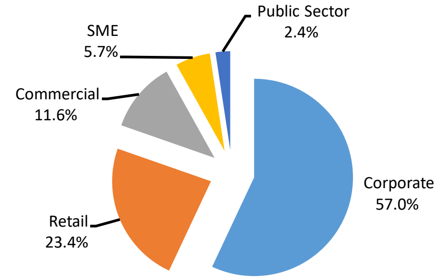
Group

Jun-2019



Group

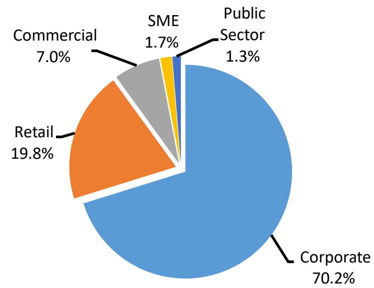
Jun-2018



Profit before tax

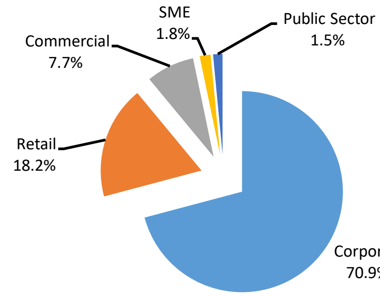
Group

Jun-2019



Group

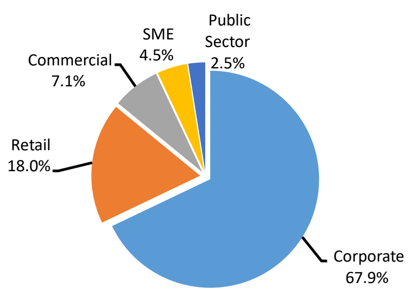
Jun-2018



Assets

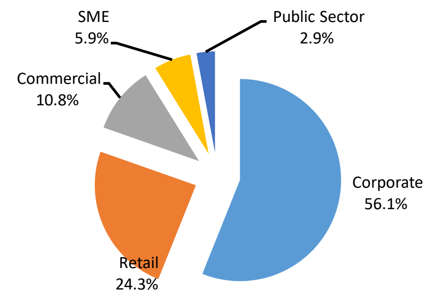
Group

Jun-2019



Group

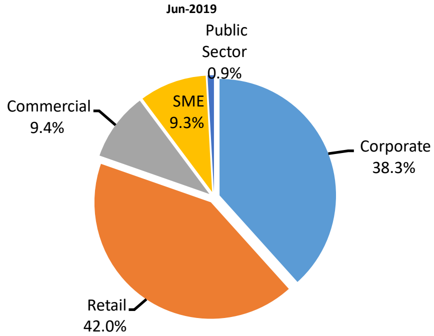
Dec-2018



Liabilities

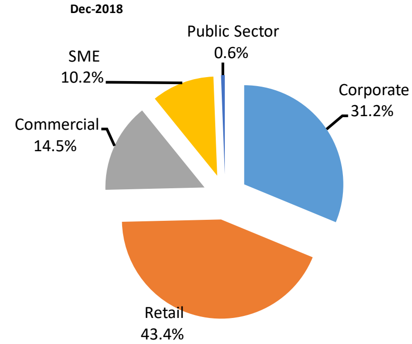
Group

Jun-2019



Group

Dec-2018



Operating segments (Continued)

Information about operating segments

Parent
Jun-2019

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	110,127,283	37,291,876	17,814,805	8,661,295	3,821,073	177,716,332	-	177,716,332
Derived from other business segments	(12,779,667)	8,626,459	1,391,477	2,306,207	455,524	-	-	-
Total revenue	**97,347,616**	**45,918,335**	**19,206,282**	**10,967,502**	**4,276,597**	**177,716,332**	**-**	**177,716,332**
Interest expenses	(19,059,124)	(3,201,251)	(1,645,996)	(926,230)	(1,163,712)	(25,996,313)	-	(25,996,313)
Fee and commission expenses	(215,273)	(248,581)	(48,994)	(25,412)	(3,350)	(541,610)	-	(541,610)
Net operating income	**78,073,219**	**42,468,503**	**17,511,292**	**10,015,860**	**3,109,535**	**151,178,409**	**-**	**151,178,409**
Expense:								
Operating expenses	(8,369,852)	(19,549,039)	(8,276,048)	(6,658,357)	(1,635,714)	(44,489,010)	-	(44,489,010)
Net impairment loss on financial assets	(311,466)	(687,870)	(150,730)	(200,655)	39,809	(1,310,912)	-	(1,310,912)
Depreciation and amortization	(1,991,762)	(3,071,999)	(1,611,833)	(1,477,691)	(262,618)	(8,415,903)	-	(8,415,903)
Total cost	**(10,673,080)**	**(23,308,908)**	**(10,038,611)**	**(8,336,703)**	**(1,858,523)**	**(54,215,825)**	**-**	**(54,215,825)**
Profit before income tax from reportable segments	**67,400,139**	**19,159,595**	**7,472,681**	**1,679,157**	**1,251,012**	**96,962,584**	**-**	**96,962,584**
Tax	(8,455,009)	(2,403,475)	(937,411)	(210,642)	(156,933)	(12,163,470)	-	(12,163,470)
Profit after income tax from reportable segments	**58,945,130**	**16,756,120**	**6,535,270**	**1,468,515**	**1,094,079**	**84,799,114**	**-**	**84,799,114**
Assets and liabilities:								
Total assets	1,989,797,128	528,342,201	207,696,236	131,696,154	73,150,595	2,930,682,314	944,030	2,931,626,344
Total liabilities	(920,584,759)	(1,009,232,234)	(226,808,929)	(223,717,527)	(21,182,247)	(2,401,525,696)	(940,810)	(2,402,466,506)
Net assets/ (liabilities)	**1,069,212,369**	**(480,890,033)**	**(19,112,693)**	**(92,021,373)**	**51,968,348**	**529,156,618**	**3,220**	**529,159,838**
Additions to Non-Current Assets	**6,267,041**	**9,665,984**	**5,071,599**	**4,649,524**	**826,322**	**26,480,470**	**-**	**26,480,470**
Assets:								
Loans and advances to banks	37,477	-	-	-	-	37,477	-	37,477
Loans and advances to customers	802,361,811	112,001,262	98,390,666	22,134,023	51,118,506	1,086,006,268	-	1,086,006,268
Others	1,187,397,840	416,340,939	109,305,570	109,562,131	22,032,089	1,844,638,569	944,030	1,845,582,599
	1,989,797,128	**528,342,201**	**207,696,236**	**131,696,154**	**73,150,595**	**2,930,682,314**	**944,030**	**2,931,626,344**
Liabilities:								
Deposits from banks	496,938	-	-	-	-	496,938	-	496,938
Deposits from customers	548,062,659	989,815,986	211,415,130	223,322,019	10,779,985	1,983,395,779	-	1,983,395,779
Others	372,025,162	19,416,248	15,393,799	395,508	10,402,262	417,632,979	940,810	418,573,789
	920,584,759	**1,009,232,234**	**226,808,929**	**223,717,527**	**21,182,247**	**2,401,525,696**	**940,810**	**2,402,466,506**

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**

Dec-2018
Assets and liabilities:

	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Total assets	1,523,458,313	656,349,906	291,879,294	160,615,607	79,279,429	2,711,582,549	938,945	2,712,521,494
Total liabilities	(687,004,256)	(954,571,600)	(319,741,484)	(224,937,880)	(13,488,290)	(2,199,743,510)	(935,725)	(2,200,679,235)
Net assets/ (liabilities)	**836,454,057**	**(298,221,694)**	**(27,862,190)**	**(64,322,273)**	**65,791,139**	**511,839,039**	**3,220**	**511,842,259**
Additions to Non-Current Assets	**4,649,205**	**11,484,185**	**5,004,324**	**4,747,214**	**837,552**	**26,722,480**	**-**	**26,722,480**

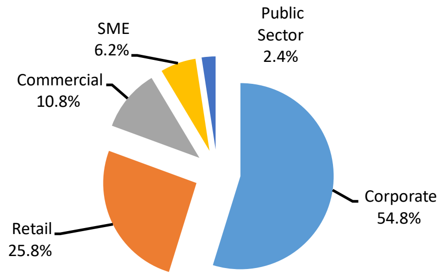
Dec-2018

	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Assets:								
Loans and advances to banks	46,074	-	-	-	-	46,074	-	46,074
Loans and advances to customers	786,222,415	92,986,514	113,496,404	20,791,082	54,502,604	1,067,999,019	-	1,067,999,019
Others	737,189,824	563,363,392	178,382,890	139,824,525	24,776,825	1,643,537,456	938,945	1,644,476,401
	1,523,458,313	**656,349,906**	**291,879,294**	**160,615,607**	**79,279,429**	**2,711,582,549**	**938,945**	**2,712,521,494**
Liabilities:								
Deposits from banks	735,929	-	-	-	-	735,929	-	735,929
Deposits from customers	485,773,543	892,240,035	271,784,505	205,451,367	10,566,722	1,865,816,172	-	1,865,816,172
Others	200,494,784	62,331,565	47,956,979	19,486,513	2,921,568	333,191,409	935,725	334,127,134
	687,004,256	**954,571,600**	**319,741,484**	**224,937,880**	**13,488,290**	**2,199,743,510**	**935,725**	**2,200,679,235**

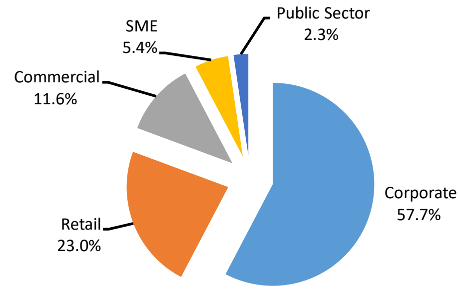
Operating segments (Continued)
Information about operating segments

Revenue

Parent
Jun-2019

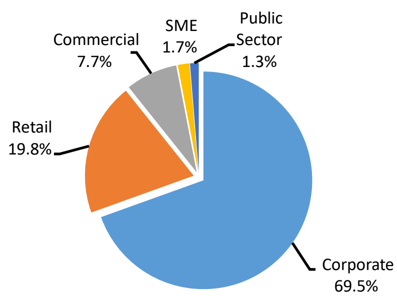


Parent
Jun-2018

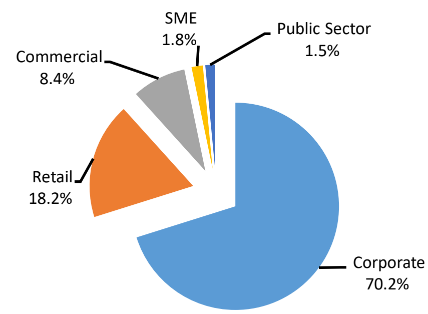


Profit before tax

Parent
Jun-2019

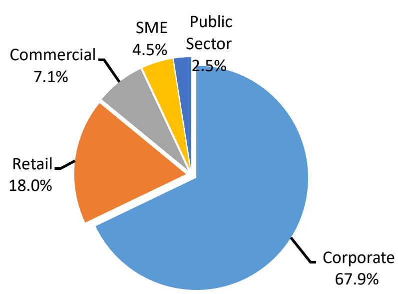


Parent
Jun-2018

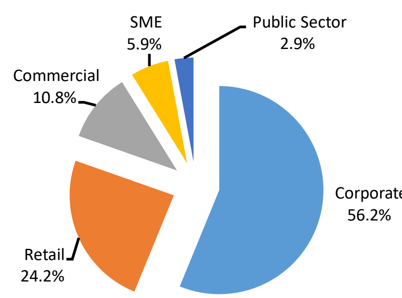


Assets

Parent
Jun-2019

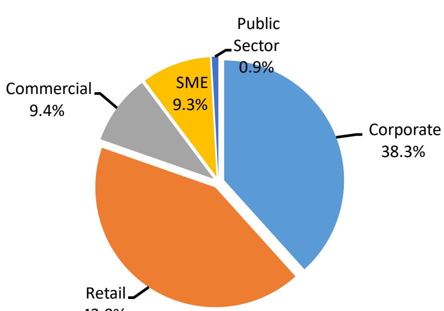


Parent
Dec-2018

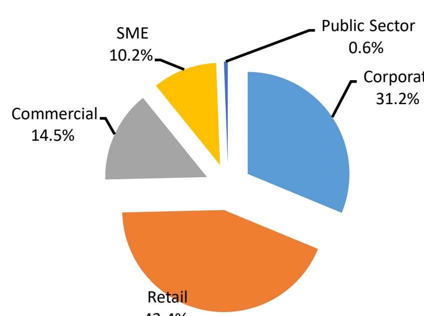


Liabilities

Parent
Jun-2019



Parent
Dec-2018



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-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Bonds	1,696,393	1,924,312	1,360,144	1,611,641
Placements	9,022,619	4,367,156	7,234,208	3,657,562
Treasury Bills	57,370,549	59,111,279	45,998,893	49,506,626
Loans	148,495,081	130,912,160	119,061,251	109,640,994
Contingents	5,284,903	30,317,154	4,237,361	25,391,096
	221,869,545	**226,632,061**	**177,891,857**	**189,807,919**

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Continuing Operations:				
Total revenue from reportable segments	220,675,720	225,988,094	177,716,332	189,613,661
Consolidation and adjustments:				
- Other operating income	1,011,048	346,880	-	-
Revenue from continuing operations	**221,686,768**	**226,334,974**	**177,716,332**	**189,613,661**

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

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Interest income	148,992,664	161,880,719	122,399,132	137,498,087
Fee and commission income	35,348,970	27,356,320	26,648,016	19,276,566
Net gains on financial instruments classified as held for trading	9,488,464	12,649,671	2,896,698	9,019,140
Other operating income	28,039,447	24,745,351	25,948,011	24,014,126
Revenue and gains from continuing operations	221,869,545	226,632,061	177,891,857	189,807,919
Less gains:				
- Gain on disposal of fixed assets	(32,643)	(159,820)	(25,391)	(56,991)
- Net portfolio gain on SMEEIS investments	-	-	-	-
- Dividends income	(150,134)	(137,267)	(150,134)	(137,267)
Revenue from continuing operations	**221,686,768**	**226,334,974**	**177,716,332**	**189,613,661**

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Continuing Operations:				
Total operating expense from reportable segments	59,248,712	61,339,541	44,489,010	47,390,785
Operating expense from continuing operations	**59,248,712**	**61,339,541**	**44,489,010**	**47,390,785**

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

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Personnel expenses (See Note17)	18,578,601	18,576,247	11,624,608	12,459,690
Operating lease expenses	1,230,467	801,684	358,131	309,089
Other operating expenses (See Note20)	39,439,644	41,961,610	32,506,271	34,622,006
	59,248,712	**61,339,541**	**44,489,010**	**47,390,785**

Reconciliation of profit or loss

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Continuing Operations:				
Total profit or loss for reportable segments	114,593,517	108,988,650	96,962,584	96,348,583
Consolidation and adjustments:				
- Other operating income	1,011,048	346,880	-	-
Gains:				
- Gain on disposal of fixed assets	32,643	159,820	25,391	56,991
- Dividends income	150,134	137,267	150,134	137,267
- Net portfolio gain on SMEEIS investments	-	-	-	-
Profit before income tax from continuing operations	**115,787,342**	**109,632,617**	**97,138,109**	**96,542,841**

Reconciliation of assets

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Continuing Operations:				
Total assets for reportable segments	3,597,527,112	3,288,059,978	2,930,682,314	2,711,582,549
Consolidation and adjustments	585,548	(717,337)	-	-
Total assets	**3,598,112,660**	**3,287,342,641**	**2,930,682,314**	**2,711,582,549**
Discontinued Operations:				
Total assets for reportable segments (See note 34(b))	-	-	944,030	938,945
Total assets	**-**	**-**	**944,030**	**938,945**

Reconciliation of liabilities

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Continuing Operations:				
Total liabilities for reportable segments	2,984,338,439	2,701,905,326	2,401,525,696	2,199,743,510
Consolidation and adjustments	10,763,537	9,869,968	-	-
Total liabilities	**2,995,101,976**	**2,711,775,294**	**2,401,525,696**	**2,199,743,510**
Discontinued Operations:				
Total liabilities for reportable segments (See note 34(b))	-	-	940,810	935,725
Total liabilities	**-**	**-**	**940,810**	**935,725**

Geographical segments

The Group operates in four geographic regions, being:

- Nigeria
- Rest of West Africa (comprising Ghana, Gambia, Sierra Leone, Liberia, Cote D'Ivoire)
- East Africa (comprising Kenya, Uganda, Rwanda and Tanzania)
- Europe (UK and the Netherlands)

Jun-2019

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	177,714,478	31,786,100	8,095,824	4,273,143	221,869,545
Derived from other segments	-	-	-	-	-
Total Revenue	**177,714,478**	**31,786,100**	**8,095,824**	**4,273,143**	**221,869,545**
Interest expense	(25,996,315)	(4,102,564)	(1,804,361)	(724,664)	(32,627,904)
Fee and commission expenses	(541,606)	(600,347)	(363,185)	-	(1,505,138)
Net interest margin	151,176,557	27,083,189	5,928,278	3,548,479	187,736,503
Profit before income tax	**96,960,739**	**16,920,936**	**1,243,697**	**661,970**	**115,787,342**
Assets and liabilities:					
Total assets	2,841,095,160	389,542,769	163,675,789	203,798,942	3,598,112,660
Total liabilities	(2,411,232,999)	(297,573,776)	(124,414,120)	(161,881,081)	(2,995,101,976)
Net assets/(liabilities)	**429,862,161**	**91,968,993**	**39,261,669**	**41,917,861**	**603,010,684**

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**

Dec-2018

Assets and liabilities:					
Total assets	2,620,014,083	319,382,607	146,457,763	201,488,188	3,287,342,641
Total liabilities	(2,209,557,529)	(230,977,433)	(107,636,585)	(163,603,747)	(2,711,775,294)
Net assets/(liabilities)	**410,456,554**	**88,405,174**	**38,821,178**	**37,884,441**	**575,567,347**

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-2019

In thousands of Nigerian Naira	**Note**	**Carrying amount** Fair value through profit or loss	Held at ammortized cost	Fair value through other comprehensive income	Other financial assets / liabilities at amortized cost	Total carrying amount	**Fair Value** Level 1	Level 2	Level 3	Total Fair value
Loans and advances to banks	28	-	1,585,643	-	-	1,585,643	-	2,844,959	-	2,844,959
Loans and advances to customers	29	-	1,272,857,985	-	-	1,272,857,985	-	1,142,816,047	143,279,106	1,286,095,153
Financial assets at fair value through profit or loss	24	38,023,786	-	-	-	38,023,786	38,023,786	-	-	38,023,786
Derivative financial assets	25	1,546,323	-	-	-	1,546,323	-	1,546,323	-	1,546,323
Assets pledged as collateral	27	-	-	60,958,062	-	60,958,062	60,958,062	-	-	60,958,062
Investment securities:										
– Fair value through profit or loss	26	60,759,753	-	-	-	60,759,753	-	57,509,753	3,250,000	60,759,753
– Fair Value through other comprehensive Income	26	-	-	503,660,709	-	503,660,709	494,970,090	7,495,704	1,194,915	503,660,709
– Held at amortised cost	26	-	141,130,257	-	-	141,130,257	139,127,578	2,002,679	-	141,130,257
Restricted deposits and other assets[1]	34	-	473,460,572	-	-	473,460,572	-	473,460,572	-	473,460,572
		100,329,862	**1,889,034,457**	**564,618,771**	**-**	**2,553,983,090**	**733,079,516**	**1,687,676,037**	**147,724,021**	**2,568,479,574**
Deposits from banks	35	-	-	-	134,284,735	134,284,735	-	134,284,735	-	134,284,735
Deposits from customers	36	-	-	-	2,417,809,970	2,417,809,970	-	2,415,533,437	-	2,415,533,437
Financial liabilities at fair value through profit or loss	37	18,340,915	-	-	-	18,340,915	18,340,915	-	-	18,340,915
Derivative financial liabilities	25	1,518,045	-	-	-	1,518,045	-	1,518,045	-	1,518,045
Other borrowed funds	40	-	-	-	188,292,421	188,292,421	-	188,877,970	-	188,877,970
Other liabilities[2]	38	-	-	-	205,955,819	205,955,819	-	205,955,819	-	205,955,819
		19,858,960	**-**	**-**	**2,946,342,945**	**2,966,201,905**	**18,340,915**	**2,946,170,006**	**-**	**2,964,510,921**

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

Group
Dec-2018

In thousands of Nigerian Naira	*Note*	Carrying amount: Fair value through profit or loss	Carrying amount: Held at ammortized cost	Carrying amount: Fair value through other comprehensive income	Carrying amount: Other financial assets / liabilities at amortized cost	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	-	2,994,642	-	-	2,994,642	-	2,994,642	-	2,994,642
Loans and advances to customers	29	-	1,259,010,359	-	-	1,259,010,359	-	1,152,684,104	150,636,239	1,303,320,343
Financial assets held for trading	24	11,314,814	-	-	-	11,314,814	11,314,814	-	-	11,314,814
Derivative financial assets	25	3,854,921	-	-	-	3,854,921	-	3,854,921	-	3,854,921
Assets pledged as collateral	27	-	459,921	56,317,249	-	56,777,170	56,317,248	459,922	-	56,777,170
Investment securities:										
– Fair Value through other comprehensive Income	26	-	-	538,705,155	-	538,705,155	527,613,969	7,380,390	3,710,796	538,705,155
– Held at amortised cost	26	-	98,619,509	-	-	98,619,509	96,616,237	2,003,272	-	98,619,509
Restricted deposits and other assets[1]	34	-	484,262,706	-	-	484,262,706	-	484,262,706	-	484,262,706
		15,169,735	**1,845,347,137**	**595,022,404**	**-**	**2,455,539,276**	**691,862,268**	**1,653,639,957**	**154,347,035**	**2,499,849,260**
Deposits from banks	35	-	-	-	82,803,047	82,803,047	-	12,954,440	-	12,954,440
Deposits from customers	36	-	-	-	2,273,903,143	2,273,903,143	-	2,252,554,182	-	2,252,554,182
Financial liabilities held for trading	37	1,865,419	-	-	-	1,865,419	1,865,419	-	-	1,865,419
Derivative financial liabilities	25	3,752,666	-	-	-	3,752,666	-	3,752,666	-	3,752,666
Other borrowed funds	40	-	-	-	178,566,800	178,566,800	-	3,223,285	-	3,223,285
Other liabilities[2]	38	-	-	-	133,114,496	133,114,496	-	133,114,496	-	133,114,496
		5,618,085	**-**	**-**	**2,668,387,486**	**2,674,005,571**	**1,865,419**	**2,405,599,069**	**-**	**2,407,464,488**

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

Parent
Jun-2019

		Carrying amount					Fair Value			
In thousands of Nigerian Naira	***Note***	**Fair value through profit or loss**	**Held at ammortized cost**	**Fair value through other comprehensive income**	**Other financial assets / liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total Fair value**
Loans and advances to banks	28	-	37,477	-	-	37,477	-	46,074	-	46,074
Loans and advances to customers	29	-	1,086,006,268	-	-	1,086,006,268	-	1,000,776,272	98,467,280	1,099,243,552
Financial assets at fair value through profit or loss	24	19,748,546	-	-	-	19,748,546	19,748,546	-	-	19,748,546
Derivative financial assets	25	1,546,323	-	-	-	1,546,323	-	1,546,323	-	1,546,323
Assets pledged as collateral	27	-	-	60,446,439	-	60,446,439	60,446,439	-	-	60,446,439
Investment securities:										
– Fair value through profit or loss	26	60,759,753	-	-	-	60,759,753	-	57,509,753	3,250,000	60,759,753
– Fair Value through other comprehensive Income	26	-	-	422,996,033	-	422,996,033	414,358,836	7,451,670	1,185,527	422,996,033
– Held at amortised cost	26	-	2,002,679	-	-	2,002,679	-	2,002,679	-	2,002,679
Restricted deposits and other assets[1]	34	-	463,078,228	-	-	463,078,228	-	463,078,228	-	463,078,228
		82,054,622	**1,551,124,652**	**483,442,472**	**-**	**2,116,621,746**	**494,553,821**	**1,532,410,999**	**102,902,807**	**2,129,867,627**
Deposits from banks	35	-	-	-	496,938	496,938	-	496,938	-	496,938
Deposits from customers	36	-	-	-	1,983,395,779	1,983,395,779	-	1,981,119,236	-	1,981,119,236
Financial liabilities at fair value through profit or loss	37	18,340,915	-	-	-	18,340,915	18,340,915	-	-	18,340,915
Derivative financial liabilities	25	1,518,045	-	-	-	1,518,045	-	1,518,045	-	1,518,045
Debt securities issued	38	-	-	-	-	-	-	-	-	-
Other borrowed funds	40	-	-	-	187,787,024	187,787,024	-	187,787,025	-	187,787,025
Other liabilities[2]	38	-	-	-	182,507,037	182,507,037	-	182,507,037	-	182,507,037
		19,858,960	**-**	**-**	**2,354,186,778**	**2,374,045,738**	**18,340,915**	**2,353,428,281**	**-**	**2,371,769,196**

