Guaranty Trust Bank plc
RC 152321

Guaranty Trust Bank

Group Financial Statements

Together with Directors' and Auditor's Reports

June 2017

#EnrichingLives

Introduction

Guaranty Trust Bank's Consolidated Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding Interim Financial Statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the period ended 30 June 2017. 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 year figures have been presented in line with current year figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Table of contents

Corporate Governance

Introduction

In our 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 practices enhance the confidence placed in the Bank by our 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. 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.

Maintaining good corporate governance practices has become even more important, in view of the increased risks brought about by globalization and digitalization in the Banking industry.

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

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

The Bank complies with the requirements of the Central Bank of Nigeria ("CBN") in respect of internal review of its compliance status with defined corporate governance practices and submits reports on the Bank's compliance status to the CBN and the Nigeria Deposit Insurance Corporation. The Bank also conducts an Annual Board and Directors' Review/Appraisal covering all aspects of the Boards' structure, composition, responsibilities, processes and relationships, in compliance with the requirement of the CBN Code. To conduct the Annual Board Appraisal for the financial year ended December 31, 2016, 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 27th Annual General Meeting of the Bank.

In furtherance of the Bank's culture of openness and professionalism, the Bank continues to serve customers, clients and communities; and create returns for stakeholders. 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 ensures that an appropriate level of checks and balances is maintained, in order to ensure that decisions are taken with the best interests 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 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. The synergy between the Board and Management further 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.

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. 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).

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Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including banking, accounting, engineering, oil and gas as well as law. They possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board and decisions of the Board (without prejudice to Directors' right to earn Directors' fees and hold interest in shares). 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 others' assumptions, beliefs or viewpoints as necessary for the good of the Bank and question intelligently, debate constructively and make decisions dispassionately.

Two (2) of the Non-Executive Directors are "Independent Directors", appointed based on criteria laid down by the CBN for the appointment of Independent Directors and the core values enshrined in the Bank's Code of Corporate Governance. 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 half year ended June 30, 2017.

Responsibilities of the Board

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

The Board has delegated the responsibility for day-to-day operations of the Bank to Management and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic 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, comprising the Deputy Managing Director and other Executive Directors. The Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

Director Nomination Process

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

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

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

Induction and Continuous Training

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

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

The Bank attaches great importance to training its Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various committees to which they belong. All the Bank's Non-Executive Directors attended foreign and/or local courses during the half year period ended June 30, 2017.

Changes on the Board

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

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

Non-Executive Directors' Remuneration

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

Details of remuneration paid to Executive and Non-Executive Directors is contained in Note 47 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 Strategy Committee and Board Audit Committee.

Through these Committees, the Board is able to more effectively deal with complex issues, and to fully utilize its 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 and rate risks, 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 and identifying compliance risk as an integral part of the Bank's risk management process;

- 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;

- ensuring ethical risks and opportunities are incorporated in the risk management process for effective management of the Bank's ethics;

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

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met two (2) times during the half year period ended June 30, 2017.

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

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

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

Board Credit Committee

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

- To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time;

- To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration;

- To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures;

- To notify all Director related loans to the Board;

- To monitor and notify the top debtors to the attention of the Board;

- To review the Bank's internal control procedures in relation to credit risk assets and ensure that they are sufficient to safeguard the quality of the Bank's risk assets;
- To review the Asset and Liability Management of the Bank;

- To ensure that the Bank complies with regulatory requirements regarding the grant of credit facilities;

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

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

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met two (2) times during the half year period ended June 30, 2017.

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

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

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

Board Human Resources and Nominations Committee

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

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

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

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

The Committee is required to meet at least once a year, and additional meetings may be convened as the need arises. The Committee met twice during the half year period ended June 30, 2017.

Board Remuneration Committee

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

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

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

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

Board Information Technology Strategy Committee

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

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

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

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

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

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

The Committee is required to hold its Meetings bi-annually and additional meetings may be convened as the need arises. The Committee met once during the period under review.

Board Audit Committee

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

The Terms of Reference of the Board Audit Committee include:

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

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

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

The Committee is required to hold its Meetings once every quarter. The Committee met twice during the period under review.

Statutory Audit Committee of the Bank

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

The Committee also reviews the Bank's annual and interim financial statements, particularly the effectiveness of the Bank's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation of the Bank's results. The Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors, 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.

The following members served on the Committee during the half year ended June 2017:

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

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

Attendance of Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the half year period ended June 30, 2017.

S/N	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATION COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD I.T. STRATEGY	BOARD AUDIT COMMITTEE
	DATE OF MEETINGS	25-Jan-2017 26-Apr-2017	24-Jan-2017 25-Apr-2017	24-Jan-2017 25-Apr-2017	23-Jan-2017 24-Apr-2017	25-Jan-2017	24-Apr-2017	23-Jan-2017 24-Apr-2017
	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	Mrs. C. N. Echeozo[2]	1	1	N/A	N/A	N/A	N/A	N/A
4	Mr. O. M. Agusto	2	2	N/A	N/A	1	N/A	2
5	Mr. K. A. Adeola	2	2	N/A	N/A	1	1	N/A
6	Mr. I. Hassan	2	2	N/A	2	N/A	N/A	2
7	Mr. H. A. Oyinlola	2	N/A	2	2	N/A	N/A	N/A
8	Ms. I. Akpofure	2	N/A	2	2	N/A	N/A	2
9	Mr. B. T. Soyoye	2	N/A	1	1	N/A	N/A	N/A
10	Mr. A. A. Odeyemi	2	N/A	2	N/A	N/A	1	N/A
11	Mrs. O. O. Omotola	2	N/A	2	2	N/A	N/A	N/A
12	Mr. A. Oyedeji	2	2	N/A	N/A	N/A	N/A	N/A
13	Mr. H. Musa	2	2	N/A	N/A	N/A	N/A	N/A
14	Mr. M. J. Lawal[3]	1	N/A	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] Retired from the Board with effect from March 16, 2017, having served the maximum term prescribed for an Executive Director as prescribed by the Bank's Code of Corporate Governance;

[3] Yet to attend any Meeting as there has been no Committee meeting after his appointment to two Board Committees at the Board Meeting held on April 26, 2017;

N/A -Not Applicable

Tenure of Directors

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

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

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 2016 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 2016 financial year was presented to shareholders at the 27th Annual General Meeting held on April 7, 2017, and a copy sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code of Corporate Governance.

Shareholders

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

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

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

Protection of Shareholders' Rights

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

Communication Policy

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

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

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

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

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

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

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

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

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

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

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

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

Information Flows

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

The Company Secretary

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

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

Independent Advice

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

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

Insider Trading and price sensitive information

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

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

In addition to the above, the Bank makes necessary disclosure as required under Rule 111 of the Securities and Exchange Commission ("SEC") Rules and Regulations which stipulates that Directors, 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;

- Reviews the effectiveness of GTBank's overall risk management strategy at the enterprise level;
- Follow-up on management action plans based on the status of implementation compiled by the Management Risk Committee;
- Identify and evaluate new strategic risks including corporate matters involving regulatory, business development issues, etc., and agree on suitable mitigants;
- Review the enterprise risk scorecard and determine 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 approve the Bank's IT plan and budget (short and long term).
- Review IT performance against plans and budgets, and recommend changes, as required.
- Review, prioritize and approve IT investment initiatives.
- Establish a balance in overall IT investment portfolio in terms of risk, return and strategy.

2. Ensuring Operational Excellence

- Provide recommendations to Management on strategies for new technology and systems.
- Review and approve changes to IT structure, key accountabilities, and practices.
- Ensure project priorities and success measures are clearly defined, and effectively monitored.
- Conduct a review of exceptions and projects on selected basis.
- Perform service catalogue reviews for continued strategic relevance.
- Review and approve current and future technology architecture for the Bank.
- Monitor service levels, improvements and IT service delivery.
- Assess and improve the Bank's overall IT competitiveness.

3. IT Risk Assurance

- Review and approve governance, risk and control framework.
- Monitor compliance with defined standards and agreed performance metrics.
- Ensure that vulnerability assessments of new technology are performed.
- Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
- Ensure the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
- Review key IT risk and security issues relevant to the Bank's IT processes / systems.
- Ensure 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. The Bank has two (2) hotlines and a dedicated e-mail address for whistle-blowing procedures. The hotline numbers are 01-4480905 and 01-4480906, and the email address is hotline@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.

Codes of Conduct

The Bank has an internal Code of Professional Conduct for Employees 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 35 of this financial statement.

Employee Share-ownership Scheme

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

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

Internal Management Structure

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

Subsidiary governance

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

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

As at June 30, 2017, the Group had seven (7) international banking subsidiaries and two (2) sub-subsidiaries. The operations and management of these subsidiaries are monitored and controlled by GTBank Plc as described below:

Oversight function

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

Subsidiary Board Representation

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

Subsidiary Board Committees

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

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

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

Local Board and Board Committees

A minimum of two non-executive directors representing GTBank Plc sit on the board/board committees of the subsidiaries. They perform an advisory role and provide strategic guidance on the direction of the bank, expert knowledge on expansion and consolidation strategy, direction on appropriate technology to use to efficiently and effectively dominate the local market.

Management of Subsidiaries

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

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

Existence of Group Co-ordination Unit

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

Monthly Management Reporting

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

Business Performance Review Session

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

Annual System and Control Audit

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

Annual Risk Management Audit

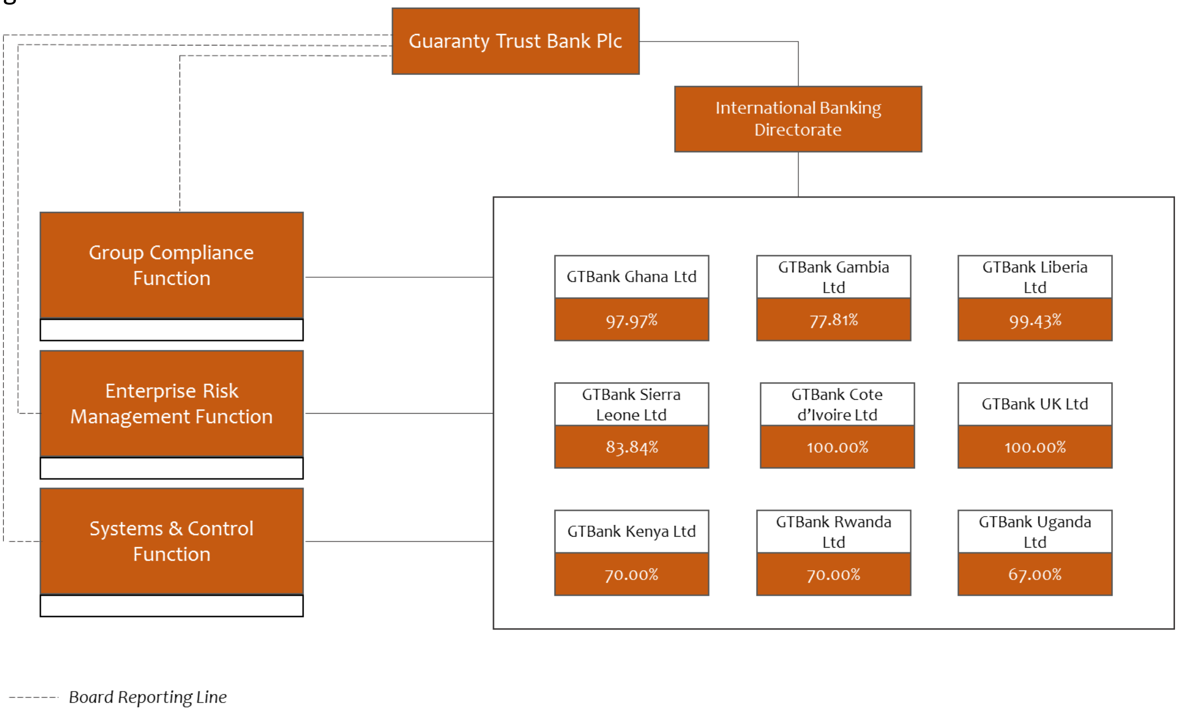
This audit is carried out by the Credit Administration unit in GTBank Plc. The areas of concentration during this audit include asset quality, loan performance, review of security pledged, loan conformity with credit policy, documentation check and review of central liability report among others.

Group Compliance Function

To ensure an effective and consistent compliance culture across all entities, the Group Compliance function oversees compliance risk and promotes training and best practice implementation across the subsidiaries, therefore affirming the group's commitment to a zero tolerance for regulatory breach.

External Auditors' Report

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



Introduction

At Guaranty Trust Bank, we continuously strive to remain the leading financial services provider in our chosen markets. To achieve this, we ensure that our operations and activities are carried out in line with applicable regulations and international best practices. This is evident in the adoption of sustainability in all facets of our business to ensure that we contribute to the sustainable development of our host communities.

The Bi-annual 2017 Sustainability Report is a reflection of our journey over the last six months and it highlights various initiatives targeted at ensuring that we are an economically and financially sustainable organization. The scope of our report covers the Marketplace, Community, Environment and Workplace.

Marketplace

The Bank integrated the Environmental & Social Risk Management (ESRM) into our credit approval process last year to ensure that the activities we finance do not have adverse environmental and social implications. Over the review period we conducted site visits to select customers with the objective of reviewing their E&S practices against key national regulations and international best practices. Customers were assessed under indices such as the existence of Environmental Policies, availability of necessary environmental-related permits, waste management practices and social responsibility projects in their host communities. We developed Action Plans under areas of concern and we will monitor same throughout the lifecycle of the projects.

In the drive to provide our first class financial services to the under-banked and unbanked demography, we developed Agent Banking locations across the nation and the Bank 737 initiative which allows individuals to perform a bouquet of services using USSD codes. Through our 39 Agent Banking locations we opened over 240,000 accounts during the first half of the year and we have continued to develop other services under the 'Bank 737' with the aim of providing simple but effective financial services to our target demography.

To support our strategic intent and also drive growth and economic development, we continue to provide various tailored services to Small and Medium Businesses in Nigeria such as the SME Market Hub which provides a platform for businesses to showcase their products and services. To further reaffirm our commitment and belief in SMEs as a major tool for unlocking national economic growth, we sponsored the second edition of the Food and Drinks Fair during the first half of the financial year. The 2 day event created an unparalleled food experience and free business platform for over 100 small businesses operating in the food industry to showcase their products and services. The event was attended by an estimated 110,000 guests.

Community

As part of our commitment to enriching the lives of all customers and communities we are operating in, we have continued to reinforce existing Corporate Social Responsibility Initiatives while exploring new opportunities to improve the lives of all our stakeholders. In this regard, the bank embarked on the Social Responsibility Challenge for all employees. Employees working in teams were tasked with identifying and implementing projects in communities where their branches were operational. Through this initiative, we were able to execute projects in over 85 branches cutting across several communities in the 36 states. These projects include infrastructure refurbishment of public toilets, provision of education aids to schools and healthcare materials to local healthcare centres. This is discussed in detail in the CSR section of the financials.

In celebration of the Financial Literacy Day in March 2017, employees facilitated trainings in 23 schools spread across the 6 geo-political zones in Nigeria. The objective of this training was to enhance the financial knowledge of the target audience by teaching on the meaning, importance and use of money and other related issues such as savings, banking etc. The program impacted over 3,000 students with art and essay competitions which gave winners the opportunity to benefit from our Orange Excellence scholarship.

Environment

As part of our drive to become a more sustainable financial institution, GTBank tracks its environmental impact by monitoring our carbon footprints. We commenced this by actively tracking our energy and paper usage and have achieved a further decline in paper consumption by 8% during the review period. This may be attributable to constant awareness on the need to reduce paper use and continually driving automation of our processes.

To further reduce our footprint from other sources, vehicular movements in particular, we designed a platform called Orange Wheels. This involves resource sharing of our vehicle assets in a centralized pool system with one of the objectives of reducing our vehicle mileage as well as fuel consumption. We have also reduced travels by conducting meetings via video conferencing.

The scope of the Bank's Whistle Blowing Policy covers environmental and social incidents relating to Health and Safety risks to the public and damage to the environment. When these are reported via our Whistle Blowing Platform, the bank takes steps to investigate and resolve complaints of this category

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

Workplace

At GTBank, we continuously enhance the skills of our workforce both internally and through specialized trainings. During the reporting period, Our E&S Team also attended a training organized by the International Finance Corporation (IFC) and participated in the quarterly Sustainability Champions Meeting with other E&S officers in the industry. For the total staff complement, we provided training on subject matters ranging from Corporate Governance to Risk Management while continuous awareness on various health related issues via “Wellness Wednesdays” was circulated on the intranet. During the review period we introduced the “Finance Fridays” series to educate employees on personal financial tips and investment opportunities. To promote friendly competition and camaraderie among various business lines, the bank organized a sports event.

In line with GTBank’s continuous commitment to gender equality and women economic empowerment, the ratio of women in the employment of the Bank remained stable at 45% while that of women in the Senior Management positions slightly increased to 37%.

As an organization which prides itself in work-life balance, we established a relationship with 10 additional recreational facilities for our employees use across the nation.

Introduction

At Guaranty Trust Bank plc. (“the Bank”), our vision is to deliver the utmost in customer service. Accordingly ‘treating customers fairly’ principles have been incorporated into our business strategy, because we appreciate the fact that our customers are key stakeholders in our business.

We recognize that customer feedback is an important tool in monitoring and responding to customer expectations. We therefore believe in the value of implementing and maintaining a robust feedback management system and process. We are attentive to our customers’ needs and we ensure that appropriate responses are provided when enquiries are made.

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

Feedback Channels/Customer Touch points

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

- The Complaints portal on the Bank’s website;
- GT Connect (a 24 hours self-service interactive call center);
- Social Media feedback platform;
- The Customer Information Service desk at any of our branches;
- The Whistle Blowing portal on the Bank’s website;

Customers’ opinion on products, services and processes

The Bank constantly evaluates valuable insights provided by customers and other stakeholders on our products, services and policies in order to improve the business, products and overall customer experience.

The review and evaluation is carried out using various methods including:

- Customer feedback survey on the Bank’s website;
- One-on-one focus meetings with customers;
- Interviews with randomly picked customers.

Complaints Handling and Resolution Structure

The Bank is committed to effective complaint handling and values feedback through complaints if and when they arise. The complaints and feedback structure ensures the prompt resolution of customers’ complaints. The Complaints Unit of the Bank is charged with the responsibility for receipt, prompt investigation and resolution of customers’ complaints. It also serves as the liaison between the Bank and its customers as well as regulatory authorities.

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

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

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

Reports to the Central Bank of Nigeria

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 2017 pursuant to CBN circular dated August 16, 2011.

	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
		2017	2016	2017	2016	2017	2016
1	Pending Complaints brought forward from prior period	150	114	926,590	876,776		
2	Received Complaints	321,506	6,047	505,056	557,585		
3	Resolved Complaints *	321,423	6,011	504,498	507,771	323,238	328,921
4	Unresolved Complaints escalated to CBN for intervention						
5	Unresolved Complaints pending with the Bank carried forward **	233	150	927,148	926,590		

*Some of the outstanding complaints also include complaints on excess charges, complaints on loan and facilities availed by the Bank.
** Majority of the outstanding complaints as at June 30, 2017 also constitute fraud related complaints and unauthorized local card transactions that are yet to be resolved by the acquiring banks.

The tables below show Complaints received and resolved by the Bank in other currencies for the year ended December 2016 and January 01 to June 30, 2017 respectively.

RECEIVED COMPLAINTS (Per Currency)

	CURRENCY	Amount Claimed	
		2017	2016
1	United States Dollars	$70,848	$115,594
2	Great Britain Pounds	£1,001	£7,909
3	Euros	€ 4,270	€ 39,516

RESOLVED COMPLAINTS (Per Currency)

	CURRENCY	AMOUNT CLAIMED		AMOUNT REFUNDED	
		2017	2016	2017	2016
1	United States Dollars **	$71,396	$116,494	$26,805	$96,727
2	Great Britain Pounds ***	£1,001	£7,909	£850	£3,099
3	Euros	€ 4,270	€ 39,516	€ 0	€ 22,012

UNRESOLVED COMPLAINTS (Per Currency)

	Description	Amount Claimed	
		2017	2016
1	United States Dollars	$30	$578
2	Great Britain Pounds	£0	
3	Euros	$0	

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

Guaranty Trust Bank plc is fully committed to the global fight against all forms of financial crimes, including money laundering and terrorist financing. In this regard, the Bank has implemented a framework for Anti-Money Laundering ("AML"), Combating the Financing of Terrorism ("CFT") and the prevention of the financing and proliferation of weapons of mass destruction.

The framework assures adherence to AML/CFT legislation and regulations in Nigeria as well as leading best practices including but not limited to the Financial Action Task Force (FATF) 40 Recommendations.

Structure of the framework

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

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

Scope of the framework

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

(i) Board and Management responsibilities:

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

(ii) Reports to Senior Management and the Board:

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

(iii) Know Your Customer (KYC) procedures:

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

Enhanced Due Diligence (EDD) is conducted on high risk customers including politically exposed persons. 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), 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 beneficial owners of a business and the organization's control and structure.

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

(iv) Transaction Monitoring:

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

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

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

(v) Transaction Reporting:

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

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

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

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

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

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

(vi) Relationship with Regulators and Law Enforcement Agencies:

The Bank understands that part of its corporate and social role 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.

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

(viii) Politically Exposed Persons (PEPs)

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

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

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

(ix) AML/CFT principles for Correspondent Banking:

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

(x) AML/CFT Training:

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

(xi) AML/CFT Audits:

In order to adhere to regulations and to ensure an ever evolving fit for use Compliance function, internal audit of the AML/CFT function is conducted on a quarterly basis. The purpose of the audit is to test for, and ensure the effectiveness of the AML/CFT measures put in place by the Bank.
The report and findings of the audit are circulated to various levels of senior management. A follow-up to the audits takes place to ensure that the relevant issues are closed out and highlighted recommendations have been implemented.

(xii) Record Retention:

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

(xiii) Subsidiaries

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

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

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

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

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

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

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

Control Environment

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

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

Risk Assessment

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

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

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, 2017

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the half year period ended June 30, 2017.

Legal form and principal activity

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

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

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

The Bank has the following overseas subsidiaries: Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (United Kingdom) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (Ivory Coast) Limited, Guaranty Trust Bank (Kenya) Limited, Guaranty Trust Bank (Rwanda) Limited, Guaranty Trust Bank (Uganda) Limited, 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 and Bank's operating result for the period ended 30 June 2017 and comparative period ended June 2016 are as shown below:

	Group Jun-2017 N'000	Group Jun-2016 Restated[1] N'000	Parent Jun-2017 N'000	Parent Jun-2016 Restated[1] N'000
Gross Earnings	214,097,579	209,872,662	186,601,905	191,362,945
Profit before income tax	101,100,510	85,688,338	94,558,420	82,032,794
Income tax expense	(17,421,102)	(13,920,717)	(14,123,341)	(12,189,789)
Profit for the period	83,679,408	71,767,621	80,435,079	69,843,005
Profit attributable to:				
Equity holders of the parent entity	83,120,122	71,394,770	80,435,079	69,843,005
Non-controlling interests	559,286	372,851	-	-
	83,679,408	71,767,621	80,435,079	69,843,005
Earnings Per Share (Kobo) - Basic	296	254	273	237
Earnings Per Share (Kobo) - Diluted	296	254	273	237

[1]See Note 50

Dividends

During the period under review, Directors declared and paid final dividend in the sum of N1.75 per ordinary share on the issued capital of 29,431,179,224 Ordinary Shares of 50 Kobo each bringing the total dividend paid for the financial year ended December 31, 2016 to N2.00 (2015 to N1.77 per share).

Withholding tax was deducted at the time of payment.

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

Directors and their interest

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

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

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

Directors' Remuneration

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

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

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

Changes on the Board

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

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

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, 2017, is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	251,487	75.8460	772,271,032	2.6240
10,001	-	50,000	60,198	18.1551	1,301,084,718	4.4208
50,001	-	100,000	9,518	2.8705	669,031,676	2.2732
100,001	-	500,000	8,239	2.4848	1,673,088,680	5.6847
500,001	-	1,000,000	956	0.2883	666,514,073	2.2647
1,000,001	-	5,000,000	893	0.2693	1,783,929,279	6.0614
5,000,001	-	10,000,000	115	0.0347	760,280,979	2.5833
10,000,001	-	50,000,000	118	0.0356	2,784,781,287	9.4620
50,000,001	-	100,000,000	21	0.0063	1,470,107,997	4.9951
100,000,001	-	500,000,000	22	0.0066	5,229,688,829	17.7692
500,000,001	-	1,000,000,000	3	0.0009	1,925,251,517	6.5415
1,000,000,001	-	2,000,000,000	4	0.0012	4,604,862,539	15.6462
2,000,000,001	-	5,000,000,000	1	0.0003	2,826,038,181	9.6022
SUB TOTAL :-			331,575	99.9997	26,466,930,787	89.93
GTBANK GDR UNDERLYING SHARES			1	0.0003	2,964,248,437	10.0718
TOTAL			**331,576**	**100.00**	**29,431,179,224**	**100.00**

According to the Register of Members as at June 30, 2017, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

SHAREHOLDER	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
GTBank GDR (underlying shares)*	2,964,248,437	10.0718%
Stanbic Nominees Nigeria Limited**	9,017,019,786	30.64%

* Citibank Nigeria Limited held the 2,964,248,437 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 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 held 30.64% 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 ₦350,579,524 (Dec. 2016: ₦449,616,533) as donations and charitable contributions during the year. It comprises contributions to Educational organizations, Art and Cultural organizations, and Professional organizations amongst others. A listing of the beneficiary organizations and the amounts donated to them is shown below:

SECTOR	BENEFICIARY/PROJECT	AMOUNT (₦)
Arts	Art 635	537,708
	Artmosphere Project	1,026,330
	Tate Partnership	3,070,000
	Yinka Shonibare Art Exhibition	2,215,000
Community Development	Massey Hospital Support	42,000
	Nigerian Police Force	75,000,000
	Orange Heart	837,770
	Orange Ribbon - Autism Project	6,836,090
	Security Trust Fund	50,000,000
	Swiss Red Cross	44,698,123
CSR Profiling	CSR Profiling	712,900
Education	Adopt-a-School	1,750,000
	Financial Literacy	6,128,450
	Masters Cup	25,979,968
	Principals Cup	72,282,177
	You Read Initiative	55,859,009
Environment	Roundabout Maintenance	360,000
Others	Others	3,244,000
Grand Total		**350,579,524**

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 30 June, 2017 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, 2017 vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Employees	1,821	1,507	3,328	55%	45%

Gender analysis in average terms of Board and Top Management as at 30 June, 2017 is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Board	11	3	14	79%	21%
Top Management (AGM - GM)	31	22	53	58%	42%
Total	**42**	**25**	**67**	**63%**	**37%**

Detailed Gender analysis in average terms of Board and Top Management as at 30 June, 2017 is as follows:

	Male	Female	Total	Male	Female
		Number		%	
Assistant General Manager	11	11	22	50%	50%
Deputy General Manager	12	6	18	67%	33%
General Manager	8	5	13	62%	38%
Executive Director & Deputy Managing Director	4	1	5	80%	20%
Managing Director	1	0	1	100%	0%
Non-Executive Directors	5	2	7	71%	29%
Total	**41**	**25**	**66**	**62%**	**38%**

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 reemployment of such a person without subjecting him/her to any disadvantage in his/her career development. In the year under review, the Bank had three persons on its staff list with physical challenges.

(4) Employee Involvement and Training

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

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

(5) Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense. In line with the status of the Bank as a family-friendly organization, we operate a crèche facility at our Head Office and have plans to expand to other locations in due course. There is a state-of-the-art gymnasium for staff at our Head Office. 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 AdesolaStreet, Victoria Island, Lagos
26, July, 2017

Statement of Directors' Responsibilities in Relation to the Financial Statements for period ended June 30, 2017

The Directors accept responsibility for the preparation of the financial statements set out from pages 51-318 that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards.

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

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

HARUNA MUSA	SEGUN AGBAJE
FRC/2017/CIBN/00000016515	FRC/2013/CIBN/00000001782
26 July, 2017	26 July, 2017

Report of the Audit Committee

For the period ended 30 June, 2017

To the members of Guaranty Trust Bank Plc

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

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

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended 30 June, 2017 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N386,710,000 (31 December, 2016: N438,857,000) was outstanding as at 30 June, 2017. The status of performance of insider related credits is as disclosed in Note 47(d).

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

Alhaji M.A. Usman
Chairman, Audit Committee[1]
24 July, 2017

Members of the Audit Committee are:

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

In attendance:
Mr. Segun Fadahunsi - Secretary

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

Independent Auditor's Report

Independent auditor's report

To the Members of Guaranty Trust Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Guaranty Trust Bank Plc ("the bank") and its subsidiaries (together "the group") as at 30 June 2017, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- The consolidated and separate statements of financial position as at 30 June 2017;
- the consolidated and separate income statements for the period then ended;
- the consolidated and separate statements of other comprehensive income for the period then ended;
- the consolidated and separate statements of changes in equity for the period ended;
- the consolidated and separate statements of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment assessment (N67.8billion) We focused on this area due to the size of the loans and advances balance net of impairment (N1.3trillion) and because it requires significant judgement both for the timing and recognition of impairment and the estimation of the size of any such impairment. The main components are a specific loss component that relates to individually significant exposures, and a collective loan loss impairment, established for a group of financial assets with similar credit risk characteristics that were collectively assessed for impairment. See notes 4(f), 6, 11, 28 and 29 to the consolidated and separate financial statements. We focused on: • The valuation of collaterals used in the impairment calculation for the facilities individually assessed for specific impairment because of their impact on the determination of recoverable amount. • Internal rating model developed by management to assess the credit quality and measure the default risk of the obligors. Management's assumptions in arriving at the risk rating in the model is subjective and highly sensitive to the changes in economic and credit conditions across the different segments and industries. • Foreign currency denominated usance facilities which were grouped on the basis of similar credit risk characteristics. The calculation of probability of default for this group of facilities was more stringent than other collectively impaired facilities as management considered that the marked depreciation of the Naira against Dollars could pose future challenges on the ability	We understood and evaluated the design and operating effectiveness of the controls over loan loss reserves assessment across the bank to determine the extent of substantive testing required. We applied a risk based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements. Our reviews included checking the details of the borrowers and the account history, the nature of the facility, the industry and other factors that could indicate deterioration in the financial condition and the borrowers' capacity to repay. For those facilities individually assessed for specific impairment, we formed our own judgement as to the classification of the facility and challenged management where our classification differed from theirs. We obtained and reviewed the valuation reports for assessment of the collateral values included in the impairment calculation for significant facilities where impairment triggers were identified. We assessed the reasonableness of management's assumptions with respect to inputs into the incurred loan loss model. We then verified the accuracy of the inputs and recalculated the collective impairment amount. For facilities denominated in foreign currency experiencing economic stress due to the limited availability of foreign currency and the increased cost to source foreign exchange from alternative markets, we evaluated management's assessment that they were not specifically impaired by reviewing the borrowers' accounts to assess whether there is a shortfall in Dollars or whether the total Naira account balance is sufficient to service the facilities if converted to Naira at the prevailing exchange rate. We also assessed the extent to which collateral held against the facilities can cover the Naira/Dollar shortfall. We obtained sufficient

of the obligors to service maturing obligations as at when due.

Allowance for impairment is considered a key audit matter in the consolidated and separate financial statements.

documentation on the measures taken by the borrowers to source the foreign currency required to service the facilities.

We assessed the probability of default for the foreign currency denominated facilities which at 84% was more stringent than the probability of default for the respective industry buckets within the collective impairment model. We obtained evidence of approval from senior management for the more stringent probability of default.

Other information

The directors are responsible for the other information. The other information comprises the Corporate governance report, Sustainability report, Reports and feedback, Anti-money laundering and combating terrorist financing framework, Internal control and risk management systems in relation to the financial reporting, Directors' report, Statement of directors' responsibilities, Report of the audit committee, The consolidated and separate income statement for the 3 months ended 30 June 2017, The consolidated and separate statements of other comprehensive income for the 3 months ended 30 June 2017, Value added statements, Five year financial summary, Regulatory requirements under the IFRS regime, Operational risk management, Agents and agent's location, Activities of card operators, Shareholders information, which we obtained prior to the date of this auditor's report.

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

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

When we read the reports not made available to us before the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1331095

Obioma Ubah

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

14 August 2017

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

Financial statements

Statements of financial position

As at 30 June 2017

In thousands of Nigerian Naira	**Notes**	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Assets					
Cash and cash equivalents	4, 8, 23	513,291,276	455,863,305	338,093,367	233,847,233
Financial assets held for trading	4, 8, 24	14,728,263	12,053,919	9,949,333	6,321,370
Derivative financial assets	25	690,834	1,042,470	690,834	1,042,470
Investment securities:					
– Available for sale	4, 8, 26	524,558,420	448,056,733	483,524,464	408,246,905
– Held to maturity	4, 8, 26	87,399,499	80,155,825	5,217,660	5,219,262
Assets pledged as collateral	4, 8, 27	64,075,987	48,216,412	64,063,570	48,205,702
Loans and advances to banks	4, 8, 28	796,787	653,718	44,171	29,943
Loans and advances to customers	4, 8, 29	1,489,957,815	1,589,429,834	1,306,230,356	1,417,217,952
Investment in subsidiaries	30	-	-	43,965,254	43,968,474
Property and equipment	31	93,163,659	93,488,055	81,300,770	81,710,025
Intangible assets	32	14,035,107	13,858,906	3,643,790	3,377,961
Deferred tax assets	33	1,676,227	1,578,427	-	-
Restricted deposits & other assets	34	427,863,967	371,995,835	420,000,754	364,152,777
		3,232,237,841	3,116,393,439	2,756,724,323	2,613,340,074
Assets classified as held for sale and discontinued operations	34(b)	-	-	850,820	-
Total assets		**3,232,237,841**	**3,116,393,439**	**2,757,575,143**	**2,613,340,074**
Liabilities					
Deposits from banks	4, 8, 35	55,608,346	125,067,848	37,914	40,438
Deposits from customers	4, 8, 36	1,966,375,983	1,986,246,232	1,627,718,424	1,681,184,820
Financial liabilities held for trading	4, 8, 37	10,388,382	2,065,402	10,388,382	2,065,402
Derivative financial liabilities	25	639,380	987,502	639,380	987,502
Other liabilities	8, 39	272,051,500	115,682,490	246,636,282	90,060,440
Current income tax liabilities	21	20,136,202	17,928,279	19,428,509	17,819,039
Deferred tax liabilities	33	13,511,396	17,641,384	6,805,537	11,946,699
Debt securities issued	4, 8, 38	128,005,257	126,237,863	127,391,029	-
Other borrowed funds	4, 8, 41	227,523,521	219,633,604	211,131,101	332,317,881
		2,694,239,967	**2,611,490,604**	**2,250,176,558**	**2,136,422,221**
Liabilities included in assets classified as held for sale and discontinued operations	34(b)	-	-	847,600	-
Total liabilities		**2,694,239,967**	**2,611,490,604**	**2,251,024,158**	**2,136,422,221**

Statements of financial position (Continued)
As at 30 June 2017

In thousands of Nigerian Naira	***Notes***	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Equity	42				
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(5,291,245)	(5,291,245)	-	-
Retained earnings		97,139,856	90,273,587	89,243,906	83,989,499
Other components of equity		297,827,146	272,891,094	279,120,375	254,741,650
		527,862,461	**496,060,140**	**506,550,985**	**476,917,853**
Non-controlling interests in equity		10,135,413	8,842,695	-	-
Total equity		**537,997,874**	**504,902,835**	**506,550,985**	**476,917,853**
Total equity and liabilities		**3,232,237,841**	**3,116,393,439**	**2,757,575,143**	**2,613,340,074**

Approved by the Board of Directors on 26 July 2017:

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 2017

In thousands of Nigerian Naira	*Notes*	Group Jun-2017	Group Restated[1] Jun-2016	Parent Jun-2017	Parent Restated[1] Jun-2016
Interest income	9	165,884,856	109,777,801	145,244,701	95,412,078
Interest expense	10	(36,347,415)	(30,662,694)	(29,529,809)	(26,209,788)
Net interest income		**129,537,441**	**79,115,107**	**115,714,892**	**69,202,290**
Loan impairment charges	11	(7,212,808)	(37,546,531)	(7,316,758)	(36,655,298)
Net interest income after loan impairment charges		**122,324,633**	**41,568,576**	**108,398,134**	**32,546,992**
Fee and commission income	12	28,027,266	36,077,451	21,388,555	31,547,739
Fee and commission expense	13	(965,643)	(1,268,325)	(653,914)	(1,073,820)
Net fee and commission income		**27,061,623**	**34,809,126**	**20,734,641**	**30,473,919**
Net gains/(losses) on financial instruments classified as held for trading	14	5,663,642	2,346,369	3,104,156	1,122,345
Other income	15	14,521,815	61,671,041	16,864,493	63,280,783
Net impairment on other financial assets	16	(646,180)	-	(646,180)	-
Personnel expenses	17	(16,368,191)	(14,514,147)	(11,380,738)	(10,948,292)
Operating lease expenses	18	(749,535)	(602,724)	(326,757)	(335,750)
Depreciation and amortization	19	(7,880,864)	(7,010,631)	(6,543,777)	(6,080,689)
Other operating expenses	20	(42,826,433)	(32,579,272)	(35,645,552)	(28,026,514)
Profit before income tax		**101,100,510**	**85,688,338**	**94,558,420**	**82,032,794**
Income tax expense	21	(17,421,102)	(13,920,717)	(14,123,341)	(12,189,789)
Profit for the period		**83,679,408**	**71,767,621**	**80,435,079**	**69,843,005**
Profit attributable to:					
Equity holders of the parent entity		83,120,122	71,394,770	80,435,079	69,843,005
Non-controlling interests		559,286	372,851	-	-
		83,679,408	**71,767,621**	**80,435,079**	**69,843,005**
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	2.96	2.54	2.73	2.37
– Diluted	22	2.96	2.54	2.73	2.37

The accompanying notes are an integral part of these financial statements

[1]See Note 50

Statements of other comprehensive income

For the period ended 30 June 2017

In thousands of Nigerian Naira	**Notes**	**Group Jun-2017**	**Group Restated[1] Jun-2016**	**Parent Jun-2017**	**Parent Restated[1] Jun-2016**
Profit for the period		83,679,408	71,767,621	80,435,079	69,843,005
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gains and losses		649,166	-	649,166	-
Income tax relating to actuarial gains and losses		(194,750)	-	(194,750)	-
		454,416	-	454,416	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		(725,763)	18,439,350	-	-
Income tax relating to Foreign currency translation differences for foreign operations	21	217,729	(5,531,805)	-	-
Net change in fair value of available for sale financial assets		1,747,030	(7,565,647)	354,573	(7,819,770)
Income tax relating to Net change in fair value of available for sale financial assets	21	(524,109)	2,316,018	(106,372)	2,392,255
		714,887	7,657,916	248,201	(5,427,515)
Other comprehensive income for the period, net of tax		1,169,303	7,657,916	702,617	(5,427,515)
Total comprehensive income for the period		**84,848,711**	**79,425,537**	**81,137,696**	**64,415,490**
Total comprehensive income attributable to:					
Equity holders of the parent entity		83,306,885	77,362,220	81,137,696	64,415,490
Non-controlling interests		1,541,826	2,063,317	-	-
Total comprehensive income for the period		**84,848,711**	**79,425,537**	**81,137,696**	**64,415,490**

The accompanying notes are an integral part of these financial statements

[1]See Note 50

Income statements

For 3 months ended 30 June 2017 (Unaudited)

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Interest income	81,776,182	53,944,702	71,294,596	46,116,095
Interest expense	(18,367,889)	(15,623,404)	(14,908,434)	(13,184,145)
Net interest income	**63,408,293**	**38,321,298**	**56,386,162**	**32,931,950**
Loan impairment charges	(3,399,576)	(34,160,656)	(3,703,569)	(33,645,366)
Net interest income after loan impairment charges	**60,008,717**	**4,160,642**	**52,682,593**	**(713,416)**
Fee and commission income	12,001,781	18,791,895	8,663,796	16,322,085
Fee and commission expense	(380,382)	(701,275)	(287,103)	(594,533)
Net fee and commission income	**11,621,399**	**18,090,620**	**8,376,693**	**15,727,552**
Net gains/(losses) on financial instruments classified as held for trading	1,986,983	1,174,726	942,270	529,947
Other income	13,675,736	60,567,148	16,275,561	62,373,482
Net impairment loss on financial assets	(646,180)	-	(646,180)	-
Personnel expenses	(8,175,574)	(7,729,175)	(5,759,406)	(5,773,192)
Operating lease expenses	(292,898)	(205,634)	(170,179)	(165,235)
Depreciation and amortization	(3,738,304)	(3,689,923)	(3,156,202)	(3,185,282)
Other operating expenses	(23,731,444)	(17,356,051)	(20,005,643)	(14,769,349)
Profit before income tax	**50,708,435**	**55,012,353**	**48,539,507**	**54,024,507**
Income tax expense	(8,506,436)	(8,859,180)	(6,300,126)	(7,708,464)
Profit for the year	**42,201,999**	**46,153,173**	**42,239,381**	**46,316,043**
Profit attributable to:				
Equity holders of the parent entity	41,910,516	45,997,573	42,239,381	46,316,043
Non-controlling interests	291,483	155,600	-	-
	42,201,999	**46,153,173**	**42,239,381**	**46,316,043**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):				
– Basic	1.50	1.64	1.44	1.57
– Diluted	1.50	1.64	1.44	1.57

The accompanying notes are an integral part of these financial statements

Statements of other comprehensive income

For 3 months ended 30 June 2017 (Unaudited)

In thousands of Nigerian Naira	**Notes**	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Profit for the period		42,201,999	46,153,173	42,239,381	46,316,043
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in ***subsequent periods:***					
Actuarial gains and losses		649,166	-	649,166	-
Income tax relating to actuarial gains and losses		(194,750)	-	(194,750)	-
		454,416	-	454,416	-
Other comprehensive income to be reclassified to profit or loss in ***subsequent periods:***					
Foreign currency translation differences for foreign operations		438,280	19,511,441	-	-
Income tax relating to Foreign currency translation differences for foreign operations		(131,484)	(5,853,432)	-	-
Net change in fair value of available for sale financial assets		(228,916)	(1,082,028)	(197,491)	(1,308,759)
Income tax relating to Net change in fair value of available for sale financial assets		68,675	370,932	59,247	438,952
		146,555	12,946,913	(138,244)	(869,807)
Other comprehensive income for the period, net of tax		600,971	12,946,913	316,172	(869,807)
Total comprehensive income for the period		**42,802,970**	**59,100,086**	**42,555,553**	**45,446,236**
Profit attributable to:					
Equity holders of the parent entity		42,282,384	57,375,786	42,555,553	45,446,236
Non-controlling interests		520,586	1,724,300	-	-
Total comprehensive income for the period		**42,802,970**	**59,100,086**	**42,555,553**	**45,446,236**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
June 2017
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2017	**14,715,590**	**123,471,114**	**55,734,605**	**209,185,386**	**(5,291,245)**	**(663,687)**	**8,634,790**	**90,273,587**	**496,060,140**	**8,842,695**	**504,902,835**
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	83,120,122	83,120,122	559,286	83,679,408
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(612,535)	-	(612,535)	104,501	(508,034)
Actuarial gains	-	-	-	-	-	-	-	454,416	454,416	-	454,416
Fair value adjustment	-	-	-	-	-	344,882	-	-	344,882	878,039	1,222,921
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**344,882**	**(612,535)**	**454,416**	**186,763**	**982,540**	**1,169,303**
Total comprehensive income	-	-	-	-	-	**344,882**	**(612,535)**	**83,574,538**	**83,306,885**	**1,541,826**	**84,848,711**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	(51,007)	25,254,712	-	-	-	(25,203,705)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(51,504,564)	(51,504,564)	(249,108)	(51,753,672)
	-	**-**	**(51,007)**	**25,254,712**	**-**	-	-	**(76,708,269)**	**(51,504,564)**	**(249,108)**	**(51,753,672)**
Balance at 30 June 2017	**14,715,590**	**123,471,114**	**55,683,598**	**234,440,098**	**(5,291,245)**	**(318,805)**	**8,022,255**	**97,139,856**	**527,862,461**	**10,135,413**	**537,997,874**

Consolidated Statement of Changes in Equity
Jun-2016
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2016	**14,715,590**	**123,471,114**	**53,793,105**	**169,730,267**	**(4,754,156)**	**3,938,817**	**(4,810,934)**	**51,089,585**	**407,173,388**	**6,388,550**	**413,561,938**
Total comprehensive income for the period:											
Profit for the period (Restated[1])	-	-	-	-	-	-	-	71,394,770	71,394,770	372,851	71,767,621
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	11,356,433	-	11,356,433	1,551,112	12,907,545
Fair value adjustment	-	-	-	-	-	(5,388,983)	-	-	(5,388,983)	139,354	(5,249,629)
Total other comprehensive income	-	-	-	-	-	**(5,388,983)**	**11,356,433**	-	**5,967,450**	**1,690,466**	**7,657,916**
Total comprehensive income	-	-	-	-	-	**(5,388,983)**	**11,356,433**	**71,394,770**	**77,362,220**	**2,063,317**	**79,425,537**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	1,947,821	17,560,045	-	-	-	(19,507,866)	-	-	-
Inflow from non-controlling interest	-	-	-	-	-	-	-	-	-	(470,293)	(470,293)
Acquisition/disposal of own shares	-	-	-	-	(537,089)	-	-	-	(537,089)	-	(537,089)
Dividends to equity holders	-	-	-	-	-	-	-	(44,735,390)	(44,735,390)	(138,143)	(44,873,533)
	-	**-**	**1,947,821**	**17,560,045**	**(537,089)**	**-**	**-**	**(64,243,256)**	**(45,272,479)**	**(608,436)**	**(45,880,915)**
Balance at 30 June 2016	**14,715,590**	**123,471,114**	**55,740,926**	**187,290,312**	**(5,291,245)**	**(1,450,166)**	**6,545,499**	**58,241,099**	**439,263,129**	**7,843,431**	**447,106,560**

[1]See Note 50

Statement of Changes in Equity
June 2017
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2017	**14,715,590**	**123,471,114**	**52,324,178**	**203,418,152**	**(1,000,680)**	**83,989,499**	**476,917,853**
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	80,435,079	80,435,079
Other comprehensive income, net of tax							
Actuarial gains	-	-	-	-	-	454,416	454,416
Fair value adjustment	-	-	-	-	248,201	-	248,201
Total other comprehensive income	**-**	**-**	**-**	**-**	**248,201**	**454,416**	**702,617**
Total comprehensive income	-	-	-	-	**248,201**	**80,889,495**	**81,137,696**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	24,130,524	-	(24,130,524)	-
Dividend to equity holders	-	-	-	-	-	(51,504,564)	(51,504,564)
	-	**-**	**-**	**24,130,524**	-	**(75,635,088)**	**(51,504,564)**
Balance at 30 June 2017	**14,715,590**	**123,471,114**	**52,324,178**	**227,548,676**	**(752,479)**	**89,243,906**	**506,550,985**

[1] **Please refer to Note 42 for further breakdown**

Statement of Changes in Equity
Jun-2016
Parent

In thousands of Nigerian Naira	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Fair value reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2016	**14,715,590**	**123,471,114**	**52,241,013**	**165,367,114**	**3,765,486**	**46,048,031**	**405,608,348**
Total comprehensive income for the period:							
Profit for the period (Restated[1])	-	-	-	-	-	69,843,005	69,843,005
Other comprehensive income, net of tax							
Fair value adjustment	-	-	-	-	(5,427,515)	-	(5,427,515)
Total other comprehensive income	-	-	-	-	**(5,427,515)**	-	**(5,427,515)**
Total comprehensive income	-	-	-	-	**(5,427,515)**	**69,843,005**	**64,415,490**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	16,618,021	-	(16,618,021)	-
Dividend to equity holders	-	-	-	-	-	(44,735,390)	(44,735,390)
	-	**-**	**-**	**16,618,021**	**-**	**(61,353,411)**	**(44,735,390)**
Balance at 30 June 2016	**14,715,590**	**123,471,114**	**52,241,013**	**181,985,135**	**(1,662,029)**	**54,537,625**	**425,288,448**

[1]See Note 50

Statements of cash flows

For the period ended 30 June 2017

In thousands of Nigerian Naira	***Notes***	**Group Jun-2017**	**Group Restated[1] Jun-2016**	**Parent Jun-2017**	**Parent Restated[1] Jun-2016**
Cash flows from operating activities					
Profit for the period[1]		83,679,408	71,767,621	80,435,079	69,843,005
Adjustments for:					
Depreciation of property and equipment	19, 31	6,955,387	6,325,001	5,785,083	5,533,903
Amortisation of Intangibles		925,477	685,630	758,694	546,786
Gain/(loss) on disposal of property and equipment		13,918	(5,604)	19,945	(1,004)
Impairment on financial assets		11,604,058	38,043,804	11,664,521	36,968,555
Net interest income		(129,537,441)	(79,115,107)	(115,714,892)	(69,202,290)
Foreign exchange gains	15	(14,396,024)	(61,253,053)	(13,633,260)	(60,928,255)
Fair value changes for FVTPL		(33,202)	(1,464)	(33,202)	(1,464)
Derivatives fair value changes		3,514	(66,636)	3,514	(66,636)
Dividend received		(106,507)	(65,789)	(3,217,976)	(2,170,059)
Income tax expense	21, 34	17,421,102	13,920,717	14,123,341	12,189,789
Other non-cash items		(17,340)	295,620	(17,340)	295,620
		(23,487,650)	(9,469,260)	(19,826,493)	(6,992,050)
Net changes in:					
Financial assets held for trading		(2,630,883)	18,621,167	(3,594,761)	17,829,461
Assets pledged as collateral		(15,859,052)	355,334	(15,857,868)	353,425
Loans and advances to banks		(25,808,047)	(220,346)	(22,336,411)	608,580
Loans and advances to customers		109,282,863	140,916,872	112,648,413	73,077,924
Restricted deposits and other assets[1]		(40,386,349)	(99,123,885)	(41,252,804)	(93,621,383)
Deposits from banks		(75,046,602)	(8,616,733)	(2,524)	118,146
Deposits from customers		(32,226,699)	187,380,748	(61,563,405)	167,820,088
Financial liabilities held for trading		8,322,980	-	8,322,980	-
Other liabilities		151,713,035	375,134	152,065,629	(1,022,147)
		77,361,246	239,688,291	128,429,249	165,164,094
Interest received		165,035,885	103,460,873	144,395,730	89,095,149
Interest paid		(36,370,230)	(29,234,988)	(29,552,625)	(24,782,082)
		182,539,251	304,444,916	223,445,861	222,485,111
Income tax paid		(20,044,742)	(21,725,391)	(17,956,155)	(19,378,526)
Net cash provided by operating activities		**162,494,509**	**282,719,525**	**205,489,706**	**203,106,585**

[1]See Note 50

Statements of cash flows

For the period ended 30 June 2017

In thousands of Nigerian Naira	***Notes***	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Cash flows from investing activities					
Redemption of investment securities		291,852,797	390,518,001	291,852,797	390,411,339
Purchase of investment securities		(372,804,141)	(358,502,369)	(367,279,117)	(358,502,369)
Dividends received		106,507	65,789	3,217,976	2,170,059
Purchase of property and equipment	31	(6,608,538)	(6,465,360)	(5,412,383)	(5,042,851)
Proceeds from the sale of property and equipment		45,471	836,153	16,610	58,793
Purchase of intangible assets	32	(1,060,831)	(1,603,920)	(1,024,523)	(1,504,300)
Additional investment in subsidiary		-	-	-	(2,062,693)
Net cash provided by/(used in) investing activities		(88,468,735)	24,848,294	(78,628,640)	25,527,978
Cash flows from financing activities					
Repayment of debt securities issued		(3,316,504)	(141,901,228)	-	-
Repayment of long term borrowings		(14,415,910)	(86,346,911)	(15,948,857)	(153,144,480)
Increase in long term borrowings		18,341,534	18,458,500	18,341,534	18,458,500
Finance lease repayments		(753,804)	(591,869)	(753,804)	(591,869)
Purchase of treasury shares		-	(537,089)	-	-
Dividends paid to owners	43	(51,504,564)	(44,735,390)	(51,504,564)	(44,735,390)
Dividends paid to non-controlling interest		(249,108)	(138,143)	-	-
Increase in non-controlling interest		-	(470,293)	-	-
Net cash used in financing activities		(51,898,356)	(256,262,423)	(49,865,691)	(180,013,239)
Net increase in cash and cash equivalents		22,127,418	51,305,396	76,995,375	48,621,324
Cash and cash equivalents at beginning of period		455,863,305	254,633,217	233,847,233	173,133,110
Effect of exchange rate fluctuations on cash held		9,603,095	80,831,931	4,928,987	45,186,318
Cash and cash equivalents at end of the period		487,593,818	386,770,544	315,771,595	266,940,752

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 2017, are prepared for the Parent and the Group (Bank and its `subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group entities are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

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

These Consolidated and Separate financial statements have been audited and were authorised for issue by the directors on **26th July, 2017.**

3. (a) Significant Accounting Policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of Estimates and Judgements

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

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

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

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

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

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

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

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

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

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

In fulfilment of this new disclosure requirement, the Bank/Group has provided a reconciliation in Note 41 between the opening and closing balances of all liabilities whose cash flow movements are disclosed as part of financing activities in the cash flow statement, for the period ended June 30, 2017.

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended to become effective for annual periods beginning on or after 1 January 2018:

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

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

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

  Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. The Group is currently evaluating the impact of this new Standard.

- **IFRS 9 - Financial instruments**
  IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018.

Classification and Measurement

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

The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. The adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases, however, the final impact will be dependent on the facts and circumstances that exist on 1 January 2018.

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

Impairment Overview

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

Under IAS 39, provisions are recognised for losses that have been incurred but may not have been separately identified. An assessment is made of the likelihood of assets being impaired at the balance sheet date and being identified subsequently; the length of time taken to identify that an impairment event has occurred is known as the loss emergence period. The Group has a range of emergence periods which are dependent upon the business segment of the exposures, but typically range between 6 months and 12 months based on historical experience. Unsecured portfolios tend to have shorter emergence periods than secured portfolios. Under IFRS 9, all loans in stage 1 will require a loss allowance measured at an amount equal to 12 months ECL and is therefore longer than current emergence periods for certain portfolios.

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

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The need to consider a range of economic scenarios and how they could impact the loss allowance is a subjective feature of the IFRS 9 ECL model. The Group is developing the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight will be established around the process.

IFRS 9 Impairment Models
For all material portfolios, IFRS 9 ECL calculation will leverage past and current data, develop new systems and methodology and incorporate forward-looking information in calculating the ECL.

Impact of IFRS 9 on the Group
The adoption of IFRS 9 may result in an increase in the Group's balance sheet provisions for credit losses. However, this increase will not have a significant impact on regulatory capital, the Group having set aside substantial sum of money in regulatory risk reserves. The extent of the increase in provisions will depend on a number factors including the composition of the Group's lending portfolios and forecast economic conditions at the date of implementation. It is also noteworthy to state that the requirement to transfer assets between ECL stages and the need to incorporate forward looking data into the expected credit loss calculation, including multiple economic scenarios, could result in impairment charges being moderately higher when compared to the current IAS 39 impairment model.

IFRS 9 Implementation Programme
The Group has an established IFRS 9 programme to ensure a high quality implementation in compliance with the standard and regulatory guidance note that was issued by the Central Bank of Nigeria in December 2016. The programme involves Finance and Risk functions across the Group with Divisional and Group steering committees providing oversight. The key responsibilities of the programme include defining IFRS 9 methodology and accounting policy, development of ECL models, identifying data and system requirements, and establishing an appropriate operating model and governance framework. The programme is progressing in line with current delivery plans. Credit risk methodologies have been defined and model development and approval is underway for core portfolios. Models and credit risk processes will be tested during the parallel run

period to embed the changes and help improve the understanding of the new impairment models.

Finance systems and reporting requirements are being developed and tested. Existing controls and governance structures are being reviewed and changes identified as a result of IFRS 9 will be effected. The governance framework includes the review of, and challenges encountered in obtaining forward looking information for a range of economic scenarios. Communication and training plans are in place and some training sessions have already been conducted for the relevant functions and divisions within the Bank and for the finance, treasury and risk management functions of the subsidiaries across the group. Furthermore, the impact on resources within Finance and Risk functions is being assessed to ensure the business is ready to implement the new standard. .

- **Amendments to IAS 28 - Investment in Associates and Joint ventures**
  The amendments allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity's associate or joint venture to its interests in subsidiaries. Furthermore, the amendments also clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS *3 Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of the unrelated investors' interests in the associate or joint venture. This amendment does not impact the group in anyway as the Group does not have investments in Associates and Joint Ventures.

- **Amendments to IFRS 1 - First time Adopters: Deletion of short- term exemptions for first time adopters**
  The IASB deleted short term exemptions granted to first time adopters of IFRS as those reliefs are no longer necessary. This amendment does not have any impact on the Group.

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

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

- **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**

The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation committee clarifies that the date of transaction for the purpose of determining exchange rate to use on non-monetary assets or non-monetary liabilities arising from prepayment or receipt of advance consideration is the date on which the transaction first qualifies for recognition in accordance with IFRS. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. These amendments do not have any material impact on the Group.

- **IFRS 16 – Leases**

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

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

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

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

  - an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;

  - an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. This amendment does not have any impact on the Group as it does not issue any insurance contract within the scope of IFRS 4.

- **IFRS 17 - Insurance Contracts**

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

3.(b)Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

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

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

Acquisition of subsidiaries

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

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

(ii) Structured entity

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

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

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

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

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

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

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

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

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

(d) Fees and commission

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

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

(e) Net trading income

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

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

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

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

(g) Dividend income

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

(h) Leases

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

(a) **The Group is the lessee**

(i) Operating lease

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

(ii) Finance lease

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

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

(b) **The Group is the lessor**

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

(i) Income Tax

(a) **Current income tax**

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

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

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

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

(b) **Deferred income tax**

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

asset is realised or the deferred income tax liability is settled.
However, the deferred income tax is not recognised for:

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

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

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

(j) Financial assets and liabilities

(i) Recognition

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

(ii) Measurement

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

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

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

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

a) Amortised cost measurement

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

b) Fair value measurement

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

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

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

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

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

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

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

(iii) Offsetting

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

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

(iv) De-recognition

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

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

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

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

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

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

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

(v) Classification

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

a) <u>Loans and Receivables</u>

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

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

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

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

b) <u>Available-for-sale investments</u>

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

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

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

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

c) Held-to-maturity

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

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

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value.

- Sales or reclassifications after the Group have collected substantially all the asset's original Principal.

- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

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

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

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

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

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

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

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

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

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

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

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

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

(vi) Pledge of assets as collateral

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

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Assets classified as available for sale

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

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Repossessed Collateral

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

(n) Investment in subsidiaries

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

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

(o) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(p) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

(q) Impairment of Non financial assets

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

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

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

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

(r) Deposits, debt securities issued

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

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

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

(s) Provisions

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

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

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

(t) Financial guarantees

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

(u) Employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

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

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

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

(iii)Termination Benefits

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

(iv)Short-term employee benefits

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

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

(v) Share-based payment transactions

Guaranty Trust Bank operates a cash settled share based compensation scheme managed by a Special Purpose Vehicle (SPV) - Guaranty Trust Bank Staff Investment Trust. The scheme was introduced as a compensation plan for the bank's management personnel to enhance employee retention, 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) Assets acquired in exchange for loans

Non-financial assets acquired in exchange for loans as part of an orderly realisation are recorded as assets held for sale and reported in 'Other assets' if the carrying amounts of the assets are recovered principally through sale, the assets are available for sale in their present condition and their sale is highly probable.

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

(x) 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.

(y) 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.

(z) 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.

(aa) 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 strong risk culture and follows 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 the 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 with the aim of achieving its objectives.

The Bank has recognised its major risk areas as 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 ERM Division.

(b) Risk Management Philosophy

GTBank's Risk Management philosophy describes its attitude to risk taking. It is the driving force behind its officers' behavior in the conduct of business activities and operations from a risk perspective. This is summarized in the statement:
"To enhance shareholders' value by creating and maintaining a culture of intelligent risk-taking".

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

- The Bank's decisions will be based on careful analysis of its operating environment as well as the implications of risks to the achievement of its strategic goals.
- The Bank will not take any action that will compromise its integrity
- Risk control will not constitute an impediment to the achievement of strategic objectives.
- The Bank will always comply with all government regulations and embrace global best practice.
- Risk management will form an integral part of the Bank's strategy setting process
- The Bank will only assume risks that fall within its risk appetite with commensurate 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 risks inherent in them and adopt appropriate risk responses at all time.

Risk Appetite

The bank recognises that there are risk elements associated with the pursuit of growth opportunities to achieve its strategic objectives. While its 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 capital, technology and people.

Risk Appetite Statement

"Guaranty Trust Bank maintains 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 opinion of the Board and Management on the approach to risk that will be adopted across all business levels, in relation to the Bank's set strategic objectives. This statement is interpreted in both quantitative and qualitative risk factors that measure the bank's risk profile at any time. These 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),
- Coverage
- Cost of Risk
- Liquidity
- Risk Asset Funding
- Staff Attrition

Risk Tolerance

To cascade the risk appetite statement across all business levels, the management of the bank defines the risk tolerances applicable to the risk factors. The tolerances are measured via a three-leg limit system which measures an extreme upper region suggesting high risk or unacceptable risk level, a middle range region known as trigger point and a lower region suggesting a low risk or acceptable risk level. Thie system establishes the acceptable level of variation relative to the bank's desired objective.

In setting the risk tolerances, the bank adopts the interview session approach wherein Management of the bank are questioned to ascertain their position on the degree of risk the bank is willing to take. The set risk acceptance levels are subject to the approval of the Board of Directors and can be changed at the discretion of the Board and Management, when there are compelling regulatory and operating factors.

The risk tolerance limits are monitored periodically using a dashboard which establishes the status of each risk factor at any given point in time. The result of the dashboard is made available to the Management and Board of Directors to enable them take appropriate decisions regarding the acceptability of the risk tolerance level.

(c)Risk Management Framework

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

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

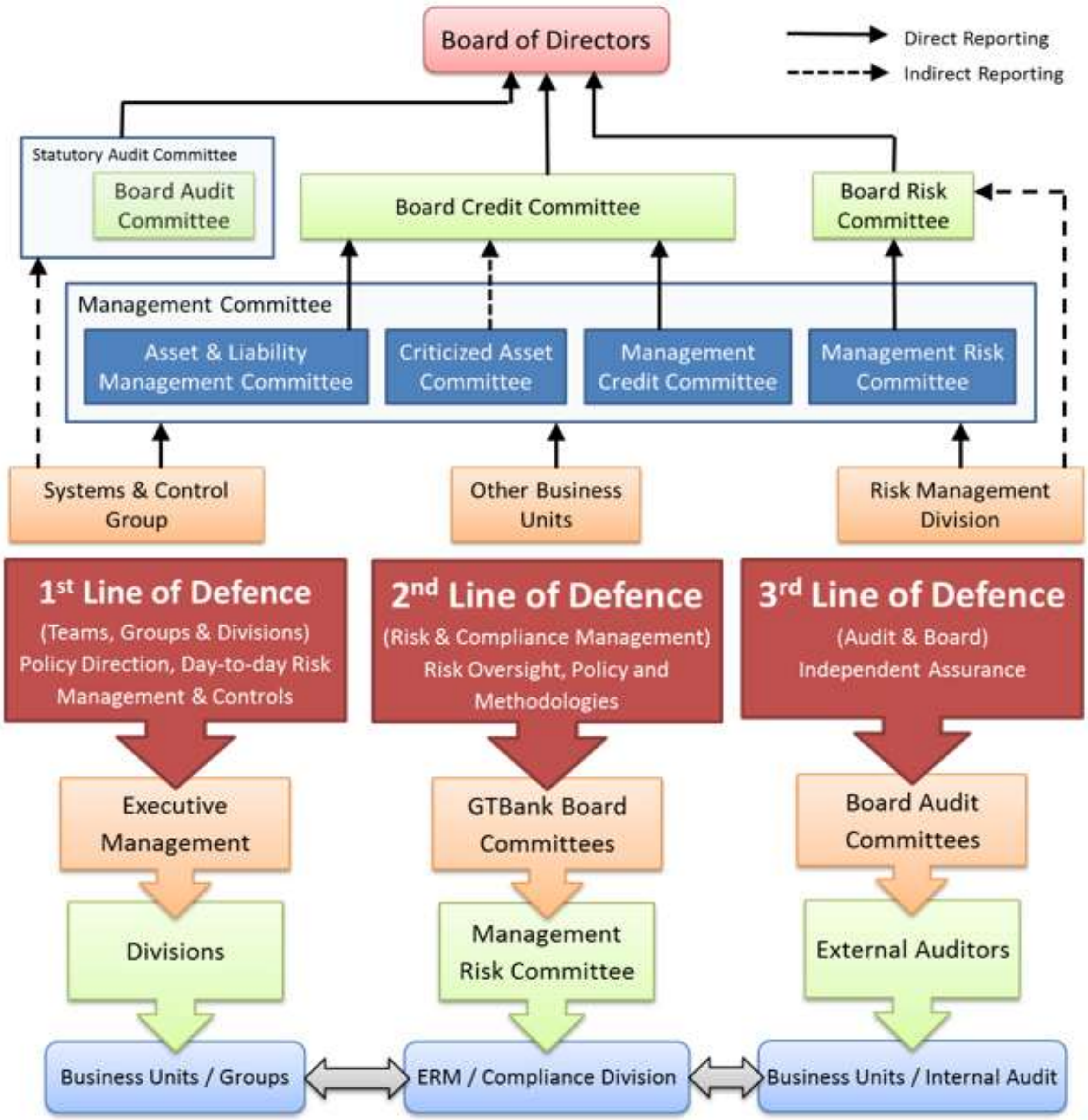
The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function over all the Group's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees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

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

- The Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Management Risk Committee
- 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 circumstances.