[1]Excludes prepayments

[2] Excludes Deferred Income and Provision for Litigations

Parent
Dec-2018

In thousands of Nigerian Naira	Note	Carrying amount Fair value through profit or loss	Held at ammortized cost	Fair value through other comprehensive income	Other financial assets / liabilities at amortized cost	Total carrying amount	Fair Value Level 1	Level 2	Level 3	Total Fair value
Loans and advances to banks	28	-	46,074	-	-	46,074	-	46,074	-	46,074
Loans and advances to customers	29	-	1,067,999,019	-	-	1,067,999,019	-	1,019,340,229	98,467,280	1,117,807,509
Financial assets held for trading	24	8,920,153	-	-	-	8,920,153	8,920,153	-	-	8,920,153
Derivative financial assets	25	3,854,921	-	-	-	3,854,921	-	3,854,921	-	3,854,921
Assets pledged as collateral	27	-	-	56,291,739	-	56,291,739	56,291,739	-	-	56,291,739
Investment securities:										
– Fair Value through other comprehensive Income	26	-	-	462,249,459	-	462,249,459	451,167,653	7,380,390	3,701,416	462,249,459
– Held at amortised cost	26	-	2,003,272	-	-	2,003,272	-	2,003,272	-	2,003,272
Restricted deposits and other assets[1]	34	-	482,822,956	-	-	482,822,956	-	482,822,956	-	482,822,956
		12,775,074	**1,552,871,321**	**518,541,198**	**-**	**2,084,187,593**	**516,379,545**	**1,515,447,842**	**102,168,696**	**2,133,996,083**
Deposits from banks	35	-	-	-	735,929	735,929	-	735,929	-	735,929
Deposits from customers	36	-	-	-	1,865,816,172	1,865,816,172	-	1,863,760,743	-	1,863,760,743
Financial liabilities held for trading	37	1,865,419	-	-	-	1,865,419	1,865,419	-	-	1,865,419
Derivative financial liabilities	25	3,752,666	-	-	-	3,752,666	-	3,752,666	-	3,752,666
Other borrowed funds	40	-	-	-	177,361,218	177,361,218	-	-	-	-
Other liabilities[2]	38	-	-	-	112,975,988	112,975,988	-	112,975,988	-	112,975,988
		5,618,085	**-**	**-**	**2,156,889,307**	**2,162,507,392**	**1,865,419**	**1,981,225,326**	**-**	**1,983,090,745**

[1]Excludes prepayments [2] Excludes Deferred Income and Provision for Litigations

Fair value of loans and advances

The fair values of non retail loans have been determined based on observable market data (transactions) (level 2) whilst those of retail loans have been 'estimated using Discounted Cash Flow (DCF) valuation models (level 3).
Inputs into this valuation technique include: expected cash flows, expected losses, tenor and interest rates, risk premium between interest rate on the loan and risk free rate in the economy.

The expected cash flows (estimated recoverable amount from receivables, collateral and otherwise) are thus discounted to obtain the fair value of the retail loans. To improve the accuracy of fair value of retail loans, these loans are grouped into homogenous portfolio along product and customer type.

Fair value of customers’ deposits

Fair values of customers’ deposits have been determined using discounted cash flow techniques applying the rates on deposits of similar maturities and terms to discount the contractual cash flows.

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those FVTPL and FVOCI) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves and prices.

9 Interest income

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Interest income calculated using effective interest rate				
Loans and advances to banks	1,672,351	1,249,589	10,702	5,768
Loans and advances to customers	87,418,020	97,094,012	75,272,841	85,143,123
	89,090,371	98,343,601	75,283,543	85,148,891
Cash and cash equivalents	6,299,177	4,275,072	5,623,309	3,107,147
Investment securities:				
– Investment Securities FVOCI	36,801,366	42,834,463	34,900,589	41,862,020
– Investment securities at amortised cost	9,685,787	8,300,828	163,644	163,644
Assets pledged as collateral	4,572,204	6,117,597	4,572,204	6,117,597
	146,448,905	159,871,561	120,543,289	136,399,299
Interest income on financial assets FVTPL				
Investment securities FVTPL	2,543,759	2,009,158	1,855,843	1,098,788
	2,543,759	2,009,158	1,855,843	1,098,788
Total interest income	**148,992,664**	**161,880,719**	**122,399,132**	**137,498,087**
Geographical location				
Interest income earned in Nigeria	116,690,369	135,048,834	115,189,857	135,048,834
Interest income earned outside Nigeria	32,302,295	26,831,885	7,209,275	2,449,253
	148,992,664	**161,880,719**	**122,399,132**	**137,498,087**

10 **Interest expense**

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Deposit from banks	463,176	70,387	71,433	160,469
Deposit from customers	26,731,335	34,574,147	21,085,048	27,976,139
	27,194,511	34,644,534	21,156,481	28,136,608
Financial liabilities held for trading	1,382,990	883,127	1,382,990	883,127
Other borrowed funds	4,050,403	5,599,143	3,456,842	4,285,710
Debt securities	-	2,824,382	-	2,824,382
Total interest expense	**32,627,904**	**43,951,186**	**25,996,313**	**36,129,827**

Geographical location

Interest expense paid in Nigeria	23,521,787	22,063,999	23,699,166	22,221,139
Interest expense paid outside Nigeria	9,106,117	21,887,187	2,297,147	13,908,688
	32,627,904	**43,951,186**	**25,996,313**	**36,129,827**

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

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Loans and advances to banks (Note 28)	**58,110**	**(7,721)**	**116**	**(7,721)**
Stage 1 - 12 Months ECL	57,959	(7,254)	(35)	(7,254)
Stage 2 - Lifetime ECL Not Credit Impaired	25	-	25	-
Stage 3 - Lifetime ECL Credit Impaired	126	(467)	126	(467)
Loans and advances to customers (Note 29)	**2,127,923**	**2,039,455**	**1,673,057**	**2,008,778**
Stage 1 - 12 Months ECL	784,332	(6,367,502)	(121,982)	(6,472,947)
Stage 2 - Lifetime ECL Not Credit Impaired	(745,683)	(27,576,478)	(2,248,363)	(27,576,478)
Stage 3 - Lifetime ECL Credit Impaired	4,020,584	38,950,750	4,043,402	36,058,203
Recovery of loans previously written off	(1,931,310)	(2,967,315)	-	-
	2,186,033	**2,031,734**	**1,673,173**	**2,001,057**

12 Fee and commission income

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Credit related fees and commissions	6,564,956	4,621,654	4,625,481	2,734,987
Account Maintenance Charges	5,709,232	5,180,962	4,760,031	4,459,739
Corporate finance fees	5,053,908	3,727,670	4,965,735	3,727,670
E-business Income	7,134,775	4,270,390	6,123,795	3,442,756
Commission on foreign exchange deals	3,389,909	2,413,491	3,108,180	2,413,491
Commission On Touch Points	865,439	532,582	684,358	532,582
Income from financial guarantee contracts issued	1,330,151	2,101,599	1,022,880	1,134,647
Account services, maintenance and anciliary banking charges	3,948,356	3,220,131	1,357,556	830,694
Transfers related charges	1,352,244	1,287,841	-	-
	35,348,970	**27,356,320**	**26,648,016**	**19,276,566**

13 Fee and commission expense

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Bank charges	656,854	904,403	355,524	677,902
Loan recovery expenses	848,284	542,190	186,086	354,345
	1,505,138	**1,446,593**	**541,610**	**1,032,247**

14 'Net gains on financial instruments held at FVPL

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Bonds FVPL	2,515,310	277,139	6,808	277,139
Treasury bills FVPL	1,643,849	2,864,915	1,643,849	1,547,982
Foreign exchange trading gain	5,329,305	9,507,617	1,246,041	7,194,019
Net trading income	**9,488,464**	**12,649,671**	**2,896,698**	**9,019,140**

15 **Other income**

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Mark to market gains on trading investments	1,122,894	26,419	581,747	26,419
FVPL notes income	3,402,214	-	3,402,214	-
Foreign exchange revaluation gain	2,660,875	17,371,255	1,846,187	16,742,859
Gain on disposal of fixed assets	32,643	159,820	25,391	56,991
Discounts And Recoverables (FX)	7,670,974	3,561,802	7,646,883	3,561,802
Mark - Up Exchange Income	1,509,801	903,561	1,509,801	903,561
Valuation income on repossessed collateral	1,040,200	-	1,040,200	-
Recoveries and Others	10,449,712	2,585,227	9,745,454	2,585,227
Dividends income	150,134	137,267	150,134	137,267
	28,039,447	**24,745,351**	**25,948,011**	**24,014,126**

16 **Net impairment on other financial assets**

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Impairment charges on investment securities	221,487	-	4,740	-
Impairment charges on other assets	(57,374)	-	(57,374)	-
Impairment reversal on placements	261,409	-	261,409	-
Impairment reversal on contingents	(533,967)	-	(571,036)	-
Impairment charges on equity investments	-	-	-	-
	(108,445)	**-**	**(362,261)**	**-**

17 **Personnel expenses**

(a)

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Wages and salaries	16,227,650	16,009,765	11,070,757	11,400,580
Contributions to defined contribution plans	749,020	639,224	414,610	417,427
Defined benefit costs	34,880	156,455	-	134,300
Cash-settled share-based payments (see 17(b) below)	-	324,827	-	324,827
Staff welfare expenses	1,567,051	1,445,976	139,241	182,556
	18,578,601	**18,576,247**	**11,624,608**	**12,459,690**

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 2019	362,181
SARs granted to senior management employees at 31 Dec 2018	363,918

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	**Note**	**Group Jun-2019**	**Group Dec-2018**
Total carrying amount of liabilities for cash-settled arrangements	38	10,763,537	9,869,968

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

	Group Jun-2019	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
	Number	Number	Number	Number
Executive directors	6	6	6	6
Management	196	207	57	54
Non-management	5,435	5,167	3,493	3,336
	5,637	**5,380**	**3,556**	**3,396**

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

	Group Jun-2019	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
	Number	Number	Number	Number
Administration	95	112	45	65
Commercial Banking Abuja	35	34	35	34
Commercial Banking Lagos	184	175	184	175
Commercial Banking North East	51	52	51	52
Commercial Banking North West	55	57	55	57
Commercial Banking South East	47	47	47	47
Commercial Banking South South	44	47	44	47
Communication and External Affairs	106	184	27	30
Compliance Group	48	33	40	33
Digital Banking Division	109	144	106	111
Emerging Technologies Division	22	-	22	-
Enterprise Risk Management	160	161	81	78
Chief Executive Officer	1	1	1	1
Financial Control, Group Reporting & Strategy	77	27	33	27
Human Resources	33	29	27	29

Institutional Banking	285	307	67	100
International Banking	28	27	24	27
Operations	225	179	181	179
Procurement & Expense Control	18	-	15	-
Public Sector Abuja	34	31	34	31
Public Sector Lagos	19	20	19	20
Retail Lagos	187	163	187	163
Retail Abuja	63	57	63	57
Retail South East	17	16	17	16
South West Division	106	97	106	97
Retail South-South	43	41	43	41
SME Abuja	51	45	51	45
SME Division - Lagos	122	104	122	104
SME Division - South East	33	36	33	36
Systems and Control	141	141	88	84
Technology	237	243	165	168
Transaction Services	1,773	1,754	1,327	1,263
Wholesale Banking	44	41	31	30
Commercial Banking Subsidiaries	134	110	-	-
Retail Subsidiaries	212	152	-	-
Public Sector Subsidiaries	25	11	-	-
Other Support Services Subsidiaries	585	553	-	-
Customer Experience Management Division	65	66	65	66
Data Analytics Division	7	5	7	5
Fintech and Innovation Division	9	6	9	6
Legal Group	28	25	25	25
Financial Institutions & Telecoms	29	-	29	-
Oil & Gas Divison	50	47	50	47
	5,637	**5,380**	**3,556**	**3,396**

(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-2019** Number	**Group** **Jun-2018** Number	**Parent** **Jun-2019** Number	**Parent** **Jun-2018** Number
N720,001 - ₦1,400,000	913	1,585	-	-
N1,400,001 - ₦2,050,000	500	178	5	6
N2,190,001 - ₦2,330,000	887	698	650	647
N2,330,001 - ₦2,840,000	17	20	-	-
N2,840,001 - ₦3,000,000	84	20	-	-
N3,001,001 - N3,830,000	1,196	864	1,112	851
N3,830,001 - ₦4,530,000	40	30	-	-
N4,530,001 - ₦5,930,000	660	696	605	687
N6,000,001 - N6,800,000	415	379	408	372
N6,800,001 - ₦7,300,000	13	10	-	-
N7,300,001 - ₦7,800,000	29	8	-	-
N7,800,001 - ₦8,600,000	309	347	301	339
N8,600,001 - ₦11,800,000	371	344	321	328
Above ₦11,800,000	197	195	148	160
	5,631	**5,374**	**3,550**	**3,390**

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

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Right-of-use assets amortisation[1]	1,230,467	-	358,131	-
	1,230,467	**-**	**358,131**	**-**
Operating lease expense	-	801,684	-	309,089
	-	**801,684**	**-**	**309,089**

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

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Amortisation of intangible assets (see note 32)	1,290,950	1,106,985	1,005,193	858,442
Depreciation of property, plant and equipment (see note 31)	9,331,911	7,123,405	7,410,710	5,852,720
	10,622,861	**8,230,390**	**8,415,903**	**6,711,162**

20 Other operating expenses

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Finance costs	87,004	7,227	3,067	2,310
Deposit insurance premium	4,030,460	3,947,248	3,967,117	3,862,950
Other insurance premium	454,589	623,067	319,337	565,840
Auditors' remuneration[1]	390,913	379,238	237,500	252,000
Professional fees and other consulting costs	881,466	649,262	414,159	424,299
AMCON expenses	15,486,989	14,124,645	15,486,989	14,124,645
Stationery and postage	448,227	656,096	271,079	469,354
Business travel expenses	345,643	360,829	222,953	212,177
Advert, promotion and corporate gifts	1,772,756	2,596,848	1,231,333	1,905,774
Repairs and maintenance	1,861,803	2,183,004	1,019,440	1,671,985
Occupancy costs[2]	3,199,104	4,323,480	2,419,872	3,223,831
Directors' emoluments	424,679	366,234	160,007	138,112
Outsourcing services	5,029,744	4,553,377	4,133,665	3,775,640
Administrative expense	1,647,102	2,639,695	716,398	1,710,312
Communications and sponsorship related expense	1,538,003	2,569,408	652,100	955,003
Human capital related expenses	1,071,916	1,053,846	977,751	1,016,584
Customer service related expenses	769,246	928,106	273,504	311,190
	39,439,644	**41,961,610**	**32,506,271**	**34,622,006**

[1] Auditor's remuneration represents fees for the interim and final audits of the Group and Bank for the period ended 30 June 2019. The Bank also paid the auditors professional fees in the sum of N4,000,000 for non-audit services (certification of financial covenant with the Bank's foreign lenders). These services, in the Bank's opinion, did not impair the independence and objectivity of the external auditor.

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

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
a) **Current tax expense:**				
Company income tax	9,035,328	10,821,129	5,449,394	7,871,559
Education Tax	828,687	690,934	828,687	690,934
NITDA Levy	971,381	965,428	971,381	965,428
	10,835,396	12,477,491	7,249,462	9,527,921
Prior period's under provision	278,503	(12,326,471)	278,503	(12,326,471)
Dividend tax	-	14,811,398	-	14,811,398
Deferred tax expense:				
Origination of temporary differences	5,540,206	(911,381)	4,635,505	(1,629,360)
	16,654,105	**14,051,037**	**12,163,470**	**10,383,488**

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	Jun-2019	Jun-2019	Jun-2018	Jun-2018
Profit before income tax	115,787,342		109,632,617	
Income tax using the domestic corporation tax rate	34,736,203	30.0%	32,889,785	30.0%
Effect of tax rates in foreign jurisdictions	(1,104,137)	-1.0%	(259,383)	-0.2%
Tax reliefs/WHT Credits	(173,468)	-0.1%	-	0.0%
Non-deductible expenses	2,943,671	2.5%	2,783,902	2.5%
Education tax levy	828,687	0.7%	690,934	0.6%
NITDEF tax levy	971,381	0.8%	965,428	0.9%
Tax exempt income	(21,535,321)	-18.6%	(25,214,927)	-23.0%
Deductible expenses	(291,414)	-0.3%	(289,629)	-0.3%
Dividend tax	-	0.0%	-	0.0%
Prior year's under provision	278,503	0.2%	2,484,927	2.3%
Total income tax expense	**16,654,105**	**14.4%**	**14,051,037**	**12.8%**

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	Jun-2019	Jun-2019	Jun-2018	Jun-2018
Profit before income tax	97,138,109		96,542,841	
Income tax using the domestic corporation tax rate	29,141,431	30.0%	28,962,853	30.0%
Tax reliefs/WHT Credits	(173,468)	-0.2%	-	0.0%
Non-deductible expenses[1]	2,943,671	3.0%	2,783,902	2.9%
Education tax levy	828,687	0.9%	690,934	0.7%
NITDEF tax levy	971,381	1.0%	965,428	1.0%
Tax exempt income[2]	(21,535,321)	-22.2%	(25,214,927)	-26.1%
Deductible expenses	(291,414)	-0.3%	(289,629)	-0.3%
Dividend tax	-	0.0%	-	0.0%
Prior year's under provision	278,503	0.3%	2,484,927	0.1%
Total income tax expense	**12,163,470**	**12.5%**	**10,383,488**	**10.8%**

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

[2] Tax exempt income include FX translation gains, Dividends, Interest earned on treasury bills and bonds etc

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Income tax relating to remeasurements of post-employment benefit obligations	-	(79,626)	-	(79,626)
Income tax relating to Foreign currency translation differences for foreign operations	(1,778,970)	743,244	-	-
Income tax relating to Net change in FVOCI financial assets	2,200,888	(1,085,313)	1,907,018	(1,264,726)
	421,918	**(421,695)**	**1,907,018**	**(1,344,352)**

(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-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Balance, beginning of the Period	22,650,861	24,147,356	22,511,233	24,009,770
Exchange difference on translation	(110,429)	(47,067)	-	-
Charge for the Period	10,835,396	19,414,226	7,249,462	12,271,710
Payments during the Period	(26,500,375)	(33,709,152)	(23,231,208)	(26,615,745)
Prior period's under provision	278,503	2,605,972	278,503	2,605,972
Dividend Tax	-	10,239,526	-	10,239,526
Balance, end of the period	**7,153,956**	**22,650,861**	**6,807,990**	**22,511,233**

22 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N98,339,509,000 and a weighted average number of ordinary shares outstanding of 28,108,749,000 (after adjusting for Treasury shares) for the Group and 29,431,179,000 for the Parent:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Net profit attributable to equity holders of the Company	98,339,509	95,042,943	84,974,639	86,159,353
Net profit used to determine diluted earnings per share	**98,339,509**	**95,042,943**	**84,974,639**	**86,159,353**

Number of ordinary shares

In thousands of shares	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Weighted average number of ordinary shares in issue	28,108,749	28,112,933	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	3.50	3.38	2.89	2.93

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-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Cash in hand	57,676,419	64,318,503	36,820,278	43,652,540
Balances held with other banks	207,546,662	208,289,218	76,358,749	75,142,158
Unrestricted balances with central banks	131,928,367	72,552,069	86,384,574	47,484,035
Money market placements	471,114,713	331,989,039	421,414,448	291,334,276
	868,266,161	**677,148,829**	**620,978,049**	**457,613,009**
Impairment on Placements	(431,550)	(159,817)	(376,489)	(115,080)
	867,834,611	**676,989,012**	**620,601,560**	**457,497,929**
Current	864,948,691	676,989,012	620,601,560	457,497,929
Non-current	2,885,920	-	-	-

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

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Cash and bank balances	867,834,611	676,989,012	620,601,560	457,497,929
Cash and bank balances above three months	(43,334,068)	(62,025,832)	(36,422,865)	(50,029,687)
	824,500,543	**614,963,180**	**584,178,695**	**407,468,242**

24 Financial assets at fair value through profit or loss

(a)

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Financial assets Fair Value through Profit or Loss:				
Bonds - (see note 24(b) below)	12,072,890	-	3,212,772	-
Treasury Bills - (see note 24(c) below)	25,950,896	11,314,814	16,535,774	8,920,153
	38,023,786	**11,314,814**	**19,748,546**	**8,920,153**
Current	27,918,270	10,706,525	16,535,774	8,920,153
Non-current	10,105,516	608,289	3,212,772	-

(b) Bonds FVPL are analysed below:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
13th FGN Bond Series 2 (12.40%)	818,688	-	818,688	-
14th FGN Bond Series 1 (16.2884%)	572,274	-	572,274	-
14th FGN Bond Series 2 (16.2499%)	1,718,431	-	1,718,431	-
15th FGN Bond Series 1 (13.98%)	103,379	-	103,379	-
Non-Nigerian trading bonds	8,860,118	-	-	-
	12,072,890	**-**	**3,212,772**	**-**

(c) Treasury bills FVPL is analysed below:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Nigerian treasury bills' maturities:				
03-January-2019	-	441,730	-	441,730
10-January-2019	-	73,256	-	73,256
17-January-2019	-	58,895	-	58,895
24-January-2019	-	7,106	-	7,106
31-January-2019	-	260,210	-	260,210
07-February-2019	-	935,010	-	935,010
14-February-2019	-	749,326	-	749,326
21-February-2019	-	61,372	-	61,372
28-February-2019	-	65,526	-	65,526
14-March-2019	-	65,693	-	65,693
21-March-2019	-	12,458	-	12,458
28-March-2019	-	192,970	-	192,970
04-April-2019	-	97,785	-	97,785
18-April-2019	-	24,027	-	24,027
02-May-2019	-	86,745	-	86,745
09-May-2019	-	825,681	-	825,681
16-May-2019	-	28,543	-	28,543
23-May-2019	-	612	-	612
30-May-2019	-	22,851	-	22,851
20-June-2019	-	64,753	-	64,753
27-June-2019	-	24,560	-	24,560
04-July-2019	7,724	34,200	7,724	34,200

11-July-2019	-	43,151	-	43,151
18-July-2019	54,873	77,538	54,873	77,538
25-July-2019	3,261	-	3,261	-
01-August-2019	15,089	46,510	15,089	46,510
08-August-2019	124,555	-	124,555	-
15-August-2019	45,094	210,568	45,094	210,568
22-August-2019	187,346	-	187,346	-
29-August-2019	53,274	298,350	53,274	298,350
05-September-2019	116,431	-	116,431	-
12-September-2019	108,801	-	108,801	-
19-September-2019	289,993	480,354	289,993	480,354
26-September-2019	478,868	86,705	478,868	86,705
03-October-2019	5,094,826	387,287	5,094,826	387,287
10-October-2019	252,204	146,515	252,204	146,515
17-October-2019	-	905,639	-	905,639
24-October-2019	-	832,229	-	832,229
31-October-2019	251,295	120,219	251,295	120,219
07-November-2019	-	460,319	-	460,319
14-November-2019	133,957	-	133,957	-
21-November-2019	-	136,277	-	136,277
28-November-2019	-	240,788	-	240,788
05-December-2019	193,157	166,024	193,157	166,024
12-December-2019	-	148,371	-	148,371
19-December-2019	149,601	-	149,601	-
02-January-2020	3,184,230	-	3,184,230	-
09-January-2020	211,641	-	211,641	-
23-January-2020	1,857,776	-	1,857,776	-
30-January-2020	783,225	-	783,225	-
06-February-2020	68,462	-	68,462	-
13-February-2020	1,475,012	-	1,475,012	-
20-February-2020	638,147	-	638,147	-
27-February-2020	4,788	-	4,788	-
05-March-2020	110,643	-	110,643	-
12-March-2020	172,490	-	172,490	-
19-March-2020	170,259	-	170,259	-
02-April-2020	163,218	-	163,218	-
09-April-2020	42,929	-	42,929	-
16-April-2020	26,857	-	26,857	-
23-April-2020	11,753	-	11,753	-
30-April-2020	49,057	-	49,057	-
14-May-2020	4,267	-	4,267	-
04-June-2020	671	-	671	-
Non-Nigerian treasury bills	9,415,122	2,394,661	-	-
	25,950,896	**11,314,814**	**16,535,774**	**8,920,153**

25 Derivative financial instruments

(a) Group

Jun-2019

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	20,204,638	1,546,323	(1,518,045)
Derivative assets/(liabilities)	**20,204,638**	**1,546,323**	**(1,518,045)**

Group

Dec-2018

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	56,100,332	3,854,921	(3,752,666)
Derivative assets/(liabilities)	**56,100,332**	**3,854,921**	**(3,752,666)**

Parent

Jun-2019

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	20,204,638	1,546,323	(1,518,045)
Derivative assets/(liabilities)	**20,204,638**	**1,546,323**	**(1,518,045)**

Parent

Dec-2018

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	56,100,332	3,854,921	(3,752,666)
Derivative assets/(liabilities)	**56,100,332**	**3,854,921**	**(3,752,666)**

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives and Options

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. The Forwards transactions of the Bank are purely FX purchases from counterparties on behalf of customers for trade finances. The Bank has delivered Naira but yet to receive FX. Therefore they are not typical Forward transactions with the Sovereign. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. Additionally the Group offers its customers derivatives in connection with their risk management objectives to transfer or reduce market risk (commodity price) for their own trading purpose. The hedge transaction with the customer is backed by visible trade transaction. The foreign currency forward and option contracts are subject to the same risk management policies. The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments at fair value through profit or loss'.