The Risk Governance Structure of the Group



The three lines of defense model differentiated among 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 philosophy, risk appetite and risk tolerance of the Group. Its oversight functions cut across all risk areas including credit risk,market and interest rate risk, liquidity risk, operational risk, reputation risk, technology risk and other major risks that may arise from time to time. The committee monitors the Group’s plans and progress towards meeting regulatory 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 and ensures that all members of the Group are fully aware of the risks involved in their functions.

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

The Group’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 Group, either directly or remotely, and makes recommendations to the Board Risk Committee.

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

The **Asset & Liability Management Committee** establishes the Group's standards and policies covering the various components of Market Risk Management. These include Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and Management Risk Committees with regard to Market Risk is exercised, and that Market Risk exposures are monitored 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 guidelines.

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

(d) Risk Management Methodology

The Group recognizes that it is in the business of managing risks to derive optimal satisfaction for all 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 of the Group are generated by the various audit/control units for management's decision making. These include:

- Monthly Management Profitability Reports (MPR) for the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Quarterly Business Profitability 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 (ERM) Division is responsible for optimising the risks and returns opportunities inherent in the business. The risk management infrastructure encompasses a comprehensive and integrated approach to identifying, managing, monitoring and reporting risks with focus on the following:

(i) the 5 main inherent risk groups – Credit, Market, Operational, Liquidity and Technology.
(ii) additional risk areas such as Reputation and Strategy risks

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

(f) Credit risk

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

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

- Maintenance of an efficient loan portfolio
- Institutionalization of sound credit culture in the Bank
- 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 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 units respectively undertake regular audits of business units and credit quality reviews.

The Group continues to focus attention on intrinsic and concentration risks inherent in its business in order to manage its portfolio risk. It sets portfolio concentration limits that are measured under the following parameters: concentration limits per obligor, business lines, industry, sector, rating grade and geographical area.

The Group drives the credit risk management processes using appropriate 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 of GTBank and to interact seamlessly with the bank's core banking application

To satisfy the Basel II (pillar 2) requirements, the Group came up with a comprehensive ICAAP (Internal Capital Adequacy Assessment Process) document which detailed approaches and procedures on how the bank measures its various risks and capital required. The document also spells out the capital planning process of the bank and it is updated annually.

Lead to Loan is an integrated credit solution software which handles 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 Group 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 Group's credit risk, including:

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

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

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

- Developing and maintaining the Group's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the acceptable collaterals or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The risk grades are subject to regular reviews by the Risk Management Group.

- Reviewing compliance of business units with agreed exposure limits, including those for select industries, country risk and product types. Regular reports are provided to Risk Management Group on the credit quality of local portfolios and appropriate corrective actions are taken.

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

There were no changes in the Group's risk management policies. Each business unit is required to implement Group credit policies and procedures, with credit approval authorised by the Board Credit Committee.

(ii) Credit Risk Measurement

In line with IAS 39, the bank adopted Incurred Loss approach and preparing to migrate to the Expected Credit Loss approach outlined under the new IFRS 9. The Incurred Loss approach takes into consideration the Emergence Period (EP) to arrive at losses that have been incurred at the reporting date. To enable the bank migrate to the Internal Rating Based (IRB - Foundation approach) as well as the Expected Credit Loss approach, the bank has developed its internal rating models.

Guaranty Trust Bank Group undertakes lending activities after careful analysis of the borrowers' character, capacity to repay, cash flow, credit history, industry and other factors. The Group acknowledges that there are diverse intrinsic risks inherent in its different business segments and, as a result, applies different parameters to adequately dimension the risks in each business segment.

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 further checks by the Credit Risk Analysis Unit in 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 and Credit scoring models form the basis for measuring default risks. In measuring credit risk of loans and advances at a counterparty level, the Group considers four components:

(1) The 'Probability of Default' (PD),
(2) Exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure at Default' (EAD),
(3) The likely recovery ratio on the defaulted obligations, the 'Loss Given Default' (LGD); and
(4) The Emergence Period (EP) which is the time it takes from the date a loss event occurred to the date the entity identifies it has occurred

The models are reviewed regularly to monitor their predicitive capacity relative to actual risk assets performance and amended as necessary to optimise their effectiveness.

(1) Probability of Default (PD)

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

The rating tool combines both qualitative and quantitative factors to arrive at a rating which is comparable to internationally available standards. The rating methods are subject to an annual validation and recalibration to ensure that they reflect the latest projection in the light of all actually observed defaults.

(2) Exposure at Default (EAD)

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

(3) Loss Given Default (LGD)

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

(4) Emergence Period (EP)

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

The measurement of Exposure at Default and Loss Given Default is based on the risk parameters standard under Basel II.

(iii) Risk Limit Control and Mitigation Policies

The Group applies limits to control credit risk concentration and diversification of its risk assets portfolio. The Group maintains limits for individual borrowers and groups of related borrowers, business lines, rating grade and geographical area.

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

Although the Group is guided by this regulatory limit, it applies additional parameters 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.

The Group imposes industry/economic sector limits 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 the Portfolio Management Unit in the 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.

The Group also sets internal credit approval limits for various levels of officers in the credit approval process. Approval decisions are guided by the Group's strategic focus as well as the stated risk appetite and other limits established by the Board or Regulatory authorities such as Aggregate Large Exposure Limits, Single Obligor Limits, Geographical Limits, Industry/ Economic sector limits etc.

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

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

The above limits are subject to the following overriding approvals:

- The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.

- All new facilities, up till the Deputy Managing Director approval limit, require one-up approval i.e. approval at a level higher than that of the person that would ordinarily approve it.

Master Netting Arrangements

The Group further manages its exposure to credit losses by entering into master netting arrangements, 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 Group's 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, the Group ensures that all its 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 Group's books are Bonds and Guarantees, which the Group 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 bonds and guarantees, letters of credit and short term foreign currency related transactions, are not recognized in the annual financial statements but are disclosed when, as a result of past events; it is highly likely that economic benefits/settlement will flow to/from the Group. However this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Group's control.

Placements

The Group has placement lines for its counterparties. The lines cover the settlement risks inherent in the activities with these counterparties. The limits are arrived at after conducting fundamental analysis of the counterparties, presentation of findings to, and approval by the Group's Management Credit Committee. The lines are monitored by market risk arm of Enterprise Risk Management Division. As a rule, the Group's placements with local banks are backed with 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 2017 and 31 December 2016.

Credit risk exposure relating to On-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
Classification	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Cash and cash equivalents:				
- Unrestricted balances with central banks	40,378,331	53,411,505	16,191,275	18,683,027
- Balances held with other banks	230,233,329	221,157,341	119,469,956	58,380,363
- Money market placements	177,309,010	135,916,085	147,285,399	119,989,594
Loans and advances to banks	796,787	653,718	44,171	29,943
Loans and advances to customers[1]:				
- Loans to individuals	156,463,373	154,707,793	103,777,956	111,486,978
- Loans to non-individuals	1,333,494,442	1,434,722,041	1,202,452,400	1,305,730,974
Financial assets held for trading				
- Debt securities	14,728,263	12,053,919	9,949,333	6,321,370
- Derivative financial instruments	690,834	1,042,470	690,834	1,042,470
Investment securities:				
- Debt securities	608,686,716	524,295,537	485,478,695	409,556,558
Assets pledged as collateral:				
- Debt securities	64,075,987	48,216,412	64,063,570	48,205,702
Restricted deposits and other assets[2]	394,061,463	347,002,865	392,103,735	345,355,881
Total	**3,020,918,535**	**2,933,179,686**	**2,541,507,324**	**2,424,782,860**
Loans exposure to total exposure	49%	54%	51%	58%
Debt securities exposure to total exposure	23%	20%	22%	19%
Other exposures to total exposure	28%	26%	27%	23%

As shown above, 49% (Parent: 51%) of the total maximum exposures is derived from loans and advances to banks and customers (2016: 54% ; Parent: 58%); while 23% (Parent: 22%) represents exposure to investments in debt securities (2016: 20% ; Parent: 19%). The Directors are confident in their ability to continue to control exposure to credit risk within a specified risk appetite which can result from both its Loans and Advances portfolio and Debt securities.

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

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

Credit risk exposure relating to Off-Balance Sheet

In thousands of Nigerian naira	**Maximum exposure Group**		**Maximum exposure Parent**	
	Jun-2017	**Dec-2016**	**Jun-2017**	**Dec-2016**
Financial guarantees	440,054,548	503,027,562	426,706,657	468,303,919
Other contingents	76,445,156	80,470,256	40,761,775	43,091,160
Total	**516,499,704**	**583,497,818**	**467,468,432**	**511,395,079**

Contingencies are disclosed on Note 44

Classification of Maximum Exposure on Loans to Customers by Product

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

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

	Group		**Parent**	
	Jun-2017	**Dec-2016**	**Jun-2017**	**Dec-2016**
Loans to individuals:				
Overdraft	10,118,669	6,618,019	5,476,030	5,200,811
Loans	146,342,837	148,087,976	98,301,926	106,286,167
Others	1,867	1,798	-	-
	156,463,373	154,707,793	103,777,956	111,486,978
Loans to non-individuals:				
Overdraft	206,712,894	195,317,100	134,254,362	123,471,769
Loans	1,102,677,924	1,196,295,648	1,052,544,871	1,147,467,056
Others	24,103,624	43,109,293	15,653,167	34,792,149
	1,333,494,442	1,434,722,041	1,202,452,400	1,305,730,974

Credit quality of Financial Assets

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

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

Unrestricted balances with central banks

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Sovereign Ratings				
B-	8,677,770	11,582,487		
B+	5,425,327	7,233,231		
Nigeria (B) S&P	16,191,274	18,683,027	16,191,275	18,683,027
unrated	10,083,960	15,912,760	-	-
	40,378,331	**53,411,505**	**16,191,275**	**18,683,027**

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

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

Balances held with other banks

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Counterparties with external credit rating (S&P)				
A-1	18,038,038	23,344,619	18,038,039	13,896,406
A-1+	3,409,966	26,563,394	3,409,966	26,563,394
A-2	178,488	6,282,280	178,488	6,282,280
A-3	27,731,180	443,868	27,593,626	443,868
B	6,058,812	-	28,771	-
Unrated	174,816,845	164,523,180	70,221,066	11,194,415
	230,233,329	**221,157,341**	**119,469,956**	**58,380,363**

Money Market placements

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

	Credit quality Group		Credit quality Parent	
In thousands of Nigerian naira	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Counterparties with external credit rating (S&P)				
A-1+	13,995,885	13,776,050	13,995,885	13,776,050
A-1	79,018,294	77,454,775	79,018,294	72,378,877
A-2	317,781	312,745	317,781	312,745
A-3	47,600,503	14,060,882	47,600,503	14,060,882
B	6,057,406	-	-	-
C	-	7,506,148	-	7,506,148
	146,989,869	**113,110,600**	**140,932,463**	**108,034,702**
Sovereign Ratings				
Nigeria (B) S&P	-	7,503,689	-	7,503,689
	-	**7,503,689**	**-**	**7,503,689**
Counterparties without external credit rating				
Unrated	30,319,141	15,301,796	-	-
Foreign Subsidiaries	-	-	6,352,936	4,451,203
	30,319,141	**15,301,796**	**6,352,936**	**4,451,203**
	177,309,010	**135,916,085**	**147,285,399**	**119,989,594**

Financial Assets Held for trading

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Soverign Ratings				
Nigeria (B) S&P	9,947,953	6,319,990	9,947,953	6,319,990
B- (S&P)	4,778,930	5,732,549		
Unrated	1,380	1,380	1,380	1,380
	14,728,263	**12,053,919**	**9,949,333**	**6,321,370**

Investment Securities

The credit quality of investment securities 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-2017	Dec-2016	Jun-2017	Dec-2016
Counterparties with external credit rating (S&P):					
	AA	19,009,949	17,330,138	-	-
	BB-	-	4,081,574	-	4,081,574
	B+	30,385,637	32,176,235	-	-
	B-	41,293,740	30,338,621	-	-
	B	480,261,036	400,255,721	480,261,035	400,255,721
	unrated	32,518,694	30,636,421	-	-
Counterparties with external credit rating (Fitch):					
	B+	-	4,257,564	-	-
Counterparties with external credit rating (Agusto):					
	A-	3,210,000	3,211,148	3,210,000	3,211,148
Counterparties without external credit rating :					
	Sub-National Bonds	2,007,660	2,008,115	2,007,660	2,008,115
		608,686,716	**524,295,537**	**485,478,695**	**409,556,558**

Of the Parent's Investment Securities of N485,478,695,000 (Dec 2016: N409,556,558,000) the sum of N480,261,035,000 (2016: N400,255,721,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of B (S&P).

Assets pledged as collateral

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

		Group		Parent	
In thousands of Nigerian naira		Jun-2017	Dec-2016	Jun-2017	Dec-2016
Soverign Ratings					
	Nigeria (B+) S&P	-	48,205,702	-	48,205,702
	Nigeria (B) S&P	64,063,570	-	64,063,570	-
	B	12,417	10,710	-	-
		64,075,987	**48,216,412**	**64,063,570**	**48,205,702**

Restricted deposits and other assets

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

	Group		Parent	
In thousands of Nigerian naira	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Soverign Ratings				
Nigeria (B) S&P	357,248,840	327,100,025	357,248,840	327,100,025
Counterparties with external credit rating (S&P)				
A-1	7,127,658	16,180,544	6,392,503	3,346,689
A-1+	-	857,957	-	857,957
A-2	849,069	9,138	849,069	9,138
B+	5,063,719	-	-	-
Unrated	17,866,174	2,855,201	21,707,320	14,042,072
Counterparties with external credit rating (Moodys)				
P-3	98,028	-	98,028	-
F1+	121,551	-	121,551	-
F1	5,686,424	-	5,686,424	-
	394,061,463	**347,002,865**	**392,103,735**	**345,355,881**

Rating Legend:

External credit rating (S&P)

A-1+ : Prime rating
A-1 : Upper medium credit rating
A-2 : Upper medium credit rating
A-3 : Lower medium credit rating
B : Highly Speculative credit rating
B+ : Highly Speculative credit rating
C : Speculative credit rating

External credit rating (Fitch)

B : Speculative credit rating
B+ : Speculative credit rating

External credit rating (Agusto):

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

Credit Concentration

IFRS 7 requires disclosures about concentrations of risk. 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-2017

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	16,191,275	24,187,056	-	40,378,331
- Balances held with other banks	166,326	54,574,385	175,492,618	230,233,329
- Money market placements	-	36,376,548	140,932,462	177,309,010
Loans and advances to banks	44,171	518,251	234,365	796,787
Loans and advances to customers [1] :				
- Loans to individuals	103,777,964	20,413,569	32,271,840	156,463,373
- Loans to non-individuals	1,200,915,644	132,578,798	-	1,333,494,442
Financial assets held for trading				
- Debt securities	9,949,333	4,778,931	-	14,728,264
- Derivative financial instruments	690,834	-	-	690,834
Investment securities:				
- Debt securities	479,532,584	104,198,073	24,956,060	608,686,717
Assets pledged as collateral:				
- Debt securities	64,063,570	12,417	-	64,075,987
Restricted deposits and other assets[2]	392,103,735	1,957,728	-	394,061,463
	2,267,435,436	**379,595,756**	**373,887,345**	**3,020,918,537**

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Group
Jun-2017

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	426,706,657	13,049,840	298,051	440,054,548
Other contingents	40,761,775	22,096,943	13,586,438	76,445,156
	467,468,432	**35,146,783**	**13,884,489**	**516,499,704**

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Group
Jun-2017

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Loans to individuals:				
Overdraft	5,476,092	4,603,845	38,732	10,118,669
Loans	98,301,872	15,807,857	32,233,108	146,342,837
Others	-	1,867	-	1,867
	103,777,964	20,413,569	32,271,840	156,463,373
Loans to non-individuals:				
Overdraft	132,717,553	73,995,341	-	206,712,894
Loans	1,052,544,932	50,132,992	-	1,102,677,924
Others[#]	15,653,159	8,450,465	-	24,103,624
	1,200,915,644	132,578,798	-	1,333,494,442

[#] Others include Usances and Usance Settlement

Credit risk exposure relating to On-Balance Sheet

Group

Dec-2016

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Unrestricted balances with central banks	18,683,027	34,728,478	-	53,411,505
- Balances held with other banks	113,229	20,779,786	200,264,326	221,157,341
- Money market placements	15,009,836	20,377,695	100,528,554	135,916,085
Loans and advances to banks	29,943	494,109	129,666	653,718
Loans and advances to customers [1] :				
- Loans to individuals	111,487,043	15,368,699	27,852,051	154,707,793
- Loans to non-individuals	1,303,654,635	131,067,406	-	1,434,722,041
Financial assets held for trading				
- Debt securities	6,321,370	5,732,549	-	12,053,919
- Derivative financial instruments	1,042,470	-	-	1,042,470
- Debt securities	-	-	-	-
- Loans and advances to banks	-	-	-	-
- Loans and advances to customers	-	-	-	-
Hedging derivatives				
Investment securities:				
- Debt securities	400,363,926	97,408,841	26,522,770	524,295,537
Assets pledged as collateral:				
- Debt securities	48,205,702	10,710	-	48,216,412
Restricted deposits and other assets[2]	335,187,237	1,650,786	10,164,842	347,002,865
	2,240,098,418	**327,619,059**	**365,462,209**	**2,933,179,686**

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2016

Group

In thousands of Nigerian naira

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

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Dec-2016
Group

In thousands of Nigerian naira

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

[1] Others include Usances and Usance Settlement

Credit risk exposure relating to On-Balance Sheet

Parent

Jun-2017

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	16,191,275	-	-	16,191,275
- Balances held with other banks	28,772	32,192,795	87,248,389	119,469,956
- Money market placements	-	-	147,285,399	147,285,399
Loans and advances to banks	44,171	-	-	44,171
Loans and advances to customers [1] *:*				
- Loans to individuals	103,777,956	-	-	103,777,956
- Loans to non-individuals	1,202,452,400	-	-	1,202,452,400
Financial assets held for trading:				
- Debt securities	9,949,333	-	-	9,949,333
- Derivative financial instruments	690,834	-	-	690,834
Financial assets designated at fair value:				
- Debt securities	-	-	-	-
- Loans and advances to banks	-	-	-	-
- Loans and advances to customers	-	-	-	-
Hedging derivatives				
Investment securities:				
- Debt securities	479,532,584	-	5,946,111	485,478,695
Assets pledged as collateral:				
- Debt securities	64,063,570	-	-	64,063,570
Restricted deposits and other assets [2]	392,103,735	-	-	392,103,735
	2,268,834,630	**32,192,795**	**240,479,899**	**2,541,507,324**

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-2017

In thousands of Nigerian naira

	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	426,706,657	-	-	426,706,657
Other contingents	40,761,775	-	-	40,761,775
	467,468,432	-	-	467,468,432

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Parent

Jun-2017

In thousands of Nigerian naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	5,476,030	-	-	5,476,030
Loans	98,301,926	-	-	98,301,926
Others	-	-	-	-
	103,777,956	-	-	103,777,956
Loans to non-individuals:				
Overdraft	134,254,362	-	-	134,254,362
Loans	1,052,544,871	-	-	1,052,544,871
Others[1]	15,653,167	-	-	15,653,167
	1,202,452,400	-	-	1,202,452,400

[1] Others include Usances and Usance Settlement

Credit risk exposure relating to On-Balance Sheet

Dec-2016

Parent

In thousands of Nigerian naira

Classification	**Nigeria**	**Rest of Africa**	**Outside Africa**	**Total**
Cash and cash equivalents:				
- Unrestricted balances with central banks	18,683,027	-	-	18,683,027
- Balances held with other banks	-	2,168,475	56,211,888	58,380,363
- Money market placements	15,009,836	-	104,979,758	119,989,594
Loans and advances to banks	29,943	-	-	29,943
Loans and advances to customers [1] :				
- Loans to individuals	111,486,978	-	-	111,486,978
- Loans to non-individuals	1,305,730,974	-	-	1,305,730,974
Financial assets held for trading				
- Debt securities	6,321,370	-	-	6,321,370
- Derivative financial instruments	1,042,470	-	-	1,042,470
Investment securities:				
- Debt securities	400,363,926	-	9,192,632	409,556,558
Assets pledged as collateral:				
- Debt securities	48,205,702	-	-	48,205,702
Restricted deposits and other assets[2]	335,187,239	3,800	10,164,842	345,355,881
	2,242,061,465	**2,172,275**	**180,549,120**	**2,424,782,860**

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

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

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

Credit risk exposure relating to Off-Balance Sheet

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

Dec-2016

Parent

In thousands of Nigerian naira

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

Contingencies are disclosed on Note 44

Classification of Credit Concentration on Loans to Customers by Product

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

Dec-2016

Parent

In thousands of Nigerian naira

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

[1] Others include Usances and Usance Settlement

(ii) Industry sectors

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

Credit Risk Exposure to on-balance sheet items

Group

Jun-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	40,378,331	-	-	-	-	-	40,378,331
- Balances held with other banks	-	230,233,329	-	-	-	-	-	-	-	-	-	230,233,329
- Money market placements	-	154,567,462	-	-	10,150,450	8,332,405	-	-	-	-	4,258,693	177,309,010
Loans and advances to banks	-	278,537	-	-	518,250	-	-	-	-	-	-	796,787
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	156,463,373	-	156,463,373
- Loans to non-individuals	33,345,806	46,544,309	104,526,019	8,833,705	59,986,239	54,390,080	248,199,722	544,147,134	104,822,225	-	128,699,203	1,333,494,442
Financial assets held for trading												
- Debt securities	-	-	-	-	-	14,728,264	-	-	-	-	-	14,728,264
- Derivative financial instruments	20,792	252,515	17,641	3,010	91,836	-	236,285	60,407	6,616		1,732	690,834
Investment securities:												
- Debt securities	-	5,946,111	-	-	-	602,740,605	-	-	-	-	-	608,686,716
Assets pledged as collateral:												
- Debt securities	-	-	-	-	12,417	64,063,570	-	-	-	-	-	64,075,987
Restricted deposits and other assets[4]	-	-	-	-	-	6,341,840	-	-	-	-	387,719,623	394,061,463
	33,366,598	**437,822,263**	**104,543,660**	**8,836,715**	**70,759,192**	**790,975,095**	**248,436,007**	**544,207,541**	**104,828,841**	**156,463,373**	**520,679,251**	**3,020,918,536**

[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-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,491,916	2,843,109	294,755,435	204,071	11,723,774	205,586	8,860,170	60,774,068	3,242,380	-	55,954,039	440,054,548
Other contingents	1,637,115	822,493	903,342	-	5,110,132	-	30,713,654	7,677,418	48,214	-	29,532,788	76,445,156
Total	**3,129,031**	**3,665,602**	**295,658,777**	**204,071**	**16,833,906**	**205,586**	**39,573,824**	**68,451,486**	**3,290,594**	**-**	**85,486,827**	**516,499,704**

[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-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	10,118,669	-	10,118,669
Loans	-	-	-	-	-	-	-	-	-	146,342,837	-	146,342,837
Others	-	-	-	-	-	-	-	-	-	1,867	-	1,867
	-	-	-	-	-	-	-	-	-	156,463,373	-	156,463,373
Loans to non-individuals:												
Overdraft	6,387,609	6,288,995	30,709,237	2,736,046	26,264,889	299,287	46,514,564	40,975,895	5,087,256	-	41,449,116	206,712,894
Loans	25,494,745	40,255,314	72,893,651	6,002,353	29,999,303	54,090,793	197,375,648	495,310,456	99,274,207	-	81,981,454	1,102,677,924
Others	1,463,452	-	923,131	95,306	3,722,047	-	4,309,510	7,860,783	460,762	-	5,268,633	24,103,624
	33,345,806	46,544,309	104,526,019	8,833,705	59,986,239	54,390,080	248,199,722	544,147,134	104,822,225	-	128,699,203	1,333,494,442

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

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

Credit Risk Exposure to on-balance sheet items

Group

Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	53,411,505	-	-	-	-	-	53,411,505
- Balances held with other banks	-	221,157,341	-	-	-	-	-	-	-	-	-	221,157,341
- Money market placements	-	118,621,773	-	-	10,730,794	6,563,518	-	-	-	-	-	135,916,085
Loans and advances to banks	-	159,610	-	-	494,108	-	-	-	-	-	-	653,718
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	154,707,793	-	154,707,793
- Loans to non-individuals	25,032,726	44,697,669	106,781,477	9,593,043	61,434,017	56,084,289	264,289,203	576,848,646	127,769,351	-	162,191,620	1,434,722,041
Financial assets held for trading												
- Debt securities	-	5,732,549	-	-	-	6,321,370	-	-	-	-	-	12,053,919
- Derivative financial instruments	-	649,458	6,065	-	9,278	-	56,569	319	320,781	-	-	1,042,470
Financial assets designated at fair value												
- Loans and advances to banks	-	-	-	-	-	-	-	-			-	-
- Loans and advances to customers	-	-	-	-	-	-	-	-			-	-
Investment securities:												
- Debt securities	-	39,531,255	-	-	-	484,764,282	-	-	-	-	-	524,295,537
Assets pledged as collateral:												
- Debt securities	-	-	-	-	10,710	48,205,702	-	-	-	-	-	48,216,412
Restricted deposits and other assets[4]	-	-	-	-	-	-	-	-	-	-	347,002,865	347,002,865
	25,032,726	**430,549,655**	**106,787,542**	**9,593,043**	**72,678,907**	**655,350,666**	**264,345,772**	**576,848,965**	**128,090,132**	**154,707,793**	**509,194,485**	**2,933,179,686**

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

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

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

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

Credit Risk Exposure to off-balance sheet items

Group
Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	61,428	1,804,479	303,403,846	200,000	8,953,057	243,853	8,792,540	98,532,887	3,422,986	-	77,612,486	503,027,562
Other contingents	1,019,823	1,204,692	90,375	-	10,923,747	-	43,016,060	5,698,883	48,110	-	18,468,566	80,470,256
Total	**1,081,251**	**3,009,171**	**303,494,221**	**200,000**	**19,876,804**	**243,853**	**51,808,600**	**104,231,770**	**3,471,096**	**-**	**96,081,052**	**583,497,818**

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

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Group
Dec-2016
In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	6,618,019	-	6,618,019
Loans	-	-	-	-	-	-	-	-	-	148,087,976	-	148,087,976
Others	-	-	-	-	-	-	-	-	-	1,798	-	1,798
	-	-	-	-	-	-	-	-	-	154,707,793	-	154,707,793
Loans to non-individuals:												
Overdraft	8,239,184	4,166,854	26,902,394	2,621,523	27,864,023	383,118	44,409,773	30,123,160	4,923,134	-	45,683,937	195,317,100
Loans	14,215,495	40,530,815	78,852,160	6,968,582	32,090,022	55,701,171	216,440,500	516,764,460	122,789,432	-	111,943,011	1,196,295,648
Others	2,578,047	-	1,026,923	2,938	1,479,972	-	3,438,930	29,961,026	56,785	-	4,564,672	43,109,293
	25,032,726	**44,697,669**	**106,781,477**	**9,593,043**	**61,434,017**	**56,084,289**	**264,289,203**	**576,848,646**	**127,769,351**	**-**	**162,191,620**	**1,434,722,041**

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

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

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

Credit Risk Exposure to on-balance sheet items

Parent
Jun-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	16,191,275	-	-	-	-	-	16,191,275
- Balances held with other banks	-	119,469,956	-	-	-	-	-	-	-	-	-	119,469,956
- Money market placements	-	147,285,399	-	-	-	-	-	-	-	-	-	147,285,399
Loans and advances to banks	-	44,171	-	-	-	-	-	-	-	-	-	44,171
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	103,777,956	-	103,777,956
- Loans to non-individuals	26,859,648	46,606,783	88,739,618	6,427,193	53,323,678	53,485,405	225,753,740	521,356,454	104,822,225	-	75,077,656	1,202,452,400
Financial assets held for trading												
- Debt securities	-	-	-	-	-	9,949,333	-	-	-	-	-	9,949,333
- Derivative financial instruments	20,792	252,515	17,641	3,010	91,836	-	236,285	60,407	6,616		1,732	690,834
Financial assets designated at fair value												
- Loans and advances to banks	-	-	-	-	-	-	-	-			-	-
- Loans and advances to customers	-	-	-	-	-	-	-	-			-	-
Investment securities:												
- Debt securities	-	5,946,111	-	-	-	479,532,584	-	-	-	-	-	485,478,695
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	64,063,570	-	-	-	-	-	64,063,570
Restricted deposits and other assets[4]	-	-	-	-	-	6,341,840	-	-	-	-	385,761,895	392,103,735
	26,880,440	**319,604,935**	**88,757,259**	**6,430,203**	**53,415,514**	**629,564,007**	**225,990,025**	**521,416,861**	**104,828,841**	**103,777,956**	**460,841,283**	**2,541,507,324**

[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-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	1,420,000	2,843,109	290,550,350	200,000	10,083,449	170,115	8,699,847	58,747,846	3,242,380	-	50,749,561	426,706,657
Other contingents	165,367	-	264,248	-	4,612,094	-	26,157,617	6,184,591	48,214	-	3,329,644	40,761,775
Total	**1,585,367**	**2,843,109**	**290,814,598**	**200,000**	**14,695,543**	**170,115**	**34,857,464**	**64,932,437**	**3,290,594**	**-**	**54,079,205**	**467,468,432**

[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-2017

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,476,030	-	5,476,030
Loans	-	-	-	-	-	-	-	-	-	98,301,926	-	98,301,926
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**103,777,956**	**-**	**103,777,956**
Loans to non-individuals:												
Overdraft	1,349,677	6,371,450	18,302,912	952,947	20,614,663	46,691	38,446,030	34,208,064	5,087,308	-	8,874,620	134,254,362
Loans	24,459,415	40,235,333	70,436,641	5,474,246	29,358,435	53,438,714	184,466,245	479,287,607	99,274,147	-	66,114,088	1,052,544,871
Others	1,050,556	-	65	-	3,350,580	-	2,841,465	7,860,783	460,770	-	88,948	15,653,167
	26,859,648	**46,606,783**	**88,739,618**	**6,427,193**	**53,323,678**	**53,485,405**	**225,753,740**	**521,356,454**	**104,822,225**	**-**	**75,077,656**	**1,202,452,400**

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

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

Credit Risk Exposure to on-balance sheet items

Parent

Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Cash and cash equivalents:												
- Unrestricted balances with central banks	-	-	-	-	-	18,683,027	-	-	-	-	-	18,683,027
- Balances held with other banks	-	58,380,363	-	-	-	-	-	-	-	-	-	58,380,363
- Money market placements	-	119,989,594	-	-	-	-	-	-	-	-	-	119,989,594
Loans and advances to banks	-	29,943	-	-	-	-	-	-	-	-	-	29,943
Loans and advances to customers [3] :												
- Loans to individuals	-	-	-	-	-	-	-	-	-	111,486,978	-	111,486,978
- Loans to non-individuals	16,132,294	44,897,760	92,046,114	7,180,311	49,451,356	55,831,434	247,766,100	558,236,236	127,769,350	-	106,420,019	1,305,730,974
Financial assets held for trading												
- Debt securities	-	-	-	-	-	6,321,370	-	-	-	-	-	6,321,370
- Derivative financial instruments	-	649,458	6,065	-	9,278	-	56,569	319	320,781	-	-	1,042,470
Financial assets designated at fair value												
- Loans and advances to banks	-	-	-	-	-	-	-	-			-	-
- Loans and advances to customers	-	-	-	-	-	-	-	-			-	-
Investment securities:												
- Debt securities	-	9,192,632	-	-	-	400,363,926	-	-	-	-	-	409,556,558
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	48,205,702	-	-	-	-	-	48,205,702
Restricted deposits and other assets[4]	-	-	-	-	-	327,100,025	-	-	-	-	18,255,856	345,355,881
	16,132,294	**233,139,750**	**92,052,179**	**7,180,311**	**49,460,634**	**856,505,484**	**247,822,669**	**558,236,555**	**128,090,131**	**111,486,978**	**124,675,875**	**2,424,782,860**

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

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

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

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

Credit Risk Exposure to off-balance sheet items

Parent

Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Financial guarantees	-	1,804,479	299,684,364	200,000	9,548,739	170,115	8,789,201	95,618,759	3,422,986	-	49,065,276	468,303,919
Other contingents	380,712	-	-	-	5,040,314	-	36,905,010	-	48,110	-	717,014	43,091,160
Total	**380,712**	**1,804,479**	**299,684,364**	**200,000**	**14,589,053**	**170,115**	**45,694,211**	**95,618,759**	**3,471,096**	**-**	**49,782,290**	**511,395,079**

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

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

Classification of Sectorial Credit Concentration on Loans to Customers by Product

Parent

Dec-2016

In thousands of Nigerian naira

Classification	Agriculture	Capital market ancial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Oil & gas	Info.Telecoms & Transport.[2]	Individual	Others [1]	Total
Loans and advances to customers:												
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	5,200,811	-	5,200,811
Loans	-	-	-	-	-	-	-	-	-	106,286,167	-	106,286,167
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**111,486,978**	**-**	**111,486,978**
Loans to non-individuals:												
Overdraft	1,247,559	6,243,194	17,039,825	711,136	17,113,086	130,263	39,735,099	26,422,263	4,923,134	-	9,906,210	123,471,769
Loans	12,926,244	38,654,566	74,974,315	6,469,175	31,306,426	55,701,171	206,251,894	501,880,368	122,789,431	-	96,513,466	1,147,467,056
Others	1,958,491	-	31,974	-	1,031,844	-	1,779,107	29,933,605	56,785	-	343	34,792,149
	16,132,294	**44,897,760**	**92,046,114**	**7,180,311**	**49,451,356**	**55,831,434**	**247,766,100**	**558,236,236**	**127,769,350**	**-**	**106,420,019**	**1,305,730,974**

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

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

(vii) Impairment and provisioning policies

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

(1) Loan Categorization

All loans and advances are categorized as follows:

- **Neither past due nor impaired:**

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

- **Past due but not impaired:**

  These are loans and advances where contractual interest or principal payments are past due but individually assessed as not being impaired. The Group believes that impairment is not appropriate on the basis of the level of receivable/security/collateral available and/or the stage of collection of amounts owed to the Group. This is assigned rating 7[1].