26 Investment securities

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
(a) (i)				
Investment securities at fair value through OCI				
Debt securities - Treasury bills FVOCI	482,485,094	511,504,593	404,286,245	440,140,302
Debt securities - Bonds FVOCI	12,543,853	16,172,674	10,124,165	11,083,123
Debt securities - Corporate bond FVOCI	7,732,969	7,608,088	7,688,935	7,608,088
Investment securities - Equity (See note 26(a)(ii) below	1,194,915	1,090,596	1,185,527	1,081,216
	503,956,831	536,375,951	423,284,872	459,912,729
12 month ECL on Bonds	(546)	(1,085)	(280)	(599)
12 month ECL on Treasury Bills	(58,311)	(62,213)	(51,294)	(55,173)
12 month ECL on corporate bond	(237,265)	(227,698)	(237,265)	(227,698)
Total	**503,660,709**	**536,084,955**	**422,996,033**	**459,629,259**
Investment securities at fair value through profit or loss				
Investment securities - FVPL Notes (see note 26(b) below)	57,509,753	-	57,509,753	-
Investment securities - Equity	3,250,000	2,620,200	3,250,000	2,620,200
	60,759,753	**2,620,200**	**60,759,753**	**2,620,200**
Investment securities at amortised cost:				
- Bonds	50,554,884	54,366,750	2,007,233	2,008,137
- Treasury bills	91,108,701	44,202,639	-	-
- Corporate bond	-	394,350	-	-
	141,663,585	**98,963,739**	**2,007,233**	**2,008,137**
12 month ECL on Bonds - Amortised Cost	(184,650)	(200,041)	(4,554)	(4,865)
12 month ECL on Treasury Bills - Amortised Cost	(348,678)	(133,745)	-	-
12 month ECL on Corp Bond - Amortised Cost	-	(10,444)	-	-
Total Investment securities at amortised cost	**141,130,257**	**98,619,509**	**2,002,679**	**2,003,272**
Total investment securities	**705,550,719**	**637,324,664**	**485,758,465**	**464,252,731**
Current	628,231,524	560,050,680	461,744,703	441,603,763
Non-current	77,319,195	77,273,984	24,013,762	22,648,968

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

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
FVOCI equity instrument				
- GIM UEMOA	9,388	9,380	-	-
- SANEF	50,000	-	50,000	-
- Unified Payment Services Limited[1]	272,704	243,188	272,704	243,188
- Nigeria Automated Clearing Systems	756,479	753,185	756,479	753,185
- Afrexim	106,344	84,843	106,344	84,843
	1,194,915	**1,090,596**	**1,185,527**	**1,081,216**
FVTPL equity instrument				
- Africa Finance Corporation[1]	3,250,000	2,620,200	3,250,000	2,620,200
	3,250,000	**2,620,200**	**3,250,000**	**2,620,200**
	4,444,915	**3,710,796**	**4,435,527**	**3,701,416**

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

Except for African Finance Corporation (AFC) that is held for trading, all other equity investments are classified as FVOCI.

The Bank received dividend income of N1,933,000 (June 2018: N137,267,000) from the equity investments designated at FVOCI during the period.

Kindly refer to Note 6e for the movement in the value of equity securities at fair value during the period.

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

27 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Financial assets held for trading				
- Treasury bills	511,623	485,431	-	-
Investment Securities - FVOCI (See note (c) below):				
- Treasury bills	60,454,258	56,298,638	60,454,258	56,298,638
12 months ECL on Pledged Assets	(7,819)	(6,899)	(7,819)	(6,899)
Total Investment Securities - FVOCI	**60,446,439**	**56,291,739**	**60,446,439**	**56,291,739**
Total Assets Pledged as Collateral	**60,958,062**	**56,777,170**	**60,446,439**	**56,291,739**
Current	60,958,062	56,751,661	60,446,439	56,291,739
Non-current	-	25,509	-	-

(b) Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions. The Bank is required to pledge the funds in order to have continuous access to the collection and settlement platforms, as well as the underlying transactions. There are no readily determinable associated liabilities to these pledged assets.

(c) Gross Treasury Bills pledged as collateral of N60,453,337,000 (December 2018: N56,298,638,000) 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-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Loans and advances to banks	1,645,368	2,997,306	40,257	48,738
Less Impairment:				
Stage 1 Loans	(56,949)	(39)	(4)	(39)
Stage 2 Loans	(25)	-	(25)	-
Stage 3 Loans	(2,751)	(2,625)	(2,751)	(2,625)
	1,585,643	**2,994,642**	**37,477**	**46,074**
Current	1,585,643	2,994,642	37,477	46,074
Non-current	-	-	-	-

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

Jun-2019
Group

In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January 2019	39	-	2,625	2,664
Foreign currency translation and other adjustments	(1,049)	-	-	(1,049)
Increase/(reversal) in impairment allowances	57,959	25	126	58,110
	56,949	**25**	**2,751**	**59,725**

Jun-2019
Parent

In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January 2019	39	-	2,625	2,664
Increase/(reversal) in impairment allowances	(35)	25	126	116
	4	**25**	**2,751**	**2,780**

Dec-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	-	-	(7,289)	(912)	5,695	(2,506)
Financial assets derecognised	-	-	-	-	(6,167)	(6,167)
	-	**-**	**39**	**-**	**2,625**	**2,664**

Dec-2018
Parent

In thousands of Nigerian Naira	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,630	1,630	-	-	-	-
IFRS 9 Reclassifications	(1,630)	(1,630)	1,630	-	-	1,630
IFRS 9 Adjustments	-	-	5,698	912	3,097	9,707
Balance at 1 January 2018 per IFRS 9	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	(7,289)	(912)	(472)	(8,673)
	-	**-**	**39**	**-**	**2,625**	**2,664**

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

Group

Jun-2019

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	-	-	1,637	1,637	39	-	988	1,027	-	-	-	-	39	-	2,625	2,664
Foreign currency translation and other adjustments	(1,049)	-	-	(1,049)	-	-	-	-	-	-	-	-	(1,049)	-	-	(1,049)
Increase/(reversal) in impairment allowances	57,994	-	(99)	57,895	(35)	25	225	215	-	-	-	-	57,959	25	126	58,110
Financial assets derecognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of period	**56,945**	**-**	**1,538**	**58,483**	**4**	**25**	**1,213**	**1,242**	**-**	**-**	**-**	**-**	**56,949**	**25**	**2,751**	**59,725**

Group

Dec-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	-	-	-	-	7,328	912	3,097	11,337	-	-	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	1,637	1,637	(7,289)	(912)	4,058	(4,143)	-	-	-	-	(7,289)	(912)	5,695	(2,506)
Financial assets derecognised	-	-	-	-	-	-	(6,167)	(6,167)	-	-	-	-	-	-	(6,167)	(6,167)
Balance, end of year	**-**	**-**	**1,637**	**1,637**	**39**	**-**	**988**	**1,027**	**-**	**-**	**-**	**-**	**39**	**-**	**2,625**	**2,664**

Parent

Jun-2019

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	-	-	1,637	1,637	39	-	988	1,027	-	-	-	-	39	-	2,625	2,664
Increase/(reversal) in impairment allowances	-	-	(99)	(99)	(35)	25	225	215	-	-	-	-	(35)	25	126	116
Balance, end of period	**-**	**-**	**1,538**	**1,538**	**4**	**25**	**1,213**	**1,242**	**-**	**-**	**-**	**-**	**4**	**25**	**2,751**	**2,780**

Parent

Dec-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	-	-	-	-	7,328	912	3,097	11,337	-	-	-	-	7,328	912	3,097	11,337
Increase/(reversal) in impairment allowances	-	-	1,637	1,637	(7,289)	(912)	(2,109)	(10,310)	-	-	-	-	(7,289)	(912)	(472)	(8,673)
Balance, end of year	**-**	**-**	**1,637**	**1,637**	**39**	**-**	**988**	**1,027**	**-**	**-**	**-**	**-**	**39**	**-**	**2,625**	**2,664**

29 Loans and advances to customers

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Loans to individuals:				
Loans	159,710,437	142,630,600	116,205,660	92,103,624
Overdrafts	11,171,548	12,301,713	9,925,791	10,711,696
Others[1]	61,292	51,966	-	-
Gross loans	**170,943,277**	**154,984,279**	**126,131,451**	**102,815,320**
Loans	(994,632)	(1,916,492)	(777,998)	(16,169)
Overdrafts	(179,652)	(23,055)	(104,661)	(21,370)
Impairment on Stage 1 - 12 Months ECL	**(1,174,284)**	**(1,939,547)**	**(882,659)**	**(37,539)**
Loans	(541,101)	(35,515)	(4,674)	(332)
Overdrafts	(364,003)	(20,123)	(338,086)	(20,116)
Impairment on Stage 2 - Life Time ECL Not Credit Impaired	**(905,104)**	**(55,638)**	**(342,760)**	**(20,448)**
Loans	(3,420,548)	(3,199,913)	(3,010,290)	(2,817,927)
Overdrafts	(3,594,661)	(2,185,578)	(3,517,131)	(2,183,327)
Impairment on Stage 3 - Non Performing Loans	**(7,015,209)**	**(5,385,491)**	**(6,527,421)**	**(5,001,254)**
Loans	(4,956,281)	(5,151,920)	(3,792,962)	(2,834,428)
Overdrafts	(4,138,316)	(2,228,756)	(3,959,878)	(2,224,813)
Total impairment	**(9,094,597)**	**(7,380,676)**	**(7,752,840)**	**(5,059,241)**
Loans	154,754,156	137,478,680	112,412,698	89,269,196
Overdrafts	7,033,232	10,072,957	5,965,913	8,486,883
Others[1]	61,292	51,966	-	-
Carrying amount	**161,848,680**	**147,603,603**	**118,378,611**	**97,756,079**
Loans to Non-individuals:				
Loans	1,021,302,085	997,775,648	916,105,506	878,193,363
Overdrafts	130,760,412	157,566,940	84,199,134	129,223,296
Others[1]	22,767,544	48,748,824	22,025,344	48,748,824
Gross loans	**1,174,830,041**	**1,204,091,412**	**1,022,329,984**	**1,056,165,483**
Loans	(3,565,744)	(4,904,087)	(2,699,961)	(4,431,267)
Overdrafts	(2,093,086)	(560,642)	(1,236,283)	(492,606)
Others[1]	(238,394)	(217,869)	(238,394)	(217,869)
Impairment on Stage 1 - 12 Months ECL	**(5,897,224)**	**(5,682,598)**	**(4,174,638)**	**(5,141,742)**
Loans	(6,788,972)	(8,143,678)	(5,732,332)	(8,058,286)
Overdrafts	(3,382,302)	(3,080,889)	(2,811,053)	(3,055,774)
Impairment on Stage 2 - Life Time ECL Not Credit Impaired	**(10,171,274)**	**(11,224,567)**	**(8,543,385)**	**(11,114,060)**
Loans	(17,946,014)	(31,601,089)	(13,586,994)	(26,001,613)
Overdrafts	(29,645,132)	(44,040,086)	(28,236,218)	(43,528,812)
Others[1]	(161,092)	(136,316)	(161,092)	(136,316)
Impairment on Stage 3 - Non Performing Loans	**(47,752,238)**	**(75,777,491)**	**(41,984,304)**	**(69,666,741)**
Loans	(28,300,730)	(44,648,854)	(22,019,287)	(38,491,166)
Overdrafts	(35,120,520)	(47,681,617)	(32,283,554)	(47,077,192)
Others[1]	(399,486)	(354,185)	(399,486)	(354,185)
Total impairment	**(63,820,736)**	**(92,684,656)**	**(54,702,327)**	**(85,922,543)**
Loans	993,001,355	953,126,794	894,086,219	839,702,197
Overdrafts	95,639,892	109,885,323	51,915,580	82,146,104
Others[1]	22,368,058	48,394,639	21,625,858	48,394,639
Carrying amount	**1,111,009,305**	**1,111,406,756**	**967,627,657**	**970,242,940**
Total carrying amount (individual and non individual)	**1,272,857,985**	**1,259,010,359**	**1,086,006,268**	**1,067,999,019**

[1] Others include Usances and Usances Settlement

Current	761,154,977	722,380,821	632,034,135	600,797,993
Non-current	511,703,008	536,629,538	453,972,133	467,201,026

Reconciliation of allowance accounts for losses on loans and advances to INDIVIDUALS
Jun-2019
Group

In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January 2018 per IFRS 9	1,939,547	55,638	5,385,491	7,380,676
Foreign currency translation and other adjustments	1,900	11,262	146	13,308
Net impairment allowances due to origination/derecognition of financial instruments	1,073,635	774,063	1,769,502	3,617,200
Transfer between stages	(1,840,798)	64,141	1,776,657	-
Financial assets derecognised	-	-	(1,916,587)	(1,916,587)
Balance, end of period	**1,174,284**	**905,104**	**7,015,209**	**9,094,597**

Jun-2019
Parent

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In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January 2018 per IFRS 9	37,539	20,448	5,001,254	5,059,241
Net impairment allowances due to origination/derecognition of financial instruments	845,120	322,312	1,659,632	2,827,064
Transfer between stages	-	-	-	-
Financial assets derecognised	-	-	(133,465)	(133,465)
Balance, end of period	**882,659**	**342,760**	**6,527,421**	**7,752,840**

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

Dec-2018

Group

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	1,309,374	2,298,763	3,608,137	-	-	-	-
IFRS 9 Reclassifications	(1,309,374)	(2,298,763)	(3,608,137)	2,298,763	-	1,309,374	3,608,137
IFRS 9 Adjustments	-	-	-	(537,740)	1,038,782	5,221,928	5,722,970
Balance at 1 January 2018 per IFRS 9	-	-	-	1,761,023	1,038,782	6,531,302	9,331,107
Foreign currency translation and other adjustments	-	-	-	40,256	(329,259)	(208,777)	(497,780)
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	1,779,127	144	(380,487)	1,398,784
Transfer between stages	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Financial assets derecognised	-	-	-	-	-	(2,851,435)	(2,851,435)
Balance, end of year	**-**	**-**	**-**	**1,939,547**	**55,638**	**5,385,491**	**7,380,676**

Dec-2018

Parent

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	392,090	2,228,509	2,620,599	-	-	-	-
IFRS 9 Reclassifications	(392,090)	(2,228,509)	(2,620,599)	2,228,509	-	392,090	2,620,599
IFRS 9 Adjustments	-	-	-	(558,582)	674,333	4,950,973	5,066,724
Balance at 1 January 2018 per IFRS 9	-	-	-	1,669,927	674,333	5,343,063	7,687,323
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	8,471	144	212,070	220,685
Transfer between stages	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Financial assets derecognised	-	-	-	-	-	(2,848,767)	(2,848,767)
Balance, end of year	**-**	**-**	**-**	**37,539**	**20,448**	**5,001,254**	**5,059,241**

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

Jun-2019

Group

In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January 2018 per IFRS 9	5,682,596	11,224,567	75,777,491	92,684,654
Foreign currency translation and other adjustments	(27,994)	65,871	2,778,016	2,815,893
Net impairment allowances due to origination/derecognition of financial instruments	(289,303)	(1,519,746)	(649,514)	(2,458,563)
Recovery	-	-	-	-
Transfer between stages	531,925	400,582	(932,507)	-
Financial assets derecognised	**-**	**-**	**(29,221,248)**	**(29,221,248)**
Balance, end of period	**5,897,224**	**10,171,274**	**47,752,238**	**63,820,736**

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Parent

In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January 2018 per IFRS 9	5,141,742	11,114,060	69,666,741	85,922,543
Foreign currency translation and other adjustments	-	-	124,751	124,751
Net impairment allowances due to origination/derecognition of financial instruments	(967,104)	(2,570,675)	(516,826)	(4,054,605)
Transfer between stages	-	-	-	-
Financial assets derecognised	-	-	(27,290,362)	(27,290,362)
Balance, end of period	**4,174,638**	**8,543,385**	**41,984,304**	**54,702,327**

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

Dec-2018

Group

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	47,605,013	16,576,560	64,181,573	-	-	-	-
IFRS 9 Reclassifications	(47,605,013)	(16,576,560)	(64,181,573)	16,576,560	-	47,605,013	64,181,573
IFRS 9 Adjustments	-	-	-	2,235,486	57,953,409	78,794,279	138,983,174
Balance at 1 January 2018 per IFRS 9	-	-	-	18,812,046	57,953,409	126,399,292	203,164,747
adjustments	-	-	-	(297,179)	(596,953)	(935,097)	(1,829,229)
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	9,910	483,120	3,017,177	3,510,207
Transfer between stages	-	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Financial assets derecognised	-	-	-	-	-	(112,161,071)	(112,161,071)
Balance, end of year	**-**	**-**	**-**	**5,682,596**	**11,224,567**	**75,777,491**	**92,684,654**

Dec-2018

Parent

In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 31 December 2017 per IAS 39	42,022,563	15,635,545	57,658,108	-	-	-	-
IFRS 9 Reclassifications	(42,022,563)	(15,635,545)	(57,658,108)	15,635,545	-	42,022,563	57,658,108
IFRS 9 Adjustments	-	-	-	2,047,903	57,245,949	77,098,966	136,392,818
Balance at 1 January 2018 per IFRS 9	-	-	-	17,683,448	57,245,949	119,121,529	194,050,926
Foreign currency translation and other adjustments	-	-	-	-	-	280,456	280,456
Net impairment allowances due to origination/derecognition of financial instruments	-	-	-	300,475	483,120	508,698	1,292,293
Transfer between stages	-	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Financial assets derecognised	-	-	-	-	-	(109,701,132)	(109,701,132)
Balance, end of year	**-**	**-**	**-**	**5,141,742**	**11,114,060**	**69,666,741**	**85,922,543**

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

Group

Jun-2019

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	1,916,492	35,515	3,199,913	5,151,920	23,055	20,123	2,185,578	2,228,756	-	-	-	-	1,939,547	55,638	5,385,491	7,380,676
Foreign currency translation and other adjustments	1,609	6,733	71	8,413	291	4,529	75	4,895	-	-	-	-	1,900	11,262	146	13,308
Increase/ (reversal) in impairment allowances due to derecognition	917,329	422,402	(674,350)	665,381	156,306	351,661	2,443,852	2,951,819	-	-	-	-	1,073,635	774,063	1,769,502	3,617,200
Transfer between stages	(1,840,798)	76,451	1,764,347	-	-	(12,310)	12,310	-	-	-	-	-	(1,840,798)	64,141	1,776,657	-
Financial assets derecognised	-	-	(869,433)	(869,433)	-	-	(1,047,154)	(1,047,154)	-	-	-	-	-	-	(1,916,587)	(1,916,587)
Balance, end of period	**994,632**	**541,101**	**3,420,548**	**4,956,281**	**179,652**	**364,003**	**3,594,661**	**4,138,316**	**-**	**-**	**-**	**-**	**1,174,284**	**905,104**	**7,015,209**	**9,094,597**

Group

Dec-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	1,694,921	260,207	1,104,053	3,059,181	66,102	778,575	5,427,249	6,271,926	-	-	-	-	1,761,023	1,038,782	6,531,302	9,331,107
Foreign currency translation and other adjustments	39,777	(210,174)	(124,050)	(294,447)	479	(119,085)	(84,727)	(203,333)	-	-	-	-	40,256	(329,259)	(208,777)	(497,780)
Increase/ (reversal) in impairment allowances due to derecognition	1,822,653	639,511	(73,393)	2,388,771	(43,526)	(639,367)	(307,094)	(989,987)	-	-	-	-	1,779,127	144	(380,487)	1,398,784
Transfer between stages	(1,640,859)	(654,029)	2,294,888	-	-	-	-	-	-	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Financial assets derecognised	-	-	(1,585)	(1,585)	-	-	(2,849,850)	(2,849,850)	-	-	-	-	-	-	(2,851,435)	(2,851,435)
Balance, end of year	**1,916,492**	**35,515**	**3,199,913**	**5,151,920**	**23,055**	**20,123**	**2,185,578**	**2,228,756**	**-**	**-**	**-**	**-**	**1,939,547**	**55,638**	**5,385,491**	**7,380,676**

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

Parent
Jun-2019

	Loans				Overdrafts				Others				Total			
In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	16,169	332	2,817,927	2,834,428	21,370	20,116	2,183,327	2,224,813	-	-	-	-	37,539	20,448	5,001,254	5,059,241
Increase/ (reversal) in impairment allowances due to derecognition	761,829	4,342	192,363	958,534	83,291	317,970	1,467,269	1,868,530	-	-	-	-	845,120	322,312	1,659,632	2,827,064
Transfer between stages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets derecognised	-	-	-	-	-	-	(133,465)	(133,465)	-	-	-	-	-	-	(133,465)	(133,465)
Balance, end of period	**777,998**	**4,674**	**3,010,290**	**3,792,962**	**104,661**	**338,086**	**3,517,131**	**3,959,878**	**-**	**-**	**-**	**-**	**882,659**	**342,760**	**6,527,421**	**7,752,840**

Parent
Dec-2018

	Loans				Overdrafts				Others				Total			
In thousands of Nigerian Naira	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	1,604,908	27,571	398,034	2,030,513	65,019	646,762	4,945,029	5,656,810	-	-	-	-	1,669,927	674,333	5,343,063	7,687,323
Increase/ (reversal) in impairment allowances due to derecognition	52,120	626,790	125,005	803,915	(43,649)	(626,646)	87,065	(583,230)	-	-	-	-	8,471	144	212,070	220,685
Transfer between stages	(1,640,859)	(654,029)	2,294,888	-	-	-	-	-	-	-	-	-	(1,640,859)	(654,029)	2,294,888	-
Financial assets derecognised	-	-	-	-	-	-	(2,848,767)	(2,848,767)	-	-	-	-	-	-	(2,848,767)	(2,848,767)
Balance, end of year	**16,169**	**332**	**2,817,927**	**2,834,428**	**21,370**	**20,116**	**2,183,327**	**2,224,813**	**-**	**-**	**-**	**-**	**37,539**	**20,448**	**5,001,254**	**5,059,241**