- **Individually impaired:**

  ndividually impaired are loans and advances for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/advance agreement(s). These are loans and advances specifically impaired. These are assigned ratings 8-10[1].

- **Collectively impaired:**

  Collectively impaired are portfolios of homogenous loans and advances where contractual interest or principal payments are not past due, but have been assessed for impairment by the Group. Thus, Loans assessed for collective impairment transverse from ratings 1 to ratings 7[1].

[1] Ratings 1	Exceptional capacity
Ratings 2	Very strong capacity
Ratings 3-5	Strong repayment capacity
Ratings 6	Acceptable Risk
Ratings 1-7	Collectively impaired
Ratings 8-10	Individually impaired

This classification is in line with disclosures in note 4 on page 102-104

(2) Allowances for impairment

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

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

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

Realizable collaterals are important component of cash flows.

(3) Loans with renegotiated terms

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

(4) Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Group Management Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Categorization of Loans and advances

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

Group

In thousands of Nigerian naira

	Jun-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Neither past due nor impaired	148,539,770	1,105,930,379	786,745	1,255,256,894	147,590,217	1,207,493,825	652,994	1,355,737,036
Past due but not impaired	713,082	1,281,398	-	1,994,480	-	798,424	-	798,424
Individually impaired	1,559,164	54,495,829	-	56,054,993	1,968,140	58,429,529	-	60,397,669
Collectively Impaired	9,392,152	241,776,087	11,574	251,179,813	8,369,935	245,427,601	1,845	253,799,381
Gross Loans and Advances	**160,204,168**	**1,403,483,693**	**798,319**	**1,564,486,180**	**157,928,292**	**1,512,149,379**	**654,839**	**1,670,732,510**
Less allowances for impairment:								
Individually impaired	1,405,942	38,116,527	-	39,522,469	1,085,240	19,891,322	-	20,976,562
Portfolio allowance	2,334,853	31,872,724	1,532	34,209,109	2,135,259	57,536,016	1,121	59,672,396
Total allowance	**3,740,795**	**69,989,251**	**1,532**	**73,731,578**	**3,220,499**	**77,427,338**	**1,121**	**80,648,958**
Net Loans and Advances	**156,463,373**	**1,333,494,442**	**796,787**	**1,490,754,602**	**154,707,793**	**1,434,722,041**	**653,718**	**1,590,083,552**

The total impairment allowances for loans and advances is N73,731,578,000 (2016: N80,648,958,000) of which N39,522,469,000 (2016: N20,976,562,000) represents the impairment allowance on individually impaired loans and the remaining amount of N34,209,109,000 (2016: N59,672,396,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Group

In thousands of Nigerian naira

	Jun-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	140,448,450	948,422,344	752,616	1,089,623,410	142,509,830	1,054,282,459	623,775	1,197,416,064
Overdrafts	8,089,607	151,083,025	34,129	159,206,761	5,078,719	147,004,115	29,219	152,112,053
Others	1,713	6,425,010	-	6,426,723	1,668	6,207,251	-	6,208,919
Neither past due nor impaired	**148,539,770**	**1,105,930,379**	**786,745**	**1,255,256,894**	**147,590,217**	**1,207,493,825**	**652,994**	**1,355,737,036**
Loans	650,220	122,659	-	772,879	-	689,427	-	689,427
Overdrafts	62,837	1,158,739	-	1,221,576	-	106,492	-	106,492
Others	25	-	-	25	-	2,505	-	2,505
Past due but not impaired	**713,082**	**1,281,398**	**-**	**1,994,480**	**-**	**798,424**	**-**	**798,424**
Loans	1,147,791	40,297,782	-	41,445,573	1,737,685	47,279,632	-	49,017,317
Overdrafts	411,336	13,582,978	-	13,994,314	230,415	10,427,676	-	10,658,091
Others	37	615,069	-	615,106	40	722,221	-	722,261
Individually impaired	**1,559,164**	**54,495,829**	**-**	**56,054,993**	**1,968,140**	**58,429,529**	**-**	**60,397,669**
Loans	6,450,776	161,129,739	1,846	167,582,361	6,163,180	122,338,042	1,845	128,503,067
Overdrafts	2,941,248	48,432,160	9,728	51,383,136	2,206,624	46,084,478	-	48,291,102
Others	128	32,214,188	-	32,214,316	131	77,005,081	-	77,005,212
Collectively Impaired	**9,392,152**	**241,776,087**	**11,574**	**251,179,813**	**8,369,935**	**245,427,601**	**1,845**	**253,799,381**

The impairment allowance on loans of the Group is further analysed along the product lines as follows:

	Jun-2017				Dec-2016			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to Individual	Loans to non-Individual	Loans to Banks	Total
Specific allowance:								
Loans	1,008,076	33,966,881	-	34,974,957	1,048,642	16,387,454	-	17,436,096
Overdrafts	397,834	3,901,127	-	4,298,961	36,559	3,244,652	-	3,281,211
Others	32	248,519	-	248,551	39	259,216	-	259,255
	1,405,942	**38,116,527**	**-**	**39,522,469**	**1,085,240**	**19,891,322**	**-**	**20,976,562**
Portfolio allowance:								
Loans	1,346,324	13,327,719	1,109	14,675,152	1,274,077	11,906,458	1,108	13,181,643
Overdrafts	988,525	3,642,881	423	4,631,829	861,180	5,061,009	13	5,922,202
Others	4	14,902,124	-	14,902,128	2	40,568,549	-	40,568,551
	2,334,853	**31,872,724**	**1,532**	**34,209,109**	**2,135,259**	**57,536,016**	**1,121**	**59,672,396**
Total allowance	**3,740,795**	**69,989,251**	**1,532**	**73,731,578**	**3,220,499**	**77,427,338**	**1,121**	**80,648,958**

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.

Parent

In thousands of Nigerian naira

	Jun-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Neither past due nor impaired	100,207,958	1,006,297,131	34,129	1,106,539,218	107,348,702	1,111,225,215	29,219	1,218,603,136
Past due but not impaired	-	1,281,398	-	1,281,398	-	759,575	-	759,575
Individually impaired	522,787	44,957,889	-	45,480,676	1,016,435	47,228,570	-	48,245,005
Collectively Impaired	5,768,212	214,996,781	11,574	220,776,567	5,202,731	218,336,488	1,845	223,541,064
Gross Loans and Advances	**106,498,957**	**1,267,533,199**	**45,703**	**1,374,077,859**	**113,567,868**	**1,377,549,848**	**31,064**	**1,491,148,780**
Less allowances for impairment:								
Individually impaired	522,787	34,262,709	-	34,785,496	2,500	15,871,130	-	15,873,630
Portfolio allowance	2,198,214	30,818,090	1,532	33,017,836	2,078,390	55,947,744	1,121	58,027,255
Total allowance	**2,721,001**	**65,080,799**	**1,532**	**67,803,332**	**2,080,890**	**71,818,874**	**1,121**	**73,900,885**
Net Loans and Advances	**103,777,956**	**1,202,452,400**	**44,171**	**1,306,274,527**	**111,486,978**	**1,305,730,974**	**29,943**	**1,417,247,895**

The total impairment allowances for loans and advances is N67,803,332,000 (2016: N73,900,885,000) of which N34,785,496,000 (2016: N15,873,630,000) represents the impairment allowance on individually impaired loans and the remaining amount of N33,017,638,000 (2016: N58,027,255,000) represents the portfolio allowance. Further information of the impairment allowance for loans and advances to banks and to customers is provided in Notes 28 and 29.

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

Parent

In thousands of Nigerian naira

	Jun-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Loans	96,377,350	910,305,424	-	1,006,682,774	103,589,506	1,017,840,706	-	1,121,430,212
Overdrafts	3,830,608	95,991,707	34,129	99,856,444	3,759,196	93,384,509	29,219	97,172,924
Others[1]	-	-	-	-	-	-	-	-
Neither past due nor impaired	**100,207,958**	**1,006,297,131**	**34,129**	**1,106,539,218**	**107,348,702**	**1,111,225,215**	**29,219**	**1,218,603,136**
Loans	-	122,659	-	122,659	-	674,721	-	674,721
Overdrafts	-	1,158,739	-	1,158,739	-	84,854	-	84,854
Others[1]	-	-	-	-	-	-	-	-
Past due but not impaired	**-**	**1,281,398**	**-**	**1,281,398**	**-**	**759,575**	**-**	**759,575**
Loans	202,777	36,648,830	-	36,851,607	817,226	43,039,594	-	43,856,820
Overdrafts	320,010	8,309,059	-	8,629,069	199,209	4,188,976	-	4,388,185
Others[1]	-	-	-	-	-	-	-	-
Individually impaired	**522,787**	**44,957,889**	**-**	**45,480,676**	**1,016,435**	**47,228,570**	**-**	**48,245,005**
Loans	3,146,306	150,884,719	1,846	154,032,871	3,099,960	112,082,906	1,845	115,184,711
Overdrafts	2,621,906	33,624,781	9,728	36,256,415	2,102,771	30,995,294	-	33,098,065
Others[1]	-	30,487,281	-	30,487,281	-	75,258,288	-	75,258,288
Collectively Impaired	**5,768,212**	**214,996,781**	**11,574**	**220,776,567**	**5,202,731**	**218,336,488**	**1,845**	**223,541,064**

[1] Others include Usances and Usance Settlement.

The impairment allowance on loans of the Group is further analysed along the product lines as follows:

	Jun-2017				Dec-2016			
	Loans to Individual	**Loans to non-Individual**	**Loans to Banks**	**Total**	**Loans to Individual**	**Loans to non-Individual**	**Loans to Banks**	**Total**
Specific allowance:								
Loans	202,777	32,492,516	-	32,695,293	1,450	14,865,641	-	14,867,091
Overdrafts	320,010	1,770,193	-	2,090,203	1,050	1,005,489	-	1,006,539
Others	-	-	-	-	-	-	-	-
	522,787	**34,262,709**	**-**	**34,785,496**	**2,500**	**15,871,130**	**-**	**15,873,630**
Portfolio allowance:								
Loans	1,221,730	12,924,245	1,109	14,147,084	1,219,075	11,305,230	1,108	12,525,413
Overdrafts	976,484	3,059,731	423	4,036,638	859,315	4,176,375	13	5,035,703
Others	-	14,834,114	-	14,834,114	-	40,466,139	-	40,466,139
	2,198,214	**30,818,090**	**1,532**	**33,017,836**	**2,078,390**	**55,947,744**	**1,121**	**58,027,255**
Total allowance	**2,721,001**	**65,080,799**	**1,532**	**67,803,332**	**2,080,890**	**71,818,874**	**1,121**	**73,900,885**

The sensitivity of carrying amount of loans and advances to changes in probability of default, loss given default, and emergence period are disclosed in note 4(i) under market risk above.

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

(i) Credit quality of Loans and advances Neither Past Due Nor Impaired.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

Group
Jun-2017
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
		Individuals			Non-individuals				
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Aggregate Total**
Exceptional capacity	1,928,218	2,895,328	-	61,212,117	2,733,660	-	-	-	68,769,323
Very strong capacity	1,292,768	68,854,236	-	17,589,425	316,450,084	-	-	-	404,186,513
Strong repayment capacity	2,217,367	43,715,696	1,713	32,402,360	465,268,474	6,425,010	1,251	752,616	550,784,487
Acceptable risk	2,651,254	24,983,190	-	39,879,123	163,970,126	-	32,878	-	231,516,571
Total	**8,089,607**	**140,448,450**	**1,713**	**151,083,025**	**948,422,344**	**6,425,010**	**34,129**	**752,616**	**1,255,256,894**

Group
Dec-2016
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
		Individuals			Non-individuals				
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Aggregate Total**
Exceptional capacity	571,886	6,012,114	-	55,611,710	21,437,423	-	-	-	83,633,133
Very strong capacity	1,527,432	77,910,390	-	12,530,036	320,105,929	-	1,678	-	412,075,465
Strong repayment capacity	1,158,834	26,089,523	1,668	47,462,974	547,873,531	6,207,251	-	623,775	629,417,556
Acceptable risk	1,820,567	32,497,803	-	31,399,395	164,865,576	-	27,541	-	230,610,882
Total	**5,078,719**	**142,509,830**	**1,668**	**147,004,115**	**1,054,282,459**	**6,207,251**	**29,219**	**623,775**	**1,355,737,036**

Parent
Jun-2017
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Aggregate Total**
Exceptional capacity	-	-	-	16,469,184	1,298,292	-	-	-	17,767,476
Very strong capacity	1,287,011	67,329,493	-	11,710,183	302,765,020	-	-	-	383,091,707
Strong repayment capacity	697,891	18,061,748	-	40,050,501	442,732,333	-	1,251	-	501,543,724
Acceptable risk	1,845,706	10,986,109	-	27,761,839	163,509,779	-	32,878	-	204,136,311
Total	**3,830,608**	**96,377,350**	**-**	**95,991,707**	**910,305,424**	**-**	**34,129**	**-**	**1,106,539,218**

Parent
Dec-2016
In thousands of Nigerian naira

	Loans and advances to customers						Loans and advances to banks		
	Individuals			Non-individuals					
Rating	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Others**	**Overdraft**	**Loans**	**Aggregate Total**
Exceptional capacity	-	-	-	17,943,838	1,055,838	-	-	-	18,999,676
Very strong capacity	1,505,389	77,286,145	-	8,909,161	319,223,050	-	1,678	-	406,925,423
Strong repayment capacity	523,198	11,863,538	-	36,888,982	539,444,716	-	-	-	588,720,434
Acceptable risk	1,730,609	14,439,823	-	29,642,528	158,117,102	-	27,541	-	203,957,603
Total	**3,759,196**	**103,589,506**	**-**	**93,384,509**	**1,017,840,706**	**-**	**29,219**	**-**	**1,218,603,136**

(ii) **Loans and advances past due but not impaired**

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

Group
Jun-2017
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	686,587	1,281,398	1,967,985
91 - 180 days	5,391	-	5,391
181 - 365 days	21,104	-	21,104
	713,082	**1,281,398**	**1,994,480**
FV of collateral	2,735,697	3,011,999	5,747,696
Amount of undercollateralisation	-	-	-

Maturity of past due but not impaired loans by type of loan is further analysed below:

Group
Jun-2017
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	623,748	122,659	746,407
91 - 180 days	5,391	-	5,391
181 - 365 days	21,081	-	21,081
	650,220	122,659	772,879
Overdrafts			
0 - 90 days	62,837	1,158,739	1,221,576
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	62,837	1,158,739	1,221,576
Others			
0 - 90 days	2	-	2
91 - 180 days	-	-	-
181 - 365 days	23	-	23
	25	-	25

FV of collateral[1]	Loans to Individual	Loans to Non-individual	Total
Loans	1,144,263	605,861	1,750,124
Overdrafts	2,676,068	1,195,649	3,871,717
Others	125,855	-	125,855
	2,735,697	3,011,999	5,747,696
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Group
Dec-2016
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	798,424	798,424
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**798,424**	**798,424**
FV of collateral	-	1,163,624	1,163,624
Amount of undercollateralisation	-	-	-

Group
Dec-2016
In thousands of Nigerian naira

Age	**Loans to Individual**	**Loans to Non-individual**	**Total**
Loans			
0 - 90 days	-	689,427	689,427
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	689,427	689,427
Overdrafts			
0 - 90 days	-	106,492	106,492
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	106,492	106,492
Others			
0 - 90 days	-	2,505	2,505
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	2,505	2,505
FV of collateral[1]			
Loans	-	1,006,275	1,006,275
Overdrafts	-	153,077	153,077
Others	-	4,272	4,272
	-	1,163,624	1,163,624
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Jun-2017
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	1,281,398	1,281,398
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**1,281,398**	**1,281,398**
FV of collateral	-	3,011,999	3,011,999
Amount of undercollateralisation	-	-	-

Maturity of past due but not impaired loans by type of loan is further analysed below:

Parent
Jun-2017
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	122,659	122,659
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	122,659	122,659
Overdrafts			
0 - 90 days	-	1,158,739	1,158,739
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	1,158,739	1,158,739
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
FV of collateral[1]			
Loans	-	288,317	288,317
Overdrafts	-	2,723,682	2,723,682
Others	-	-	-
	-	3,011,999	3,011,999
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

Parent
Dec-2016
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
0 - 90 days	-	759,575	759,575
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	**759,575**	**759,575**
FV of collateral	-	1,075,187	1,075,187
Amount of undercollateralisation	-	-	-

Maturity of past due but not impaired loans by type of loan is further analysed below:

Parent
Dec-2016
In thousands of Nigerian naira

Age	Loans to Individual	Loans to Non-individual	Total
Loans			
0 - 90 days	-	674,721	674,721
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	674,721	674,721
Overdrafts			
0 - 90 days	-	84,854	84,854
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	84,854	84,854
Others			
0 - 90 days	-	-	-
91 - 180 days	-	-	-
181 - 365 days	-	-	-
	-	-	-
FV of collateral[1]			
Loans	-	959,733	959,733
Overdrafts	-	115,454	115,454
Others	-	-	-
	-	1,075,187	1,075,187
Amount of undercollateralisation:			
Loans	-	-	-
Overdrafts	-	-	-
Others	-	-	-
	-	-	-

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

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

(iii) **Loans and advances individually impaired**

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

Group
Jun-2017
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	1,147,791	40,297,782	-	41,445,573
Overdraft	411,336	13,582,978	-	13,994,314
Others	37	615,069	-	615,106
	1,559,164	54,495,829	-	56,054,993
Impairment:				
Loans	1,008,076	33,966,881	-	34,974,957
Overdraft	397,834	3,901,127	-	4,298,961
Others	32	248,519	-	248,551
	1,405,942	38,116,527	-	39,522,469
Net Amount:				
Loans	139,715	6,330,901	-	6,470,616
Overdraft	13,502	9,681,851	-	9,695,353
Others	5	366,550	-	366,555
	153,222	16,379,302	-	16,532,524
FV of collateral[1]:				
Loans	2,029,608	55,741,830	-	57,771,438
Overdraft	727,355	28,555,571	-	29,282,926
Others	65	696,027	-	696,092
FV of collateral	2,757,028	84,993,428	-	87,750,456
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	153,222	16,379,302	-	16,532,524
Amount of undercollateralisation on net loans	-	-	-	-

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

Group
Dec-2016
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	1,737,685	47,279,632	-	49,017,317
Overdraft	230,415	10,427,676	-	10,658,091
Others	40	722,221	-	722,261
	1,968,140	58,429,529	-	60,397,669
Impairment:				
Loans	1,048,642	16,387,454	-	17,436,096
Overdraft	36,559	3,244,652	-	3,281,211
Others	39	259,216	-	259,255
	1,085,240	19,891,322	-	20,976,562
Net Amount:				
Loans	689,043	30,892,178	-	31,581,221
Overdraft	193,856	7,183,024	-	7,376,880
Others	1	463,005	-	463,006
	882,900	38,538,207	-	39,421,107
FV of collateral[1]:				
Loans	6,149,816	61,991,466	-	68,141,282
Overdraft	815,458	25,140,994	-	25,956,452
Others	142	1,292,099	-	1,292,241
FV of collateral	6,965,416	88,424,559	-	95,389,975
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	882,900	38,538,207	-	39,421,107
Amount of undercollateralisation on net loans	-	-	-	-

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

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

Parent
Jun-2017
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	202,777	36,648,830	-	36,851,607
Overdraft	320,010	8,309,059	-	8,629,069
Others	-	-	-	-
	522,787	44,957,889	-	45,480,676
Impairment:				
Loans	202,777	32,492,516	-	32,695,293
Overdraft	320,010	1,770,193	-	2,090,203
Others	-	-	-	-
	522,787	34,262,709	-	34,785,496
Net Amount:				
Loans	-	4,156,314	-	4,156,314
Overdraft	-	6,538,866	-	6,538,866
Others	-	-	-	-
	-	10,695,180	-	10,695,180
FV of collateral[1]:				
Loans	202,777	49,483,532	-	49,686,309
Overdraft	320,011	22,613,239	-	22,933,250
Others	-	-	-	-
FV of collateral	522,788	72,096,771	-	72,619,559
Amount of undercollateralisation:				
Loans	-	-	-	-
Overdraft	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Net Loans	-	10,695,180	-	10,695,180
Amount of undercollateralisation on net loans	-	-	-	-

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

Parent
Dec-2016
In thousands of Nigerian naira

	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross loans:				
Loans	817,226	43,039,594	-	43,856,820
Overdraft	199,209	4,188,976	-	4,388,185
Others	-	-	-	-
	1,016,435	47,228,570	-	48,245,005
Impairment:				
Loans	1,450	14,865,641	-	14,867,091
Overdraft	1,050	1,005,489	-	1,006,539
Others	-	-	-	-
	2,500	15,871,130	-	15,873,630
Net Amount:				
Loans	815,776	28,173,953	-	28,989,729
Overdraft	198,159	3,183,487	-	3,381,646
Others	-	-	-	-
	1,013,935	31,357,440	-	32,371,375
FV of collateral[1]:				
Loans	815,777	53,247,226	-	54,063,003
Overdraft	198,160	14,377,888	-	14,576,048
Others	-	-	-	-
FV of collateral	1,013,937	67,625,114	-	68,639,051
Amount of undercollateralisation:				
Loans	1,449	-	-	-
Overdraft	1,049	-	-	-
Others	-	-	-	-
	2,498	-	-	-
Net Loans	1,013,935	31,357,440	-	32,371,375
Amount of undercollateralisation on net loans	-	-	-	-

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

(iv) **Undercollaterisation of past due and impaired and collectively impaired loans is shown below:**

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Past due and impaired:				
Gross loans	56,054,993	60,397,669	45,480,676	48,245,005
Collateral	87,750,456	95,389,975	72,619,559	68,639,051
Undercollaterisation	-	-	-	-
Collectively impaired				
Gross loans	251,168,239	253,797,536	220,764,993	223,539,219
Collateral	479,296,071	509,493,167	461,938,885	441,798,806
Undercollaterisation	-	-	-	-

(v) Credit collateral

The Group ensures that each credit is reviewed and granted based on the strength of the borrowers' cash flow. However, the Group also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the Group's credit policy guide. These include the following policy statements amongst others:

Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Group. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the Group. Client's account balances must be within the scope of cover provided by its collateral.

All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank. All cash collateralized facilities shall have a 20% margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor.

The main collateral types acceptable to the Bank for loans and advances include:

- Mortgages over residential properties
- Charges over business premises, fixed and floating assets as well as inventory.
- Charges over financial instruments such as equities, treasury bills etc.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the Bank. The valuation techniques adopted for properties are based upon fair values of similar properties in the neighbourhood taking into cognizance the advantages and disadvantages of the comparatives over the subject property and any other factor which can have effect on the valuation e.g. subsequent movements in house prices, after making allowance for dilapidations. The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instrument.

The same Fair value approach is used in determining the collaterals value in the course of sale or realisation.The Bank uses external agents to realize the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

Summary of collaterals pledged by customers against loans and advances

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

Group
Jun-2017

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	56,054,993	87,750,456	-	-
Against collectively impaired	251,168,239	479,296,071	11,574	44,893
Against past due but not impaired	1,994,480	5,747,696	-	-
Against neither past due nor impaired	1,254,470,149	10,001,525,547	786,745	107,238
Total	1,563,687,861	10,574,319,770	798,319	152,131

Group
Dec-2016

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	60,397,669	95,389,975	-	-
Against collectively impaired	253,797,536	509,493,167	1,845	1,841
Against past due but not impaired	798,424	1,163,624	-	-
Against neither past due nor impaired	1,355,084,042	11,241,623,600	652,994	85,678
Total	1,670,077,671	11,847,670,366	654,839	87,519

Parent
Jun-2017

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	45,480,676	72,619,559	-	-
Against collectively impaired	220,764,993	461,938,885	11,574	44,893
Against past due but not impaired	1,281,398	3,011,999	-	-
Against neither past due nor impaired	1,106,505,089	9,879,324,458	34,129	107,238
Total	1,374,032,156	10,416,894,901	45,703	152,131

Parent
Dec-2016

	Loans and advances to customers		Loans and advances to Banks	
In thousands of Nigerian Naira	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	48,245,005	68,639,051	-	-
Against collectively impaired	223,539,219	441,798,806	1,845	1,841
Against past due but not impaired	759,575	1,075,187	-	-
Against neither past due nor impaired	1,218,573,917	11,157,163,096	29,219	85,678
Total	1,491,117,716	11,668,676,140	31,064	87,519

Group

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

	Loans and advances to customers		Loans and advances to banks	
In thousands of Nigerian Naira	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Against individually impaired:				
Property	68,076,040	76,932,528	-	-
Cash	23,650	-	-	-
Guarantees	1,763,910	1,156,779	-	-
Others #	17,886,856	17,300,668	-	-
Total	**87,750,456**	**95,389,975**	**-**	**-**
Against collectively impaired:				
Property	238,406,966	208,968,715	42,000	-
Equities	153,435,078	132,139	-	-
Treasury bills	5,307,905	13,316,963	-	-
Cash	9,474,617	8,786,621	-	-
Guarantees	24,625,338	66,317,977	-	-
Negative pledge	3,702,175	47,651,670	-	-
ATC*, stock hypothecation and ISPO*	1,526,306	2,081,773	-	-
Others #	42,817,686	162,237,309	2,893	1,841
Total	**479,296,071**	**509,493,167**	**44,893**	**1,841**
Against past due but not impaired:				
Property	2,620,470	1,163,624	-	-
Treasury bills	49,860	-	-	-
Cash	3,030,946	-	-	-
Others #	46,420	-	-	-
Total	**5,747,696**	**1,163,624**	**-**	**-**
Against neither past due nor impaired:				
Property	995,496,025	1,694,540,240	46,500	84,000
Equities	710,849,298	26,154,665	44,738	-
Treasury bills	9,213,336	638,388	-	-
Cash	844,914,229	15,261,390	16,000	-
Guarantees	485,440,910	261,967,864	-	-
Negative pledge	74,657,347	133,371,048	-	-
ATC*, stock hypothecation and ISPO*	11,769,688	2,800,718	-	-
Others #	6,869,184,714	9,106,889,287	-	1,678
Total	**10,001,525,547**	**11,241,623,600**	**107,238**	**85,678**
Grand total	**10,574,319,770**	**11,847,670,366**	**152,131**	**87,519**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Parent

In thousands of Nigerian Naira	Loans and advances to customers Jun-2017	Dec-2016	Loans and advances to banks Jun-2017	Dec-2016
Against individually impaired:				
Property	52,976,469	50,189,049	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Treasury bills	-	-	-	-
Cash	-	-	-	-
Guarantees	1,763,910	1,156,779	-	-
Others #	17,879,180	17,293,223	-	-
Total	72,619,559	68,639,051	-	-
Against collectively impaired:				
Property	222,432,536	144,640,228	42,000	-
Debt securities	-	-	-	-
Equities	153,435,078	132,139	-	-
Treasury bills	5,307,905	13,316,963	-	-
Cash	8,157,228	6,462,044	-	-
Guarantees	24,606,391	66,317,977	-	-
Negative pledge	3,702,175	47,651,670	-	-
ATC*, stock hypothecation and ISPO*	1,479,886	2,081,773	-	-
Others #	42,817,686	161,196,012	2,893	1,841
Total	461,938,885	441,798,806	44,893	1,841
Against past due but not impaired:				
Property	-	1,075,187	-	-
Debt securities	-	-	-	-
Equities	-	-	-	-
Treasury bills	-	-	-	-
Cash	3,011,999	-	-	-
Others #	-	-	-	-
Total	3,011,999	1,075,187	-	-
Against neither past due nor impaired:				
Property	881,580,289	1,632,042,871	46,500	84,000
Debt securities	-	-	-	-
Equities	710,849,298	26,154,665	44,738	-
Treasury bills	8,288,608	638,388	-	-
Cash	841,638,324	12,059,660	16,000	-
Guarantees	482,631,452	253,398,866	-	-
Negative pledge	73,488,099	132,555,104	-	-
ATC*, stock hypothecation and ISPO*	11,769,688	2,800,718	-	-
Others #	6,869,078,700	9,097,512,824	-	1,678
Total	9,879,324,458	11,157,163,096	107,238	85,678
Grand total	10,416,894,901	11,668,676,140	152,131	87,519

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Summary of collaterals pledged by customers against loans and advances

Analysis of credit collateral is further shown below:

Group

Jun-2017

In thousands of Nigerian Naira	Loans and advances to customers				Loans and advances to banks			
	Term Loans	**Overdrafts**	**Others**	**Total**	**Term Loans**	**Overdrafts**	**Others**	**Total**
Against individually impaired:								
Property	47,722,816	19,658,573	694,651	68,076,040	-	-	-	-
Cash	12,637	9,925	1,088	23,650	-	-	-	-
Guarantees	1,763,910	-	-	1,763,910	-	-	-	-
Others #	8,272,075	9,614,428	353	17,886,856	-	-	-	-
Total	**57,771,438**	**29,282,926**	**696,092**	**87,750,456**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	127,728,106	64,981,896	45,696,964	238,406,966	-	-	42,000	42,000
Equities	150,090,000	3,345,078	-	153,435,078	-	-	-	-
Treasury bills	87,235	-	5,220,670	5,307,905	-	-	-	-
Cash	810,345	603,271	8,061,001	9,474,617	-	-	-	-
Guarantees	18,418,263	2,561,013	3,646,062	24,625,338	-	-	-	-
Negative pledge	-	-	3,702,175	3,702,175	-	-	-	-
ATC*, stock hypothecation and ISPO*	816,591	707,579	2,136	1,526,306	-	-	-	-
Others #	11,289,077	8,432,240	23,096,369	42,817,686	-	1,841	1,052	2,893
Total	**309,239,617**	**80,631,077**	**89,425,377**	**479,296,071**	**-**	**1,841**	**43,052**	**44,893**
Against past due but not impaired:								
Property	1,400,237	1,099,679	120,554	2,620,470	-	-	-	-
Treasury bills	26,642	20,924	2,294	49,860	-	-	-	-
Cash	298,441	2,731,633	872	3,030,946	-	-	-	-
Others #	24,804	19,480	2,136	46,420	-	-	-	-
Total	**1,750,124**	**3,871,716**	**125,856**	**5,747,696**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	603,273,409	386,981,959	5,240,657	995,496,025	-	-	46,500	46,500
Equities	707,239,454	3,609,844	-	710,849,298	-	-	44,738	44,738
Treasury bills	3,265,345	5,905,449	42,542	9,213,336	-	-	-	-
Cash	842,039,710	2,723,812	150,707	844,914,229	-	-	16,000	16,000
Guarantees	407,065,461	78,246,201	129,248	485,440,910	-	-	-	-
Negative pledge	55,912,868	18,690,688	53,791	74,657,347	-	-	-	-
ATC*, stock hypothecation and ISPO*	11,291,719	477,969	-	11,769,688	-	-	-	-
Others #	6,745,412,164	123,767,673	4,877	6,869,184,714	-	-	-	-
Total	**9,375,500,130**	**620,403,595**	**5,621,822**	**10,001,525,547**	**-**	**-**	**107,238**	**107,238**
Grand total	**9,744,261,309**	**734,189,314**	**95,869,147**	**10,574,319,770**	**-**	**1,841**	**150,290**	**152,131**

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

Group
Dec-2016

In thousands of Nigerian Naira	Loans and advances to customers Term Loans	Overdrafts	Others	Total	Loans and advances to banks Term Loans	Overdrafts	Others	Total
Against individually impaired:								
Property	57,806,951	17,833,696	1,291,881	76,932,528	-	-	-	-
Equities	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-
Guarantees	1,156,779	-	-	1,156,779	-	-	-	-
Others #	9,177,552	8,122,756	360	17,300,668	-	-	-	-
Total	**68,141,282**	**25,956,452**	**1,292,241**	**95,389,975**	**-**	**-**	**-**	**-**
Against collectively impaired:								
Property	92,998,930	69,613,555	46,356,230	208,968,715	-	-	-	-
Equities	125,488	6,651	-	132,139	-	-	-	-
Treasury bills	50,000	-	13,266,963	13,316,963	-	-	-	-
Cash	1,541,168	1,606,443	5,639,010	8,786,621	-	-	-	-
Guarantees	56,045,752	9,412,797	859,428	66,317,977	-	-	-	-
Negative pledge	34,797,412	10,754,806	2,099,452	47,651,670	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,533,404	548,369	-	2,081,773	-	-	-	-
Others #	101,876,190	17,406,200	42,954,919	162,237,309	-	1,841	-	1,841
Total	**288,968,344**	**109,348,821**	**111,176,002**	**509,493,167**	**-**	**1,841**	**-**	**1,841**
Against past due but not impaired:								
Property	1,006,275	153,077	4,272	1,163,624	-	-	-	-
Others #	-	-	-	-	-	-	-	-
Total	**1,006,275**	**153,077**	**4,272**	**1,163,624**	**-**	**-**	**-**	**-**
Against neither past due nor impaired:								
Property	1,478,469,060	213,052,157	3,019,023	1,694,540,240	-	-	84,000	84,000
Equities	23,596,013	2,558,652	-	26,154,665	-	-	-	-
Treasury bills	124,331	514,057	-	638,388	-	-	-	-
Cash	11,525,584	3,581,142	154,664	15,261,390	-	-	-	-
Guarantees	114,488,893	147,065,034	413,937	261,967,864	-	-	-	-
Negative pledge	32,789,657	100,541,976	39,415	133,371,048	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,168,391	632,327	-	2,800,718	-	-	-	-
Others #	8,899,914,878	206,521,466	452,943	9,106,889,287	-	-	1,678	1,678
Total	**10,563,076,807**	**674,466,811**	**4,079,982**	**11,241,623,600**	**-**	**-**	**85,678**	**85,678**
Grand total	**10,921,192,708**	**809,925,161**	**116,552,497**	**11,847,670,366**	**-**	**1,841**	**85,678**	**87,519**

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

Parent
Jun-2017

In thousands of Nigerian Naira	**Term Loans**	**Loans and advances to customers** **Overdrafts**	**Others**	**Total**	**Term Loans**	**Loans and advances to banks** **Overdrafts**	**Others**	**Total**
Against individually impaired:								
Property	39,654,426	13,322,043	-	52,976,469	-	-	-	-
Equities	-	-	-	-	-	-	-	-
Guarantees	1,763,910	-	-	1,763,910	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	-	-	-	-	-	-	-
Others #	8,267,973	9,611,207	-	17,879,180	-	-	-	-
Total	49,686,309	22,933,250	-	72,619,559	-	-	-	-
Against collectively impaired:								
Property	119,192,239	58,278,232	44,962,065	222,432,536	-	-	42,000	42,000
Equities	150,090,000	3,345,078	-	153,435,078	-	-	-	-
Treasury bills	87,235	-	5,220,670	5,307,905	-	-	-	-
Cash	106,404	50,429	8,000,395	8,157,228	-	-	-	-
Guarantees	18,408,139	2,553,062	3,645,190	24,606,391	-	-	-	-
Negative pledge	-	-	3,702,175	3,702,175	-	-	-	-
ATC*, stock hypothecation and ISPO*	791,787	688,099	-	1,479,886	-	-	-	-
Others #	11,289,077	8,432,240	23,096,369	42,817,686	-	1,841	1,052	2,893
Total	299,964,881	73,347,140	88,626,864	461,938,885	-	1,841	43,052	44,893
Against past due but not impaired:								
Property	-	-	-	-	-	-	-	-
Cash	288,317	2,723,682	-	3,011,999	-	-	-	-
Others #	-	-	-	-	-	-	-	-
Total	288,317	2,723,682	-	3,011,999	-	-	-	-
Against neither past due nor impaired:								
Property	542,403,029	339,177,260	-	881,580,289	-	-	46,500	46,500
Equities	707,239,454	3,609,844	-	710,849,298	-	-	44,738	44,738
Treasury bills	2,771,221	5,517,387	-	8,288,608	-	-	-	-
Cash	840,289,244	1,349,080	-	841,638,324	-	-	16,000	16,000
Guarantees	405,564,239	77,067,213	-	482,631,452	-	-	-	-
Negative pledge	55,288,086	18,200,013	-	73,488,099	-	-	-	-
ATC*, stock hypothecation and ISPO*	11,291,719	477,969	-	11,769,688	-	-	-	-
Others #	6,745,355,516	123,723,184	-	6,869,078,700	-	-	-	-
Total	9,310,202,508	569,121,950	-	9,879,324,458	-	-	107,238	107,238
Grand total	9,660,142,015	668,126,022	88,626,864	10,416,894,901	-	1,841	150,290	152,131

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

Parent

Dec-2016

	Loans and advances to customers				Loans and advances to banks			
In thousands of Nigerian Naira	**Term Loans**	**Overdrafts**	**Others**	**Total**	**Term Loans**	**Overdrafts**	**Others**	**Total**
Against individually impaired:								
Property	43,732,590	6,456,459	-	50,189,049	-	-	-	-
Guarantees	1,156,779	-	-	1,156,779	-	-	-	-
ATC*, stock hypothecation and ISPO*	-	-	-	-	-	-	-	-
Others #	9,173,634	8,119,589	-	17,293,223	-	-	-	-
Total	54,063,003	14,576,048	-	68,639,051	-	-	-	-
Against collectively impaired:								
Property	59,144,608	42,246,868	43,248,752	144,640,228	-	-	-	-
Equities	125,488	6,651	-	132,139	-	-	-	-
Treasury bills	50,000	-	13,266,963	13,316,963	-	-	-	-
Cash	317,807	617,519	5,526,718	6,462,044	-	-	-	-
Guarantees	56,045,752	9,412,797	859,428	66,317,977	-	-	-	-
Negative pledge	34,797,412	10,754,806	2,099,452	47,651,670	-	-	-	-
ATC*, stock hypothecation and ISPO*	1,533,404	548,369	-	2,081,773	-	-	-	-
Others #	101,328,184	16,963,210	42,904,618	161,196,012	-	1,841	-	1,841
Total	253,342,655	80,550,220	107,905,931	441,798,806	-	1,841	-	1,841
Against past due but not impaired:								
Property	959,733	115,454	-	1,075,187	-	-	-	-
Others #	-	-	-	-	-	-	-	-
Total	959,733	115,454	-	1,075,187	-	-	-	-
Against neither past due nor impaired:								
Property	1,445,578,405	186,464,466	-	1,632,042,871	-	-	84,000	84,000
Equities	23,596,013	2,558,652	-	26,154,665	-	-	-	-
Treasury bills	124,331	514,057	-	638,388	-	-	-	-
Cash	9,840,601	2,219,059	-	12,059,660	-	-	-	-
Guarantees	109,979,263	143,419,603	-	253,398,866	-	-	-	-
Negative pledge	32,360,248	100,194,856	-	132,555,104	-	-	-	-
ATC*, stock hypothecation and ISPO*	2,168,391	632,327	-	2,800,718	-	-	-	-
Others #	8,894,980,302	202,532,522	-	9,097,512,824	-	-	1,678	1,678
Total	10,518,627,554	638,535,542	-	11,157,163,096	-	-	85,678	85,678
Grand total	10,826,992,945	733,777,264	107,905,931	11,668,676,140	-	1,841	85,678	87,519

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

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

(b) Credit risk (continued)

Debt securities

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

Group
Jun-2017

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	1,204,106	18,092,664	-	19,296,770
State government bonds	-	9,184,313	-	9,184,313
Corporate bonds	-	5,946,111	-	5,946,111
Treasury bills	13,524,157	575,463,628	64,075,987	653,063,772
	14,728,263	**608,686,716**	**64,075,987**	**687,490,966**

The Group's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2016: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2016: 1%).

Group
Dec-2016

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	391,141	19,117,901	-	19,509,042
State government bonds	-	9,361,461	-	9,361,461
Corporate bonds	-	9,512,842	-	9,512,842
Treasury bills	11,662,778	486,303,333	48,216,412	546,182,523
	12,053,919	**524,295,537**	**48,216,412**	**584,565,868**

Parent
Jun-2017

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	-	9,252,619	-	9,252,619
State government bonds	-	5,217,660	-	5,217,660
Corporate bonds	-	5,946,111	-	5,946,111
Treasury bills	9,949,333	465,062,305	64,063,570	539,075,208
	9,949,333	**485,478,695**	**64,063,570**	**559,491,598**

The Bank's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2016: 98%). Investment in corporate bond accounts for the outstanding 1% (December 2016: 2%).

Parent
Dec-2016

In thousands of Nigerian Naira	**Financial assets held for trading**	**Investment securities**	**Assets pledged as collateral**	**Total**
Federal government bonds	391,141	9,640,011	-	10,031,152
State government bonds	-	5,219,262	-	5,219,262
Corporate bonds	-	9,192,632	-	9,192,632
Treasury bills	5,930,229	385,504,653	48,205,702	439,640,584
	6,321,370	**409,556,558**	**48,205,702**	**464,083,630**

(g) Liquidity Risk

The Bank's Liquidity Risk management process is primarily the responsibility of the Market & Liquidity Risk Management Group within the Enterprise-wide Risk Management (ERM) Division.

A brief overview of the bank's liquidity management processes during the period includes the following:

1. Maintenance of liquid and marketable assets above the regulatory requirement of 30%. The Bank has also set for itself more stringent in-house limit above this regulatory requirement to which it strictly adheres.

2. In monitoring its cash flow and balance sheet trends, the Bank makes forecast of anticipated deposits and withdrawals to determine their potential effect on the Bank.

3. Regular monitoring of non-earning assets.

4. Monitoring of deposit concentration.

5. Ensuring proper diversification of funding sources

6. Monitoring the level of undrawn commitments.

7. Maintaining a contingency funding plan.

(i) Funding approach

The Bank's overall approach to funding is as follows:

1. Generation of large pool of low cost deposits.
2. Maintenance of efficiently diversified sources of funds along product lines, business segments and also regions to avoid concentration risk.

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

The Group's Asset and Liability Management Committee (ALMAC) is charged with the responsibility of managing the Group's daily liquidity position. A daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. In addition, gap reports are prepared periodically to measure the maturity mismatches between assets and liabilities. All liquidity policies and procedures are subject to review and approval by ALMAC. The Market & Liquidity Risk Management Group sets internal limits which are in conformity with regulatory limits. The limits are monitored regularly with exceptions reported to the Management Risk Committee (MRC) and Board respectively.

(ii) Exposure to Liquidity Risk

The key measure used by the Group for managing liquidity risk is the ratio of liquid assets to short term liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market. Short term liabilities includes 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).

	June-2017	Dec-2016
At end of period	48.52%	42.19%
Average for the period	45.32%	38.56%
Maximum for the period	48.52%	42.19%
Minimum for the period	41.86%	36.13%
Regulatory requirement	30.00%	30.00%

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of naira liquid assets to local currency deposits and it is expressed in percentages.

Financial risk management (continued)

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

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

Group
Jun-2017

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	513,291,276	514,372,162	484,392,072	16,168,084	8,682,437	5,129,569	-
Financial assets held for trading	24	14,728,263	16,898,579	278,940	1,313,320	9,939,378	3,664,807	1,702,134
Derivative financial assets	25	690,834	698,223	698,223	-	-	-	-
Investment securities:								
– Available for sale[2]	26	524,558,420	601,847,374	110,776,100	225,704,041	209,788,500	12,001,585	43,577,148
– Held to maturity	26	87,399,499	85,047,970	51,613,086	16,386,447	7,096,521	4,956,939	4,994,977
Assets pledged as collateral	27	64,075,987	70,668,073	-	42,200,000	28,455,656	12,417	-
Loans and advances to banks	28	796,787	796,787	796,787	-	-	-	-
Loans and advances to customers	29	1,489,957,815	1,812,590,117	467,334,626	236,096,495	280,605,759	753,792,732	74,760,505
Restricted deposits and other assets[3]	34	402,982,517	402,982,514	384,977,029	8,543,488	540,943	8,921,054	-
		3,098,481,398	3,505,901,799	1,500,866,863	546,411,875	545,109,194	788,479,103	125,034,764
Financial liabilities								
Deposits from banks	35	55,608,346	55,607,809	49,002,803	1,494,953	5,110,053	-	-
Deposits from customers	36	1,966,375,983	1,964,291,364	1,846,472,122	62,618,968	46,853,152	8,347,122	-
Financial liabilities held for trading	37	10,388,382	12,516,447	6,610,210	800,591	3,228,999	-	1,876,647
Derivative financial liabilities	25	639,380	646,231	646,231	-	-	-	-
Other liabilities[4]	39	271,893,746	271,919,898	47,450,125	204,102,873	12,048,577	8,318,323	-
Debt securities issued	38	128,005,257	138,913,437	8	4,420,629	3,806,400	130,686,400	-
Other borrowed funds	41	227,523,521	257,440,577	11,353,741	15,839,708	31,991,248	155,192,361	43,063,519
		2,660,434,615	2,701,335,763	1,961,535,240	289,277,722	103,038,429	302,544,206	44,940,166
Gap (asset - liabilities)				(460,668,377)	257,134,153	442,070,765	485,934,897	80,094,598
Cumulative liquidity gap				(460,668,377)	(203,534,224)	238,536,541	724,471,438	804,566,036

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes Prepayments

[4] Excludes Deferred Income

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Group
Dec-2016

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	455,863,305	456,345,091	429,723,448	7,755,804	18,865,839	-	-
Financial assets held for trading	24	12,053,919	12,936,924	5,215,088	3,423,900	2,937,038	796,435	564,463
Derivative financial assets	25	1,042,470	1,074,105	1,074,105	-	-	-	-
Investment securities:								
– Available for sale[2]	26	448,056,733	544,560,301	105,859,400	116,833,779	265,752,469	13,555,014	42,559,639
– Held to maturity	26	80,155,825	78,975,572	53,792,346	6,873,202	1,275,277	12,630,081	4,404,666
Assets pledged as collateral	27	48,216,412	53,399,280	-	29,788,570	23,600,000	10,710	-
Loans and advances to banks	28	653,718	653,486	653,486	-	-	-	-
Loans and advances to customers	29	1,589,429,834	1,818,949,753	651,718,966	182,901,343	237,162,757	660,540,947	86,625,740
Restricted deposits and other assets[3]	34	354,509,167	354,509,167	342,403,474	2,240,706	2,321,797	7,543,190	-
		2,989,981,383	3,321,403,679	1,590,440,313	349,817,304	551,915,177	695,076,377	134,154,508
Financial liabilities								
Deposits from banks	35	125,067,848	125,067,332	122,827,864	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,980,709,606	1,898,367,175	41,611,164	34,720,016	6,011,251	-
Financial liabilities held for trading	37	2,065,402	3,614,473	391,069	245,891	973,756	-	2,003,757
Derivative financial liabilities	25	987,502	1,016,999	1,016,999	-	-	-	-
Other liabilities[4]	39	115,540,806	116,269,473	91,938,998	2,849,529	12,524,399	8,956,547	-
Debt securities issued	38	126,237,863	126,238,016	8	-	-	126,238,008	-
Other borrowed funds	41	219,633,604	251,687,471	10,718,490	22,381,881	24,693,895	149,699,286	44,193,919
		2,575,779,257	2,604,603,370	2,125,260,603	67,390,040	74,849,959	290,905,092	46,197,676
Gap (asset - liabilities)				(534,820,290)	282,427,264	477,065,218	404,171,285	87,956,832
Cumulative liquidity gap				(534,820,290)	(252,393,026)	224,672,192	628,843,477	716,800,309

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes Prepayments

[4] Excludes Deferred Income

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-2017

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	338,093,367	338,518,462	315,816,966	9,930,084	7,641,843	5,129,569	-
Financial assets held for trading	24	9,949,333	12,119,590	278,940	1,025,929	8,742,119	1,071,016	1,001,586
Derivative financial assets	25	690,834	698,223	698,223	-	-	-	-
Investment securities:								
– Available for sale[2]	26	483,524,464	556,679,732	91,758,377	222,412,406	195,852,711	8,658,855	37,997,383
– Held to maturity	26	5,217,660	7,569,414	-	-	3,421,726	-	4,147,688
Assets pledged as collateral	27	64,063,570	70,294,000	-	42,200,000	28,094,000	-	-
Loans and advances to banks	28	44,171	44,171	44,171	-	-	-	-
Loans and advances to customers	29	1,306,230,356	1,628,862,189	430,108,866	206,799,618	235,000,472	692,714,440	64,238,793
Restricted deposits and other assets[3]	34	401,024,789	401,024,787	383,019,302	8,543,488	540,943	8,921,054	-
		2,608,838,544	3,015,810,568	1,221,724,845	490,911,525	479,293,814	716,494,934	107,385,450
Financial liabilities								
Deposits from banks	35	37,914	37,914	37,914	-	-	-	-
Deposits from customers	36	1,627,718,424	1,629,173,292	1,623,180,791	5,155,861	827,912	8,728	-
Financial liabilities held for trading	37	10,388,382	12,516,447	6,610,210	800,591	3,228,999	-	1,876,647
Derivative financial liabilities	25	639,380	646,231	646,231	-	-	-	-
Other liabilities[4]	39	246,596,725	246,622,858	41,674,703	203,706,733	1,241,422	-	-
Debt securities issued	38	127,391,029	138,299,200	-	3,806,400	3,806,400	130,686,400	-
Other borrowed funds	41	211,131,101	240,988,044	5,634,131	15,823,750	31,991,248	144,475,396	43,063,519
		2,223,902,955	2,268,283,986	1,677,783,980	229,293,335	41,095,981	275,170,524	44,940,166
Gap (asset - liabilities)				(456,059,135)	261,618,190	438,197,833	441,324,410	62,445,284
Cumulative liquidity gap				(456,059,135)	(194,440,945)	243,756,888	685,081,298	747,526,582

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes Prepayments

[4] Excludes Deferred Income

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

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

Gross nominal (undiscounted) maturities of financial assets and liabilities
Parent
Dec-2016

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets								
Cash and cash equivalents	23	233,847,233	233,959,513	210,887,257	5,064,689	18,007,567	-	-
Financial assets held for trading	24	6,321,370	7,204,375	2,853,534	817,000	2,725,937	466,573	341,331
Derivative financial assets	25	1,042,470	1,074,105	1,074,105	-	-	-	-
Investment securities:								
– Available for sale[2]	26	408,246,905	483,867,006	80,147,798	99,106,000	251,438,751	13,555,014	39,619,443
– Held to maturity	26	5,219,262	7,935,492	-	-	-	3,630,000	4,305,492
Assets pledged as collateral	27	48,205,702	52,994,000	-	29,394,000	23,600,000	-	-
Loans and advances to banks	28	29,943	29,711	29,711	-	-	-	-
Loans and advances to customers	29	1,417,217,952	1,641,976,516	597,854,062	160,156,302	200,576,778	610,856,762	72,532,612
Restricted deposits and other assets[3]	34	352,862,183	352,862,183	340,756,490	2,240,706	2,321,797	7,543,190	-
		2,472,993,020	2,781,902,901	1,233,602,957	296,778,697	498,670,830	636,051,539	116,798,878
Financial liabilities								
Deposits from banks	35	40,438	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,682,707,505	1,678,682,175	3,606,055	415,115	4,160	-
Financial liabilities held for trading	37	2,065,402	3,614,473	391,069	245,891	973,756	-	2,003,757
Derivative financial liabilities	25	987,502	1,016,999	1,016,999	-	-	-	-
Other liabilities[4]	39	90,013,993	90,088,198	83,989,447	2,365,652	2,696,641	1,036,458	-
Other borrowed funds	41	332,317,881	367,437,911	5,906,688	18,851,266	24,693,895	273,792,143	44,193,919
		2,106,610,036	2,144,905,524	1,770,026,816	25,068,864	28,779,407	274,832,761	46,197,676
Gap (asset - liabilities)				(536,423,859)	271,709,833	469,891,423	361,218,778	70,601,202
Cumulative liquidity gap				(536,423,859)	(264,714,026)	205,177,397	566,396,175	636,997,377

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes Prepayments

[4] Excludes Deferred Income

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

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

Financial risk management (continued)

(i) Residual contractual maturities of financial assets and liabilities

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

Group
Jun-2017

In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	513,291,276	487,593,818	13,293,570	7,637,824	4,766,064	-
Financial assets held for trading	24	14,728,263	273,661	1,244,014	8,713,523	3,392,040	1,105,025
Derivative financial assets	25	690,834	690,834	-	-	-	-
Investment securities:							
– Available for sale[2]	26	524,558,420	123,058,949	208,310,031	171,854,995	8,168,941	13,165,504
– Held to maturity	26	87,399,499	56,360,156	15,981,004	6,884,795	5,318,594	2,854,950
Assets pledged as collateral	27	64,075,987	-	39,047,324	25,016,246	12,417	-
Loans and advances to banks	28	796,787	796,787	-	-	-	-
Loans and advances to customers	29	1,489,957,815	442,064,786	206,824,401	224,765,117	557,083,655	59,219,856
Restricted deposits and other assets[3]	34	402,982,517	384,977,032	8,543,488	540,943	8,921,054	-
		3,098,481,398	1,495,816,023	493,243,832	445,413,443	587,662,765	76,345,335
Financial liabilities							
Deposits from banks	35	55,608,346	49,003,340	1,494,953	5,110,053	-	-
Deposits from customers	36	1,966,375,983	1,826,326,344	63,638,236	45,137,934	31,273,469	-
Financial liabilities held for trading	37	10,388,382	6,422,285	745,973	2,721,055	-	499,069
Derivative financial liabilities	25	639,380	639,380	-	-	-	-
Other liabilities[4]	39	271,893,746	47,434,923	204,096,319	12,044,181	8,318,323	-
Debt securities issued	38	128,005,257	-	885,151	614,229	126,505,877	-
Other borrowed funds	41	227,523,521	4,396,555	13,761,544	34,640,882	139,930,199	34,794,341
		2,660,434,615	1,934,222,827	284,622,176	100,268,334	306,027,868	35,293,410
Gap (asset - liabilities)			(438,406,804)	208,621,656	345,145,109	281,634,897	41,051,925
Cumulative liquidity gap			(438,406,804)	(229,785,148)	115,359,961	396,994,858	438,046,783

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes prepayments

[4] Excludes Deferred Income

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-2017

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	440,054,548	31,618,641	25,012,423	43,019,546	21,427,970	318,975,968
Clean line facilities and letters of credit	44	67,249,568	40,895,004	16,597,020	3,599,485	975,000	5,183,059
Other commitments	44	9,195,588	3,106,379	514,715	5,092,304	393,773	88,417
		516,499,704	75,620,024	42,124,158	51,711,335	22,796,743	324,247,444

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities
Group
Dec-2016

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months[1]**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	455,863,305	432,548,424	5,392,912	17,921,969	-	-
Financial assets held for trading	24	12,053,919	5,177,779	3,374,715	2,558,670	637,605	305,150
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[2]	26	448,056,733	105,229,594	94,358,809	221,584,235	11,168,287	15,715,808
– Held to maturity	26	80,155,825	54,186,895	5,900,054	5,237,423	8,650,833	6,180,620
Assets pledged as collateral	27	48,216,412	-	26,922,755	21,282,947	10,710	-
Loans and advances to banks	28	653,718	653,718	-	-	-	-
Loans and advances to customers	29	1,589,429,834	625,567,344	176,261,021	193,656,248	526,515,980	67,429,241
Restricted deposits and other assets[3]	34	354,509,167	342,403,474	2,240,706	2,321,797	7,543,190	-
		2,989,981,383	1,566,809,698	314,450,972	464,563,289	554,526,605	89,630,819
Financial liabilities							
Deposits from banks	35	125,067,848	122,828,380	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,881,368,658	40,238,264	36,316,423	28,322,887	-
Financial liabilities held for trading	37	2,065,402	383,259	228,332	824,609	-	629,202
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[4]	39	115,540,806	90,676,925	2,841,106	12,503,222	9,519,553	-
Debt securities issued	38	126,237,863	-	-	-	126,237,863	-
Other borrowed funds	41	219,633,604	4,730,497	17,978,530	22,657,143	131,067,345	43,200,089
		2,575,779,257	2,100,975,221	61,587,807	74,239,290	295,147,648	43,829,291
Gap (asset - liabilities)			(534,165,523)	252,863,165	390,323,999	259,378,957	45,801,528
Cumulative liquidity gap			(534,165,523)	(281,302,358)	109,021,641	368,400,598	414,202,126

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes prepayments

[4] Excludes Deferred Income

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

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

Residual contractual maturities of contingencies

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

Group
Dec-2016

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	503,027,562	45,056,512	30,937,756	48,969,031	38,573,087	339,491,176
Short term foreign currency related transactio	44	1,641,614	1,641,614	-	-	-	-
Clean line facilities and letters of credit	44	70,895,854	22,342,241	4,112,683	31,943,501	12,497,429	-
Other commitments	44	7,932,788	3,144,561	517,130	3,882,851	276,769	111,477
		583,497,818	72,184,928	35,567,569	84,795,383	51,347,285	339,602,653

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

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

Parent
Jun-2017

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	338,093,367	315,771,595	9,917,884	7,637,824	4,766,064	-
Financial assets held for trading	24	9,949,333	273,720	956,623	7,516,264	798,249	404,477
Derivative financial assets	25	690,834	690,834	-	-	-	-
Investment securities:							
– Available for sale[2]	26	483,524,464	89,473,708	207,216,749	168,379,965	5,946,111	12,507,931
– Held to maturity	26	5,217,660	-	-	3,210,000	-	2,007,660
Assets pledged as collateral	27	64,063,570	-	39,047,323	25,016,247	-	-
Loans and advances to banks	28	44,171	44,171	-	-	-	-
Loans and advances to customers	29	1,306,230,356	406,796,077	176,493,132	178,278,915	498,281,868	46,380,364
Restricted deposits and other assets[3]	34	401,024,789	383,019,304	8,543,488	540,943	8,921,054	-
		2,608,838,544	1,196,069,409	442,175,199	390,580,158	518,713,346	61,300,432
Financial liabilities							
Deposits from banks	35	37,914	37,914	-	-	-	-
Deposits from customers	36	1,627,718,424	1,621,909,050	5,003,331	797,823	8,220	-
Financial liabilities held for trading	37	10,388,382	6,422,285	745,973	2,721,055	-	499,069
Derivative financial liabilities	25	639,380	639,380	-	-	-	-
Other liabilities[4]	39	246,596,725	41,659,521	203,700,179	1,237,025	-	-
Debt securities issued	38	127,391,029	-	885,153	-	126,505,876	-
Other borrowed funds	41	211,131,101	4,396,563	13,761,544	28,921,273	129,257,380	34,794,341
		2,223,902,955	1,675,064,713	224,096,180	33,677,176	255,771,476	35,293,410
Gap (asset - liabilities)			(478,995,304)	218,079,019	356,902,982	262,941,870	26,007,022
Cumulative liquidity gap			(478,995,304)	(260,916,285)	95,986,697	358,928,567	384,935,589

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes prepayments

[4] Excludes Deferred Income

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-2017

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	426,706,657	30,524,785	22,112,971	39,392,369	19,450,617	315,225,915
Clean line facilities and letters of credit	44	40,761,775	24,665,681	14,336,135	1,759,959	-	-
		467,468,432	55,190,466	36,449,106	41,152,328	19,450,617	315,225,915

[1] Includes balances with no specific contractual maturities

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2016

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Less than 3 months**[1]	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	233,847,233	210,862,662	5,062,602	17,921,969	-	-
Financial assets held for trading	24	6,321,370	2,816,225	767,815	2,347,569	307,743	82,018
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[2]	26	408,246,905	78,447,073	92,731,238	214,334,107	9,192,632	13,541,855
– Held to maturity	26	5,219,262	-	-	-	3,211,147	2,008,115
Assets pledged as collateral	27	48,205,702	-	26,922,755	21,282,947	-	-
Loans and advances to banks	28	29,943	29,943	-	-	-	-
Loans and advances to customers	29	1,417,217,952	546,230,745	156,427,412	158,642,280	502,955,141	52,962,374
Restricted deposits and other assets[3]	34	352,862,183	340,756,490	2,240,706	2,321,797	7,543,190	-
		2,472,993,020	1,180,185,608	284,152,528	416,850,669	523,209,853	68,594,362
Financial liabilities							
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,677,258,300	3,527,076	395,777	3,667	-
Financial liabilities held for trading	37	2,065,402	383,259	228,332	824,609	-	629,202
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[4]	39	90,013,993	83,970,576	2,357,229	2,675,465	1,010,723	-
Other borrowed funds	41	332,317,881	4,730,496	14,447,915	17,845,341	252,094,040	43,200,089
		2,106,610,036	1,767,370,571	20,560,552	21,741,192	253,108,430	43,829,291
Gap (asset - liabilities)			(587,184,963)	263,591,976	395,109,477	270,101,423	24,765,071
Cumulative liquidity gap			(587,184,963)	(323,592,987)	71,516,490	341,617,913	366,382,984

[1] Includes balances with no specific contractual maturities

[2] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[3] Excludes prepayments

[4] Excludes Deferred Income

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

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

Residual contractual maturities of contingencies

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

Parent
Dec-2016

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months[1]	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	44	468,303,919	22,596,062	23,590,361	44,862,879	37,763,441	339,491,176
Clean line facilities and letters of credit	44	43,091,160	-	-	30,637,467	12,453,693	-
		511,395,079	22,596,062	23,590,361	75,500,346	50,217,134	339,491,176

[1] Includes balances with no specific contractual maturities

(ii) Repricing period of financial assets and liabilities

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

Group
Jun-2017

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	513,291,276	487,593,818	13,293,570	7,637,824	4,766,064	-
Financial assets held for trading	24	14,728,263	273,661	1,244,014	8,713,523	3,392,040	1,105,025
Derivative financial assets	25	690,834	690,834	-	-	-	-
Investment securities:		-					
– Available for sale[1]	26	524,558,420	108,491,430	210,508,384	182,315,754	7,221,998	16,020,854
– Held to maturity	26	87,399,499	56,360,156	15,981,004	6,884,795	5,318,594	2,854,950
Assets pledged as collateral	27	64,075,987	-	39,047,325	25,016,245	12,417	-
Loans and advances to banks	28	796,787	796,787	-	-	-	-
Loans and advances to customers	29	1,489,957,815	1,132,549,188	137,478,499	56,869,236	91,051,571	72,009,321
Restricted deposits and other assets[2]	34	402,982,517	384,977,029	8,543,491	540,943	8,921,054	-
		3,098,481,398	**2,171,732,903**	**426,096,287**	**287,978,320**	**120,683,738**	**91,990,150**
Financial liabilities							
Deposits from banks	35	55,608,346	49,003,340	1,494,953	5,110,053	-	-
Deposits from customers	36	1,966,375,983	1,823,382,912	62,802,311	48,917,291	31,273,469	-
Financial liabilities held for trading	37	10,388,382	10,388,382	-	-	-	-
Derivative financial liabilities	25	639,380	639,380	-	-	-	-
Other liabilities[3]	39	271,893,746	56,388,348	204,096,319	3,090,756	8,318,323	-
Debt securities issued	38	128,005,257	-	885,151	614,229	126,505,877	-
Other borrowed funds	41	227,523,521	4,396,555	13,761,544	34,640,882	139,930,199	34,794,341
		2,660,434,615	**1,944,198,917**	**283,040,278**	**92,373,211**	**306,027,868**	**34,794,341**
		438,046,783	**227,533,986**	**143,056,009**	**195,605,109**	**(185,344,130)**	**57,195,809**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Group
Dec-2016

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	455,863,305	432,548,424	5,392,912	17,921,969	-	-
Financial assets held for trading	24	12,053,919	5,177,779	3,374,715	2,558,670	637,605	305,150
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:			-	-	-	-	-
– Available for sale[1]	26	448,056,733	95,777,214	95,790,469	228,647,826	9,192,632	18,648,592
– Held to maturity	26	80,155,825	54,186,895	5,900,054	5,237,423	8,650,833	6,180,620
Assets pledged as collateral	27	48,216,412	-	26,922,754	21,282,948	10,710	-
Loans and advances to banks	28	653,718	653,718	-	-	-	-
Loans and advances to customers	29	1,589,429,834	1,402,549,405	25,368,132	36,747,821	42,498,939	82,265,537
Restricted deposits and other assets[2]	34	354,509,167	342,403,473	2,240,707	2,321,797	7,543,190	-
		2,989,981,383	**2,334,339,378**	**164,989,743**	**314,718,454**	**68,533,909**	**107,399,899**
Financial liabilities							
Deposits from banks	35	125,067,848	122,828,380	301,575	1,937,893	-	-
Deposits from customers	36	1,986,246,232	1,878,575,881	41,808,374	37,539,090	28,322,887	-
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[3]	39	115,540,806	98,742,784	2,841,106	4,437,363	9,519,553	-
Debt securities issued	38	126,237,863	-	-	-	126,237,863	-
Other borrowed funds	41	219,633,604	4,730,497	17,978,530	22,657,143	131,067,345	43,200,089
		2,575,779,257	**2,107,930,446**	**62,929,585**	**66,571,489**	**295,147,648**	**43,200,089**
		414,202,126	**226,408,932**	**102,060,158**	**248,146,965**	**(226,613,739)**	**64,199,810**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income

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-2017

In thousands of Nigerian Naira	*Note*	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	338,093,367	315,771,595	9,917,884	7,637,824	4,766,064	-
Financial assets held for trading	24	9,949,333	273,720	956,623	7,516,264	798,249	404,477
Derivative financial assets	25	690,834	690,834	-	-	-	-
Investment securities:							
– Available for sale[1]	26	483,524,464	89,473,708	207,216,749	168,379,965	5,946,111	12,507,931
– Held to maturity	26	5,217,660	-	-	3,210,000	-	2,007,660
Assets pledged as collateral	27	64,063,570	-	39,047,324	25,016,246	-	-
Loans and advances to banks	28	44,171	44,171	-	-	-	-
Loans and advances to customers	29	1,306,230,356	1,097,732,470	99,824,948	10,785,144	38,717,965	59,169,829
Restricted deposits and other assets[2]	34	401,024,789	383,019,301	8,543,491	540,943	8,921,054	-
		2,608,838,544	**1,887,005,799**	**365,507,019**	**223,086,386**	**59,149,443**	**74,089,897**
Financial liabilities							
Deposits from banks	35	37,914	37,914	-	-	-	-
Deposits from customers	36	1,627,718,424	1,621,909,050	5,003,331	797,823	8,220	-
Financial liabilities held for trading	37	10,388,382	10,388,382	-	-	-	-
Derivative financial liabilities	25	639,380	639,380	-	-	-	-
Other liabilities[3]	39	246,596,725	41,659,521	203,700,179	1,237,025	-	-
Debt securities issued	38	127,391,029	-	885,153	-	126,505,876	-
Other borrowed funds	41	211,131,101	4,396,563	13,761,544	28,921,273	129,257,380	34,794,341
		2,223,902,955	**1,679,030,810**	**223,350,207**	**30,956,121**	**255,771,476**	**34,794,341**
		384,935,589	**207,974,989**	**142,156,812**	**192,130,265**	**(196,622,033)**	**39,295,556**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments [3] Excludes Deferred Income

Repricing period of financial assets and liabilities

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

Parent
Dec-2016

In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**
Financial assets							
Cash and cash equivalents	23	233,847,233	210,862,662	5,062,602	17,921,969	-	-
Financial assets held for trading	24	6,321,370	2,816,225	767,815	2,347,569	307,743	82,018
Derivative financial assets	25	1,042,470	1,042,470	-	-	-	-
Investment securities:							
– Available for sale[1]	26	408,246,905	78,447,073	92,731,238	214,334,107	9,192,632	13,541,855
– Held to maturity	26	5,219,262	-	-	-	3,211,147	2,008,115
Assets pledged as collateral	27	48,205,702	-	26,922,754	21,282,948	-	-
Loans and advances to banks	28	29,943	29,943	-	-	-	-
Loans and advances to customers	29	1,417,217,952	1,323,545,484	-	2,029,226	23,844,572	67,798,670
Restricted deposits and other assets[2]	34	352,862,183	340,756,489	2,240,707	2,321,797	7,543,190	-
		2,472,993,020	**1,957,500,346**	**127,725,116**	**260,237,616**	**44,099,284**	**83,430,658**
Financial liabilities							
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,677,258,300	3,527,076	395,777	3,667	-
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	987,502	-	-	-	-
Other liabilities[3]	39	90,013,993	83,970,576	2,357,229	2,675,465	1,010,723	-
Other borrowed funds	41	332,317,881	4,730,496	14,447,915	17,845,341	252,094,040	43,200,089
		2,106,610,036	**1,769,052,714**	**20,332,220**	**20,916,583**	**253,108,430**	**43,200,089**
		366,382,984	**188,447,632**	**107,392,896**	**239,321,033**	**(209,009,146)**	**40,230,569**

[1] Included in *More than 5 years* maturity bucket of Available for Sale are equity securities.