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

Group
Jun-2019

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	4,904,087	8,143,678	31,601,089	44,648,854	560,642	3,080,889	44,040,086	47,681,617	217,869	-	136,316	354,185	5,682,598	11,224,567	75,777,491	92,684,656
Foreign currency translation and other adjustments	(16,927)	43,967	1,121,889	1,148,929	(9,936)	21,904	1,647,177	1,659,145	(1,132)	-	8,950	7,818	(27,995)	65,871	2,778,016	2,815,892
Increase/ (reversal) in impairment allowances due to derecognition	(1,588,527)	(1,679,814)	(13,700,810)	(16,969,151)	1,309,109	160,068	13,025,810	14,494,987	(9,886)	-	25,486	15,600	(289,304)	(1,519,746)	(649,514)	(2,458,564)
Transfer between stages	267,111	281,141	(350,498)	197,754	233,271	119,441	(578,863)	(226,151)	31,543	-	(3,146)	28,397	531,925	400,582	(932,507)	-
Financial assets derecognised	-	-	(725,656)	(725,656)	-	-	(28,489,078)	(28,489,078)	-	-	(6,514)	(6,514)	-	-	(29,221,248)	(29,221,248)
Balance, end of period	**3,565,744**	**6,788,972**	**17,946,014**	**28,300,730**	**2,093,086**	**3,382,302**	**29,645,132**	**35,120,520**	**238,394**	**-**	**161,092**	**399,486**	**5,897,224**	**10,171,274**	**47,752,238**	**63,820,736**

Group
Dec-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	12,629,270	44,905,258	67,681,222	125,215,750	6,033,702	12,781,333	58,704,482	77,519,517	149,074	266,818	13,588	429,480	18,812,046	57,953,409	126,399,292	203,164,747
Foreign currency translation and other adjustments	(256,465)	(433,103)	(226,459)	(916,027)	(29,320)	(163,850)	(706,451)	(899,621)	(11,394)	-	(2,187)	(13,581)	(297,179)	(596,953)	(935,097)	(1,829,229)
Increase/ (revesal) in impairment allowances due to derecognition	55,779	92,476	4,226,731	4,374,986	(13,991)	545,397	(1,338,895)	(807,489)	(31,876)	(154,753)	129,341	(57,288)	9,912	483,120	3,017,177	3,510,209
Transfer between stages	(7,524,497)	(36,420,953)	(39,054,550)	(83,000,000)	(5,429,749)	(10,081,991)	98,511,740	83,000,000	112,065	(112,065)	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Financial assets derecognised	-	-	(1,025,855)	(1,025,855)	-	-	(111,130,790)	(111,130,790)	-	-	(4,426)	(4,426)	-	-	(112,161,071)	(112,161,071)
Balance, end of year	**4,904,087**	**8,143,678**	**31,601,089**	**44,648,854**	**560,642**	**3,080,889**	**44,040,086**	**47,681,617**	**217,869**	**-**	**136,316**	**354,185**	**5,682,598**	**11,224,567**	**75,777,491**	**92,684,656**

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

Parent
Jun-2019

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	4,431,267	8,058,286	26,001,613	38,491,166	492,606	3,055,774	43,528,812	47,077,192	217,869	-	136,316	354,185	5,141,742	11,114,060	69,666,741	85,922,543
Foreign currency translation and other adjustments	-	-	124,751	124,751	-	-	-	-	-	-	-	-	-	-	124,751	124,751
Increase/ (reversal) in impairment allowances due to derecognition	(1,731,306)	(2,325,954)	(12,539,370)	(16,596,630)	743,677	(244,721)	11,997,768	12,496,724	20,525	-	24,776	45,301	(967,104)	(2,570,675)	(516,826)	(4,054,605)
Transfer between stages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets derecognised	-	-	-	-	-	-	(27,290,362)	(27,290,362)	-	-	-	-	-	-	(27,290,362)	(27,290,362)
Balance, end of period	**2,699,961**	**5,732,332**	**13,586,994**	**22,019,287**	**1,236,283**	**2,811,053**	**28,236,218**	**32,283,554**	**238,394**	**-**	**161,092**	**399,486**	**4,174,638**	**8,543,385**	**41,984,304**	**54,702,327**

Parent
Dec-2018

In thousands of Nigerian Naira	Loans				Overdrafts				Others				Total			
	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment	Impairment on Stage 1 - 12 Months ECL	Impairment on Stage 2 - Life Time ECL Not Credit Impaired	Impairment on Stage 3 - Non Performing Loans	Total allowance for impairment
Balance at 1 January	11,655,289	44,391,980	64,646,215	120,693,484	5,922,355	12,587,151	54,474,818	72,984,324	105,804	266,818	496	373,118	17,683,448	57,245,949	119,121,529	194,050,926
Foreign currency translation and other adjustments	-	-	280,456	280,456	-	-	-	-	-	-	-	-	-	-	280,456	280,456
Increase/ (reversal) in impairment allowances due to	300,475	87,259	129,492	517,226	-	550,614	243,386	794,000	-	(154,753)	135,820	(18,933)	300,475	483,120	508,698	1,292,293
Transfer between stages	(7,524,497)	(36,420,953)	(39,054,550)	(83,000,000)	(5,429,749)	(10,081,991)	98,511,740	83,000,000	112,065	(112,065)	-	-	(12,842,181)	(46,615,009)	59,457,190	-
Financial assets derecognised	-	-	-	-	-	-	(109,701,132)	(109,701,132)	-	-	-	-	-	-	(109,701,132)	(109,701,132)
Balance, end of year	**4,431,267**	**8,058,286**	**26,001,613**	**38,491,166**	**492,606**	**3,055,774**	**43,528,812**	**47,077,192**	**217,869**	**-**	**136,316**	**354,185**	**5,141,742**	**11,114,060**	**69,666,741**	**85,922,543**

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Jun-2019 % ownership	Parent Dec-2018 % ownership	Parent Jun-2019 ₦'000	Parent Dec-2018 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	83.74	83.74	594,109	594,109
GTB Ghana	98.32	98.32	18,142,127	18,142,127
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	5,077,458
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
GTB Tanzania	70.00	70.00	2,749,390	2,749,390
			55,814,032	**55,814,032**
Current			-	-
Non-current			55,814,032	55,814,032

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

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

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 2019, are as follows:

Full period profit and loss
Jun-2019

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Operating income	1,744,758	-	16,649,509	4,129,549	2,633,599	3,371,100	2,190,865	1,477,117	5,522,606	154,400
Operating expenses	(733,710)	-	(4,418,695)	(1,784,627)	(1,506,682)	(2,828,613)	(1,259,171)	(856,831)	(3,867,494)	(444,553)
Loan impairment charges	-	-	203,083	(316,484)	(135,591)	(57,895)	(30,996)	(53,714)	(116,458)	(4,804)
Profit before tax	**1,011,048**	**-**	**12,433,897**	**2,028,438**	**991,326**	**484,592**	**900,698**	**566,572**	**1,538,654**	**(294,957)**
Taxation	-	-	(3,961,638)	(608,532)	(247,938)	(80,306)	(243,185)	(8,391)	(340,644)	-
Profit after tax	**1,011,048**	**-**	**8,472,259**	**1,419,906**	**743,388**	**404,286**	**657,513**	**558,181**	**1,198,010**	**(294,957)**
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**1,011,048**	**-**	**8,472,259**	**1,419,906**	**743,388**	**404,286**	**657,513**	**558,181**	**1,198,010**	**(294,957)**

Condensed financial position

Jun-2019

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Assets										
Cash and bank balances	815,535	8,658	77,657,843	14,615,138	5,438,516	143,871,785	16,328,790	1,491,526	33,041,402	261,207
Loans and advances to banks	-	-	-	-	-	523,836	-	-	-	1,024,330
Loans and advances to customers	-	2,605,910	29,421,375	19,365,105	24,226,325	31,831,005	5,931,530	5,351,900	69,215,778	923,291
Financial assets at fair value through profit or loss	-	-	18,275,240	-	-	-	-	-	-	-
Investment securities:										
– Fair Value through other comprehensive Income	44,204,284	-	-	-	-	34,659,817	21,993,707	9,388	24,001,764	-
– Held at amortised cost	-	-	96,813,843	8,660,823	1,103,504	-	2,429,270	13,412,789	15,807,830	899,519
Assets pledged as collateral	-	-	-	-	-	-	-	-	511,623	-
Restricted deposits and other assets	-	-	5,800,017	689,123	4,787,381	569,038	490,377	3,181,625	1,852,709	229,476
Property and equipment	-	-	3,674,140	1,173,476	2,281,320	770,903	2,472,695	2,208,573	2,474,896	1,435,095
Intangible assets	-	-	196,197	34,807	59,161	-	120,406	53,103	1,354,273	391,430
Deferred tax assets	-	-	60,676	49,631	-	373,836	-	-	1,696,104	-
Total assets	**45,019,819**	**2,614,568**	**231,899,331**	**44,588,103**	**37,896,207**	**212,600,220**	**49,766,775**	**25,708,904**	**149,956,379**	**5,164,348**
Financed by:										
Deposits from banks	-	-	45,638,581	-	-	126,054,537	-	7,887	7,502,974	239,386
Deposits from customers	-	-	134,828,947	32,394,685	27,093,738	68,140,749	41,508,659	17,293,800	111,276,299	1,924,888
Current income tax liabilities	-	-	1,130,251	(102,050)	248,025	(5,106)	76,735	8,449	(10,326)	-
Deferred tax liabilities	-	-	330,655	-	117,962	57,016	106,624	-	278,943	-
Other liabilities	10,763,537	-	1,895,716	1,445,474	1,156,532	1,838,371	2,632,055	1,488,600	2,653,865	124,664
Other borrowed funds	-	-	-	-	505,397	-	-	-	-	-
Total liabilities	**10,763,537**	**-**	**183,824,150**	**33,738,109**	**29,121,654**	**196,085,567**	**44,324,073**	**18,798,736**	**121,701,755**	**2,288,938**
Equity and reserve	34,256,282	2,614,568	48,075,181	10,849,994	8,774,553	16,514,653	5,442,702	6,910,168	28,254,624	2,875,410
	45,019,819	**2,614,568**	**231,899,331**	**44,588,103**	**37,896,207**	**212,600,220**	**49,766,775**	**25,708,904**	**149,956,379**	**5,164,348**

Condensed cash flow
Jun-2019

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Net cash flow:										
- from operating activities	(39,223,615)	-	58,255,115	136,850	104,023	1,704,842	5,563,438	1,658,827	18,715,644	9,497
- from investing activities	40,560,626	-	(38,069,639)	(1,350,083)	(796,903)	21,521	(3,506,494)	(2,408,759)	(9,484,599)	78,326
- from financing activities	(717,337)	-	(414,945)	-	(254,000)	-	(274,957)	-	-	-
Increase in cash and cash equivalents	619,674	-	19,770,531	(1,213,233)	(946,880)	1,726,363	1,781,987	(749,932)	9,231,045	87,823
Cash balance, beginning of period	195,861	8,611	61,983,571	16,428,420	6,353,309	141,716,358	14,729,744	2,240,276	24,035,996	171,330
Effect of exchange difference	-	47	(4,612,700)	(598,197)	21,590	429,063	(182,941)	1,180	12,116	2,055
Cash balance, end of period	**815,535**	**8,658**	**77,141,402**	**14,616,990**	**5,428,019**	**143,871,784**	**16,328,790**	**1,491,524**	**33,279,157**	**261,208**

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2019, are as follows:

Profit and loss
Jun-2019

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Operating income	2,853,951	817,302	1,851,363
Operating expenses	(1,887,722)	(810,764)	(1,168,997)
Loan impairment charges	265	(3,903)	(112,819)
Profit before tax	966,494	2,635	569,547
Taxation	(289,941)	(50,703)	-
Profit after tax	676,553	(48,068)	569,547

Condensed financial position
Jun-2019

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Assets			
Cash and bank balances	9,461,881	9,077,243	14,502,278
Loans and advances to customers	45,683,957	7,507,138	16,024,683
Investment securities:			
– Fair Value through other comprehensive Income	24,001,764	-	-
– Held at amortised cost	3,078,214	3,877,820	8,851,796
Assets pledged as collateral	-	511,623	-
Restricted deposits and other assets	1,010,225	352,487	510,645
Investment in subsidiaries	11,922,219	-	-
Property and equipment	932,953	335,683	1,206,260
Intangible assets	600,343	289,619	387,284
Deferred tax assets	1,031,205	664,899	-
Total assets	**97,722,761**	**22,616,512**	**41,482,946**
Financed by:			
Deposits from banks	7,502,714	260	-
Deposits from customers	58,815,025	18,608,259	33,853,015
Deferred tax liabilities	127,185	-	151,758
Other liabilities	715,539	399,966	1,538,360
Total liabilities	**67,160,463**	**19,008,485**	**35,543,133**
Equity and reserve	30,562,298	3,608,027	5,939,813
	97,722,761	**22,616,512**	**41,482,946**

Condensed results of the consolidated entities as at 30 June 2018, are as follows:

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

Dec-2018

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Condensed financial position										
Assets										
Cash and bank balances	195,861	8,611	61,983,571	16,428,420	6,353,309	141,716,358	14,729,744	2,240,276	24,035,996	171,330
Loans and advances to banks	-	-	-	-	-	993,658	-	1,250,684	-	704,226
Loans and advances to customers	-	2,591,823	31,614,790	16,906,300	27,841,700	35,016,568	5,092,777	5,498,482	69,417,339	340,860
Financial assets held for trading	-	-	2,394,661	-	-	-	-	-	-	-
Investment securities:										
– Fair Value through other comprehensive Income	45,700,820	-	-	-	-	34,274,921	21,278,347	9,380	20,893,047	-
– Held at amortised cost	-	-	65,158,703	7,902,263	437,081	-	-	12,073,606	10,065,326	979,256
Assets pledged as collateral	-	-	-	-	-	-	-	25,509	459,922	-
Other assets	-	-	5,033,424	412,812	3,083,712	460,879	456,037	776,583	3,288,144	246,803
Property and equipment	-	-	3,574,734	1,177,818	2,331,227	784,487	2,647,558	1,177,808	2,370,291	1,461,461
Intangible assets	-	-	147,488	-	63,565	-	107,104	59,094	1,453,357	330,421
Deferred tax assets	-	-	90,781	-	-	394,118	-	-	1,684,921	-
Total assets	**45,896,681**	**2,600,434**	**169,998,152**	**42,827,613**	**40,110,594**	**213,640,989**	**44,311,567**	**23,111,422**	**133,668,343**	**4,234,357**
Financed by:										
Deposits from banks	-	-	1	-	1,076,370	125,514,278	-	6,275	3,786,638	-
Deposits from customers	-	-	123,886,741	31,966,306	27,750,526	69,827,785	36,699,364	15,787,505	101,211,088	1,004,994
Current income tax liabilities	-	-	(81,418)	129,181	449,354	-	38,136	-	(395,614)	-
Deferred tax liabilities	-	-	138,228	16,647	-	-	139,951	-	439,132	-
Other liabilities	9,869,968	-	2,395,285	991,109	1,131,555	1,813,807	2,138,766	828,585	1,436,017	88,108
Other borrowed funds	717,337	-	450,290	-	755,292	-	-	-	-	-
Total liabilities	**10,587,305**	**-**	**126,789,127**	**33,103,243**	**31,163,097**	**197,155,870**	**39,016,217**	**16,622,365**	**106,477,261**	**1,093,102**
Equity and reserve	35,309,376	2,600,434	43,209,025	9,724,370	8,947,497	16,485,119	5,295,350	6,489,057	27,191,082	3,141,255
	45,896,681	**2,600,434**	**169,998,152**	**42,827,613**	**40,110,594**	**213,640,989**	**44,311,567**	**23,111,422**	**133,668,343**	**4,234,357**

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
Condensed cash flow										
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

Dec-2018

In thousands of Nigerian Naira	GT Bank Kenya	GT Bank Uganda	GT Bank Rwanda
Assets			
Cash and cash equivalents	5,226,568	8,299,488	10,509,940
Loans and advances to customers	44,697,639	7,036,414	17,683,286
Investment securities:			
– Fair Value through other comprehensive Income	20,893,047	-	-
– Held at amortised cost	3,117,203	2,809,808	4,138,315
Assets pledged as collateral	-	459,922	-
Other assets	770,318	410,953	2,106,873
Investment in subsidiaries	11,910,240	-	-
Property and equipment	875,596	355,462	1,139,233
Intangible assets	637,420	319,601	419,385
Deferred tax assets	1,028,863	656,058	-
Total assets	**89,156,894**	**20,347,706**	**35,997,032**
Financed by:			
Deposits from banks	2,516,889	1,269,749	-
Deposits from customers	56,618,089	14,860,691	29,732,308
Deferred tax liabilities	263,575	-	175,557
Other liabilities	386,300	603,314	446,403
Other borrowed funds	-	-	-
Total liabilities	**59,784,853**	**16,733,754**	**30,354,268**
Equity and reserve	29,372,041	3,613,952	5,642,764
	89,156,894	**20,347,706**	**35,997,032**

31 Property and equipment

(a) Group

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 2019	62,507,128	14,327,057	90,163,092	12,291,035	12,802,852	18,495,284	210,586,448
Exchange difference	(126,760)	(58,780)	(272,237)	(99,657)	-	(50,328)	(607,762)
Additions	13,894,735	1,757,327	10,189,660	1,435,941	111,879	2,342,496	29,732,038
Disposals/Reclass	(45,127)	(295,073)	(2,656,969)	(702,689)	-	-	(3,699,858)
Transfers	5,273,992	925,781	3,469,261	174,189	-	(9,843,223)	-
Balance at 30 June 2019	**81,503,968**	**16,656,312**	**100,892,807**	**13,098,819**	**12,914,731**	**10,944,229**	**236,010,866**
Balance at 1 January 2018	55,636,100	13,963,300	76,830,826	10,688,278	12,603,126	14,032,714	183,754,344
Exchange difference	328,105	24,140	709,025	102,199	-	137,714	1,301,183
Additions	4,126,662	217,859	12,626,130	2,744,107	199,726	8,436,185	28,350,669
Disposals	(31,907)	-	(1,154,877)	(1,243,549)	-	(389,415)	(2,819,748)
Transfers	2,448,168	121,758	1,151,988	-	-	(3,721,914)	-
Balance at 31 December 2018	**62,507,128**	**14,327,057**	**90,163,092**	**12,291,035**	**12,802,852**	**18,495,284**	**210,586,448**

[1] Of this amount as at June 2019, Leasehold improvement accounts for N19,059,341,000 (23.4%) while Buildings accounts for N62,444,628,000 (76.6%)

[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 2019	15,133,561	1,257,035	65,911,583	7,957,686	8,500,666	-	98,760,531
Exchange difference	(63,578)	(3,905)	(206,224)	(53,498)	-	-	(327,205)
Charge for the Period	1,214,995	109,748	6,213,774	856,893	936,501	-	9,331,911
Disposal	(43,557)	(16,464)	(2,449,427)	(608,082)	-	-	(3,117,530)
Balance at 30 June 2019	**16,241,421**	**1,346,414**	**69,469,706**	**8,152,999**	**9,437,167**	**-**	**104,647,707**
Balance at 1 January 2018	12,917,085	1,078,923	57,174,036	7,219,016	6,695,286	-	85,084,346
Exchange difference	96,914	4,088	549,401	73,584	-	-	723,987
Charge for the period	2,151,469	174,024	9,342,223	1,854,001	1,805,380	-	15,327,097
Disposal	(31,907)	-	(1,154,077)	(1,188,915)	-	-	(2,374,899)
Balance at 31 December 2018	**15,133,561**	**1,257,035**	**65,911,583**	**7,957,686**	**8,500,666**	**-**	**98,760,531**
Carrying amounts:							
Balance at 30 June 2019	**65,262,547**	**15,309,898**	**31,423,101**	**4,945,820**	**3,477,564**	**10,944,229**	**131,363,159**
Balance at 31 December 2018	**47,373,567**	**13,070,022**	**24,251,509**	**4,333,349**	**4,302,186**	**18,495,284**	**111,825,917**

Property and equipment (continued)

(b) Parent

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 2019	51,185,367	13,409,632	73,617,701	9,004,521	12,802,852	17,275,940	177,296,013
Additions[3]	14,092,617	103,322	8,972,545	895,856	111,879	1,844,316	26,020,535
Disposals/Reclass	-	-	(1,143,290)	(367,712)	-	-	(1,511,002)
Transfers	5,104,513	925,781	3,013,554	158,625	-	(9,202,473)	-
Balance at 30 June 2019	**70,382,497**	**14,438,735**	**84,460,510**	**9,691,290**	**12,914,731**	**9,917,783**	**201,805,546**
Balance at 1 January 2018	47,090,253	13,071,574	63,179,252	8,018,350	12,603,126	11,490,298	155,452,853
Additions	2,900,978	216,300	10,991,043	1,839,680	199,726	7,639,865	23,787,592
Disposals	-	-	(1,090,923)	(853,509)	-	-	(1,944,432)
Transfers	1,194,136	121,758	538,329	-	-	(1,854,223)	-
Balance at 31 December 2018	**51,185,367**	**13,409,632**	**73,617,701**	**9,004,521**	**12,802,852**	**17,275,940**	**177,296,013**

[1] Of this amount as at June 2019, Leasehold improvement accounts for N16,458,633,000 (23.4%) while Buildings accounts for N53,923,858,000 (76.6%)

[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 N584,854,700 (Dec 2018: N605,455,900) 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 2019	11,676,256	1,143,927	53,704,321	5,970,305	8,500,666	-	80,995,475
Charge for the Period	917,636	92,216	4,746,217	718,140	936,501	-	7,410,710
Disposal	-	-	(1,143,187)	(329,521)	-	-	(1,472,708)
Balance at 30 June 2019	**12,593,892**	**1,236,143**	**57,307,351**	**6,358,924**	**9,437,167**	**-**	**86,933,477**
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	1,452,667	173,754	7,701,465	1,321,491	1,805,380	-	12,454,757
Disposal	-	-	(1,090,920)	(841,417)	-	-	(1,932,337)
Balance at 31 December 2018	**11,676,256**	**1,143,927**	**53,704,321**	**5,970,305**	**8,500,666**	**-**	**80,995,475**
Carrying amounts:							
Balance at 30 June 2019	**57,788,605**	**13,202,592**	**27,153,159**	**3,332,366**	**3,477,564**	**9,917,783**	**114,872,069**
Balance at 31 December 2018	**39,509,111**	**12,265,705**	**19,913,380**	**3,034,216**	**4,302,186**	**17,275,940**	**96,300,538**

(c) The Bank and Group had capital commitments of N719,022,000 (31 December 2018: N973,990,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the period (2018: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2019	8,682,937	19,796,914	28,479,851
Exchange translation differences	77	(35,051)	(34,974)
Additions	-	831,385	831,385
Disposals	-	(215,703)	(215,703)
Balance at 30 June 2019	**8,683,014**	**20,377,545**	**29,060,559**
Balance at 1 January 2018	8,675,928	15,748,774	24,424,702
Exchange translation differences	7,009	314,381	321,390
Additions	-	3,733,759	3,733,759
Balance at 31 December 2018	**8,682,937**	**19,796,914**	**28,479,851**
Amortization and impairment losses			
Balance at 1 January 2019	-	12,077,230	12,077,230
Exchange translation differences	-	(29,622)	(29,622)
Amortization for the Period	-	1,290,950	1,290,950
Disposals	-	(183,708)	(183,708)
Balance at 30 June 2019	**-**	**13,154,850**	**13,154,850**
Balance at 1 January 2018	-	9,589,748	9,589,748
Exchange translation differences	-	185,303	185,303
Amortization for the Period	-	2,302,179	2,302,179
Balance at 31 December 2018	**-**	**12,077,230**	**12,077,230**
Carrying amounts:			
Balance at 30 June 2019	**8,683,014**	**7,222,695**	**15,905,709**
Balance at 31 December 2018	**8,682,937**	**7,719,684**	**16,402,621**

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the period ended June 2019 (2018: nil).