[2] Excludes Prepayments

[3] Excludes Deferred Income

(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, equity or commodity prices. Whilst the group may be faced with myriads of market risks, the Market & Liquidity Risk Management Group ensures these risks are managed and controlled within the bank's acceptable parameters, while optimising returns on risk.

(i) Management of Market Risk

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

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

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

(ii) Exposure to Market Risks – Trading Book

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

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

1. Treasury Bills
2. Bonds (Spot and Repo transactions)
3. Foreign Currencies (Spot and Forwards)
4. Money Market Instruments

(iii) Exposure to Interest Rate Risk – Banking Book

The principal risk to which non-trading portfolios are exposed to, is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally using interest rate gaps. The Asset & Liability Management (ALM) Group is responsible for managing and monitoring mismatches between the bank's assets and liabilities. The Asset & Liability Management Committee (ALMAC) is responsible for ensuring compliance with these limits while the limits are independently verified by Market & Liquidity Risk Management group.

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

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity.

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

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

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

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

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

At 30 June 2017, the group's interest rate risk arises principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

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

- 100 basis point changes in floating interest rate on assets and liabilities held at amortized cost; and Assets and liabilities accounted at fair value through profit or loss (June 2017 – 100 basis points) with all other variables held constant, resulted in the impact on profit or loss as set out in the table on page 181.

  In arriving at the 100 basis point used for the sensitivity analysis of interest rate, the fluctuation in the interest rate of the Group's major assets and liabilities were considered as shown below:

- The prime lending rate on loans and advances which ranged between 10.9% and 12.00% over the period, a change of about 100 basis points is therefore probable.

- The discount rate on various maturities of treasury bills ranged between 10.44% and 21.14% over the financial period as published by Central Bank of Nigeria (CBN)

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

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

Group

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	**(251,426)**	**(208,105)**	**370,833**	**314,984**
Asset	(12,518,767)	(10,361,783)	(9,436,319)	(8,015,210)
Liabilities	12,267,341	10,153,678	9,807,152	8,330,194
Increase	**251,426**	**208,105**	**(370,833)**	**(314,984)**
Asset	12,518,767	10,361,783	9,436,319	8,015,210
Liabilities	(12,267,341)	(10,153,678)	(9,807,152)	(8,330,194)

Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	**77,979**	**66,330**	**951,635**	**817,456**
Asset	(10,087,023)	(8,580,021)	(8,486,672)	(7,290,050)
Liabilities	10,165,002	8,646,351	9,438,307	8,107,506
Increase	**(77,979)**	**(66,330)**	**(951,635)**	**(817,456)**
Asset	10,087,023	8,580,021	8,486,672	7,290,050
Liabilities	(10,165,002)	(8,646,351)	(9,438,307)	(8,107,506)

The aggregated figures presented above are further segregated into their various components as shown in the following tables:

Components of Statement of financial position Interest Rate sensitivity (Fair Value and Cash Flow Interest Rate Risk)

Group

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(1,515,577)	(1,254,443)	(362,902)	(308,249)
Loans and advances to banks	(3,827)	(3,167)	(20,536)	(17,443)
Loans and advances to customers	(7,830,044)	(6,480,928)	(7,095,923)	(6,027,277)
Financial assets held for trading	(83,135)	(68,811)	(120,982)	(102,762)
Investment securities	(2,820,045)	(2,334,151)	(1,533,675)	(1,302,704)
Assets pledged as collateral	(266,139)	(220,283)	(302,301)	(256,775)
	(12,518,767)	**(10,361,783)**	**(9,436,319)**	**(8,015,210)**
Liabilities				
Deposits from banks	277,796	229,932	181,636	154,282
Deposits from customers	10,145,916	8,397,775	8,015,350	6,808,238
Financial liabilities held for trading	93,757	77,602	9,724	8,259
Debt securities issued	635,894	526,329	566,697	481,352
Other borrowed funds	1,113,978	922,040	1,033,745	878,063
	12,267,341	**10,153,678**	**9,807,152**	**8,330,194**
Total	**(251,426)**	**(208,105)**	**370,833**	**314,984**
Increase				
Assets				
Cash and cash equivalents	1,515,577	1,254,443	362,902	308,249
Loans and advances to banks	3,827	3,167	20,536	17,443
Loans and advances to customers	7,830,044	6,480,928	7,095,923	6,027,277
Financial assets held for trading	83,135	68,811	120,982	102,762
Investment securities	2,820,045	2,334,151	1,533,675	1,302,704
Assets pledged as collateral	266,139	220,283	302,301	256,775
	12,518,767	**10,361,783**	**9,436,319**	**8,015,210**
Liabilities				
Deposits from banks	(277,796)	(229,932)	(181,636)	(154,282)
Deposits from customers	(10,145,916)	(8,397,775)	(8,015,350)	(6,808,238)
Financial liabilities held for trading	(93,757)	(77,602)	(9,724)	(8,259)
Debt securities issued	(635,894)	(526,329)	(566,697)	(481,352)
Other borrowed funds	(1,113,978)	(922,040)	(1,033,745)	(878,063)
	(12,267,341)	**(10,153,678)**	**(9,807,152)**	**(8,330,194)**
Total	**251,426**	**208,105**	**(370,833)**	**(314,984)**

Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease				
Assets				
Cash and cash equivalents	(641,988)	(546,075)	(258,780)	(222,292)
Loans and advances to Banks	(74)	(63)	(72)	(62)
Loans and advances to Customers	(6,913,924)	(5,880,983)	(6,328,883)	(5,436,510)
Financial assets held for trading	(59,306)	(50,446)	(63,012)	(54,127)
Investment securities	(2,205,654)	(1,876,129)	(1,533,675)	(1,317,427)
Assets pledged as collateral	(266,077)	(226,325)	(302,250)	(259,632)
	(10,087,023)	**(8,580,021)**	**(8,486,672)**	**(7,290,050)**
Liabilities				
Deposits from banks	705	600	9,107	7,823
Deposits from customers	8,457,268	7,193,752	7,842,821	6,736,983
Financial liabilities held for trading	41,957	35,689	9,724	8,353
Debt securities issued	632,831	538,286	-	-
Other borrowed funds	1,032,241	878,024	1,576,655	1,354,347
	10,165,002	**8,646,351**	**9,438,307**	**8,107,506**
Total	**77,979**	**66,330**	**951,635**	**817,456**
Increase				
Assets				
Cash and cash equivalents	641,988	546,075	258,780	222,292
Loans and advances to Banks	74	63	72	62
Loans and advances to Customers	6,913,924	5,880,983	6,328,883	5,436,510
Financial assets held for trading	59,306	50,446	63,012	54,127
Investment securities	2,205,654	1,876,129	1,533,675	1,317,427
Assets pledged as collateral	266,077	226,325	302,250	259,632
	10,087,023	**8,580,021**	**8,486,672**	**7,290,050**
Liabilities				
Deposits from banks	(705)	(600)	(9,107)	(7,823)
Deposits from customers	(8,457,268)	(7,193,752)	(7,842,821)	(6,736,983)
Financial liabilities held for trading	(41,957)	(35,689)	(9,724)	(8,353)
Debt securities issued	(632,831)	(538,286)	-	-
Other borrowed funds	(1,032,241)	(878,024)	(1,576,655)	(1,354,347)
	(10,165,002)	**(8,646,351)**	**(9,438,307)**	**(8,107,506)**
Total	**(77,979)**	**(66,330)**	**(951,635)**	**(817,456)**

As for Cash flow interest rate risk, this risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates.

At 30 June 2017, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on cash flow would have been as set out below:

Group

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	556,989	461,020	416,194	353,515
Increase	(556,989)	(461,020)	(416,194)	(353,515)

Parent

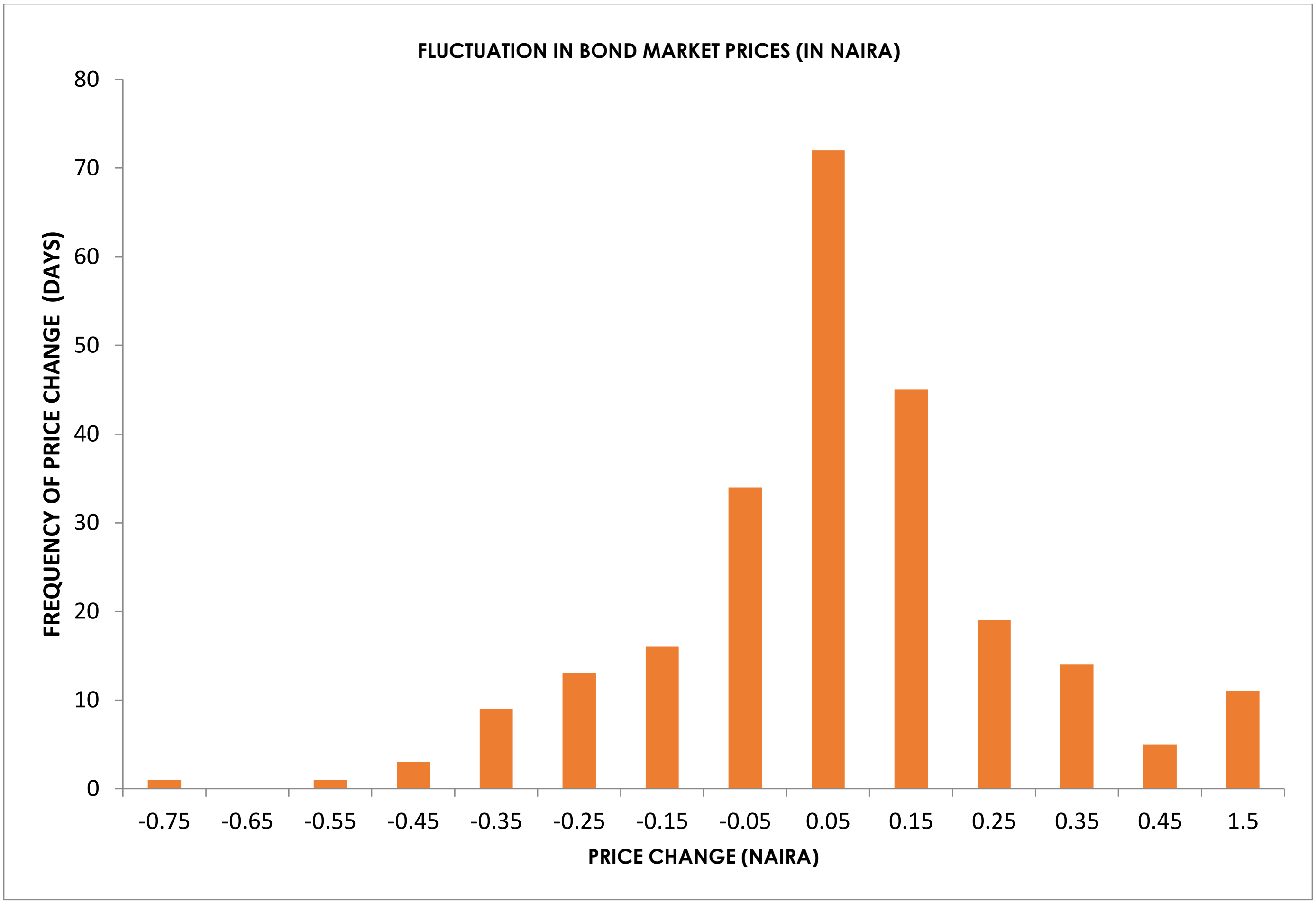
In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	516,120	439,012	397,976	342,220
Increase	(516,120)	(439,012)	(397,976)	(342,220)

(v) Sensitivity Analysis of Trading Portfolio to Price and its Impact on Profit and Loss

1. Held for Trade - Bond price sensitivity

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

- Daily bond prices were obtained and trended for the different series of Bonds in issue as at the reporting date.
- A reasonably possible change of ± 1 naira was determined based on the distribution of one year daily change in bond prices. The graph below indicates that large proportion of changes in price falls within the range of ± 1 naira.
- The chosen reasonable change in market prices was then applied to the bank's holding of trading bonds as at end of the period.



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 30 June 2017, when price of bonds designated as financial assets held for trading increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	(601)	(497)	(150)	(127)
Increase	601	497	150	127

Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(601)	(511)	(150)	(129)
Increase	601	511	150	129

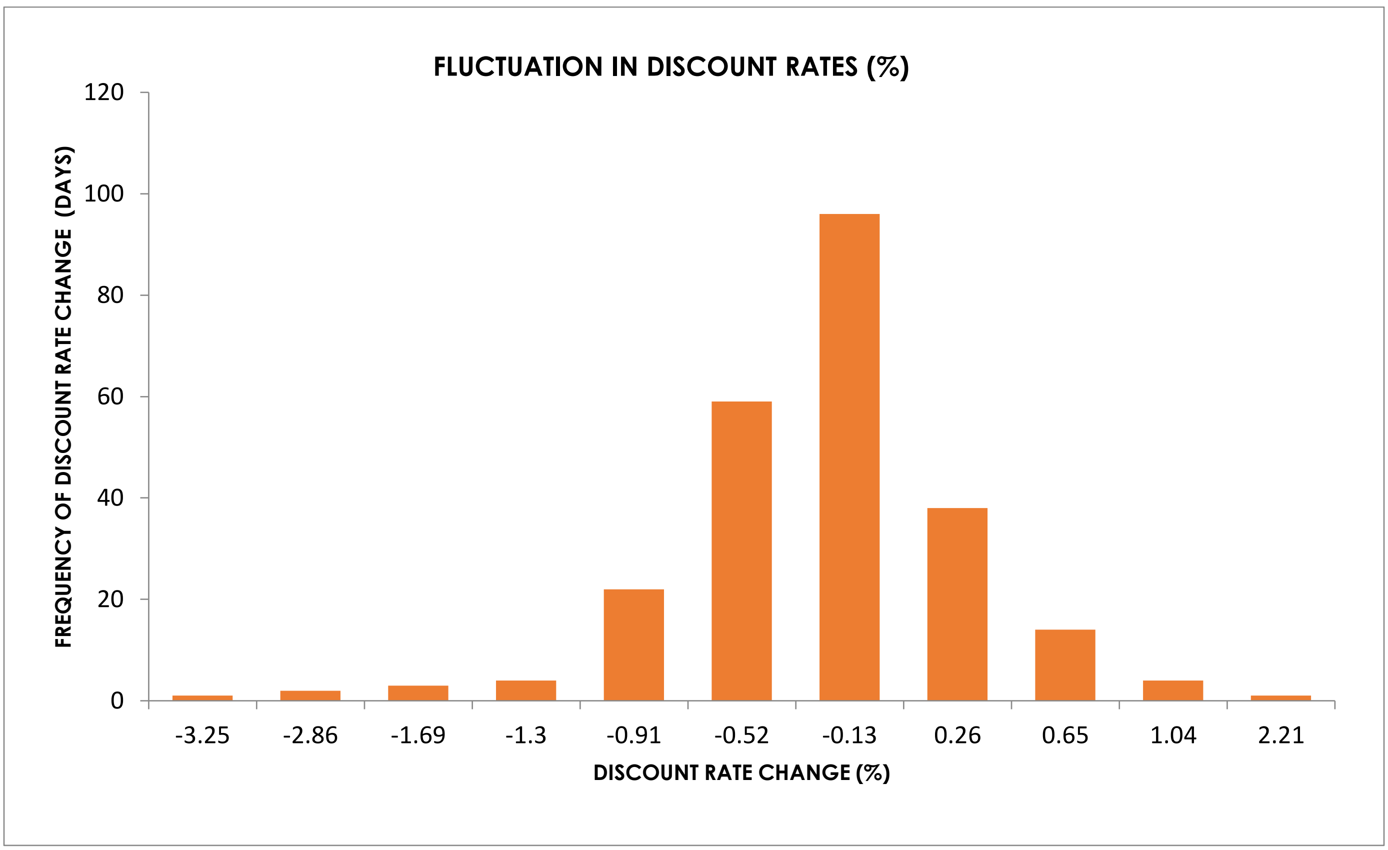
2. Held for Trade - Treasury bills discount rate / price sensitivity

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

- Daily market discount rates were obtained, converted to prices and trended for the different maturities of treasury bills in issue as at the reporting date.

- A reasonably possible change of 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls within the range of 100 basis points.

- The chosen reasonable change in market discount rates was then applied to the bank's holding of Trading bills



The result of the price sensitivity i.e. impact on mark-to-market profit or loss as at 30 June 2017, if discount rates of treasury bills, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	9,100	7,532	18,418	15,645
Increase	(9,100)	(7,532)	(18,418)	(15,645)

Parent

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	9,100	7,740	18,418	15,821
Increase	(9,100)	(7,740)	(18,418)	(15,821)

(vi) Sensitivity Analysis of Available for Sale Portfolio to Price and its Impact on OCI

3. Financial Instrument fair value through equity - Other Comprehensive Income (OCI)

The Group recognized fair value changes for AFS Bonds, Bills and Equities as at 30 June 2017 and the comparative period in 2016. The Group carried out the following in determining sensitivity of the Group's other comprehensive income to fluctuations in market prices of the financial assets:

Available for Sale Bonds to be fair valued through equity - Other Comprehensive Income (OCI)

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

The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2017, when price of bonds designated as available for sales increased or decreased by one naira with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	(69,001)	(57,112)	(239,096)	(203,088)
Increase	69,001	57,112	239,096	203,088

Parent

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	(69,001)	(58,692)	(239,096)	(205,384)
Increase	69,001	58,692	239,096	205,384

Available for Sale Treasury Bills to be fair valued through equity - Other Comprehensive Income (OCI)

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

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change of ± 100 basis points was determined based on the distribution of one year daily change in discount rates on treasury bills. The graph below indicates that large proportion of changes in discount rates falls in the range of ± 100 basis points.
- The chosen reasonable change in market discount rates was then applied to the bank's holding of Available for Sale treasury bills as at end of the period.

The result of the price sensitivity i.e. impact on other comprehensive income as at 30 June 2017, if discount rates of treasury bills designated as available for sales, converted to prices, increased or reduced by 100 basis points with all other variables held constant, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	317,973	263,186	614,523	521,976
Increase	(317,973)	(263,186)	(614,523)	(521,976)

Parent

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	317,973	270,468	614,523	527,875
Increase	(317,973)	(270,468)	(614,523)	(527,875)

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

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

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

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

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

Group

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(42,795)	(35,421)	(42,714)	(36,281)
Increase	42,795	35,421	42,714	36,281

Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(42,795)	(36,401)	(42,714)	(36,281)
Increase	42,795	36,401	42,714	36,281

(viii) Exposure to foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, UK pound and Euro. Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt amongst others. The value of these instruments fluctuate with changes in the level or volatility of currency exchange rates or foreign interest rates**.** The Group deploys foreign derivative instruments whose values hedges currency debts to foreign currency loans and advances to eliminate exchange exposures on such borrowings.

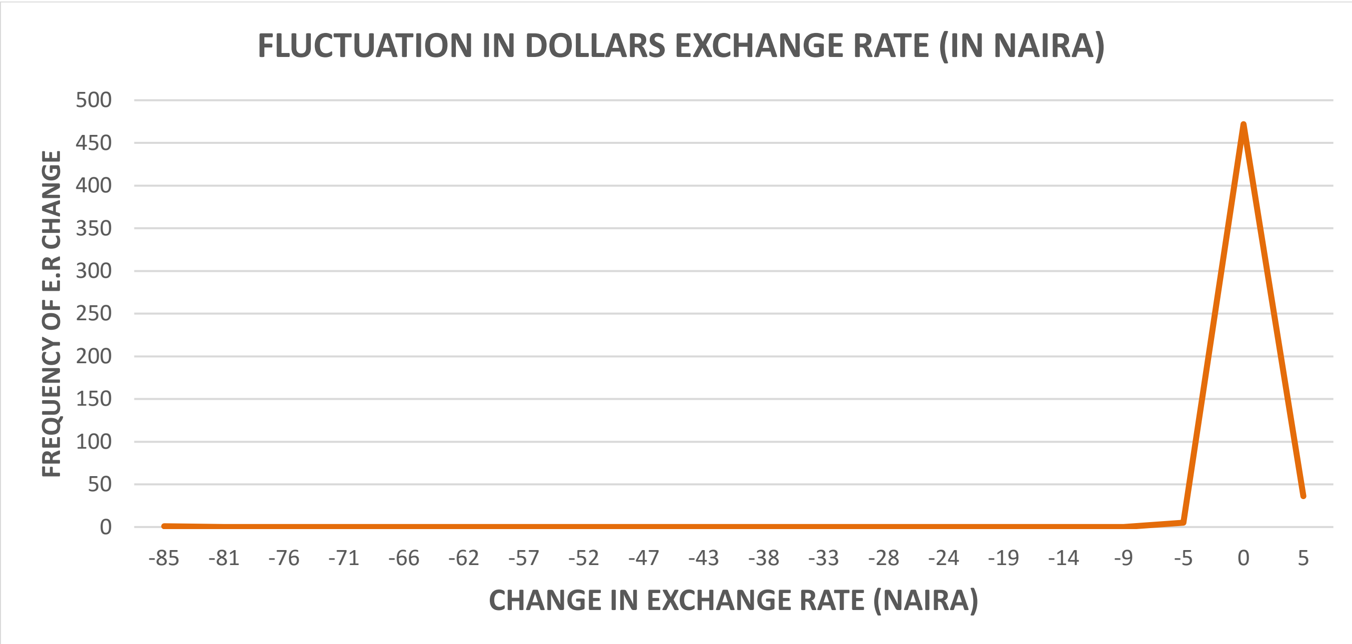
Foreign exchange profit or loss (Dollars)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of dollars:

• Daily dollar exchange rates were obtained and trended

• A reasonably possible change of (19.10) / 41.41 (June 2016: ± 6.57) was determined based on the distribution of two years daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of (19.10) / 41.41 (June 2016: ± 6.57)

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



At 30 June 2017, if the Naira had strengthened/weakened by (19.10) / 41.41 Naira against the Dollar with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation

Group

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(21,274,991)	(17,609,310)	(6,131,779)	(5,208,333)
Increase	46,125,517	38,178,090	6,131,779	5,208,333

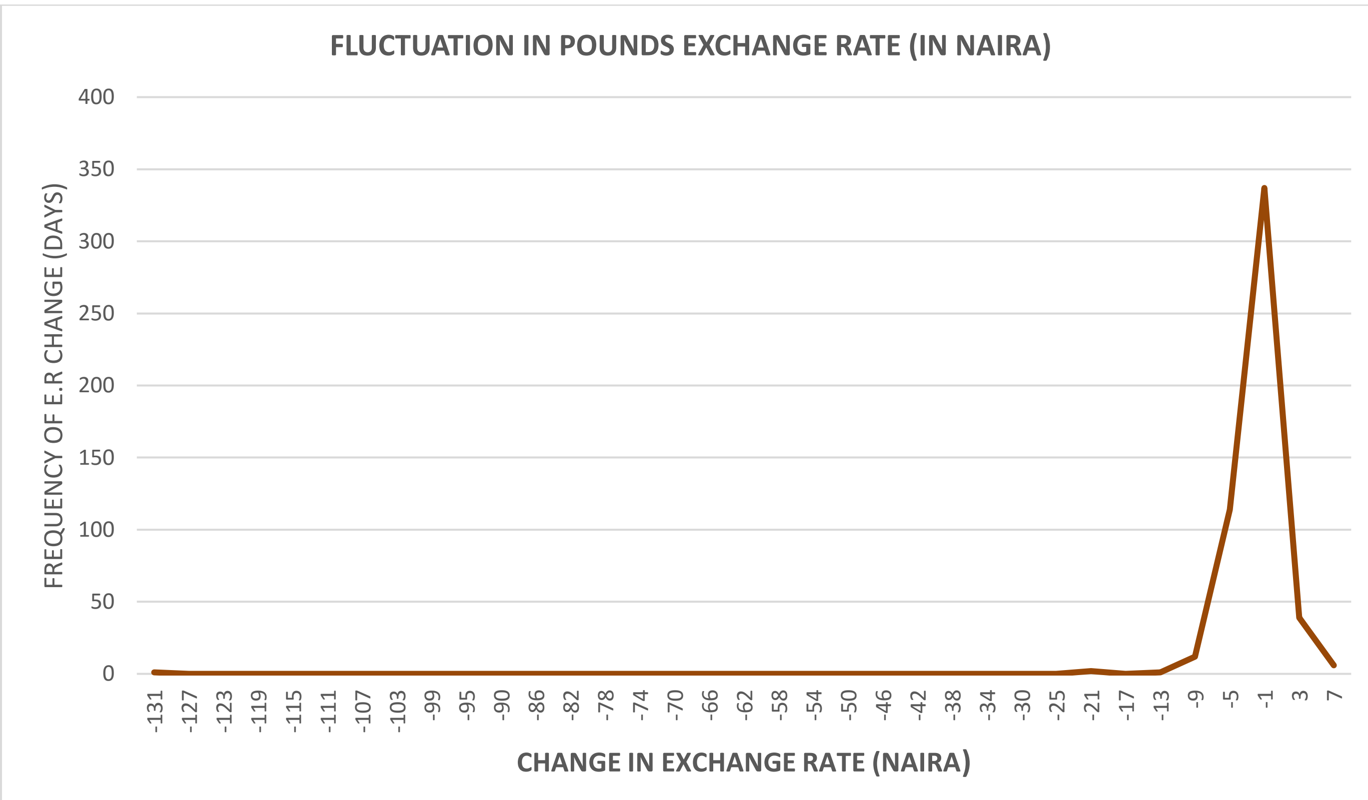
Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(21,266,812)	(18,089,551)	(6,153,269)	(5,285,658)
Increase	46,107,785	39,219,282	6,153,269	5,285,658

Foreign exchange profit or loss (Pounds)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of pounds:

- Daily pound exchange rates were obtained and trended
- A reasonably possible change of ± 7.00 (June 2016: ± 6.72) was determined based on the distribution of two years daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 7.00 (June 2016: ± 6.72)
- The chosen reasonable change in exchange rates was then applied to the bank’s position as at end of the period.



At 30 June 2017, if the Naira had weakened/strengthened by ± 7 Naira against the Pounds with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(76,173)	(63,048)	(80,962)	(68,769)
Increase	76,173	63,048	80,962	68,769

Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(77,541)	(65,956)	(82,961)	(71,263)
Increase	77,541	65,956	82,961	71,263

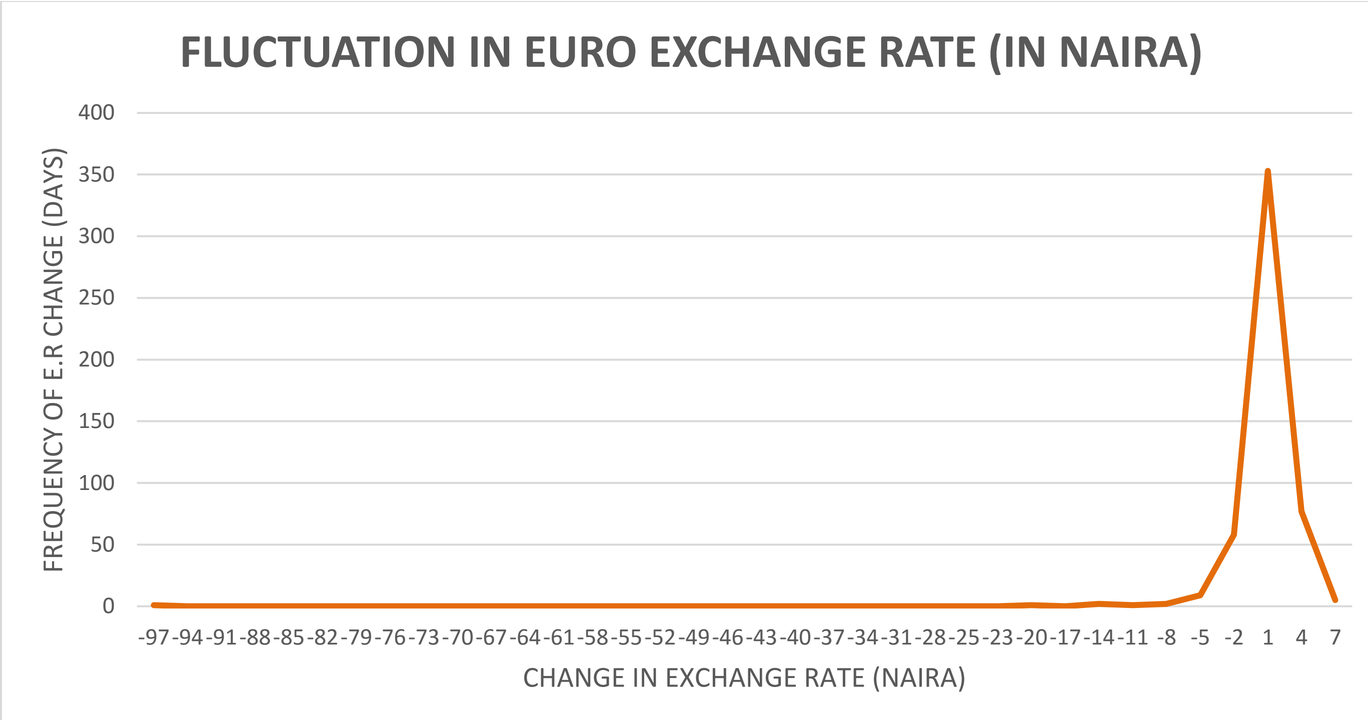
Foreign exchange profit or loss (Euros)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of Euro:

• Daily Euro exchange rates were obtained and trended

• A reasonably possible change of ± 5.00 (June 2016: ± 6.48) was determined based on the distribution of two year daily change in exchange rates. The graph below indicates that large proportion of changes in price falls in the range of ± 5.00 (June 2016: ± 6.48).

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



At 30 June 2017, if the Naira had weakened/strengthened by ± 5.00 Naira(June 2016: ± 6.48) against the Euro with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation.