(b) Parent

In thousands of Nigerian Naira	Purchased Software
Cost	
Balance at 1 January 2019	14,528,576
Additions	459,934
Balance at 30 June 2019	**14,988,510**
Balance at 1 January 2018	11,593,688
Additions	2,934,888
Balance at 31 December 2018	**14,528,576**
Amortization and impairment losses	
Balance at 1 January 2019	8,892,970
Amortization for the Period	1,005,193
Balance at 30 June 2019	**9,898,163**
Balance at 1 January 2018	7,092,393
Amortization for the period	1,800,577
Balance at 31 December 2018	**8,892,970**
Carrying amounts:	
Balance at 30 June 2019	**5,090,347**
Balance at 31 December 2018	**5,635,606**

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated to the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

Cash Generating Units	Jun-19	Dec -18
Rest of West Africa:		
- Corporate Banking	42,349	35,699
- Commercial Banking	4,419	6,906
- Retail Banking	11,240	15,326
East Africa:		
- Corporate Banking	6,296,684	5,314,976
- Commercial Banking	657,058	1,028,198
- Retail Banking	1,671,262	2,281,831
	8,683,013	**8,682,936**

No impairment loss on goodwill was recognised during the year ended 30 June 2019 (31 December 2018: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by senior management covering a five-year period and appropriate discount rates.

Cash Flow Forecasts

The cash flow projections are based on future cash flows and the 5-year business plan appropriately approved by senior management. Cash flows to perpetuity were estimated using a 10-year average growth of GDP in the countries where the subsidiaries operate; 4.3 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 17.70% derived using CAPM approach. It would require over N2.89billion 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.

2019-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	40.2%	41.2%	41.7%	13.9%	13.4%	15.4%
Operating Income Growth Rate (%)	43.2%	43.7%	45.2%	18.0%	17.5%	19.5%
Other Operating Costs (₦'Million)	21,093	2,201	5,598	4,990	521	1,324
Capital Expenditure (₦'Million)	10,551	1,101	2,800	1,341	140	356
Recoverable Amount (₦'Million)	352,508	36,784	93,563	50,443	5,264	13,388
Long Term Growth Rate (%)	4%- 5%	4%- 5%	4%- 5%	6%- 7%	6%- 7%	6%- 7%
Discount Rate (%)	23.95%	23.95%	23.95%	17.70%	17.70%	17.70%

2018-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	55.6%	56.6%	57.1%	11.1%	11.9%	13.4%
Operating Income Growth Rate (%)	58.6%	59.1%	60.6%	15.7%	16.9%	17.1%
Other Operating Costs (₦'Million)	70,351	13,610	30,203	6,805	1,317	2,922
Capital Expenditure (₦'Million)	8,170	1,580	3,507	1,227	237	527
Recoverable Amount (₦'Million)	127,743	24,712	54,821	20,375	3,942	8,747
Long Term Growth Rate (%)	4%- 5%	4%- 5%	4%- 5%	6%- 7%	6%- 7%	6%- 7%
Discount Rate (%)	22.02%	22.02%	22.02%	12.48%	12.48%	12.48%

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira	Jun-2019			Dec-2018		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	4,119,571	-	4,119,571	2,169,819	-	2,169,819
Allowances for loan losses	60,676	-	60,676	-	-	-
Net deferred tax assets/(liabilities)	**4,180,247**	**-**	**4,180,247**	**2,169,819**	**-**	**2,169,819**

In thousands of Nigerian Naira	**Jun-2019**	**Dec-2018**
Deferred tax assets:		
-Deferred tax assets to be recovered within 12 months	60,676	-
-Deferred tax assets to be recovered after more than 12 months	4,119,571	2,169,819

Group
Deferred tax liabilities

In thousands of Nigerian Naira	Jun-2019			Dec-2018		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	-	19,329,742	19,329,742	-	14,153,584	14,153,584
Fair value reserves	-	1,032,915	1,032,915	874,103	-	(874,103)
Allowances for loan losses	-	-	-	1,553,797	-	(1,553,797)
Defined benefit obligation/Actuarial Loss	998,270	-	(998,270)	1,069,948	-	(1,069,948)
Revaluation gain and Other assets	4,369,948	-	(4,369,948)	2,869,886	-	(2,869,886)
Foreign currency translation difference	-	-	-	-	-	-
Net deferred tax (assets)/liabilities	**5,368,218**	**20,362,657**	**14,994,439**	**6,367,734**	**14,153,584**	**7,785,850**

In thousands of Nigerian Naira	**Jun-2019**	**Dec-2018**
Deferred tax assets:		
-Deferred tax assets to be recovered within 12 months	5,368,218	6,367,734
Deferred tax liabilities:		
-Deferred tax liabilities to be recovered within 12 months	3,272,807	1,556,894
-Deferred tax liabilities to be recovered after more than 12 months	17,089,850	12,596,690

Parent
Deferred Tax Liabilities

In thousands of Nigerian Naira		**Jun-2019**			**Dec-2018**	
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	-	16,438,541	16,438,541	-	13,419,627	13,419,627
Fair value reserves	-	1,032,915	1,032,915	874,103	-	(874,103)
Allowances for loan losses	-	-	-	1,553,797	-	(1,553,797)
Defined benefit obligation/Actuarial Loss	998,270	-	(998,270)	1,069,948	-	(1,069,948)
Revaluation gain and Other assets	2,065,648	-	(2,065,648)	2,033,325	-	(2,033,325)
Net deferred tax (assets)/liabilities	**3,063,918**	**17,471,456**	**14,407,538**	**5,531,173**	**13,419,627**	**7,888,454**

In thousands of Nigerian Naira	**Jun-2019**	**Dec-2018**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	3,063,918	5,531,173
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	2,954,775	1,476,159
-Deferred tax liabilities to be recovered after more than 12 months	14,516,681	11,943,468

Movements in deferred tax assets during the period

Group
Jun-2019

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2019	2,169,819	-	-	-	-	-	-	2,169,819
Recognised in Profit or loss	1,949,752	-	60,676	-	-	-	-	2,010,428
Other comprehensive Income	-	-	-	-	-	-	-	-
Balance at 30 June 2019	**4,119,571**	**-**	**60,676**	**-**	**-**	**-**	**-**	**4,180,247**

Movements in deferred tax liabilities during the period

Group
Jun-2019

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2019	14,153,585	(874,104)	(1,553,797)	-	(1,069,948)	(2,869,886)	-	7,785,850
IFRS 16 adjustment	-	-	-	-	-	(23,439)	-	(23,439)
Exchange Difference	(86,481)	648,860	92,787	-	-	8,089,826	(9,485,518)	(740,526)
Recognised in Profit or loss	5,262,638	(942,730)	1,461,010	-	71,678	(9,566,449)	11,264,488	7,550,635
Other comprehensive Income	-	2,200,888	-	-	-	-	(1,778,970)	421,918
Balance at 30 June 2019	**19,329,742**	**1,032,914**	**-**	**-**	**(998,270)**	**(4,369,948)**	**-**	**14,994,438**

Movements in deferred tax assets during the year

Group
Dec-2018

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2018	1,666,990	-	-	-	-	-	-	1,666,990
Recognised in Profit or loss	502,829	-	-	-	-	-	-	502,829
Balance at 31 December 2018	**2,169,819**	**-**	**-**	**-**	**-**	**-**	**-**	**2,169,819**

Movements in deferred tax liabilities during the year

Group
Dec-2018

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2018	10,889,410	1,355,995	(5,359,705)	-	(641,268)	7,086,332	4,745,461	18,076,225
Exchange Difference	(86,481)	648,860	92,787	-	-	(1,984,517)	(9,485,517)	(10,814,868)
Recognised in Profit or loss	3,350,656	(775,326)	3,713,121	-	(357,002)	(7,971,701)	1,230,534	(809,718)
Other comprehensive Income	-	(2,103,633)	-	-	(71,678)	-	3,509,522	1,334,211
Balance at 31 December 2018	**14,153,585**	**(874,104)**	**(1,553,797)**	**-**	**(1,069,948)**	**(2,869,886)**	**-**	**7,785,850**

Parent
Jun-2019

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2019	13,419,628	(874,103)	(1,553,797)	-	(1,069,948)	(2,033,325)	-	7,888,455
Exchange Difference	-	-	-	-	-	-	-	-
IFRS 16 adjustment	-	-	-	-	-	(23,439)	-	(23,439)
Recognised in Profit or loss	3,018,915	-	1,553,797	-	71,678	(8,885)	-	4,635,505
Other comprehensive Income	-	1,907,017	-	-	-	-	-	1,907,017
Balance at 30 June 2019	**16,438,543**	**1,032,914**	**-**	**-**	**(998,270)**	**(2,065,649)**	**-**	**14,407,538**

Parent
Dec-2018

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Mark to market loss on valuation of securities	Defined benefit obligation	Revaluation gain and Other assets	Foreign currency translation difference	Total
Balance at 1 January 2018	10,373,412	1,355,995	(5,359,705)	-	(641,268)	7,086,332	-	12,814,766
Exchange Difference	-	-	-	-	-	(796,848)	-	(796,848)
Recognised in Profit or loss	3,046,216	-	3,805,908	-	(357,002)	(8,322,809)	-	(1,827,687)
Other comprehensive Income	-	(2,230,098)	-	-	(71,678)	-	-	(2,301,776)
Balance at 31 December 2018	**13,419,628**	**(874,103)**	**(1,553,797)**	**-**	**(1,069,948)**	**(2,033,325)**	**-**	**7,888,455**

34 Restricted deposits and other assets

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Repossessed collaterals	8,501,637	8,439,161	8,439,161	8,439,161
Prepayments	18,961,348	24,415,996	12,644,648	12,146,851
Accounts Receivable	14,614,404	20,885,923	6,580,273	20,885,923
Foreign Banks - Cash Collateral	12,313,857	13,731,769	12,277,592	13,731,769
Restricted deposits with central banks (See note 34(i) below)	412,874,914	416,107,467	410,625,442	414,667,717
Contribution to AGSMEIS (See note 34(ii) below)	14,406,074	14,406,074	14,406,074	14,406,074
Recognised assets for defined benefit obligations (See note 39)	11,012,687	11,012,687	11,012,687	11,012,687
	492,684,921	**508,999,077**	**475,985,877**	**495,290,182**
Right-Of-Use Assets (See note 34(iii) below)	5,884,496	-	5,037,912	-
	498,569,417	**508,999,077**	**481,023,789**	**495,290,182**
Impairment on other assets (See note 34(v) below)	(263,001)	(320,375)	(263,001)	(320,375)
	498,306,416	**508,678,702**	**480,760,788**	**494,969,807**
Current	480,762,464	497,666,015	464,421,941	483,957,120
Non-current	17,543,952	11,012,687	16,338,847	11,012,687

(i) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N410,625,442,000 with the Central Bank of Nigeria (CBN) as at 30 June 2019 (December 2018: N414,667,717,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2018: 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) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

(iii) Right-of-use-assets[1]

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Opening balance	-	-	-	-
Reclassification from Other Assets	6,751,459	-	5,092,389	-
IFRS 16 Adjustment	73,215		73,215	
Additions during the period	290,289	-	230,439	-
Amortisation during the period	(1,188,300)	-	(315,964)	-
Short term leases recognised on a straight-line basis as expense	(42,167)	-	(42,167)	-
Closing balance	**5,884,496**	**-**	**5,037,912**	**-**

[1]IFRS 16 "Leases" became effective on January 1, 2019. The new standard required a Lessee in a lease contract to recognise Right-of-use-assets for all types of leases and this must be amortised through P&L. For the Group and Parent, the right-of-use assets relates to lease rentals on branches. The amortisation during the period is shown in Note 18.
Lease rentals was reported as part of Prepayments in Other Assets before the introduction of the new standard. As at Dec 2018, unamortised lease rentals amounting to N5,092,389,000 and N6,751,459,000 was included in Prepayments for the Parent and Group respectively.

(v) **Movement in impairment of other financial assets:**

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Opening Balance	320,375	126,846	320,375	126,846
Charge for the period	(57,374)	193,529	(57,374)	193,529
Closing Balance	263,001	320,375	263,001	320,375

34b Assets classified as held for sale and discontinued operations

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Investment in subsidiaries	-	-	3,220	3,220
Other assets[1]	-	-	940,810	935,725
Total assets of disposal group	**-**	**-**	**944,030**	**938,945**

Liabilities classified as held for sale and discontinued operations

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Other borrowed funds[1]	-	-	940,810	935,725
Total liabilities of disposal group	**-**	**-**	**940,810**	**935,725**

[1] This relates to $2.6million loan given by GTB Finance BV to the Parent which was re-invested into GTB Finance BV. These balances were eliminated on consolidation.

Net assets of disposal group	**-**	**-**	**3,220**	**3,220**

The investment is available for immediate sale in its present condition and its sale is highly probable. The management is committed to the disposal and there is an active programme to locate a buyer and complete the disposal.

35 Deposits from banks

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Money market deposits	15,552,530	4,640,988	360,938	721,071
Other deposits from banks	118,732,205	78,162,059	136,000	14,858
	134,284,735	**82,803,047**	**496,938**	**735,929**
Current	134,284,735	82,803,047	496,938	735,929
Non-current	-	-	-	-

36 Deposits from customers

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Retail customers:				
Term deposits	158,382,590	171,715,702	115,554,050	122,363,332
Current deposits	402,937,129	358,612,519	341,347,369	262,896,491
Savings	594,486,993	571,714,465	501,410,595	475,052,168
Corporate customers:				
Term deposits	207,142,024	195,263,989	166,492,686	160,007,356
Current deposits	1,054,861,234	976,596,468	858,591,079	845,496,825
	2,417,809,970	**2,273,903,143**	**1,983,395,779**	**1,865,816,172**
Current	2,416,057,854	2,265,812,606	1,983,365,696	1,865,760,385
Non-current	1,752,116	8,090,537	30,083	55,787

37 Financial liabilities at fair value through profit or loss

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Bond short positions	-	107,560	-	107,560
Treasury bills short positions	18,340,915	1,757,859	18,340,915	1,757,859
	18,340,915	**1,865,419**	**18,340,915**	**1,865,419**
Current	18,340,915	1,865,419	18,340,915	1,865,419
Non-current	-	-	-	-

38 Other liabilities

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Cash settled share based payment liability (Note 38(c))	10,763,537	9,869,968	-	-
Lease liabilities (Note 38(f))	151,396	-	151,396	-
Liability for defined contribution obligations (Note 38(a))	320,165	4,316	33	33
Deferred income on financial guarantee contracts	93,418	140,403	30,618	31,583
Litigation Claims Provision (Note 38(d))	111,357	91,720	91,720	91,720
Certified cheques	5,917,483	8,745,128	5,003,500	5,094,684
Customers' deposit for foreign trade (Note 38(b))	15,128,383	14,429,129	12,986,639	13,992,994
Customers' escrow balances	132,504,830	64,119,085	132,034,436	64,119,085
Account Payables	21,092,148	27,861,859	17,429,846	26,358,478
Creditors and agency services	19,397,097	7,027,157	14,220,407	2,352,860
Customers deposit for shares of other Corporates	680,780	1,057,854	680,780	1,057,854
Impairment On Contingents (Note 38(e))	6,546,901	7,100,889	6,142,092	6,713,128
	212,707,495	**140,447,508**	**188,771,467**	**119,812,419**
Current	195,050,043	119,089,414	182,364,798	108,820,874
Non-current	17,657,452	21,358,094	6,406,669	10,991,545

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to ea employee's retirement savings account maintained with their nominated pension fund administrators.

(b) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(c) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Jun-2019		**Dec-2018**	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	27.12	363,918	22.54	378,859
Granted	17.57	12,683	15.52	33,652
Exercised	32.73	(14,420)	36.12	(48,593)
As at end of the period	**29.72**	**362,181**	**27.12**	**363,918**

The total unit of shares of the scheme stood at 1,343,595,000 as at June 2019 (Dec 2018: 1,318,246,000), out of which 362,181,000 (Dec 2018: 363,918,000) have been granted. Out of the 362,181,000 Share Appreciation Right (SARs) granted as at June 2019 (Dec 2018: 363,918,000 SARs), 268,408,000 SARs (Dec 2018: 271,741,000) have met the vesting criteria. SARs exercised in 2019 resulted in 14,420,000 shares (Dec 2018:48,593,000) being granted at a weighted average price of N32.73 each (Dec 2018: N36.12 each)

The fair value of SAR was determined using a multi-factor model which entails using average share price for vested shares and multiple combination of 5.71% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

As at 30th June 2019, the impact of the SAR on the statement of financial position of the Group stood at N10,763,567,000 (2018:N9,869,968,000).

The Share Appreciation Right is a cash settled share based compensation scheme managed by a Special Purpose Vehicle (SPV) - Guaranty Trust Bank Staff Investment Trust. The scheme was introduced as a compensation plan for the bank's qualifying personnel to enhance employee retention, by offering the shares acquired by the SPV to qualifying members of staff at the prevailing net book value of the bank. Under the terms of the plan, the shares vest only if a member has spent 10 years in the bank, 5 years in the scheme and the purchased shares are up to 3 years old from the date of purchase. Upon exit if a member meets vesting conditions, the shares would be repurchased from the staff by the scheme.

The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs, by applying an option pricing model, taking into account the terms and conditions on which the SARs were granted, and the extent to which the employees have rendered services to date. The expected life used in the model has been adjusted based on management's best estima for the effects of exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price		Share options (thousands of Naira)	
Grant-Vest	Jun-2019	Dec-2018	Jun-2019	Dec-2018
2004-2009	34.33	31.59	3,976,312.43	4,001,696.00
2004-2017	32.63	29.26	140,379	125,901
2005-2010	31.48	28.07	572,001	510,071
2005-2013	32.70	29.67	768,892	697,593
2006-2011	32.46	29.89	173,372	153,687
2006-2014	33.85	31.13	331,062	304,425
2007-2012	32.59	29.51	859,387	773,832
2007-2013	31.86	28.86	96,093	87,044
2007-2014	31.93	28.68	322,294	283,829
2007-2015	33.05	30.38	66,527	57,731
2007-2016	28.67	26.33	227,876	285,449
2008-2013	30.36	27.40	492,447	418,860
2008-2014	30.59	28.34	78,133	66,717
2008-2015	29.69	26.79	87,678	79,121
2008-2017	30.96	29.33	63,050	69,455
2009-2014	29.07	26.89	106,755	92,416
2009-2015	30.41	31.76	17,646	15,403
2008-2026	22.82	-	9,791	-
2010-2015	27.17	26.81	29,337	23,458
2010-2016	30.71	27.77	92,922	79,852
2010-2017	32.05	29.16	61,337	55,814
2010-2018	27.31	25.83	58,260	49,945
2010-2019	33.33	29.22	74,707	65,486
2011-2016	27.82	24.59	537,303	446,388
2011-2017	30.97	29.88	48,038	41,478
2011-2018	33.31	29.26	61,614	54,133
2011-2019	24.61	20.85	76,301	61,504
2011-2020	23.16	19.60	48,637	37,235
2012-2017	25.98	23.91	134,591	113,689
2012-2018	27.31	24.63	22,121	19,951
2012-2021	30.39	26.54	9,117	7,961
2019-2024	4.65	-	9,109	-
2013-2018	25.44	22.04	332,095	261,680
2014-2019	25.03	19.92	204,612	155,264
2014-2022	14.92	18.87	6,291	3,708
2015-2020	21.38	16.74	198,913	142,164
2015-2022	18.09	15.03	45,215	34,574
2015-2023	14.38	14.50	8,143	5,228
2015-2024	10.05	7.05	894	627
2016-2021	14.03	8.92	236,651	138,373
2016-2025	9.85	5.34	10,831	5,875
2017-2022	9.19	6.35	44,000	26,573
2017-2023	8.06	5.43	1,613	1,087
2018-2026	4.96	4.01	474	201
2018-2023	5.68	4.18	20,714	14,490
			10,763,537	**9,869,968**

(d) Provision for litigation arose from the assessment carried out by the Solicitors of the Bank of all the pending litigations the Bank was involv in as at June 30, 2019. Please see Note 43 for further information on Litigations.

Movement in provision for litigation claims during the period is as follows:

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
Opening Balance	91,720	178,710	91,720	178,710
Increase/(reversal) during the period	19,637	(86,990)	-	(86,990)
Closing Balance	**111,357**	**91,720**	**91,720**	**91,720**

This relates to provision on pending cases that the bank is currently involved in. Please refer to Note 43 for more information. Timing of resulting outflows of economic resources with respect to the provision can not readily be determined.

(e) **Movement in impairment on contingents during the period is as follows:**

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
Opening balance	7,100,889	-	6,713,128	-
Additional impairmant on initial application of IFRS 9	-	6,741,958	-	6,741,958
Effect of exchange rate fluctuation	(384)	-	-	-
Charge/(Reversal) for the period	(553,604)	358,931	(571,036)	(28,830)
Closing Balance	**6,546,901**	**7,100,889**	**6,142,092**	**6,713,128**

(f) The Group leases a number of propeties to serve as its branch outlets. Using hindsight, based on the contracts options to extend or terminate the lease, the Group has estimated the future liabilities to be N151,396,000.
The period of future economic outflows of the lease liabilities is analysed below:

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
1-5years	40,129	-	40,129	-
3-6 months	658	-	658	-
6-12 months	5,597	-	5,597	-
Less than 3 months	3,827	-	3,827	-
More than 5 years	101,185	-	101,185	-
	151,396	**-**	**151,396**	**-**

39 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years. The defined benefit obligation valuation was carried out by Alexander Forbes Consulting Actuaries.

(a) The amounts recognised in the statement of financial position are as follows:

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
Present value of funded obligations	(3,327,565)	(3,327,565)	(3,327,565)	(3,327,565)
Total present value of defined benefit obligations	(3,327,565)	(3,327,565)	(3,327,565)	(3,327,565)
Fair value of plan assets	14,340,252	14,340,252	14,340,252	14,340,252
Present value of net asset/(obligations)	11,012,687	11,012,687	11,012,687	11,012,687
Recognized asset/(liability) for defined benefit obligations	**11,012,687**	**11,012,687**	**11,012,687**	**11,012,687**

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses. The defined benefit scheme is not open to asset ceiling, therefore, there is no need to determine any difference between net defined benefit asset and asset ceiling. Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 34

(b) Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
(Deficit)/surplus on defined benefit obligations, beginning of Period	11,012,687	9,658,362	11,012,687	9,658,362
Net (Expense) / Income recognised in Profit and Loss[1]	-	1,403,286	-	1,403,286
Re-measurements recognised in Other Comprehensive Income[2]	-	(238,928)	-	(238,928)
Contributions paid	-	189,967	-	189,967
(Deficit)/surplus for defined benefit obligations, end of period	**11,012,687**	**11,012,687**	**11,012,687**	**11,012,687**

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Interest income on Net defined benefit obligation[a]	-	185,667	-	185,667
Current service costs	-	(34,385)	-	(34,385)
	-	**151,282**	**-**	**151,282**

[a]Interest cost on Net Defined benefit Obligation is analysed below:

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Interest income on assets	-	410,891	-	410,891
Interest cost on defined benefit obligation	-	(225,224)	-	(225,224)
	-	**185,667**	**-**	**185,667**

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Jun-2019	Group Jun-2018	Parent Jun-2019	Parent Jun-2018
Return on plan assets, excluding amounts included in interest expense/income	-	(208,190)	-	(208,190)
Gain/(loss) from change in demographic assumptions	-	(57,228)	-	(57,228)
	-	**(265,418)**	**-**	**(265,418)**

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Equity securities:				
- Quoted	3,339,627	3,339,627	3,339,627	3,339,627
Government securities				
- Quoted	1,961,403	1,961,403	1,961,403	1,961,403
Offshore investments				
- Quoted	1,080,000	1,080,000	1,080,000	1,080,000
Cash and bank balances				
- Unquoted	7,959,222	7,959,222	7,959,222	7,959,222
	14,340,252	**14,340,252**	**14,340,252**	**14,340,252**

Group

In thousands of Nigerian Naira	Jun-2019		Dec-2018	
Equity securities	3,339,627	23%	3,339,627	23%
Government securities	1,961,403	14%	1,961,403	14%
Offshore investments	1,080,000	8%	1,080,000	8%
Cash and bank balances	7,959,222	56%	7,959,222	56%
	14,340,252	**100%**	**14,340,252**	**100%**

Parent

In thousands of Nigerian Naira	Jun-2019		Dec-2018	
Equity securities	3,339,627	23%	3,339,627	23%
Government securities	1,961,403	14%	1,961,403	14%
Offshore investments	1,080,000	8%	1,080,000	8%
Cash and bank balances	7,959,222	56%	7,959,222	56%
	14,340,252	**100%**	**14,340,252**	**100%**

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited

The N3,339,627,000 equity investments of the scheme includes the Group's ordinary shares with a fair value ofN3,121,095,000 (Dec 2018: N3,121,095,000). Additionally, out of the cash and bank balances of N7,959,222,000 , an amount with a fair value of N7,642,731,000 (Dec 2018:N7,642,731,000) represents deposit with the Group.