Group

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	(11,571)	(9,577)	(143,306)	(121,725)
Increase	11,571	9,577	143,306	121,725

Parent

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	(12,003)	(10,210)	(143,095)	(122,919)
Increase	12,003	10,210	143,095	122,919

Foreign Exchange Profit or Loss (Other Currencies)

At 30 June 2017, if Naira had weakened/strengthened by ± 5.00(June 2016: ± 2.00) against the other currencies with all other variables held constant the pre-tax and post-tax profit for the period, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the bank is as shown below:

Group

In thousands of Nigerian Naira	**Jun-17**	**Jun-17**	**Jun-16**	**Jun-16**
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
Decrease	(9,445)	(7,817)	(566,485)	(121,725)
Increase	9,445	7,817	566,485	121,725

Parent

In thousands of Nigerian Naira	**Jun-17**	**Jun-17**	**Jun-16**	**Jun-16**
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
Decrease	(8,362)	(7,113)	(565,513)	(485,776)
Increase	8,362	7,113	565,513	485,776

(ix) Sensitivity analysis of derivative valuation

The fair value of foreign exchange contracts varies largely due to changes in foreign currency exchange rates. For the purpose of assessing specific risks, the Group carried out a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the Group's derivative financial instruments and results of operations. To perform the sensitivity analysis, daily U.S. Dollar exchange rates were obtained and trended; with all other variables kept constant and a proportional foreign exchange rate movement of ₦5.00 (Dec 2016: ±₦7.27) depreciation of the Nigerian Naira and ±₦5.00 (Dec 2016: ±₦7.27) appreciation of the Nigerian Naira against the U.S. Dollar have been considered to be reasonably possible based on the distribution of two years daily change in exchange rates of the U.S. Dollar.

The following table summarizes our derivatives financial instruments as at 30 June, 2017 and analyzes the sensitivity of their fair values to an immediate change in foreign currency rates. Fair values represent the present value of forecasted future cash flows at market foreign currency exchange rates. A favourable change indicates a weakening of the Nigerian Naira against the U.S. Dollar and an unfavourable change indicates a strengthening of the Nigerian Naira against the U.S. Dollar. The selection of ± ₦5.00(Dec 2016: ±₦7.27) favourable or unfavourable change in foreign currency exchange rates should not be construed as a prediction by the Group of future market events, but rather, to illustrate the potential impact of such an event. The modeling technique used to calculate the exposure does not take into account correlation among foreign currency exchange rates, or correlation among various markets such as the foreign exchange, equity and fixed-income markets. Actual experience may differ from the results in the table below due to the correlation assumptions utilized, or if events occur that were not included in the methodology, such as significant liquidity or market events.

The net impact of sensitivity for both favorable and unfavorable exchange rate of ± ₦5.00 will be Nil as the total FX purchased equal FX sold.

Group
Jun-17
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset/ (Liabilities)	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Derivative Assets	33,052,812	690,834	Asset	515,624	515,624	426,782	426,782
Derivative Liabilities		(639,380)	Liability	(515,624)	(515,624)	(426,782)	(426,782)

Dec-16
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Liability	Favourable changes (Pre-tax) Income Statement	Less Favourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Less Favourable changes (Post-tax) Income Statement
Total derivative assets/(liabilities) held for trading *	30,451,250	1,042,470	(987,502)	40,166	(40,166)	33,185	(33,185)
Derivative assets/(liabilities)	**30,451,250**	**1,042,470**	**(987,502)**	**40,166**	**(40,166)**	**33,185**	**(33,185)**

***See Note 25 for the components of the Derivative assets/liabilities**

Parent
Jun-17
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value	Asset / (Liability)	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Post-tax) Income Statement	Unfavourable changes (Post-tax) Income Statement
Derivative Assets	33,052,812	690,834	Asset	515,624	515,624	438,589	438,589
Derivative Liabilities		(639,380)	Liability	(515,624)	(515,624)	(438,589)	(438,589)

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

Dec-16
Total derivatives

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Asset	Fair Value Liability	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement	Favourable changes (Pre-tax) Income Statement	Unfavourable changes (Pre-tax) Income Statement
Total derivative assets/(liabilities) held for trading *	30,451,250	1,042,470	(987,502)	40,166	40,166	33,165	(33,165)
Derivative assets/(liabilities)	**30,451,250**	**1,042,470**	**(987,502)**	**40,166**	**(40,166)**	**33,165**	**(33,165)**

*See Note 25 for the components of the Derivative assets/liabilities

(x) Sensitivity of Loan Loss Impairment to changes in Risk Parameter

Loan loss impairment as stated on the statement of financial position is subject to interplay of three key variables: probability of default, loss given default, and emergence period. Therefore changes to these three key variables would directly impact the credit losses reported for the financial period.

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

The Group carried out the following activities in assessing the sensitivity of the Group's profit to fluctuations in the probability of default:

- The probability of default was obtained on a monthly basis.
- A possible change of five per cent was determined based on the distribution of monthly change in the probability of default.
- The chosen change in the probability of default was then applied to the bank's loan portfolio as at end of the period.

As at 30 June 2017, if probability of default increased or decreased by 5%, with all other variables (exposure at default, emergence period and loss given default) held constant, the impact on impairment charge, which ultimately affects profit, would have been as set out in the tables below:

Group

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	(1,122,775)	(929,365)	(73,395)	(63,146)
Increase	1,122,775	929,365	73,395	63,146

Parent

In thousands of Nigerian Naira	**Jun-17 Pre-tax**	**Jun-17 Post-tax**	**Jun-16 Pre-tax**	**Jun-16 Post-tax**
Decrease	(1,027,508)	(874,038)	(67,955)	(58,466)
Increase	1,027,508	874,038	67,955	58,466

Sensitivity of Loan Loss Impairment – Emergence Period (EP) The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss emergence period adjusted the timing gap between the emergence of impairment triggers and the time at which management becomes aware of the loss by 1 month. The chosen change in emergence period was then applied to the bank's loan portfolio as at year ended 30 June 2017.

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

Group

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(533,680)	(458,303)	(1,184,761)	(1,019,316)
Increase	533,680	458,303	1,184,761	1,019,316

Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(506,700)	(431,019)	(1,096,949)	(943,766)
Increase	506,700	431,019	1,096,949	943,766

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

The Group in assessing the sensitivity of the Group's profit to fluctuations in the loss given default, assumed a 1% change in the loss given default. The chosen change in the loss given default was then applied to the bank's loan portfolio as at end of the period.

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

Group

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(2,992,466)	(2,476,983)	(155,603)	(133,875)
Increase	1,053,699	872,188	193,295	166,302

Parent

In thousands of Nigerian Naira	Jun-17 Pre-tax	Jun-17 Post-tax	Jun-16 Pre-tax	Jun-16 Post-tax
Decrease	(2,738,558)	(2,329,524)	(144,070)	(123,952)
Increase	964,293	820,266	178,968	153,976

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

Group
Jun-2017
Financial instruments by currency
In thousands of Nigerian Naira

	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	513,291,276	31,720,817	379,942,411	37,175,749	19,329,927	45,122,372
Financial assets held for trading	24	14,728,263	9,949,307	-	-	-	4,778,956
Derivative financial assets	25	690,834	439,785	251,049	-	-	-
Investment securities:							
– Available for sale	26	524,558,420	477,578,353	19,197,675	5,758,385	-	22,024,007
– Held to maturity	26	87,399,499	5,217,660	2,989,584	-	-	79,192,255
Assets pledged as collateral	27	64,075,987	64,063,570	-	-	-	12,417
Loans and advances to banks	28	796,787	44,137	234,399	-	1	518,250
Loans and advances to customers	29	1,489,957,815	583,280,922	764,555,675	32,360,355	1,163,270	108,597,593
Restricted deposits and other assets[1]	34	402,982,517	377,001,766	21,742,542	793,293	2,749,486	695,430
		3,098,481,398	**1,549,296,317**	**1,188,913,335**	**76,087,782**	**23,242,684**	**260,941,280**
Deposits from banks	35	55,608,346	37,914	46,138,881	1,581,535	2,819,758	5,030,258
Deposits from customers	36	1,966,375,983	1,215,244,815	502,062,185	51,205,379	14,304,723	183,558,881
Financial liabilities held for trading	37	10,388,382	10,388,382	-	-	-	-
Derivative financial liabilities	25	639,380	233,795	405,585	-	-	-
Other liabilities[2]	39	271,893,746	226,460,202	25,649,976	1,143,600	1,630,788	17,009,180
Debt securities issued	38	128,005,257	-	127,391,029	-	-	614,228
Other borrowed funds	41	227,523,521	98,075,028	129,448,477	-	-	16
		2,660,434,615	**1,550,440,136**	**831,096,133**	**53,930,514**	**18,755,269**	**206,212,563**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of non-monetary items in 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 taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Group
Dec-2016
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	455,863,305	44,254,895	325,605,863	37,228,555	16,583,677	32,190,315
Financial assets held for trading	24	12,053,919	6,321,354	-	-	-	5,732,565
Derivative financial assets	25	1,042,470	649,458	393,012	-	-	-
Investment securities:							
– Available for sale	26	448,056,733	419,367,419	20,743,060	5,779,713	-	2,166,541
– Held to maturity	26	80,155,825	17,501,262	525,505	-	-	62,129,058
Assets pledged as collateral	27	48,216,412	48,216,412	-	-	-	-
Loans and advances to banks	28	653,718	522,373	131,345	-	-	-
Loans and advances to customers	29	1,589,429,834	669,116,447	807,742,569	27,866,064	1,034,421	83,670,333
Restricted deposits and other assets[1]	34	354,509,167	340,984,186	11,014,741	438,571	1,373,564	698,105
		2,989,981,383	**1,546,933,806**	**1,166,156,095**	**71,312,903**	**18,991,662**	**186,586,917**
Deposits from banks	35	125,067,848	648,008	111,092,170	124,313	2,648,263	10,555,094
Deposits from customers	36	1,986,246,232	1,290,461,271	508,535,474	50,850,163	12,968,046	123,431,278
Financial liabilities held for trading	37	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	314,971	672,531	-	-	-
Other liabilities[2]	39	115,540,806	61,788,399	47,861,037	901,639	1,363,746	3,625,985
Debt securities issued	38	126,237,863	-	125,639,951	-	-	597,912
Other borrowed funds	41	219,633,604	84,248,088	135,378,584	-	-	6,932
		2,575,779,257	**1,439,526,139**	**929,179,747**	**51,876,115**	**16,980,055**	**138,217,201**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of non-monetary items in 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 taking 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-2017
Financial instruments by currency

In thousands of Nigerian Naira	*Note*	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	338,093,367	31,583,263	275,384,522	19,990,800	10,530,972	603,810
Financial assets held for trading	24	9,949,333	9,949,333	-	-	-	-
Derivative financial assets	25	690,834	439,785	251,049	-	-	-
Investment securities:							
– Available for sale	26	483,524,464	477,578,353	5,946,111	-	-	-
– Held to maturity	26	5,217,660	5,217,660	-	-	-	-
Assets pledged as collateral	27	64,063,570	64,063,570	-	-	-	-
Loans and advances to banks	28	44,171	44,137	34	-	-	-
Loans and advances to customers	29	1,306,230,356	583,280,922	722,948,073	6	1,355	-
Restricted deposits and other assets[1]	34	401,024,789	377,001,766	21,409,492	463,736	2,093,677	56,118
		2,608,838,544	**1,549,158,789**	**1,025,939,281**	**20,454,542**	**12,626,004**	**659,928**
Deposits from banks	35	37,914	37,914	-	-	-	-
Deposits from customers	36	1,627,718,424	1,215,244,815	387,970,531	15,184,872	9,317,269	937
Financial liabilities held for trading	24	10,388,382	10,388,382	-	-	-	-
Derivative financial liabilities	25	639,380	233,795	405,585	-	-	-
Other liabilities[2]	39	246,596,725	221,013,781	23,437,668	505,231	1,582,828	57,217
Debt securities issued	38	127,391,029	-	127,391,029	-	-	-
Other borrowed funds	41	211,131,101	98,075,028	113,056,073	-	-	-
		2,223,902,955	**1,544,993,715**	**652,260,886**	**15,690,103**	**10,900,097**	**58,154**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of non-monetary items in 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 taking into consideration as it falls outside the IFRS 7 disclosure requirement. On the Asset side Property, Plant & Equipment, Intangible Assets and Prepayment are not included while on the Liability side, Deferred Income, Tax Payable and Deferred Tax and Positions have also been excluded.

Parent
Dec-2016
Financial instruments by currency

In thousands of Nigerian Naira	***Note***	**Total**	**Naira**	**USD**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	23	233,847,233	31,027,677	172,859,505	20,627,067	8,762,922	570,062
Financial assets held for trading	24	6,321,370	6,321,370	-	-	-	-
Derivative financial assets	25	1,042,470	649,458	393,012	-	-	-
Investment securities:							
– Available for sale	26	408,246,905	399,054,273	9,192,632	-	-	-
– Held to maturity	26	5,219,262	5,219,262	-	-	-	-
Assets pledged as collateral	27	48,205,702	48,205,702	-	-	-	-
Loans and advances to banks	28	29,943	28,265	1,678	-	-	-
Loans and advances to customers	29	1,417,217,952	644,366,023	772,833,257	4	18,668	-
Restricted deposits and other assets[1]	34	352,862,183	340,917,975	10,241,866	361,353	1,311,162	29,827
		2,472,993,020	**1,475,790,005**	**965,521,950**	**20,988,424**	**10,092,752**	**599,889**
Deposits from banks	35	40,438	40,438	-	-	-	-
Deposits from customers	36	1,681,184,820	1,249,610,067	406,864,859	16,442,362	8,264,559	2,973
Financial liabilities held for trading	36	2,065,402	2,065,402	-	-	-	-
Derivative financial liabilities	25	987,502	314,971	672,531	-	-	-
Other liabilities[2]	39	90,013,993	43,305,740	44,960,787	388,363	1,328,185	30,918
Other borrowed funds	41	332,317,881	84,248,088	248,069,793	-	-	-
		2,106,610,036	**1,379,584,706**	**700,567,970**	**16,830,725**	**9,592,744**	**33,891**

[1] Excludes prepayments

[2] Excludes Deferred Income and impact of non-monetary items in 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 taking 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:

$$\frac{\text{Total Capital}}{(\text{Credit Risk Weighted Assets} + \text{Market Risk Weighted Assets} + \text{Operational Risk Weighted Assets})}$$

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, statutory reserves, and other reserves excluding regulatory reserves. Intangible assets and investments in subsidiaries were also deducted from Tier I capital for capital adequacy purposes.

Tier 2 capital comprises Fair Value Reserves.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the period.

Period under review

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

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

The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN-mandated regulatory minimum of 16% for Domestic Systemically Important. As at 30 June, 2017, the Bank's capital adequacy ratio was 22.24% (December 31, 2016- 19.79%). Group capital stood at 23.1%

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

Capital adequacy ratio

Bank

In thousands of Nigerian Naira	***Note***	**June-2017**	**Dec-2016**
Tier 1 capital			
Share capital	42	14,715,590	14,715,590
Share premium	42	123,471,114	123,471,114
Retained profits		89,243,906	83,989,499
Statutory Reserve		223,316,198	199,185,674
SMEEIS Reserve		4,232,478	4,232,478
Other reserves		26,546,316	28,279,386
Tier 1 Sub-Total		**481,525,602**	**453,873,741**
Less Regulatory deductions :			
Other intangible assets	32	(3,643,790)	(3,377,961)
Deferred Tax Assets	33	-	-
100% of investments in unconsolidated Banking and financial subsidiary/associate companies.	30	(43,965,254)	(43,968,474)
Net Total Tier 1 Capital (A)		**433,916,558**	**406,527,306**
Tier 2 capital			
Fair Value Reserves		(752,479)	(1,000,680)
Net Total Tier 2 Capital (B)		**(752,479)**	**(1,000,680)**
Total Qualifying Capital (C= A+B)		**433,164,079**	**405,526,626**
Composition Of Risk-Weighted Assets			
Risk-Weighted Amount For Credit Risk		1,575,430,171	1,700,022,945
Risk-Weighted Amount For Operational Risk		371,126,769	347,267,040
Risk-Weighted Amount For Market Risk		1,057,984	1,797,607
Aggregate Risk-Weighted Assets		**1,947,614,924**	**2,049,087,592**
Total Risk-Weighted Capital Ratio		**22.24%**	**19.79%**
Tier 1 Risk-Based Capital Ratio		**22.28%**	**19.84%**

(c) Capital allocation

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

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

6. Use of estimates and judgments

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

(a) Key sources of estimation uncertainty

Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j)(viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management’s best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party’s financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated. Please refer to pages 199-200 for sensitivity analysis of the exposure at default to changes to the EP, LGD and PD.

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that

trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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

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

Financial asset and liability classification

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

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy **3b(j)(v).**
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy **3b (j)(vb).**
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy **3b (j)(vc).**

Details of the Group's classification of financial assets and liabilities are given in note **8** and sensitivity analysis are as stated on page 181.

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 exchange rate quoted on CBN SMIS window.

Defined benefits plan

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The sensitivity analysis of level 3 equity Instruments and its impact on OCI are shown in note 4(d) under market risk above.

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in note 3(q). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates. Goodwill and Goodwill Impairment testing are shown in note 32(c) below.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 3b (j)(iib)

The Group measures fair values using the following hierarchy of methods.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

All fair values are on a recurring basis.The sensitivity of investments and derivatives to fluctuation in market prices and yields are disclosed in note 4(i) under market risk above.

Group
Jun-2017
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading					
-Debt securities	24	14,728,263	-	-	14,728,263
Derivative financial assets	25	-	690,834	-	690,834
Available-for-sale financial assets:					
-Investment securities-debt	26	515,341,106	5,946,111	-	521,287,217
-Investment securities-equity	26	-	-	3,263,429	3,263,429
Assets pledged as collateral	27	64,075,987	-	-	64,075,987
Total assets		**594,145,356**	**6,636,945**	**3,263,429**	**604,045,730**
Liabilities					
Financial liabilities held for trading		10,388,382	-	-	10,388,382
Derivative financial liabilities	25	-	639,380	-	639,380
Total liabilities		**10,388,382**	**639,380**	**-**	**11,027,762**

Group
Dec-2016
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading					
-Debt securities	24	12,053,919	-	-	12,053,919
Derivative financial assets	25	-	1,042,470	-	1,042,470
Available-for-sale financial assets:					
-Investment securities-debt	26	397,735,340	46,404,372	-	444,139,712
-Investment securities-equity	26	-	-	3,771,445	3,771,445
Assets pledged as collateral	27	48,216,412	-	-	48,216,412
Total assets		**458,005,671**	**47,446,842**	**3,771,445**	**509,223,958**
Liabilities					
Financial liabilities held for trading		2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	987,502
Total liabilities		**2,065,402**	**987,502**	**-**	**3,052,904**

Parent
Jun-2017
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	9,949,333	-	-	9,949,333
-Equity Securities	24	-	-	-	-
Derivative financial assets	25	-	690,834	-	690,834
Available-for-sale financial assets:					
-Investment securities-debt	26	465,062,305	15,198,730	-	480,261,035
-Investment securities-equity	26	-	-	3,263,429	3,263,429
Assets pledged as collateral	27	64,063,570	-	-	64,063,570
Total assets		**539,075,208**	**15,889,564**	**3,263,429**	**558,228,201**
Liabilities					
Financial liabilities held for trading		10,388,381	-	-	10,388,381
Derivative financial liabilities	25	-	639,380	-	639,380
Total liabilities		**10,388,381**	**639,380**	**-**	**11,027,761**

Parent
Dec-2016
In thousands of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	24	6,321,370	-	-	6,321,370
Derivative financial assets	25	-	1,042,470	-	1,042,470
Available-for-sale financial assets:					
-Investment securities-debt	26	357,932,924	46,404,372	-	404,337,296
-Investment securities-equity	26	-	-	3,771,445	3,771,445
Assets pledged as collateral	27	48,205,702	-	-	48,205,702
Total assets		**412,459,996**	**47,446,842**	**3,771,445**	**463,678,283**
Liabilities					
Financial liabilities held for trading		2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	987,502
Total liabilities		**2,065,402**	**987,502**	**-**	**3,052,904**

Reconciliation of Level 3 Items
-Available for sale financial assets (unquoted equity securities)

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
At 1 January	3,771,445	3,608,972	3,771,445	3,608,972
Total unrealised gains or (losses)				
in Profit and Loss	-	-	-	-
in OCI	-	162,473	-	162,473
Cost of Asset Additions / (Disposal)	-	-	-	-
Reclassification to unquoted equity at cost	(508,016)	-	(508,016)	-
	3,263,429	**3,771,445**	**3,263,429**	**3,771,445**

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

The Group is eligible to present net on the balance sheet, certain financial assets and liabilities according to criteria described in Note 3 on Offsetting Financial Instruments. For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Grou 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-2017

In thousands of Nigerian Naira	*Note*	Gross amounts of Financial Assets/liabilities	Gross amounts set off on the SOFP	Net amounts presented on the SOFP	Related amount not set off Related amount in the SOFP	Cash collateral	Net amount
Financial assets							
Cash and cash equivalents (a)		4,745,975	(8,982,620)	(4,236,646)	-	-	(4,236,646)
Other Assets (b)		25,911,482	-	25,911,482	-	25,911,482	-
		30,657,457	**(8,982,620)**	**21,674,836**	**-**	**25,911,482**	**(4,236,646)**
Financial liabilities							
Other Liabilities (b)		25,911,482	-	25,911,482	25,911,482	-	-
		25,911,482	**-**	**25,911,482**	**25,911,482**	**-**	**-**

Group
Dec-2016

In thousands of Nigerian Naira	*Note*	Gross amounts of Financial Assets/liabilities	Gross amounts set off on the SOFP	Net amounts presented on the SOFP	Related amount not set off Related amount in the SOFP	Cash collateral	Net amount
Financial assets							
Cash and cash equivalents (a)		3,936,463	(42,749,377)	(38,812,914)	-	-	(38,812,914)
Other Assets (b)		11,944,208	-	11,944,208	-	11,944,208	-
		15,880,671	**(42,749,377)**	**(26,868,706)**	**-**	**11,944,208**	**(38,812,914)**
Financial liabilities							
Other Liabilities (b)		11,944,208	-	11,944,208	11,944,208	-	-
		11,944,208	**-**	**11,944,208**	**11,944,208**	**-**	**-**

Parent
Jun-2017

In thousands of Nigerian Naira	*Note*	Gross amounts of Financial Assets/liabilities	Gross amounts set off on the SOFP	Net amounts presented on the SOFP	Related amount not set off Related amount in the SOFP	Cash collateral	Net amount
Financial assets							
Cash and cash equivalents (a)		4,745,975	(8,982,620)	(4,236,646)	-	-	(4,236,646)
Other Assets (b)		25,911,482	-	25,911,482		25,911,482	-
		30,657,457	**(8,982,620)**	**21,674,836**	**-**	**25,911,482**	**(4,236,646)**
Financial liabilities							
Other Liabilities (b)		25,911,482	-	25,911,482	25,911,482	-	-
		25,911,482	**-**	**25,911,482**	**25,911,482**	**-**	**-**

Parent
Dec-2016

In thousands of Nigerian Naira	*Note*	Gross amounts of Financial Assets/liabilities	Gross amounts set off on the SOFP	Net amounts presented on the SOFP	Related amount not set off Related amount in the SOFP	Cash collateral	Net amount
Financial assets							
Cash and cash equivalents (a)		3,936,463	(42,749,377)	(38,812,914)	-	-	(38,812,914)
Other Assets (b)		11,944,208	-	11,944,208	-	11,944,208	-
		15,880,671	**(42,749,377)**	**(26,868,706)**	**-**	**11,944,208**	**(38,812,914)**
Financial liabilities							
Other Liabilities (b)		11,944,208	-	11,944,208	11,944,208	-	-
		11,944,208	**-**	**11,944,208**	**11,944,208**	**-**	**-**

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

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

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

Valuation control framework

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

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

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

Valuation technique and Input used in Level 2 Fair Value Measurement

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

Available for Sale Corporate Bonds:

As at 30 June 2017, the Group disclosed its investment in Available for Sale Corporate bond as N5, 946,111,000 (December 2016: N9,192,632,000) under Level 2 of the Fair Value Hierarchy. In valuing this investment, the price of the asset obtained from an Over the Counter Securities Exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierarchy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. It is important to note that no adjustment was made to the input price.

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique:

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

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

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

Description of Valuation Methodology and inputs:

Discounted Cash flow Technique (DCF)

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

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

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

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

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

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

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

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

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

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

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

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

Where:

NI = Net Income
NCC = Non- Cash Charges
Int = Interest
T= tax rate
FCI = Fixed Capital Investment
WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC):

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

WACC= {(D/D+E) x Kd(1-T)} + {(E/D+E) x Ke }

Where:

D = Value of Debt
E = Equity value
Ke = Cost of equity
Kd = Cost of debt
T = Tax rate

c. *Capitalization Rate= WACC – g*

Terminal value = ($FCFF_5$ *(1+g))/ (WACC – g)

Where:

FCFF = $Year_5$ FCFF
g = Growth rate
WACC = *Weighted average Cost of Capital*

Valuation Assumptions – Discounted Cash flow

1. The bank applies Capital Asset Pricing Model in determining the cost of equities for its various unquoted equities which were fair valued at the reporting period.
2. The risk free rate was determined using the yield on the 10 year Nigerian Government bond (for unquoted securities denominated in Naira) of 16.08% and the yield on the 10 year US Government bond (for unquoted securities denominated in US $) of 2.45%.
3. Market premium of 6% was adopted based on trend analysis and research of market premiums across the globe by Aswath Damodaran.
4. Beta = 1 or Less than 1
5. Growth rate used is growth rate in earnings between the latest year and prior period.

Summary of carrying amounts of equity Securities at fair value through equity

In thousands of Nigerian Naira	Jun-17	Dec-16
Historical cost	(1,399,667)	(2,415,699)
Fair value	3,263,429	4,279,461
Unrealized Fair Value Gain recognized in Equity (OCI)	1,863,762	1,863,762

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

In thousands of Nigerian Naira	**Group Jun-17**	**Group Dec-16**	**Parent Jun-17**	**Parent Dec-16**
Balance, beginning of the period	4,279,461	4,116,988	4,279,461	4,116,988
Reclassification from unquoted (SMEEIS) equity investments	-	-	-	-
Reclassification from/(to) Other unquoted equity investments	(1,016,032)	-	(1,016,032)	-
Fair value movement recognised in OCI	-	162,473	-	162,473
Write off	-	-	-	-
Disposals (cost)	-	-	-	-
	3,263,429	**4,279,461**	**3,263,429**	**4,279,461**
Impairment charges on equity	**-**	**(508,016)**	**-**	**(508,016)**
Balance, end of the period	**3,263,429**	**3,771,445**	**3,263,429**	**3,771,445**

Other disclosure requirements

The unrealized fair value gain recognized on these equity investments as at 30 June 2017 of ₦1,863,762 (31 December, 2016: ₦1,863,762) has been recognized in fair value reserves in Other Comprehensive Income (i.e. Equity).

The movement in unquoted equity securities (i.e. SMEEIS Investments) at cost during the period is as follows:

In thousands of Nigerian Naira	Group Jun-17	Group Dec-16	Parent Jun-17	Parent Dec-16
Balance, beginning of the period	3,085,126	s	3,085,126	3,085,126
Reclassification from equity Securities at fair value through equity	1,016,032	-	1,016,032	-
Reclassification to equity Securities at fair value through equity	-	-	-	-
Balance, end of the period	**4,101,158**	**3,085,126**	**4,101,158**	**3,085,126**

The movement in other unquoted equity securities at cost during the period is as follows:

In thousands of Nigerian Naira	Group Jun-17	Group Dec-16	Parent Jun-17	Parent Dec-16
Balance, beginning of the period	7,412	4,972	-	-
Reclassification to equity Securities at fair value through equity	-	-	-	-
Disposals	-	-	-	-
Exchange difference- gain/(loss)*	175	2,440	**-**	**-**
Balance, end of the period	**7,587**	**7,412**	**-**	**-**

Derivatives

Where the Group's derivative assets and liabilities are not traded on an exchange, they are valued using the discounted cash flow model. The future cash flow to be received is discounted using the appropriate Libor rates.

The Group estimated the fair value of its Foreign exchange derivatives as at 30 June 2017 using the Discounted Cash Flow Model and disclosed it under Level 2 Fair Value Hierarchy.

(f) Statement of Prudential Adjustment

The Bank did not transfer any amount from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity in the Period. The total regulatory risk reserve remains N52,324,178,000. Regulatory risk reserve represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses under the Prudential Guideline and the Loan Impairment allowance determined in accordance with provisions of IFRS. As at December 31, 2016 CBN recommended provision amounted to N105,514,605,000. Of the amount recommended by the Central Bank of Nigeria, N28,092,869,000 relates to 2% General Loan Loss Provision on performing loans.