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are N167,502,000 (December 2018: N189,967,000) while gratuity payments are estimated to be N167,502,000 (December 2018: N189,967,000)

(d) Defined benefit cost for period ending June 2020 is expected to be as follows:

	Parent Jun-2020	Parent Jun-2019
Current service cost	70,307	68,770
Net Interest on Net benefit liability	(1,808,285)	(1,470,063)
Expense/(Income) recognised in profit or loss	(1,737,978)	(1,401,293)

Components of net interest on defined benefit liability for the period ending June 2020 is estimated to be as follows:

	Parent Jun-2020	Parent Jun-2019
Interest cost on defined benefit obligation	543,516	450,447
Interest income on assets	(2,351,801)	(1,920,510)
Total net interest cost	(1,808,285)	(1,470,063)

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

(e) Movement in plan assets:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Fair value of plan assets, beginning of the period	14,340,252	12,634,931	14,340,252	12,634,931
Contributions paid into/(withdrawn from) the plan	-	189,967	-	189,967
Benefits paid by the plan	-	(189,967)	-	(189,967)
Actuarial gain	-	(215,189)	-	(215,189)
Return on plan assets	-	1,920,510	-	1,920,510
Fair value of plan assets, end of the period	**14,340,252**	**14,340,252**	**14,340,252**	**14,340,252**

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Present value of obligation, beginning of the period	3,327,565	2,976,569	3,327,565	2,976,569
Interest cost	-	448,454	-	448,454
Current service cost	-	68,770	-	68,770
Benefits paid	-	(189,967)	-	(189,967)
Actuarial (gain) on obligation	-	23,739	-	23,739
Present value of obligation at end of the period	**3,327,565**	**3,327,565**	**3,327,565**	**3,327,565**

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2019	2018
Discount rate	16.4%	16.4%
Salary increase rate	12.5%	12.5%
Inflation	14.4%	14.4%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A1949/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 16.4%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 12.5% per annum. The inflation component has been worked out at 14.4% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(h) Reasonably possible changes at the reporting date of discount rate, salary increase rate and mortality rate would have affected the defined benefit obligation by the amounts shown below:

Group
Jun-2019
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	**Defined benefit obligation Increase**	**Decrease**
Discount rate	1.00%	(3,131,092)	3,546,989
Salary increase rate	1.00%	3,558,762	(3,117,582)
Mortality rate	1 year	3,330,247	(3,325,131)

Group
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-2019
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	**Defined benefit obligation Increase**	**Decrease**
Discount rate	1.00%	(3,131,092)	3,546,989
Salary increase rate	1.00%	3,558,762	(3,117,582)
Mortality rate	1 year	3,330,247	(3,325,131)

Parent
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)

In practice, changing an actuarial assumption while holding other assumptions constant is unlikely to occur as changes in some of the assumptions may be correlated.

(i) Expected maturity analysis of undiscounted pension and post-employment benefits:

In thousands of Nigerian Naira	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Present value of the defined benefit obligation	1,930	53,188	28,001	66,017,013	66,100,132
	1,930	53,188	28,001	66,017,013	66,100,132

(j) Historical information

In thousands of Nigerian Naira	Jun-2019	Dec-2018	Dec-2017	Dec-2016	Dec-2015
Present value of the defined benefit obligation	(3,327,565)	(3,303,826)	(2,621,754)	(3,613,593)	(2,693,447)
Fair value of plan assets	14,340,252	14,555,441	11,441,106	9,216,954	9,131,514
Experience adjustments on plan liabilities	-	(23,739)	(354,815)	1,290,766	(484,967)
Experience adjustments on plan assets	-	(215,189)	1,193,825	612,175	(857,767)
Surplus/(deficit)	11,012,687	11,012,687	9,658,362	7,506,302	5,095,333

(k) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance 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.

40 Other borrowed funds

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Due to IFC (see note (i) below)	51,833,131	59,940,225	51,833,131	59,940,225
Due to FMO	-	450,290	-	-
Due to BOI (see note (ii) below)	34,748,397	38,396,728	34,748,397	38,396,728
Due to CACS (see note (iii) below)	20,149,412	25,172,146	20,149,412	25,172,146
Due to Proparco (see note (iv) below)	10,462,078	12,308,296	9,956,681	11,553,004
MSME Development Fund (see note (v) below)	78,599	121,393	78,599	121,393
Excess Crude Account -Secured Loans Fund (see note (vi) belc	14,043,072	14,219,713	14,043,072	14,219,713
RSSF on lending (see note (vii) below)	29,297,888	25,292,215	29,297,888	25,292,215
SANEF Intervention Fund (see note (viii) below)	1,001,644	1,000,000	1,001,644	1,000,000
NESF Fund (see note (ix) below)	1,658,474	1,665,794	1,658,474	1,665,794
Due to DBN Intervention Fund (see note (x) below)	25,019,726	-	25,019,726	-
	188,292,421	**178,566,800**	**187,787,024**	**177,361,218**
Current	49,133,460	51,297,699	48,628,063	50,847,409
Non-current	139,158,961	127,269,101	139,158,961	126,513,809

i). The amount of N51,833,131,000 (USD 143,686,000) (December 2018: N59,940,225,000 ; USD 167,062,000) represents the outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014(USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.

ii). The amount of N34,748,397,000 (December 2018: N38,396,728,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/restructuring of SME/Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund (PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The BOI is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

iii). The amount of N20,149,412,000 (December 2018: N25,172,146,000) represents the outstanding balance on the on-lending facilities granted to the Parent by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) under the Commercial Agriculture Credit Scheme (CACS). The FGN is represented by the Federal Ministry of Agriculture and Rural Development (FMARD) who has the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. The Facility is for a period of 7 years at 2% p.a cost to the Parent. The maximum interest rate to the borrowers under the Scheme i 9% p.a inclusive of all charges.

iv). The amount of N9,956,681,000 (USD 27,601,000) (December 2018: N11,553,004,000 ; USD 32,200,000) represents the outstanding balance on the facility granted to the Parent by PROPARCO, the private sector financing arm of Agence Francais de Development(AfD). The facilities were disbursed in two tranches with the first tranche in December 2011 (USD 50,000,000) and the second tranche in January 2015(USD 50,000,000). The principal amount is repayable semi annually from January 2012 for the first tranche and April 2017 for the second tranche. Interest is paid on a semi-annual basis with the first tranche priced at 4.46% and second tranche at Libor plus 4.26%. The first tranche matured in January 2016 while the second tranche will mature in April 2022.

v). The amount of N78,599,000 (December 2018: N121,393,000) represents the outstanding balance on the on lending facility granted by the Central Bank of Nigeria targeted at the growth and development of the Micro, Small and Medium Scale sub sector of the economy by providing single digit low interest rate funds. The facility is granted at an interest rate of 2% to the Parent . The maximum rate, inclusive of all charges, to the eligible MSMEs is 9% p.a. and the tenor of the facility ranges from 1 to 3 years depending on the type of enterprise.

vi). The amount of N14,043,072,000 (December 2018: N14,219,713,000) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State Governments for the execution of developmental and infrastructure projects. The facility is secured by the balance due to State Governments from the Excess Crude Account. The facility is priced at 2% p.a payable on a monthly basis. The loan is granted to the States at 9% p.a inclusive of all charges. The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States. The tenor of the facility is 20 years.

vii). The amount of N34,297,888,000 (December 2018: N25,292,215,000) represents the outstanding balance on the Real Sector Support Facility (RSSF). The Facility is given by the Central Bank of Nigeria to support large enterprises for startups and expansion financing needs. The real sector activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The Facility is administered at an all-in Interest rate/charge of 9% per annum payable on quarterly basis. The Central Bank of Nigeria is entitled to earn 3% as interest while the Bank makes a 6% Spread.

xiii). The Shared Agent Network Facility (SANEF) is an intervention fund under the MSME Development Fund to provide ten (10) year loans to CBN Licensed and pre-qualified Mobile Money and Super- Agent operators for the purposes of rolling out of a Shared Agent Network. The objective of the Shared Agent Network is to deepen financial inclusion in the country with the offering of basic financial services such as Cash-in, Cash-out, Funds, Bills Payments, Airtime Purchase, Government disbursements as well as remote enrollment on BMS infrastructure (BVN). The facility is for 10 years inclusive of a 2-year moratorium on principal and 1- year moratorium on Interest. The facility is disbursed at a single digit, all-inclusive interest rate of 5% per annum.

ix). The Non Oil Export Stimulation Facility (NESF) was introduced by the Central Bank of Nigeria (CBN) to diversify the revenue base of the economy and promote growth of the non-oil export sector. The facility is granted at an all-inclusive interest rate of 9% p.a. payable on a quarterly basis. NESF can have a tenor of up to 10 years not exceeding 31st December, 2027 and the principal amount is repayable quarterly over the tenure of the facility.

x). Due to DBN intervention fund is a scheme in which the Development Bank of Nigeria (DBN) availed the Parent a facility to meet the financing need of entrepreneurs in the Micro, Small and Medium Enterprises sector. The facility attracts an interest rate of 9.6% per annum for 3 years tenor.

40b Reconciliation of Financial Liabilities

For the Period ended 30 June 2019

Group

Jun-2019

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**-**	**178,566,800**	**-**
Cash inflow - Principal	-	30,522,143	-
Cash outflow - Principal	-	(21,153,843)	-
Cash outflow - Interest	-	(3,444,924)	-
Effect of exchange rate fluctuation	-	358,517	-
Other non-cash	-	3,443,728	-
Closing Balance	**-**	**188,292,421**	**-**

Group

Jun-2018

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	-	(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

Jun-2019

In thousands of Nigerian Naira	Debt securities issued	Long term borrowings	Finance lease
Opening Balance	**-**	**177,361,218**	**-**
Cash inflow - Principal	-	30,522,143	-
Cash outflow - Principal	-	(20,497,888)	-
Cash outflow - Interest	-	(3,431,157)	-
Effect of exchange rate fluctuation	-	389,757	-
Other non-cash	-	3,442,950	-
Closing Balance	**-**	**187,787,023**	**-**

Parent

Jun-2018

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**	**-**

41 **Capital and reserves**

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group.

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
(a) Authorised:				
50,000,000,000 ordinary shares of 50k each (31 December 2018: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
(b) Issued and fully paid:				
29,431,179,224 ordinary shares of 50 kobo each (31 December 2018: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
27,023,260,587 ordinary shares (Non-GDR) of 50k each (31 December 2018: 26,789,923,737)	13,511,631	13,394,962	13,511,631	13,394,962
2,407,918,637 ordinary shares (GDR) of 50k each (31 December 2018: 2,641,255,487)	1,203,959	1,320,628	1,203,959	1,320,628
	14,715,590	**14,715,590**	**14,715,590**	**14,715,590**

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the period was as follows:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
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 2018	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
(Purchases)/sales of treasury shares	-	-	-	(292,390)
At 31 December 2018/1 January 2019	**29,431,180**	**14,715,590**	**123,471,114**	**(5,583,635)**
(Purchases)/sales of treasury shares	-	-	-	(567,607)
At 30 June 2019	**29,431,180**	**14,715,590**	**123,471,114**	**(6,151,242)**

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 b 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 statut 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. Total statutory reserves was N272,609,043,000 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 investm 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 schem 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 N6,151,242,000 (31 December 2018:N5,583,635,000) represents the Bank's shares held b Staff Investment Trust as at 30 June 2019.

(iv) **Fair value reserve:** The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired.

(v) **Regulatory risk reserve:** The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances a determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IFRS 9 Expected credit loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required under IFRS 9. Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N4,361,913,000.

(vi) **Retained earnings:** Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

(vii) **Non-controlling interest**

The analysis of non-controlling interest per subsidiary is as shown below:

	Group Jun-2019	Group Dec-2018	Group Jun-2019	Group Dec-2018
	%	%	₦'000	₦'000
GTB (Gambia) Limited	22.19	22.19	1,241,802	1,163,198
GTB (Sierra Leone) Limited	16.26	16.26	1,778,497	1,575,155
GTB (Ghana) Limited	2.03	2.03	827,233	690,769
GTB Liberia	0.57	0.57	51,280	47,049
GTB Kenya Limited	30.00	30.00	8,470,554	8,025,001
GTB Tanzania	30.00	30.00	860,003	932,289
			13,229,369	12,433,461

Please refer to Note 44 for more information on the Group structure

(viii) **Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS):** The AGSMEIS is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

(ix) **Other regulatory reserves breakdown**

		Jun-2019		
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**AGSMEIS Reserves**	**Total**
Opening Balance	272,609,043	4,232,478	14,406,074	291,247,595
Total comprehensive income for the period:				
Transfers for the period	-	-	-	-
Total transactions with equity holders	-	-	-	-
Balance as at 30 June 2019	**272,609,043**	**4,232,478**	**14,406,074**	**291,247,595**

		Dec-2018		
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**AGSMEIS Reserves**	**Total**
Opening Balance	247,571,078	4,232,478	6,341,840	258,145,396
Total comprehensive income for the year:				
Transfers for the year	25,037,965	-	8,064,234	33,102,199
Total transactions with equity holders	**25,037,965**	**-**	**8,064,234**	**33,102,199**
Balance as at 31 December 2018	**272,609,043**	**4,232,478**	**14,406,074**	**291,247,595**

42 **Dividends**

The following dividends were declared and paid by the Group during the period ended:

In thousands of Nigerian Naira	Group Jun-2019	Group Dec-2018	Parent Jun-2019	Parent Dec-2018
Balance, beginning of period	-	-	-	-
Final dividend declared[1]	72,106,389	79,464,184	72,106,389	79,464,184
Payment during the Period	(72,106,389)	(79,464,184)	(72,106,389)	(79,464,184)
Balance, end of period	**-**	**-**	**-**	**-**

[1] This relates to the final dividend declared for the 2018 financial year.

Subsequent to the balance sheet date, the Board of directors proposed an interim dividend of 30k per share (June 2018: 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 487 cases as a defendant (31 December 2018: 484) and 412 cases as a plaintiff (31 December 2018: 426). The total amount claimed in the 487 cases against the Bank is estimated at N463.99 Billion and $39.03 Million (31 December 2018: N476.03 Billion and $39.68 Million) while the total amount claimed in the 412 cases instituted by the Bank is N187.7 Billion (31 December 2018: N111.00 Billion). However, the solicitors of the Bank are of the view that the probable liability w may arise from the cases pending against the Bank is not likely to exceed N80.73 Million (31 December 2018: N91.72 Million). This probabl liability has been fully provided for by the Bank (please refer to Note 38).

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving transaction related bonds and indemnities. Contingent liabilities and Commitments comprise guarantees and letters of credit.

Nature of instruments

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties on production of documents, which is usually reimbursed immediately by customers. The following tables summarise the nominal amount of contingent liabilities and commitments with off-financial position risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
Contingent liabilities:				
Transaction related bonds and guarantees	373,947,566	386,386,612	348,884,096	362,816,565
	373,947,566	**386,386,612**	**348,884,096**	**362,816,565**
Commitments:				
Short term foreign currency related transactions				
Clean line facilities and letters of credit	40,073,734	46,922,591	16,487,309	22,059,650
Other commitments	8,247,669	7,742,322	-	-
	48,321,403	**54,664,913**	**16,487,309**	**22,059,650**

b. 55% (N190,458,649,000) of all the transaction related bonds and guarantees are collaterised (December 2018: 63% (N228,695,679,000)) while the balance of N158,425,448,000 (December 2018: N134,120,884,000) is non-collaterized

44. Group entities

The Group is controlled by Guaranty Trust Bank Plc "the ultimate Parent" (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

i	**Significant subsidiaries**					
		Country of incorporation	**Ownership interest**	**NCI**	**Ownership interest**	**NCI**
			June-19	**June-19**	**Dec-18**	**Dec-18**
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	22.19%	77.81%	22.19%
2	Guaranty Trust Bank Sierra Leone Limited	Sierra Leone	83.74%	16.26%	83.74%	16.26%
3	Guaranty Trust Bank Ghana Limited	Ghana	98.32%	1.68%	98.32%	1.68%
4	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	0.00%	100.00%	0.00%
5	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	0.57%	99.43%	0.57%
6	Guaranty Trust Bank Cote D'Ivoire S.A	Cote D'Ivoire	100.00%	0.00%	100.00%	0.00%
7	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	30.00%	70.00%	30.00%
8	Guaranty Trust Bank Tanzania Limited	Tanzania	70.00%	30.00%	70.00%	30.00%
	Special purpose entity:					
	Staff Investment Trust	Nigeria	100.00%	0.00%	100.00%	0.00%

ii	**Indirect investment in Subsidiaries**					
		Country of incorporation	**Ownership interest**	**NCI**	**Ownership interest**	**NCI**
			Jun-19	**Jun-19**	**Dec-18**	**Dec-18**
1	Guaranty Trust Bank Rwanda Limited	Rwanda	67.20%	32.80%	67.20%	32.80%
2	Guaranty Trust Bank Uganda Limited	Uganda	70.00%	30.00%	70.00%	30.00%

The subsidiaries and sub-subsidiaries of the Group are all involved in banking business only.

(a) GTB Gambia was incorporated in April 2001 and commenced operations in March 2002.

(b) GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.

(c) Guaranty Trust Bank (Ghana) was incorporated in October 2004 and commenced operations in March 2006.

(d) Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008.

(e) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.

(f) Guaranty Trust Bank (Cote D'Ivoire) is Guaranty Trust Bank Plc's first subsidiary in Francophone West Africa. The Bank was licensed by the Central Bank of Cote D'Ivoire to offer banking services to the

Ivorian public and commenced operations on April 16, 2012.

(g) The Group extended its regional presence in Africa in December 2013 by acquiring 70% stake in Fina Bank Limited, a commercial bank incorporated in Kenya with subsidiaries in Uganda and Rwanda. The bank has been re-branded as Guaranty Trust Bank Kenya Limited.

(h) Guaranty Trust Bank (Tanzania) was incorporated in July 14th 2016 and commenced operations in December 2017 to spread its delivery of superior financial services to its East African customers.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, the Group's liability will be limited to its level of investment in the entity .

Non -controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for the period ended 30 June, 2019:

	Significant subsidiaries	**Principal place of business**	**Accumulated Non-controlling Interest**		**Profit or loss Allocated to Non-controlling Interest**	
	In thousands of Nigerian Naira		**June-19**	**Dec-18**	**June-19**	**June-18**
1	Guaranty Trust Bank Gambia Limited	Gambia	1,241,802	1,163,198	145,917	103,265
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	1,778,497	1,575,155	230,868	236,635
3	Guaranty Trust Bank Ghana Limited	Ghana	827,233	690,769	142,575	108,672
4	Guaranty Trust Bank Liberia Limited	Liberia	51,280	47,049	4,213	5,860
5	Guaranty Trust Bank Kenya Limited	Kenya	8,470,554	8,025,001	358,644	169,760
6	Guaranty Trust Bank Tanzania Limited	Tanzania	860,003	932,289	(88,487)	(85,555)

45. Unconsolidated interests in structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Name of the entity	**3 Peat Investment Ltd**
Percentage holding	70%
Nature of entity	Hotel & Leisure
Purpose of investment	Government-induced investment
Activities of entity	Provision of hospitality services
Line item in SOFP	Investment securities-FVOCI***
Loans granted	N3,012,312,000 (Dec-2018: N2,905,580,000)
****Maximum exposure to loss**	N3,012,312,000 (Dec-2018: N2,905,580,000)
Source of Financing	Equity financing and loans from financial institutions

** Maximum exposure comprises the cost of investment and total facilities granted at arm's length to the entity.

***Fair Value through Other Comprehensive Income.

The Bank does not provide financial support to the unconsolidated structured entity and has no plans to provide financial support to the entity in the future. However, the bank extended loans to the entity in the normal course of business at arm’s length.

The Bank does not have the rights to direct the entity to enter into, or veto any changes to transactions for the benefit of the Bank. In addition, the bank does not exercise decision-making rights that give the bank the ability to direct the relevant activities of the entity. Furthermore, there is no inter-change of personnel between the Bank and the entity. Likewise, the Bank does not have any form of control or influence on decision making apparatus of the entity. Accordingly, the account of the entity is not consolidated.

46. Related parties

(a) **Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or another party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) **Subsidiaries**

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. These transactions are eliminated on consolidation, hence, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

The Bank has receivables from GTBank Cote D'Ivoire, GTBank Liberia and GTBank Tanzania to the tune of ₦53,531,000, ₦4,080,000 and ₦19,922,000 respectively as at 30 June, 2019. The Bank also received interest of ₦177,379,000 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 2019

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc (Director Related) or related to a Key Management Personnel (Insider Related) at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N165,428,000 (31 December 2018:N179,316,000) was outstanding on these facilities at the end of the period. The bank earned a sum of N14,802,000 (June 2018: 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-2019**	**Dec-2018**
Ithena Logic Ltd	Director Related	Overdraft	Performing	Lien On Shares		
Jaykay Pharmacy Ltd	Director Related	Overdraft	Performing	Mortgage Debenture	7,938	7,125
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan	Performing	Domiciliation; Personal Guarantee	2,152	4,209
Comprehensive Project Mgt.Ser	Director Related	Gt Mortgage/Term Loan	Performing	Legal Mortgage & Domiciliation	7,047	-
School Kits Limited	Insider Related	Time Loan	Performing	Tripartite Legal Mortgage,Personal Guarantee	35,666	50,208
Hassan Ibrahim	Director Related	GT Mortgage	Performing	Legal Mortgage	63,657	58,230
Agusto, Olabode Mubasheer	Director Related	Term Loan	Performing	Legal Mortgage	48,968	59,544
					165,428	**179,316**

(e) Director/insiders related deposit liabiilties

Name of company/Individual	Relationship	Type of Deposit	Parent	Parent
In thousands of Nigerian Naira			Jun-2019	Dec-2018
Agusto & Co. Limited	Director Related	Demand Deposit	43,607	38,122
Alliance Consulting	Director Related	Demand Deposit	167	167
Comprehensive Project Mgt. Servic	Director Related	Demand Deposit	14,020	34,468
Cubic Contractors Limited	Director Related	Demand Deposit	2,194	2,194
Eterna Plc	Director Related	Demand Deposit	18,808	74,966
IBFC Limited	Director Related	Demand Deposit	50	50
Jaykay Pharmacy Limited	Director Related	Demand Deposit	-	9
Kresta Laurel Limited	Director Related	Demand/Time Deposits	186,957	226,053
Main One Cable Company Ltd	Director Related	Demand Deposit	5,975	814
WSTC Financial Services Ltd	Director Related	Demand/Time Deposits	283,183	150,273
WSTC Nominee Limited	Director Related	Demand Deposit	431	431
Wstc Securities Limited	Director Related	Demand Deposit	56,080	66,038
International Travel Express Ltd	Director Related	Demand Deposit	16	15
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposit	9	9
Polystyrene Industries Ltd	Director Related	Demand Deposit	10,762	2,663
Touchdown Travels Limited	Director Related	Demand/Time Deposits	21,200	19,569
Agbaje, Olufemi Augustus	Director Related	Demand Deposit	7,620	21,155
Adeola Razack Adeyemi	Director Related	Demand Deposit	20,929	21,271
IBFC Alliance	Director Related	Demand Deposit	1,725	265
Fcsl Asset Mgt Company Ltd	Director Related	Demand Deposit	52,699	4,160
Ithena Logic Limited	Director Related	Demand Deposit	1	1
School Kits Limited	Insider Related	Demand Deposit	804	3,545
Uzoewulu, Lisa Obiageli	Insider Related	Demand Deposit	31	23
Adeola Fola	Director Related	Demand Deposit	1,310,860	265,675
Hassan Ibrahim	Director Related	Demand Deposit	9,752	1,185
Agusto, Olabode Mubasheer	Director Related	Demand Deposit	7,218	1,799
Downtown Hotel & Cat. Services	Director Related	Demand Deposit	6,564	158
			2,061,662	**935,078**

Interest expense on insider related deposits was N27,466,000 (June 2018: 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-2019**	**Dec-2018**
GTB Sierra Leone	Subsidiaries	Domicilliary	1,335	1,328
GTB Ghana	Subsidiaries	Demand Deposit	3,462	3,462
GTB Ghana	Subsidiaries	Domicilliary	42,779	42,548
			47,576	47,338

(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-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
Secured loans	165,428	179,316	165,428	179,316

Deposits:

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Dec-2018**	**Parent Jun-2019**	**Parent Dec-2018**
Total deposits	2,061,662	935,078	2,061,662	935,078

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the end of the period.

(h) **Key management personnel compensation for the period comprises:**

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
Wages and salaries	837,987	896,636	754,535	785,830
Post-employment benefits	10,122	64,358	10,122	64,358
Share-based payments	463,335	1,357,813	463,335	1,224,789
Increase /(decrease) in share appreciation rights	466,798	137,017	-	-
	1,778,242	**2,455,824**	**1,227,992**	**2,074,977**

(i) (i) **Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
Fees as directors	160,113	222,295	33,000	24,500
Other allowances	264,566	143,939	127,007	113,612
	424,679	366,234	160,007	138,112
Executive compensation	408,033	249,973	408,033	359,973
	832,712	**616,207**	**568,040**	**498,085**

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Jun-2019	Parent Jun-2018
Chairman	29,720	16,049
Highest paid director	172,348	164,578

(iii) The emoluments of all other directors fell within the following ranges:

	Parent Jun-2019	Parent Jun-2018
N 6,500,001 - N11,000,000	2	2
N13,000,001 - N13,500,000	-	1
N13,500,001 - N22,500,000	3	4
Above N22,500,001	9	7
	14	14

47 Contraventions

INFRACTION	AMOUNT
AML/CFT regulation on three tiered KYC	N2,000,000
2018 Risk Based Examination findings	N8,000,000

48 Subsequent events

Aside from the interim dividend of 30k per share declared by the Board of Directors, there were no other events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.

49 Adjustments recognised on adoption of IFRS 16

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The measurement principles of IFRS 16 are only applied after that date.
The change in accounting policy affected the following items on 1 January 2019:

In thousands of Nigerian Naira	Group	Parent
Prepayments decreased by:	6,751,459	5,092,389
Right-of-use assets increased by:	6,824,674	5,165,604
Lease liabilities increased by:	151,396	151,396
Deferred tax liabilities increased by:	23,439	23,439
Retained earnings decreased by:	54,690	54,690

Other National disclosures/Other Information

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN provided for the adaptation of the prudential guidelines to IFRS after it has been adopted in Nigeria. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

- i. Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.
- ii. Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

(b) The non-distributable reserve should be classified under Tier 1 as part of core capital.

The group has fully complied with the requirements of the guidelines.

Provisioning as recommended by Prudential Guideline

Loan provisioning is segregated along two (2) categories as detailed below:

1. **Loans other than Specialized Loans**

   The provisioning policy for ‘loans other than specialized loans’ covers the following:

   - i. Commercial Loans
   - ii. Commodities Financing
   - iii. Corporate Loans
   - iv. Retail & Consumer Credits
   - v. Facilities granted to Federal, State and Local governments and their parastatals.
   - vi. Facilities not specifically classified as specialized loans by the CBN.

The 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

(e) 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, 2018 amounted to N95,666,736,000. Of the amount recommended by the Central Bank of Nigeria, N21,462,240,000 relates to 2% General Loan Loss Provision on performing loans and N384,268,000 relates to Other Known Losses. 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 N4,361,913,000 at the end of the period.

The Reconciliation between the CBN Recommended provisions and that under IFRS as at June 2019 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		73,820,228	21,462,240	95,282,468
	Specific loans written off during the period		(27,423,827)	-	(27,423,827)
	Provision no longer required		(1,200,500)		
	Reassessment of Provision		45,195,901	21,462,240	66,658,141
	Impairment allowance per IFRS 9: (Stages 1,2,3)	(Notes 28 & 29)	(62,457,947)	-	(62,457,947)
	Amount required in Regulatory Risk Reserve[1]		**(17,262,046)**	**21,462,240**	**4,200,194**
	Amount in Regulatory Risk Reserve	(SOCIE - Page 57)			**(4,361,913)**

b	**Provision for Other Known Losses:**			
	Provision for Other Known Losses – CBN recommended (A)			**384,268**
	IFRS Impairment on Other Financial Instruments			
	Bond FVOCI	(Note 26c)	(280)	
	Treasury Bills FVOCI	(Note 26c)	(51,294)	
	Corporate Bonds FVOCI	(Note 26c)	(237,265)	
	Bonds at Amortised Cost	(Note 26c)	(4,554)	
	Placements	(Note 23a)	(376,489)	
	Pledged Assets	(Note 27a)	(7,819)	
	Other Contingents	(Note 38f)	(6,142,092)	
	Other Assets	(Note 34)	(263,001)	
	Litigation Claims Provisions	(Note 38)	(91,720)	
	Total (B)			**(7,174,514)**
	Excess provision on other financial instruments (A-B)			**(6,790,246)**

[1]Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

c Impairment of loans and advances and Other Known Losses (OKL)

Regulatory reserve required for loans and advances		4,200,194
Excess provision on other financial instruments		(6,790,246)
Excess provision on the Book (C)		**(2,590,052)**
Balance currently on Regulatory Risk Reserve (D)	(SOCIE - Page 57)	**(4,361,913)**
Surplus provisions on the Book and in Regulatory Risk Reserve (C+D)		**(6,951,965)**

d **Movement in Regulatory Reserves**

	Specific	General	Others	Total
Balance as at 1 January	-	4,298,020	63,893	4,361,913
Additional amount required	-	-	-	-
Balance, end of the period	**-**	**4,298,020**	**63,893**	**4,361,913**

The regulatory risk reserve for the Group as at June 2019 was N4,591,508,000.

Operational Risk Management

Guaranty Trust Bank defines Operational Risk (OpRisk) as "the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events".

In GTBank, Operational Risk Management involves the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, engagement of third party services, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

– GTBank considers strategic risk as the risk that not only affects but are created by the Bank's strategic decision. It is the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process, inadequate implementation of such strategies and strategy failure due to unexpected circumstances.

  The Bank aligns strategy and risk by identifying, assessing and managing risks and uncertainties, affected by internal and external events or factors, which could inhibit the Bank's ability to achieve its strategic objectives. This is done with the ultimate goal of creating and protecting stakeholder value.

  A specialized template is deployed for tracking key business activities designed or defined by the Bank to measure and monitor performance in the achievement of its strategic intent in the short, medium and long term.

– The Bank regards Reputational Risk as the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly. A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

The Bank manages Operational risk by using appropriate qualitative & quantitative methods in day to day management processes and adopts various risk mitigating strategies. The following practices, tools and methodologies have been deployed in the Bank for the purpose of Operational Risk Management implementation:

- **Loss Incident Reporting** – Loss incidents are reported to the Operational Risk Management Group by all business areas in the Bank to enable collection of internal OpRisk losses and near misses. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank maintains a robust OpRisk loss database detailing relevant OpRisk loss data for eight years. Information collated is analyzed for identification of risk concentrations, appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. All branches and Head-Office departments are required to complete the Risk Self-Assessment process at least once a year. These assessments enable risk profiling and risk mapping of prevalent operational risks across the Bank. A detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

  Risk Assessments of the Bank's key processes, new and existing products, services, branches and vendors/contractors are also carried out. This process identifies inherent operational risks and tests the quality of controls the Bank has in place to mitigate likely risks.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank and its subsidiaries. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium to High risk trends are reported in the Monthly and Quarterly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries incidents identified in the Bank or prevalent in local and global business environments are carried out and reported. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with ISO 22301 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Management System (BCMS). This system assures timely resumption of critical business activities with minimal financial losses or reputational damage and continuity of service to the Bank's customers, vendors and regulators. GTBank has remained certified ISO 22301 BC compliant by the globally recognized Professional Evaluation and Certification Board (PECB) for 4 years and continually improving in its BCM maturity, thereby signifying that the Bank has instituted internationally accepted processes, structures and systems that demonstrate its capacity to resume business within a short timeframe in the event of any business disruption.

  Part of the BCMS is a Business Continuity Plan (BCP), which is reviewed and updated periodically to ensure reliability and relevance of information contained. Various testing and exercising programs are conducted bank-wide to ensure that recovery coordinators are aware of their roles and responsibilities.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health, safety and welfare of all staff, customers and visitors to the Bank's premises are advised, reported to relevant stakeholders are monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors and implementation of appropriate mitigants to forestall reoccurrence

As a result, the Bank conducts Branch Risk Assessments, Fire Risk Assessments and Quarterly Fire Drills to guarantee the safety of its staff and visitors to any of its premises. Table talk fire drill (facilitated discussions) was introduced for locations that discontinued regular fire drills due to security scare. In addition, awareness on health and safety issues are presented periodically on the intranet and via other forum.

- **Operational Risk Champions & BCM Champions** – Members of staff from various teams bankwide are selected and undergo intensive Operational Risk management trainings. They become Operational Risk ambassadors in their various departments/ Groups, they further enshrine the OpRisk standards, culture and practices. The same is done in selecting Business continuity Champions (BCM).

Operational Risk Management Philosophy and Principles

Approach to Managing OpRisk – Guaranty Trust Bank continually adopts operational risk procedures and practices that are "fit for purpose" this increases the efficiency and effectiveness of the Bank's resources, minimize losses and utilize opportunities.

This outlook entrenches OpRisk practices in the bank's day-to-day business activities.

It also aligns the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organizations (COSO) and International Organization for Standardization (ISO).

Operational Risk Capital Calculation – The Bank has adopted the Basic Indicator Approach (BIA) under Basel II Pillar 1 for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to other capital calculation methods i.e. the Standardized Approach, the application of the BIA is in line with the Central Bank of Nigeria's (CBN) recommendation for all banks in Nigeria.

The estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.

Governance Structure – The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank and reviews OpRisk reports on a quarterly basis. It ensures that the OpRisk policy is robust and provides an updated framework for the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, measurement systems and mitigants whilst ensuring review and approval of the bank's contingency plans for Specific risks. The Board lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured.

The Management Risk Committee monitors and ensures the implementation of the guiding OpRisk framework bank-wide. It considers and approves key decisions relating to Operational Risk before presentation to the Board. The Committee ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities.

All process owners are responsible for the day-to-day management of OpRisk prevalent in their respective Departments, Groups, Divisions and Regions.

The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Treatment of Operational Risks – GTBank has maintained several risk treatment strategies to mitigate identified operational risks. These mitigants are applied to achieve a residual risk level aligned with the Bank's risk tolerances. In line with best practices, the cost of risk treatments introduced must not exceed the reward. OpRisk treatment options adopted by the Bank include Risk Acceptance / Reduction, Risk Transfer, Risk Sharing and Risk Avoidance.

Operational Risk Reporting –Weekly reports have been added to the monthly, quarterly, and annual reports highlighting key operational risks identified which are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

To ensure timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk Management software/application is being used by the Bank. This is to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed. Current processes are also being automated.

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
36	FORTE OIL SABO OGUNSHI IKORODU	SABO OGUNSHI IKORODU LAGOS
SELECT FORTE OIL FILLING STATIONS IN OGUN STATE		
37	FORTE OIL, IYANA IYESI- SANGO OTTA	IYANA IYESI ROAD, SANGO OTTA
38	FORTE OIL, ILO AWELA - SANGO OTTA	11, ILO AWELA ROAD, SANGO OTTA
SELECT FORTE OIL FILLING STATIONS IN PORT-HARCOURT		
39	FORTE OIL, RUMUBEKWE PH	PH/ABA EXPRESSWAY BY SHELL RA , PORT HARCOURT
40	FORTE OIL, MOSCOW ROAD PH	11, MOSCOW ROAD OPP RIVERS ST HOUSE OF ASSEMBLY, PORT HARCOURT
41	FORTE OIL MILE 5 PH	BY RUMUOKWUTA ROUND ABOUT, PORT HARCOURT

42	FORTE OIL AGGREY ROAD 2, PH	AGGREY ROAD 2, PORT HARCOURT.
43	FORTE OIL, LORRY PARK, PH	29 STATION ROAD, LAGOS BUSTOP, PORT HARCOURT
44	FORTE OIL, ELIOZU ROAD, PH	ELIOZU ROAD OFF EASTWEST PORT HARCOURT
SELECT TOTAL NIGERIA PLC FILLING STATIONS IN PORT-HARCOURT		
45	TOTAL TRANSAMADI PH	SLAUGHTER MARKET ROAD, TRANSAMADI INDUSTRIAL LAYOUT PORT-HARCOURT.
46	TOTAL RUMOBIAKANI PH	RUBOBIAKANI ROAD, PORT-HARCOURT.
SELECT FORTE OIL FILLING STATIONS IN ABUJA		
47	FORTE OIL, NEW NYANYA ABUJA	NEW NYANYA BUS-STOP ABUJA
48	FORTE OIL, KARU JIKWOYI BY LIVING FAITH	KARU ROAD, JIKWOYI BY LIVING FAITH ABUJA
49	FORTE OIL, JIKWOYI KARISHI WAY ABUJA	JIKWOYI KARISHI WAY ABUJA
SELECT FORTE OIL FILLING STATION IN AKWA-IBOM UYO		
50	FORTE OIL, AKWAIBOM-UYO	154, IKOT-EKPENE ROAD UYO
SELECT TOTAL NIGERIA PLC FILLING STATIONS IN LAGOS		
51	TOTAL, SURA - LAGOS ISLAND	4 SIMPSON STREET BESIDE SURA SHOPPING COMPLEX, LAGOS ISLAND
52	TOTAL, OGIJO - IKORODU	KM 12 SAGAMU EXPRESS ROAD, IKORODU OGIJO OGUN STATE
53	TOTAL STATION, MM WAY, EBUTE METTA	150/152 MM WAY, EBUTE METTA
54	TOTAL STATION, ITIRE	23/25 ITIRE RD, LAWANSON
55	TOTAL OJOTA	IKORODU ROAD OJOTA BUS-STOP LAGOS
56	TOTAL TINCAN APAPA	APAPA OSHODI EXPRESSWAY BERGER CEMENT BUS-STOP
57	TOTAL IJEBU ITOKIN	IJEBU ITOKIN ROAD PARAFA IKORODU
58	TOTAL LAKOWE LAKES AJAH	LAKOWE LAKES AJAH.
SELECT FORTE OIL FILLING STATIONS IN KANO		
59	FORTE OIL CLUB ROAD	CLUB ROAD KANO
60	FORTE OIL ZARIA ROAD	ZARIA ROAD KANO
SELECT TOTAL NIGERIA PLC FILLING STATIONS IN KANO		
61	TOTAL HOTORO	HOTORO ROAD KANO
SELECT TOTAL NIGERIA PLC FILLING STATIONS IN IBADAN		
62	TOTAL ELEYELE IBADAN	JERICHO RD. IBADAN, ALONG ONIREKE/JERICHO RD
63	TOTAL SABO OYO IBADAN	SABO ROAD, OYO STATE.
64	TOTAL OJOO IBADAN	OYO RD. OJOO (BY ODOGBO ARMY BARRACK)

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 IMO STATE		
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 LOCATIONS 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 LOCATIONS 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 LOCATIONS 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

	FORTE BANK 737 CASH OUT STATIONS	
	LAGOS LOCATIONS	
1	F.O BANK ROAD	1, BANK ROAD OPPOSITE FEDERAL SECRETARIAT ALAGBON IKOYI LAGOS
2	F.O MOLONEY	MOLONEY , LAGOS ISLAND
3	F.O ONIRU	ONIRU LEKKI, LAGOS
4	F.O TANTIS	ADMIRALTY WAY , LEKKI PHASE 1 LAGOS
5	F.O ITIRE	ITIRE, LAWANSON
6	F.O OLD APAPA	80, OLD APAPA ROAD EBUTTE METTA WEST, COSTAIN LAGOS
7	F.O SOMOLU	138 IKORODU ROAD ONIPANU BUS STOP SHOMOLU LAGOS
8	F.O WESTERN	113/115 FUNSO WILLIAMS AVENUE SURULERE LAGOS
9	F.O AIRPORT	MURITALA MUHAMMED 2, LOCAL AIRPORT ROAD IKEJA LAGOS
10	F.O OBA AKRAN	39, OBA AKRAN AVENUE, IKEJA LAGOS
11	F.O OGBA	OBA OGUNJI ROAD OGBA LAGOS
12	F.O WHARF	BARRACKS BUSTOP WHARF ROAD APAPA LAGOS
13	F.O FALOMO	FALOMO , IKOYI LAGOS
14	F.O AWOLOWO	111/113 AWOLOWO ROAD IKOYI
	ABUJA LOCATIONS	
15	F.O APO 1	VILLAGE ROADABOUT ABUJA
16	F.O APO 2	SPRING FUEL MUHAMMED BUHARI ROAD ABUJA
17	F.O GARKI	GARKI ABUJA
18	F.O IBB WAY	IBB WAY PLOT 30 AGUIYI IRONSI ROAD MAITAMA ABUJA
19	F.O JABI SS	OBAFEMI AWOLOW ROAD JABI ABUJA
20	F.O NICON 1	NICON NOGA 1 ABUJA
21	F.O NICON 2	NICON 2 ABUJA
22	F.O OBASANJO	OLUSEGUN OBASANJO WAY ABUJA
23	F.O TUNGA	TUNGA MAJE ABUJA
24	F.O NEW NYANYA	NEW NYANYA BUS STOP ABUJA

5. Activities of Cards Operations

Within Nigeria and all other countries where we have a foothold, the group continues to abide by strict standards and requirements for the issuance and usage of payment cards. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction. Stringent fraud control measures have also been implemented to reduce financial loss to both customers and the bank.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology, one of which is the contactless payment technology.

Presented below are the highlights of our card transaction volumes for period ended 30 June 2019.

5.1. Table below shows a summary of transactions done on GTBank Cards

Category	No. of Transactions		Value Of International Transaction		Value Of Local Transactions	
	Jun-19	Dec-18	Jun-19	Dec-18	Jun-19	Dec-18
	'000	'000	₦'mm	₦'mm	₦'mm	₦'mm
Naira denominated debit cards	163,654	284,224	55,514	75,685	1,319,390	2,390,508
Foreign currency credit cards	152	277	14,174	27,629	-	-
Foreign currency debit cards	710	1,529	34,826	68,563	855	2,699

Breakdown of transactions done using GTBank Cards (Number of transactions)

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In thousands	**Jun-19**	**Dec-18**	**Jun-19**	**Dec-18**	**Jun-19**	**Dec-18**	**Jun-19**	**Dec-18**
Naira MasterCard debit	189	85	2,548	3,967	95,788	188,423	65,158	91,749
Foreign Currency Denominated Cards:								
MasterCard debit	45	95	341	814	10	18	85	105
MasterCard credit	5	11	63	112	-	-	-	-
Visa classic debit	20	46	195	348	4	8	8	95
Visa classic credit	5	12	72	131	-	-	-	-
World credit	0	1	6	9	-	-	-	-
Total	**265**	**250**	**3,226**	**5,381**	**95,773**	**188,449**	**65,251**	**91,949**

Breakdown of transactions done using GTBank Cards (Value of Transactions)

	International Transactions				Local Transactions			
In millions of Naira	ATM		POS/Web		ATM		POS/Web	
	Jun-19	**Dec-18**	**Jun-19**	**Dec-18**	**Jun-19**	**Dec-18**	**Jun-19**	**Dec-18**
Naira MasterCard debit	7,690	3,337	47,825	72,348	850,229	1,677,752	469,161	712,756
MasterCard debit	4,933	9,699	17,368	31,934	144	233	259	1,781
MasterCard credit	656	1,326	4,381	8,375	-	-	-	-
Visa classic debit	2,386	5,112	10,138	21,818	61	125	390	560
Visa classic credit	720	1,518	7,266	14,228	-	-		-
World credit	57	102	1,093	2,080	-	-		-
Total	**16,443**	**21,094**	**88,071**	**150,783**	**850,434**	**1,678,110**	**469,810**	**715,097**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Declined Transactions	Declined Transactions on International ATMs & POS/WEB	Restriction of cash withdrawals on International ATM Usage on non-EMV terminals Insufficient funds	Unrestricted cash withdrawals on International ATM. Awareness
Complaints on delayed debits & double debits for Domestic POS & Web Transactions	Delayed Debits & Double Debits	System glitch/ Technical error from Third party processors	Continuous engagement with Third party processors to ensure adequate and effective maintenance of their systems to prevent such incidences. Escalation to the relevant department of the regulators (CBN) to assist to check the activities of processors/switches responsible for persistent incidents.
Dispense Error	Cash/Value not received for a transaction	This occurs when an ATM attempts to dispense cash after an account has been debited but fails due to network failure. This also occur when a customer's account has been debited for a certain amount for goods/services, but value is not received	Strict adherence to resolution of customers' complaints within stipulated time frame. Proactive reversal of failed transactions that are not auto reversed. Constant follow up with relevant stakeholders (e.g. switches and TPPs) to address any identified cause(s) of delayed refund.

Income statements

For 3 months ended 30 June 2019 (Unaudited)

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
Interest income calculated using effective interest rate	73,532,863	79,947,969	59,252,059	67,970,831
Interest income on financial assets at FVTPL	975,961	1,159,784	1,033,504	516,338
Interest expense	(16,361,278)	(22,867,021)	(13,050,757)	(18,751,330)
Net interest income	**58,147,546**	**58,240,732**	**47,234,806**	**49,735,839**
Loan impairment charges	(1,534,793)	(392,464)	(1,237,924)	(810,595)
Net interest income after loan impairment charges	**56,612,753**	**57,848,268**	**45,996,882**	**48,925,244**
Fee and commission income	16,791,026	12,132,143	12,300,623	8,235,876
Fee and commission expense	(957,342)	(709,805)	(312,874)	(581,696)
Net fee and commission income	**15,833,684**	**11,422,338**	**11,987,749**	**7,654,180**
Net gains on financial instruments classified as held for trading	5,238,221	7,496,573	1,412,515	5,811,858
Other income	15,003,150	16,925,321	14,298,664	16,671,641
Net impairment loss on financial assets	108,445	-	362,261	-
Personnel expenses	(9,443,605)	(9,097,946)	(5,957,706)	(6,234,336)
Right-of-use ammortization	(405,524)	-	(182,629)	-
Operating lease expenses	-	(180,890)	-	(161,325)
Depreciation and amortization	(6,031,780)	(3,983,972)	(4,450,359)	(3,412,873)
Other operating expenses	(18,112,876)	(23,421,369)	(14,587,882)	(19,396,994)
Profit before income tax	**58,802,468**	**57,008,323**	**48,879,495**	**49,857,395**
Income tax expense	(8,971,987)	(6,096,760)	(6,970,844)	(4,136,974)
Profit for the period	**49,830,481**	**50,911,563**	**41,908,651**	**45,720,421**
Profit attributable to:				
Equity holders of the parent entity	49,426,153	50,661,598	41,908,651	45,720,421
Non-controlling interests	404,328	249,965	-	-
	49,830,481	**50,911,563**	**41,908,651**	**45,720,421**
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	1.77	1.81	1.42	1.55
– Diluted	1.77	1.81	1.42	1.55

The accompanying notes are an integral part of these financial statements

Statements of other comprehensive income

For 3 months ended 30 June 2019 (Unaudited)

In thousands of Nigerian Naira	**Group Jun-2019**	**Group Jun-2018**	**Parent Jun-2019**	**Parent Jun-2018**
Profit for the period	49,830,481	50,911,563	41,908,651	45,720,421
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	54,313	38,475	54,313	38,475
	54,313	38,475	54,313	38,475
Remeasurements of post-employment benefit obligations	-	(265,419)	-	(265,419)
Income tax relating to remeasurements of post-employment benefit obligations	-	79,626	-	79,626
	-	(185,793)	-	(185,793)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(2,896,074)	(1,265,294)	-	-
Income tax relating to foreign currency translation differences for foreign operations	868,822	379,588	-	-
Net change in fair value of financial assets FVOCI	1,006,696	(478,079)	209,730	(1,081,333)
Income tax relating to Net change in fair value of financial assets FVOCI	(302,009)	143,424	(62,920)	324,400
	(1,322,565)	(1,220,361)	146,810	(756,933)
Other comprehensive income for the period, net of tax	(1,268,252)	(1,367,679)	201,123	(904,251)
Total comprehensive income for the period	**48,562,229**	**49,543,884**	**42,109,774**	**44,816,170**
Total comprehensive income attributable to:				
Equity holders of the parent entity	48,294,748	48,996,104	42,109,774	44,816,170
Non-controlling interests	267,481	547,780	-	-
Total comprehensive income for the period	**48,562,229**	**49,543,884**	**42,109,774**	**44,816,170**

The accompanying notes are an integral part of these financial statements

Value Added Statements

For the Period ended 30 June 2019

Group

In thousands of Nigerian Naira	Jun-2019 Continuing operations	Jun-2019 Total	%	Jun-2018 Continuing operations	Jun-2018 Total	%
Gross earnings	221,869,545	221,869,545		226,632,061	226,632,061	
Interest expense:						
-Local	(23,521,787)	(23,521,787)		(22,063,999)	(22,063,999)	
- Foreign	(9,106,117)	(9,106,117)		(21,887,187)	(21,887,187)	
	189,241,641	189,241,641		182,680,875	182,680,875	
Loan impairment charges / Net impairment loss on financial assets	(2,077,588)	(2,077,588)		(2,031,734)	(2,031,734)	
	187,164,053	187,164,053		180,649,141	180,649,141	
Bought in materials and services						
- Local	(41,978,470)	(41,978,470)		(43,766,749)	(43,766,749)	
- Foreign	(196,779)	(196,779)		(443,138)	(443,138)	
Value added	144,988,804	144,988,804	100	136,439,254	136,439,254	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	18,578,601	18,578,601	13	18,576,247	18,576,247	14
Government						
- Taxation	16,654,105	16,654,105	11	14,051,037	14,051,037	10
Retained in the Group						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	10,622,861	10,622,861	8	8,230,390	8,230,390	6
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	99,133,237	99,133,237	68	95,581,580	95,581,580	70
	144,988,804	144,988,804	100	136,439,254	136,439,254	100

Value Added Statements

For the Period ended 30 June 2019

Parent

In thousands of Nigerian Naira	Jun-2019 Continuing operations	Jun-2019 Total	%	Jun-2018 Continuing operations	Jun-2018 Total	%
Gross earnings	177,891,857	177,891,857		189,807,919	189,807,919	
Interest expense:						
-Local	(23,699,166)	(23,699,166)		(22,221,139)	(22,221,139)	
- Foreign	(2,297,147)	(2,297,147)		(13,908,688)	(13,908,688)	
	151,895,544	151,895,544		153,678,092	153,678,092	
Loan impairment charges / Net impairment loss on financial assets	(1,310,912)	(1,310,912)		(2,001,057)	(2,001,057)	
	150,584,632	150,584,632		151,677,035	151,677,035	
Bought in materials and services						
- Local	(33,209,233)	(33,209,233)		(35,520,204)	(35,520,204)	
- Foreign	(196,779)	(196,779)		(443,138)	(443,138)	
Value added	117,178,620	117,178,620	100	115,713,693	115,713,693	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	11,624,608	11,624,608	10	12,459,690	12,459,690	11
Government						
- Taxation	12,163,470	12,163,470	10	10,383,488	10,383,488	9
Retained in the Bank						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	8,415,903	8,415,903	7	6,711,162	6,711,162	6
- Profit for the year (including statutory and regulatory risk reserves)	84,974,639	84,974,639	73	86,159,353	86,159,353	74
	117,178,620	117,178,620	100	115,713,693	115,713,693	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Jun-2019	Dec-2018	Dec-2017	Dec-2016	Dec-2015
Assets					
Cash and bank balances	867,834,611	676,989,012	641,973,784	455,863,305	254,633,215
Financial assets at fair value through profit or loss	38,023,786	11,314,814	-	-	-
Financial assets held for trading	-	-	23,945,661	12,053,919	34,626,186
Derivative financial assets	1,546,323	3,854,921	2,839,078	1,042,470	-
Investment securities:					
– Fair Value through profit or loss	60,759,753	2,620,200	-	-	-
– Fair Value through other comprehensive Income	503,660,709	536,084,955	-	-	-
– Available for sale	-	-	517,492,733	448,056,733	364,180,150
– Held at amortised cost	141,130,257	98,619,509	-	-	-
– Held to maturity	-	-	96,466,598	80,155,825	29,408,045
Assets pledged as collateral	60,958,062	56,777,170	58,976,175	48,216,412	61,954,777
Loans and advances to banks	1,585,643	2,994,642	750,361	653,718	1,051,521
Loans and advances to customers	1,272,857,985	1,259,010,359	1,448,533,430	1,589,429,834	1,371,925,547
Restricted deposits and other assets	498,306,416	508,678,702	444,946,897	371,995,835	303,110,737
Property and equipment	131,363,159	111,825,917	98,669,998	93,488,055	87,988,778
Intangible assets	15,905,709	16,402,621	14,834,954	13,858,906	12,470,612
Deferred tax assets	4,180,247	2,169,819	1,666,990	1,578,427	3,244,141
Total assets	**3,598,112,660**	**3,287,342,641**	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**
Liabilities					
Deposits from banks	134,284,735	82,803,047	85,430,514	125,067,848	26,256,839
Deposits from customers	2,417,809,970	2,273,903,143	2,062,047,633	1,986,246,232	1,610,349,689
Financial liabilities at fair value through profit or loss	18,340,915	1,865,419	-	-	-
Financial liabilities held for trading	-	-	2,647,469	2,065,402	-
Derivative financial liabilities	1,518,045	3,752,666	2,606,586	987,502	-
Other liabilities	212,707,495	140,447,508	224,116,829	118,893,100	104,605,713
Current income tax liabilities	7,153,956	22,650,861	24,147,356	17,928,279	17,739,676
Deferred tax liabilities	14,994,439	7,785,850	18,076,225	17,641,384	6,839,522
Debt securities issued	-	-	92,131,923	126,237,863	180,117,424
Other borrowed funds	188,292,421	178,566,800	220,491,914	219,633,604	165,122,908
Total liabilities	**2,995,101,976**	**2,711,775,294**	**2,731,696,449**	**2,614,701,214**	**2,111,031,771**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares	(6,151,242)	(5,583,635)	(5,291,245)	(5,291,245)	(4,754,156)
Retained earnings	128,213,875	106,539,050	122,618,621	87,062,977	51,089,585
Other components of equity	329,531,978	323,991,767	352,403,527	272,891,094	222,651,255
Total equity attributable to owners of the Bank	**589,781,315**	**563,133,886**	**607,917,607**	**492,849,530**	**407,173,388**
Non-controlling interests in equity	13,229,369	12,433,461	11,482,603	8,842,695	6,388,550
Total equity	**603,010,684**	**575,567,347**	**619,400,210**	**501,692,225**	**413,561,938**
Total equity and liabilities	**3,598,112,660**	**3,287,342,641**	**3,351,096,659**	**3,116,393,439**	**2,524,593,709**

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	Jun-2019	Jun-2018	Jun-2017	Jun-2016	Jun-2015
Interest income	148,992,664	161,880,719	165,884,856	109,777,801	113,884,461
Interest expense	(32,627,904)	(43,951,186)	(36,347,415)	(30,662,694)	(33,764,800)
Net interest income	**116,364,760**	**117,929,533**	**129,537,441**	**79,115,107**	**80,119,661**
Loan impairment charges	(2,186,033)	(2,031,734)	(7,212,808)	(37,546,531)	(5,950,749)
Net interest income after loan impairment charges	**114,178,727**	**115,897,799**	**122,324,633**	**41,568,576**	**74,168,912**
Fee and commission income	35,348,970	27,356,320	23,715,006	36,077,451	24,609,003
Fee and commission expense	(1,505,138)	(1,446,593)	(965,643)	(1,268,325)	(1,090,768)
Net fee and commission income	**33,843,832**	**25,909,727**	**22,749,363**	**34,809,126**	**23,518,235**
Net gains on financial instruments classified as held for trading	9,488,464	12,649,671	5,663,642	2,346,369	7,596,332
Other income	28,039,447	24,745,351	18,834,075	61,671,041	6,905,939
Total other income	**37,527,911**	**37,395,022**	**24,497,717**	**64,017,410**	**14,502,271**
Operating income	185,550,470	179,202,548	169,571,713	140,395,112	112,189,418
Net impairment reversal/(loss) on financial assets	108,445	-	(646,180)	-	3,000
Net operating income after net impairment loss on financial assets	**185,658,915**	**179,202,548**	**168,925,533**	**140,395,112**	**112,192,418**
Personnel expenses	(18,578,601)	(18,576,247)	(16,368,191)	(14,514,147)	(15,108,949)
Right-of-use asset amortisation	(1,230,467)	-	-	-	-
Operating lease expenses	-	(801,684)	(749,535)	(602,724)	(535,361)
Depreciation and amortization	(10,622,861)	(8,230,390)	(7,880,864)	(7,010,631)	(6,123,906)
Other operating expenses	(39,439,644)	(41,961,610)	(42,826,433)	(32,579,272)	(27,312,235)
Total expenses	**(69,871,573)**	**(69,569,931)**	**(67,825,023)**	**(54,706,774)**	**(49,080,451)**
Profit before income tax	**115,787,342**	**109,632,617**	**101,100,510**	**85,688,338**	**63,111,967**
Income tax expense	(16,654,105)	(14,051,037)	(17,421,102)	(13,920,717)	(9,738,386)
Profit for the period	**99,133,237**	**95,581,580**	**83,679,408**	**71,767,621**	**53,373,581**

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	3.50	3.38	2.96	2.54	1.88
– Diluted	3.50	3.38	2.96	2.54	1.88

Five Year Financial Summary
Statement of financial Position

Bank

In thousands of Nigerian Naira	**Jun-2019**	**Dec-2018**	**Dec-2017**	**Dec-2016**	**Dec-2015**
Assets					
Cash and cash bank balances	620,601,560	457,497,929	455,296,196	233,847,233	173,133,109
Financial assets at fair value through profit or loss	19,748,546	8,920,153	-	-	-
Financial assets held for trading	-	-	16,652,356	6,321,370	25,075,618
Derivative financial assets	1,546,323	3,854,921	2,839,078	1,042,470	-
Investment securities:					
– Fair value through profit or loss	60,759,753	2,620,200	-	-	-
– Fair Value through other comprehensive Income	422,996,033	459,629,259	-	-	-
– Available for sale	-	-	453,089,625	408,246,905	327,585,822
– Held at amortised cost	2,002,679	2,003,272	-	-	-
– Held to maturity	-	-	2,007,253	5,219,262	3,210,575
Assets pledged as collateral	60,446,439	56,291,739	58,961,722	48,205,702	61,946,270
Loans and advances to banks	37,477	46,074	43,480	29,943	638,817
Loans and advances to customers	1,086,006,268	1,067,999,019	1,265,971,688	1,417,217,952	1,265,207,443
Restricted deposits and other assets	480,760,788	494,969,807	433,528,669	364,152,777	297,240,082
Investment in subsidiaries	55,814,032	55,814,032	46,207,004	43,968,474	41,905,781
Property and equipment	114,872,069	96,300,538	84,979,798	81,710,025	79,192,748
Intangible assets	5,090,347	5,635,606	4,501,296	3,377,961	2,492,959
	2,930,682,314	**2,711,582,549**	**2,824,078,165**	**2,613,340,074**	**2,277,629,224**
Assets classified as held for sale and discontinued operations	944,030	938,945	850,820	-	-
Total assets	**2,931,626,344**	**2,712,521,494**	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**
Liabilities					
Deposits from banks	496,938	735,929	42,360	40,438	39,941
Deposits from customers	1,983,395,779	1,865,816,172	1,697,560,947	1,681,184,820	1,422,550,125
Financial liabilities at fair value through profit or loss	18,340,915	1,865,419	-	-	-
Financial liabilities held for trading	-	-	2,647,469	2,065,402	-
Derivative financial liabilities	1,518,045	3,752,666	2,606,586	987,502	-
Other liabilities	188,771,467	119,812,419	203,019,404	93,271,050	85,126,211
Current income tax liabilities	6,807,990	22,511,233	24,009,770	17,819,039	19,378,526
Deferred tax liabilities	14,407,538	7,888,454	12,814,766	11,946,699	6,345,773
Debt securities issued	-	-	92,131,923	-	-
Other borrowed funds	187,787,024	177,361,218	210,671,384	332,317,881	338,580,300
	2,401,525,696	**2,199,743,510**	**2,245,504,609**	**2,139,632,831**	**1,872,020,876**
Liabilities included in assets classified as held for sale and discontinued operations	940,810	935,725	847,600	-	-
Total liabilities	**2,402,466,506**	**2,200,679,235**	**2,246,352,209**	**2,139,632,831**	**1,872,020,876**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Retained earnings	92,482,249	79,668,689	109,594,239	80,778,889	46,048,031
Other components of equity	298,490,885	293,986,866	330,795,833	254,741,650	221,373,613
Total equity	**529,159,838**	**511,842,259**	**578,576,776**	**473,707,243**	**405,608,348**
Total equity and liabilities	**2,931,626,344**	**2,712,521,494**	**2,824,928,985**	**2,613,340,074**	**2,277,629,224**

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	Jun-2019	Jun-2018	Jun-2017	Jun-2016	Jun-2015
Interest income	122,399,132	137,498,087	145,244,701	95,412,078	103,006,457
Interest expense	(25,996,313)	(36,129,827)	(29,529,809)	(26,209,788)	(30,096,854)
Net interest income	**96,402,819**	**101,368,260**	**115,714,892**	**69,202,290**	**72,909,603**
Loan impairment charges	(1,673,173)	(2,001,057)	(7,316,758)	(36,655,298)	(6,001,644)
Net interest income after loan impairment charges	**94,729,646**	**99,367,203**	**108,398,134**	**32,546,992**	**66,907,959**
Fee and commission income	26,648,016	19,276,566	17,076,295	31,547,739	20,692,826
Fee and commission expense	(541,610)	(1,032,247)	(653,914)	(1,073,820)	(958,982)
Net fee and commission income	**26,106,406**	**18,244,319**	**16,422,381**	**30,473,919**	**19,733,844**
Net gains on financial instruments classified as held for trading	2,896,698	9,019,140	3,104,156	1,122,345	6,211,074
Other income	25,948,011	24,014,126	21,176,753	63,280,783	7,774,753
Total other income	**28,844,709**	**33,033,266**	**24,280,909**	**64,403,128**	**13,985,827**
Total Operating income	149,680,761	150,644,788	149,101,424	127,424,039	100,627,630
Net impairment reversal/(loss) on financial assets	362,261	-	(646,180)	-	3,000
Net operating income after net impairment loss on financial assets	**150,043,022**	**150,644,788**	**148,455,244**	**127,424,039**	**100,630,630**
Personnel expenses	(11,624,608)	(12,459,690)	(11,380,738)	(10,948,292)	(11,042,124)
Right-of-use asset amortisation	(358,131)	-	-	-	-
Operating lease expenses	-	(309,089)	(326,757)	(335,750)	(337,919)
Depreciation and amortization	(8,415,903)	(6,711,162)	(6,543,777)	(6,080,689)	(5,335,802)
Other operating expenses	(32,506,271)	(34,622,006)	(35,645,552)	(28,026,514)	(24,712,673)
Total expenses	**(52,904,913)**	**(54,101,947)**	**(53,896,824)**	**(45,391,245)**	**(41,428,518)**
Profit before income tax	**97,138,109**	**96,542,841**	**94,558,420**	**82,032,794**	**59,202,112**
Income tax expense	(12,163,470)	(10,383,488)	(14,123,341)	(12,189,789)	(8,267,256)
Profit for the period	**84,974,639**	**86,159,353**	**80,435,079**	**69,843,005**	**50,934,856**

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	2.89	2.93	2.73	2.37	1.73
– Diluted	2.89	2.93	2.73	2.37	1.73

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 June 30, 2019

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 30-Jun-19	Percentage Dividend Amount Unclaimed
Payment 34	Final	31-12-08	14,922,998,891.00	100 kobo	635,534,815.94	4.26%
Payment 35	Final	31-12-09	13,990,311,460.50	75 kobo	596,757,103.29	4.27%
Payment 36	Interim	31-12-10	5,829,296,441.75	25 kobo	236,951,604.37	4.06%
Payment 37	Final	31-12-10	17,487,889,325.37	75 kobo	708,520,199.33	4.05%
Payment 38	Interim	31-12-11	7,286,620,552.30	25 Kobo	298,569,066.44	4.10%
Payment 39	Final	31-12-11	25,016,502,340.40	85 Kobo	939,455,252.67	3.76%
Payment 40	Interim	31-12-12	7,357,794,806.00	25 Kobo	285,532,650.36	3.88%
Payment 41	Final	31-12-12	38,260,532,991.20	130 kobo	1,404,661,510.28	3.67%
Payment 42	Interim	31-12-13	7,357,794,806.00	25 Kobo	310,001,128.52	4.21%
Payment 43	Final	31-12-13	42,675,209,874.80	145 kobo	1,660,142,008.80	3.89%
Payment 44	Interim	31-12-14	7,357,794,806.00	25 Kobo	301,301,357.86	4.09%
Payment 45	Final	31-12-14	44,146,768,836.00	150 kobo	1,643,256,401.11	3.72%
Payment 46	Interim	31-12-15	7,357,794,806.00	25 Kobo	285,638,119.90	3.88%
Payment 47	Final	31-12-15	44,735,392,420.48	152 Kobo	1,627,158,250.72	3.64%
Payment 48	Interim	31-12-16	7,357,794,806.00	25 Kobo	293,202,040.46	3.98%
Payment 49	Final	31-12-16	51,504,563,642.00	175 kobo	1,945,944,555.03	3.78%
Payment 50	Interim	31-12-17	8,829,353,767.20	30 kobo	370,397,455.58	4.20%
Payment 51	Final	31-12-17	70,634,830,137.60	240 kobo	4,183,707,383.41	5.92%
Payment 52	Interim	29-08-18	8,981,637,722.93	30 kobo	527,462,478.64	5.87%
Payment 53	Final	31-12-18	72,106,389,098.80	245 kobo	4,441,081,851.61	6.16%

CORPORATE SOCIAL RESPONSIBILITY REPORT

At Guaranty Trust Bank, whether we are intervening in public education, investing in underserved communities, promoting the Arts or working to combat climate change, we are constantly looking for creative and impactful ways to give back to society. Driven by our commitment to enriching lives and guided by our clearly defined CSR policy, we are integrating Corporate Social Responsibility into our core business and reimagining the role we play in our communities. The following are highlights of some of our CSR efforts in the first half of 2019.

Pillar	Amount (N)
Arts	500,000
Community Development	66,748,678
Education	61,621,190
Others	7,809,498
Total	**136,679,366**

Championing Education for All

Beyond funding programmes that increase access to quality education, we organize and support campaigns that boost learning opportunities whilst driving initiatives that encourage young people to stay in school. During the first half of the year, we also explored innovative ways to improve learning outcomes for students in rural areas whilst continuing to drive initiatives that help reignite Nigeria's reading culture.

Improving Access to Education for Children in Rural Communities

During the first half of the year, we launched a nationwide initiative, tagged "*BeatTheDistance*", to improve educational outcomes for children in rural communities by easing the difficulties they face with mobility to school and back. Through this initiative, we are providing students in remote parts of the country with bicycles to reduce the time and energy they expend in getting to school whilst helping to boost their attendance and focus on academics.

Impact Story - Jerry Hannatu

One of the beneficiaries of "*BeatTheDistance*" is Jerry Hannatu, a student of the Government Technical Training School in Jalingo. Before receiving his bicycle, Jerry had to walk all of 10 kilometers to school every morning. He would spend an hour and a half on the road; meaning he needed to set out at least 2 hours before the bell for the first class was rung at school.

Now, thanks to the "*BeatTheDistance"* campaign, Jerry spends less than a quarter of the time he used to, commuting to and from school.

Rekindling the Culture of Reading

Two years ago, we launched the YouRead initiative to encourage people to read, build capacity, gain exposure and connect with peers and educators around the world. Since then, we have been at the forefront of rekindling the culture of reading, and during the first six months of the year we continued to organize insightful and engaging book reading sessions to inspire the next generation of authors.

Book Reading with Bisi Adjapon

Our first book reading of the year was with Bisi Adjapon, the author of the highly rated debut novel 'Of Women and Frogs,' at the GTBank YouRead Library, Yaba. Bisi's book has received very positive reviews from the public and her YouRead book reading session served to further stimulate a culture of reading and encourage young people to embrace literature.

Book Reading with Oyinkan Braithwite

Award winning novelist, Oyinkan Braithwite, was the second writer we hosted at the YouRead library to read and discuss her critically acclaimed book, 'My Sister, the Serial Killer'. The novel, a winner of the 2019 Rooster award and a favourite among book lovers, provided literature enthusiasts with an opportunity to ask questions about the author's writing process and so much more.

Nurturing the Next Generation of Football Talents

During the first half of the year, we continued our sponsorship of grassroots football tournaments, which serves as a platform for identifying, nurturing and grooming young talents, whilst promoting the values of excellence and fair play.

We organized the 8th edition of the GTBank Masters Cup, bringing together over 30 secondary schools to compete for the prestigious trophy in the male and female categories. At the end of the competition, King's College and Leadforte Gate College, both in Lagos, emerged winners of the GTBank Masters Cup in the male and female categories respectively.

Building Nigeria's First Digital Play Centre

How and where children play contributes significantly to their cognitive and intellectual development, helping them build better communication and problem-solving skills. In the first half of 2019, we completed and launched the first digital playground for children in Nigeria. Equipped with a wide range of interactive games, the Play Centre gives children a fun and immersive digital experience whilst aiding their mental and intellectual development.

Some of the features of the Play Centre include the Sketch Town, where kids can design cars, launch rockets, and bring all their sketches to life. At the playground, children can also use the wide range of bricks available to build whatever excites their curiosity and also express themselves creatively by scribbling, writing and drawing on a digital chalkboard.

Simple Change Big Impact: Warri Library

In continuation of our "*SimpleChangeBigImpact*" campaign, we sponsored an innovative Library Project in Warri, Delta State, which was carried out by New Warri, a social reform organization. The project included providing a free community library with the aim of filling the gap in learning resources for children and adults in local communities.

Promoting Enterprise: The 2019 GTBank Food and Drink Festival

Created in 2016, the GTBank Food and Drink Festival has become the premier culinary event in Africa, bringing together more than 600,000 people from across the continent and beyond to support and celebrate Nigeria's vibrant and burgeoning small businesses in the food retail sector.

This year, we held the GTBank Food and Drink Festival for 4 days from Sunday, 28th April to Wednesday 1st May 2019, featuring over a dozen food and drink experts from around the world and offering free retail spaces to 300 small businesses in Nigeria's food industry. By the end of the festival, we had not only put together Africa's biggest food and drink festival, we had also given hundreds of thousands of people the exposure, networks and inspiration to build the successful businesses that will power Africa's economic transformation.