Also, N4,151,061,000 recommended by CBN for Other Known Losses was adequately provided for in the June 2017 IFRS Financial Statement

The Reconciliation between the CBN Recommended provisions and that under IFRS as at June 2017 is as shown in the table below:

	In thousands of Nigerian Naira	Reference	Specific	General	Total
a	**Loans and Advances:**				
	Provision per CBN Prudential Guidelines		77,421,736	28,092,869	105,514,605
	Impairment Allowance per IAS 39:				
	(Inclusive of Collective Allowance)	(Note 28 & 29)	(67,803,332)	-	(67,803,332)
	Amount required in Regulatory Risk Reserve[1]		**9,618,404**	**28,092,869**	**37,711,273**

b	**Provision for Other Known Losses:**		
	Provision for Other Known Losses - CBN		**4,151,061**
	Provision for Other Known Losses - IFRS		
	Specific Impairment for Equities	(Note 26)	3,454,978
	Impairment on Other Assets	(Note 34)	305,556
	Others – Regulatory Risk Reserve		390,527
			4,151,061
	Amount required in Regulatory Risk Reserve[2]		**-**

[1]Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

c Impairment of loans and advances and Other Known Losses (OKL)

Regulatory reserve required for loans and advances		**37,711,273**
Regulatory reserve required for Other Known Losses		390,527
Balance required per Regulatory Risk Reserve		**38,101,800**
Balance per Regulatory Risk Reserve	(SOCIE - Page 60)	**52,324,178**
Excess amount in regulatory risk reserve		**14,222,378**

d Movement in Regulatory Reserves

	Specific	General	Others	Total
Movement in Regulatory Reserves				
Balance as at 1 January	23,840,782	28,092,869	390,527	52,324,178
Transfer during the period	-	-	-	-
Reversal during the period	-	-	-	-
Balance, end of the period	**23,840,782**	**28,092,869**	**390,527**	**52,324,178**

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-2017

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	146,779,632	37,766,083	18,802,072	5,634,735	4,343,593	213,326,115
Derived from other business segments	(17,137,773)	12,342,221	1,171,078	3,387,594	236,880	-
Total revenue	**129,641,859**	**50,108,304**	**19,973,150**	**9,022,329**	**4,580,473**	**213,326,115**
Interest expenses	(30,911,325)	(2,401,952)	(1,769,754)	(701,328)	(563,056)	(36,347,415)
Fee and commission expenses	(337,772)	(416,133)	(145,644)	(53,624)	(12,470)	(965,643)
Net operating income	**98,392,762**	**47,290,219**	**18,057,752**	**8,267,377**	**4,004,947**	**176,013,057**
Expense:						
Operating expenses	(18,284,049)	(23,517,507)	(11,084,984)	(5,217,471)	(1,840,148)	(59,944,159)
Net impairment loss on financial assets	(3,981,017)	(1,464,592)	(1,933,131)	(422,569)	(57,679)	(7,858,988)
Depreciation and amortization	(1,329,563)	(3,478,512)	(1,557,984)	(1,288,730)	(226,075)	(7,880,864)
Total cost	**(23,594,629)**	**(28,460,611)**	**(14,576,099)**	**(6,928,770)**	**(2,123,902)**	**(75,684,011)**
Profit before income tax from reportable segments	**74,798,133**	**18,829,608**	**3,481,653**	**1,338,607**	**1,881,045**	**100,329,046**
Tax	(12,987,922)	**(3,269,567)**	**(604,553)**	**(232,436)**	**(326,624)**	**(17,421,102)**
Profit after income tax from reportable segments	**61,810,211**	**15,560,041**	**2,877,100**	**1,106,171**	**1,554,421**	**82,907,944**
Assets and liabilities:						
Total assets	1,942,476,452	673,182,411	370,302,730	157,243,753	90,569,195	3,233,774,541
Total liabilities	(1,028,461,076)	(1,000,872,002)	(373,470,400)	(255,354,007)	(28,270,339)	(2,686,427,824)
Net assets/ (liabilities)	**914,015,376**	**(327,689,591)**	**(3,167,670)**	**(98,110,254)**	**62,298,856**	**547,346,717**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**1,293,882**	**3,385,161**	**1,516,174**	**1,254,145**	**220,008**	**7,669,370**
Assets:						
Loans and advances to banks	796,787	-	-	-	-	796,787
Loans and advances to customers	1,077,869,918	139,151,666	185,872,214	26,351,747	60,712,270	1,489,957,815
Others	863,809,747	534,030,745	184,430,516	130,892,006	29,856,925	1,743,019,939
	1,942,476,452	673,182,411	370,302,730	157,243,753	90,569,195	3,233,774,541
Liabilities:						
Deposits from banks	55,608,346	-	-	-	-	55,608,346
Deposits from customers	464,273,786	920,534,037	329,552,923	228,274,619	23,740,618	1,966,375,983
Others	508,578,944	80,337,965	43,917,477	27,079,388	4,529,721	664,443,495
	1,028,461,076	1,000,872,002	373,470,400	255,354,007	28,270,339	2,686,427,824

Operating segments (Continued)

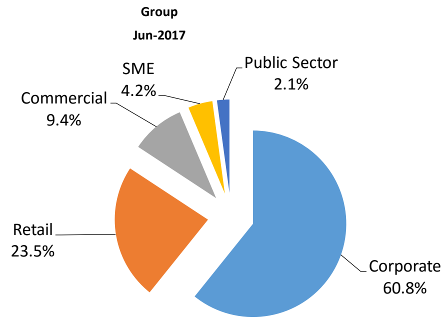
Information about operating segments

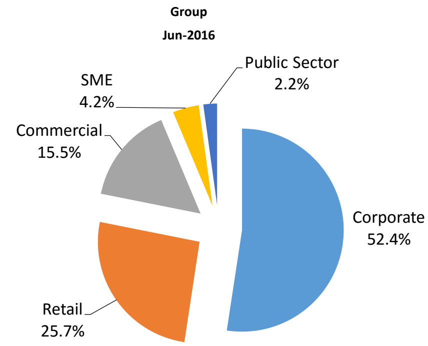
Group
Jun-2016

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total
Revenue:						
Derived from external customers	111,784,951	51,921,815	32,231,083	8,192,924	4,549,903	208,680,676
Derived from other business segments	(2,448,742)	1,798,984	178,365	483,136	(11,743)	-
Total revenue	**109,336,209**	**53,720,799**	**32,409,448**	**8,676,060**	**4,538,160**	**208,680,676**
Interest expenses	(21,271,439)	(4,388,617)	(2,980,324)	(1,084,373)	(937,941)	(30,662,694)
Fee and commission expenses	(234,344)	(878,175)	(107,958)	(37,780)	(10,068)	(1,268,325)
Net operating income	**87,830,426**	**48,454,007**	**29,321,166**	**7,553,907**	**3,590,151**	**176,749,657**
Expense:						
Operating expenses	(13,095,788)	(17,869,816)	(10,542,445)	(4,042,501)	(2,145,593)	(47,696,143)
Net impairment loss on financial assets	(18,778,529)	(5,131,228)	(12,470,956)	(634,909)	(530,909)	(37,546,531)
Depreciation and amortization	(1,696,722)	(2,449,779)	(1,601,765)	(1,004,322)	(258,043)	(7,010,631)
Total cost	**(33,571,039)**	**(25,450,823)**	**(24,615,166)**	**(5,681,732)**	**(2,934,545)**	**(92,253,305)**
Profit before income tax from reportable segments	**54,259,387**	**23,003,184**	**4,706,000**	**1,872,175**	**655,606**	**84,496,352**
Tax	**(8,939,197)**	**(3,789,759)**	**(775,310)**	**(308,440)**	**(108,011)**	**(13,920,717)**
Profit after income tax from reportable segments	**45,320,190**	**19,213,425**	**3,930,690**	**1,563,735**	**547,595**	**70,575,635**
Dec-2016						
Assets and liabilities:						
Total assets	2,055,936,178	532,308,775	330,810,288	108,146,592	91,274,910	3,118,476,743
Total liabilities	(984,447,374)	(1,007,677,907)	(357,362,530)	(222,512,324)	(31,570,380)	(2,603,570,515)
Net assets/ (liabilities)	**1,071,488,804**	**(475,369,132)**	**(26,552,242)**	**(114,365,732)**	**59,704,530**	**514,906,228**
Additions to Non-Current Assets						
Additions to Non-Current Assets	**4,447,339**	**6,069,007**	**4,025,004**	**2,505,498**	**1,098,930**	**18,145,778**
Assets:						
Loans and advances to banks	653,718	-	-	-	-	653,718
Loans and advances to customers	1,150,005,477	164,343,230	191,244,145	21,477,471	62,359,511	1,589,429,834
Others	905,276,983	367,965,545	139,566,143	86,669,121	28,915,399	1,528,393,191
	2,055,936,178	**532,308,775**	**330,810,288**	**108,146,592**	**91,274,910**	**3,118,476,743**
Liabilities:						
Deposits from banks	125,067,848	-	-	-	-	125,067,848
Deposits from customers	481,505,928	946,037,722	317,784,727	211,315,602	29,602,253	1,986,246,232
Others	377,873,598	61,640,185	39,577,803	11,196,722	1,968,127	492,256,435
	984,447,374	**1,007,677,907**	**357,362,530**	**222,512,324**	**31,570,380**	**2,603,570,515**

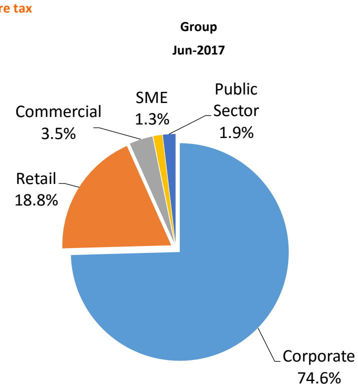
Operating segments (Continued)
Information about operating segments

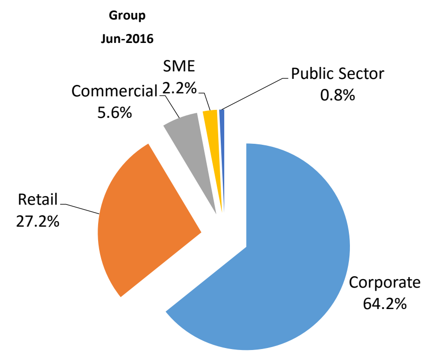
Revenue



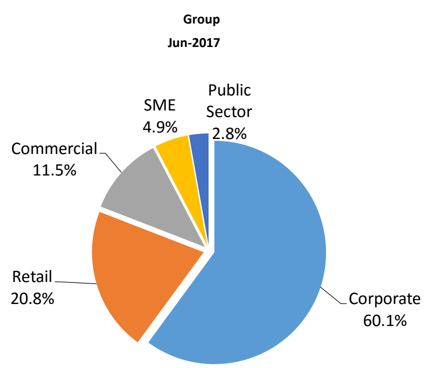


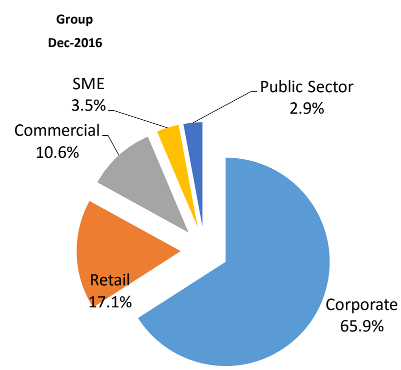
Profit before tax



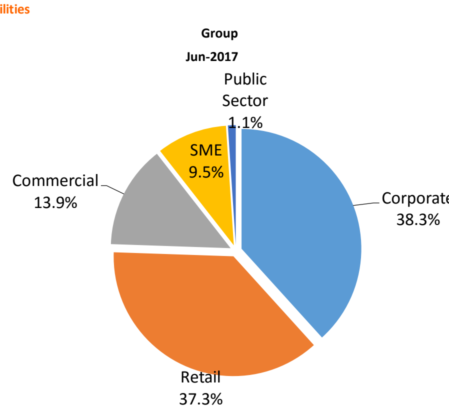


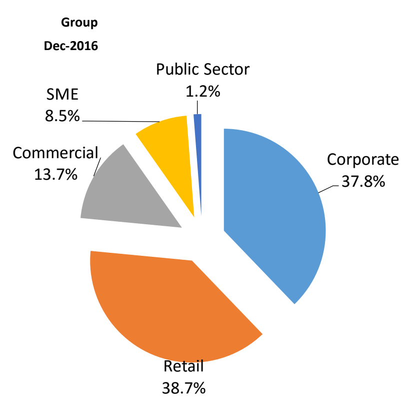
Assets





Liabilities





Operating segments (Continued)

Information about operating segments

Parent
Jun-2017

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	126,234,247	32,577,005	16,069,814	4,736,411	3,786,397	183,403,874	-	183,403,874
Derived from other business segments	(15,579,793)	11,220,201	1,064,616	3,079,631	215,345	-	-	-
Total revenue	**110,654,454**	**43,797,206**	**17,134,430**	**7,816,042**	**4,001,742**	**183,403,874**	**-**	**183,403,874**
Interest expenses	(25,113,355)	(1,951,423)	(1,437,805)	(569,781)	(457,445)	(29,529,809)	-	(29,529,809)
Fee and commission expenses	(228,733)	(281,797)	(98,627)	(36,313)	(8,444)	(653,914)	-	(653,914)
Net operating income	**85,312,366**	**41,563,986**	**15,597,998**	**7,209,948**	**3,535,853**	**153,220,151**	**-**	**153,220,151**
Expense:								
Operating expenses	(11,673,417)	(20,455,199)	(9,211,656)	(4,443,160)	(1,569,615)	(47,353,047)	-	(47,353,047)
Net impairment loss on financial assets	(4,033,674)	(1,483,964)	(1,958,700)	(428,158)	(58,442)	(7,962,938)	-	(7,962,938)
Depreciation and amortization	(1,103,986)	(2,888,339)	(1,293,653)	(1,070,081)	(187,718)	(6,543,777)	-	(6,543,777)
Total cost	**(16,811,077)**	**(24,827,502)**	**(12,464,009)**	**(5,941,399)**	**(1,815,775)**	**(61,859,762)**	**-**	**(61,859,762)**
Profit before income tax from reportable segments	**68,501,289**	**16,736,484**	**3,133,989**	**1,268,549**	**1,720,078**	**91,360,389**	**-**	**91,360,389**
Tax	**(10,589,568)**	**(2,587,282)**	**(484,481)**	**(196,104)**	**(265,906)**	**(14,123,341)**	**-**	**(14,123,341)**
Profit after income tax from reportable segments	**57,911,721**	**14,149,202**	**2,649,508**	**1,072,445**	**1,454,172**	**77,237,048**	**-**	**77,237,048**
Assets and liabilities:								
Total assets	1,655,920,044	573,873,751	315,675,237	134,046,970	77,208,321	2,756,724,323	850,820	2,757,575,143
Total liabilities	(861,448,420)	(838,339,559)	(312,822,228)	(213,886,856)	(23,679,495)	(2,250,176,558)	(847,600)	(2,251,024,158)
Net assets/ (liabilities)	**794,471,624**	**(264,465,808)**	**2,853,009**	**(79,839,886)**	**53,528,826**	**506,547,765**	**3,220**	**506,550,985**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**1,085,956**	**2,841,167**	**1,272,525**	**1,052,605**	**184,653**	**6,436,906**	**-**	**6,436,906**
Assets:								
Loans and advances to banks	44,171	-	-	-	-	44,171	-	44,171
Loans and advances to customers	944,957,228	121,992,803	162,952,216	23,102,300	53,225,809	1,306,230,356	-	1,306,230,356
Others	710,918,645	451,880,948	152,723,021	110,944,670	23,982,512	1,450,449,796	850,820	1,451,300,616
	1,655,920,044	**573,873,751**	**315,675,237**	**134,046,970**	**77,208,321**	**2,756,724,323**	**850,820**	**2,757,575,143**
Liabilities:								
Deposits from banks	37,914	-	-	-	-	37,914	-	37,914
Deposits from customers	384,314,597	761,995,786	272,795,929	188,960,203	19,651,909	1,627,718,424	-	1,627,718,424
Others	477,095,909	76,343,773	40,026,299	24,926,653	4,027,586	622,420,220	847,600	623,267,820
	861,448,420	**838,339,559**	**312,822,228**	**213,886,856**	**23,679,495**	**2,250,176,558**	**847,600**	**2,251,024,158**

Parent
Jun-2016

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	101,626,698	45,845,659	30,009,097	7,428,963	4,101,464	189,011,881	-	189,011,881
Derived from other business segments	(2,226,128)	1,635,440	162,150	439,215	(10,677)	-	-	-
Total revenue	**99,400,570**	**47,481,099**	**30,171,247**	**7,868,178**	**4,090,787**	**189,011,881**	**-**	**189,011,881**
Interest expenses	(18,182,352)	(3,751,292)	(2,547,515)	(926,898)	(801,731)	(26,209,788)	-	(26,209,788)
Fee and commission expenses	(198,407)	(743,501)	(91,402)	(31,986)	(8,524)	(1,073,820)	-	(1,073,820)
Net operating income	**81,019,811**	**42,986,306**	**27,532,330**	**6,909,294**	**3,280,532**	**161,728,273**	**-**	**161,728,273**
Expense:								
Operating expenses	(11,281,903)	(14,194,043)	(8,727,296)	(3,332,394)	(1,774,920)	(39,310,556)	-	(39,310,556)
Net impairment loss on financial assets	(18,332,788)	(5,009,429)	(12,174,936)	(619,838)	(518,307)	(36,655,298)	-	(36,655,298)
Depreciation and amortization	(1,471,656)	(2,124,822)	(1,389,295)	(871,101)	(223,815)	(6,080,689)	-	(6,080,689)
Total cost	**(31,086,347)**	**(21,328,294)**	**(22,291,527)**	**(4,823,333)**	**(2,517,042)**	**(82,046,543)**	**-**	**(82,046,543)**
Profit before income tax from reportable segments	**49,933,464**	**21,658,012**	**5,240,803**	**2,085,961**	**763,490**	**79,681,730**	**-**	**79,681,730**
Tax	**(7,638,870)**	**(3,313,264)**	**(801,743)**	**(319,112)**	**(116,800)**	**(12,189,789)**	**-**	**(12,189,789)**
Profit after income tax from reportable segments	**42,294,594**	**18,344,748**	**4,439,060**	**1,766,849**	**646,690**	**67,491,941**	**-**	**67,491,941**

Dec-2016

	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Assets and liabilities:								
Total assets	1,722,911,807	446,084,409	277,225,022	90,628,806	76,490,030	2,613,340,074	-	2,613,340,074
Total liabilities	(807,811,901)	(826,874,271)	(293,242,394)	(182,587,823)	(25,905,832)	(2,136,422,221)	-	(2,136,422,221)
Net assets/ (liabilities)	**915,099,906**	**(380,789,862)**	**(16,017,372)**	**(91,959,017)**	**50,584,198**	**476,917,853**	**-**	**476,917,853**
Additions to Non-Current Assets								
Additions to Non-Current Assets	**3,971,191**	**5,419,237**	**3,594,072**	**2,237,251**	**981,274**	**16,203,025**	**-**	**16,203,025**
Assets:								
Loans and advances to banks	29,943	-	-	-	-	29,943	-	29,943
Loans and advances to customers	1,025,404,440	146,536,934	170,523,184	19,150,425	55,602,969	1,417,217,952	-	1,417,217,952
Others	697,477,424	299,547,475	106,701,838	71,478,381	20,887,061	1,196,092,179	-	1,196,092,179
	1,722,911,807	**446,084,409**	**277,225,022**	**90,628,806**	**76,490,030**	**2,613,340,074**	**-**	**2,613,340,074**
Liabilities:								
Deposits from banks	40,438	-	-	-	-	40,438	-	40,438
Deposits from customers	407,552,922	800,738,716	268,977,154	178,860,293	25,055,735	1,681,184,820	-	1,681,184,820
Others	400,218,541	26,135,555	24,265,240	3,727,530	850,097	455,196,963	-	455,196,963
	807,811,901	**826,874,271**	**293,242,394**	**182,587,823**	**25,905,832**	**2,136,422,221**	**-**	**2,136,422,221**

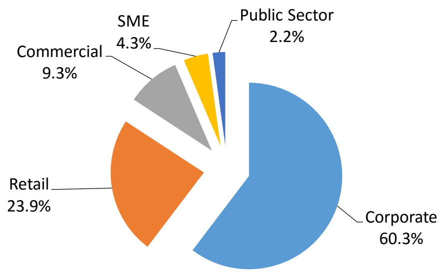
Operating segments (Continued)

Information about operating segments

Revenue

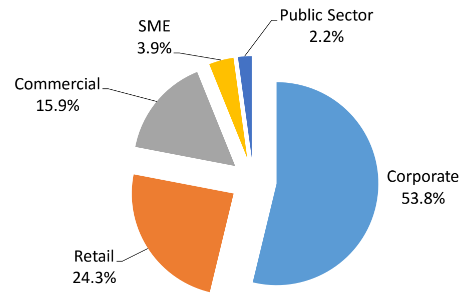
Parent

Jun-2017



Parent

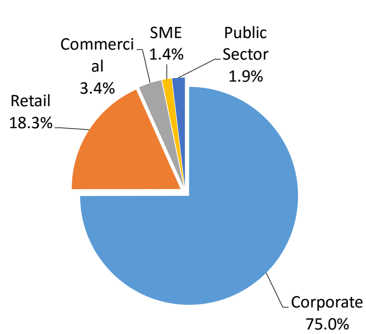
Jun-2016



Profit before tax

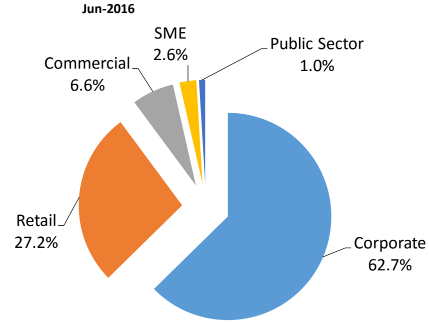
Parent

Jun-2017



Parent

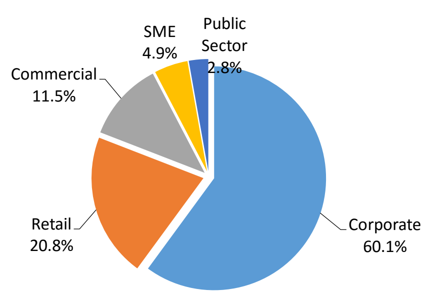
Jun-2016



Assets

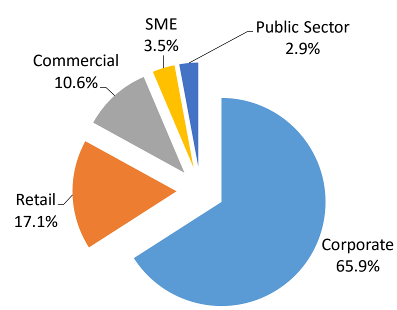
Parent

Jun-2017



Parent

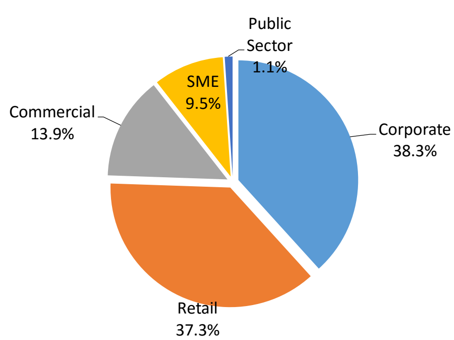
Dec-2016



Liabilities

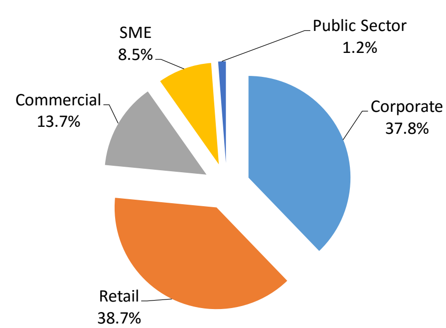
Parent

Jun-2017



Parent

Dec-2016



7 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-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Bonds	1,750,614	68,113,280	1,525,790	62,106,030
Placements	8,914,723	3,700,811	7,769,841	3,374,418
Treasury Bills	56,327,053	18,148,790	49,093,200	16,548,158
Loans	128,375,532	118,699,245	111,888,789	108,230,566
Contingents	18,729,657	1,210,536	16,324,285	1,103,773
	214,097,579	209,872,662	186,601,905	191,362,945

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

Reconciliation of revenues

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Continuing Operations:				
Total revenue from reportable segments	213,326,115	208,680,676	183,403,874	189,011,881
Consolidation and adjustments:				
- Other operating income	678,875	775,462	-	-
Revenue from continuing operations	214,004,990	209,456,138	183,403,874	189,011,881

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

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Interest income	165,884,856	109,777,801	145,244,701	95,412,078
Fee and commission income	28,027,266	36,077,451	21,388,555	31,547,739
Net gains/(losses) on financial instruments classified as held for trading	5,663,642	2,346,369	3,104,156	1,122,345
Other operating income	14,521,815	61,671,041	16,864,493	63,280,783
Revenue and gains from continuing operations	214,097,579	209,872,662	186,601,905	191,362,945
Less gains:				
- Gain on disposal of fixed assets	13,918	(5,604)	19,945	(1,004)
- Dividends income	(106,507)	(65,789)	(3,217,976)	(2,170,059)
- Net portfolio gain on SMEEIS investments	-	(345,131)	-	(180,001)
Revenue from continuing operations	214,004,990	209,456,138	183,403,874	189,011,881

Reconciliation of operating expenses

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Continuing Operations:				
Total operating expense from reportable segments	59,944,159	47,696,143	47,353,047	39,310,556
Gains:				
Consolidation and adjustments:				
Operating expense from continuing operations	59,944,159	47,696,143	47,353,047	39,310,556

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

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Personnel expenses (See Note17)	16,368,191	14,514,147	11,380,738	10,948,292
Operating lease expenses	749,535	602,724	326,757	335,750
Other operating expenses (See Note20)	42,826,433	32,579,272	35,645,552	28,026,514
	59,944,159	47,696,143	47,353,047	39,310,556

Reconciliation of profit or loss

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Continuing Operations:				
Total profit or loss for reportable segments	100,329,046	84,496,352	91,360,389	79,681,730
Consolidation and adjustments:				
- Other operating income	678,875	775,462	-	-
Gains:				
- Gain on disposal of fixed assets	(13,918)	5,604	(19,945)	1,004
- Dividends income	106,507	65,789	3,217,976	2,170,059
- Net portfolio (loss)/gain on SMEEIS investments	-	345,131	-	180,001
Profit before income tax from continuing operations	101,100,510	85,688,338	94,558,420	82,032,794

Reconciliation of assets

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Continuing Operations:				
Total assets for reportable segments	3,233,774,541	3,118,476,743	2,756,724,323	2,613,340,074
Consolidation and adjustments	(1,536,700)	(2,083,304)	-	-
Total assets	3,232,237,841	3,116,393,439	2,756,724,323	2,613,340,074
Discontinued Operations:				
Total assets for reportable segments (See note 34(b))	-	-	850,820	-
Consolidation and adjustments	-	-	-	-
Total assets	**-**	-	**850,820**	**-**

Reconciliation of liabilities

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Continuing Operations:				
Total liabilities for reportable segments	2,686,427,824	2,603,570,515	2,250,176,558	2,136,422,221
Consolidation and adjustments	7,812,143	7,920,089	-	-
Total liabilities	2,694,239,967	2,611,490,604	2,250,176,558	2,136,422,221
Discontinued Operations:				
Total liabilities for reportable segments (See note 34(b))	-	-	847,600	-
Consolidation and adjustments	-	-	-	-
Total liabilities	**-**	-	**847,600**	**-**

Geographical segments

The Group operates in four geographic regions, being:

- Nigeria
- Rest of West Africa (comprising Ghana, Gambia, Sierra Leone, Liberia)
- East Africa (comprising Kenya, Uganda and Rwanda)
- Europe (UK and the Netherlands)

Jun-2017

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	181,500,042	20,188,754	7,116,426	5,199,768	214,004,990
Derived from other segments	-	-	-	-	-
Total Revenue	181,500,042	20,188,754	7,116,426	5,199,768	214,004,990
Interest expense	(27,151,324)	(4,443,450)	(2,041,865)	(2,710,776)	(36,347,415)
Fee and commission expenses	(653,910)	(108,940)	(202,793)	-	(965,643)
Net interest margin	153,694,808	15,636,364	4,871,768	2,488,992	176,691,932
Profit before income tax	91,084,356	8,499,980	824,817	691,357	101,100,510
Assets and liabilities:					
Total assets	2,671,654,669	269,784,802	125,682,074	165,116,296	3,232,237,841
Total liabilities	(2,257,909,675)	(209,979,581)	(99,672,201)	(126,678,510)	(2,694,239,967)
Net assets/(liabilities)	413,744,994	59,805,221	26,009,873	38,437,786	537,997,874

Jun-2016

In thousands of Nigerian Naira	**Nigeria**	**Rest of West Africa**	**East Africa**	**Europe**	**Total**
Derived from external customers	183,600,540	12,517,397	6,149,421	7,188,780	209,456,138
Derived from other segments	-	-	-	-	-
Total Revenue	183,600,540	12,517,397	6,149,421	7,188,780	209,456,138
Interest expense	(21,115,351)	(2,474,284)	(1,805,892)	(5,267,167)	(30,662,694)
Fee and commission expenses	(1,073,816)	(112,506)	(82,003)	-	(1,268,325)
Net interest margin	161,411,373	9,930,607	4,261,526	1,921,613	177,525,119
Profit before income tax	79,286,825	5,005,481	588,631	807,401	85,688,338

Dec-2016

Assets and liabilities:					
Total assets	2,417,496,427	304,556,278	122,680,359	271,660,375	3,116,393,439
Total liabilities	(2,018,287,800)	(250,041,949)	(98,185,279)	(244,975,576)	(2,611,490,604)
Net assets/(liabilities)	399,208,627	54,514,329	24,495,080	26,684,799	504,902,835

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

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

Group

Jun-2017

		Carrying amount							Fair Value			
In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial assets / liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Loans and advances to banks	28	-	-	-	796,787	-	-	796,787	-	796,787	-	796,787
Loans and advances to customers	29	-	-	-	1,489,957,815	-	-	1,489,957,815	-	1,346,609,309	151,202,940	1,497,812,249
Financial assets held for trading	24	14,728,263	-	-	-	-	-	14,728,263	14,728,263	-	-	14,728,263
Derivative financial assets	25	-	690,834	-	-	-	-	690,834	-	690,834	-	690,834
Assets pledged as collateral	27	-	-	-	-	64,075,987	-	64,075,987	64,075,987	-	-	64,075,987
Investment securities:												
– Available for sale		-	-	-	-	524,558,420	-	524,558,420	515,341,106	5,946,111	3,271,203	524,558,420
– Held to maturity	26	-	-	87,399,499	-	-	-	87,399,499	82,181,839	5,217,660	-	87,399,499
Restricted deposits and other assets	34	-	-	-	402,676,961	-	-	402,676,961	-	402,676,961	-	402,676,961
		14,728,263	**690,834**	**87,399,499**	**1,893,431,563**	**588,634,407**	**-**	**2,584,884,566**	**676,327,195**	**1,761,937,662**	**154,474,143**	**2,592,739,000**
Deposits from banks	35	-	-	-	-	-	55,608,346	55,608,346	-	55,608,346	-	55,608,346
Deposits from customers	36	-	-	-	-	-	1,966,375,983	1,966,375,983	-	1,965,418,015	-	1,965,418,015
Financial liabilities held for trading	37	10,388,382	-	-	-	-	-	10,388,382	10,388,382	-	-	10,388,382
Derivative financial liabilities	25	-	639,380	-	-	-	-	639,380	-	639,380	-	639,380
Debt securities issued	38	-	-	-	-	-	128,005,257	128,005,257	-	115,246,769	-	115,246,769
Other borrowed funds	41	-	-	-	-	-	227,523,521	227,523,521	-	227,523,521	-	227,523,521
Other liabilities	39	-	-	-	-	-	272,051,500	272,051,500	-	272,051,500	-	272,051,500
		10,388,382	**639,380**	**-**	**-**	**-**	**2,649,564,607**	**2,660,592,369**	**10,388,382**	**2,636,487,531**	**-**	**2,646,875,913**

Group
Dec-2016

In thousands of Nigerian Naira	*Note*	Carrying amount: Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	Fair Value: Level 1	Level 2	Level 3	Fair value
Loans and advances to banks	28	-	-	-	653,718	-	-	653,718	-	653,902	-	653,902
Loans and advances to customers	29	-	-	-	1,589,429,834	-	-	1,589,429,834	-	1,439,913,995	152,375,070	1,592,289,065
Financial assets held for trading	24	12,053,919	-	-	-	-	-	12,053,919	12,053,919	-	-	12,053,919
Derivative financial assets	25	-	1,042,470	-	-	-	-	1,042,470	-	1,042,470	-	1,042,470
Assets pledged as collateral	27	-	-	-	-	48,216,412	-	48,216,412	48,216,412	-	-	48,216,412
Investment securities:												
– Available for sale	26	-	-	-	-	448,056,733	-	448,056,733	397,735,340	46,404,372	3,917,021	448,056,733
– Held to maturity	26	-	-	80,155,825	-	-	-	80,155,825	79,209,621	-	-	79,209,621
Restricted deposits and other assets	34	-	-	-	354,203,611	-	-	354,203,611	-	354,203,611	-	354,203,611
		12,053,919	**1,042,470**	**80,155,825**	**1,944,287,163**	**496,273,145**	**-**	**2,533,812,522**	**537,215,292**	**1,842,218,350**	**156,292,091**	**2,535,725,733**
Deposits from banks	35	-	-	-	-	-	125,067,848	125,067,848	-	93,921,196	-	93,921,196
Deposits from customers	36	-	-	-	-	-	1,986,246,232	1,986,246,232	-	1,626,889,651	-	1,626,889,651
Financial liabilities held for trading	37	2,065,402	-	-	-	-	-	2,065,402	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	-	-	-	987,502	-	987,502	-	987,502
Debt securities issued	38	-	-	-	-	-	126,237,863	126,237,863	-	126,238,007	-	126,238,007
Other borrowed funds	41	-	-	-	-	-	219,633,604	219,633,604	-	219,633,606	-	219,633,606
Other liabilities	39	-	-	-	-	-	115,682,490	115,682,490	-	115,682,490	-	115,682,490
		2,065,402	**987,502**	**-**	**-**	**-**	**2,572,868,037**	**2,575,920,941**	**2,065,402**	**2,183,352,452**	**-**	**2,185,417,854**

Parent

Jun-2017

		Carrying amount							Fair Value			
In thousands of Nigerian Naira	***Note***	**Held for trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial assets / liabilities at amortized cost**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Loans and advances to banks	28	-	-	-	44,171	-	-	44,171	-	44,171	-	44,171
Loans and advances to customers	29	-	-	-	1,306,230,356	-	-	1,306,230,356	-	1,216,587,061	97,497,729	1,314,084,790
Financial assets held for trading	24	9,949,333	-	-	-	-	-	9,949,333	9,949,333	-	-	9,949,333
Derivative financial assets	25	-	690,834	-	-	-	-	690,834	-	690,834	-	690,834
Assets pledged as collateral	27	-	-	-	-	64,063,570	-	64,063,570	64,063,570	-	-	64,063,570
Investment securities:												
– Available for sale	26	-	-	-	-	483,524,464	-	483,524,464	465,062,305	15,198,730	3,263,429	483,524,464
– Held to maturity	26	-	-	5,217,660	-	-	-	5,217,660	-	5,217,660	-	5,217,660
Restricted deposits and other assets	34	-	-	-	400,719,233	-	-	400,719,233	-	400,719,233	-	400,719,233
		9,949,333	**690,834**	**5,217,660**	**1,706,993,760**	**547,588,034**	**-**	**2,270,439,621**	**539,075,208**	**1,638,457,689**	**100,761,158**	**2,278,294,055**
Deposits from banks	35	-	-	-	-	-	37,914	37,914	-	37,914	-	37,914
Deposits from customers	36	-	-	-	-	-	1,627,718,424	1,627,718,424	-	1,626,760,456	-	1,626,760,456
Financial liabilities held for trading	37	10,388,381	-	-	-	-	-	10,388,381	10,388,381	-	-	10,388,381
Derivative financial liabilities	25	-	639,380	-	-	-	-	639,380	-	639,380	-	639,380
Debt securities issued	38	-	-	-	-	-	127,391,029	127,391,029	-	114,632,540	-	114,632,540
Other borrowed funds	41	-	-	-	-	-	211,131,101	211,131,101	-	211,131,101	-	211,131,101
Other liabilities	39	-	-	-	-	-	246,636,282	246,636,282	-	246,636,282	-	246,636,282
		10,388,381	**639,380**	**-**	**-**	**-**	**2,212,914,750**	**2,223,942,511**	**10,388,381**	**2,199,837,673**	**-**	**2,210,226,054**

Parent
Dec-2016

In thousands of Nigerian Naira	**Note**	**Carrying amount** Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial assets / liabilities at amortized cost	Total carrying amount	**Fair Value** Level 1	Level 2	Level 3	Fair value
Loans and advances to banks	28	-	-	-	29,943	-	-	29,943	-	29,943	-	29,943
Loans and advances to customers	29	-	-	-	1,417,217,951	-	-	1,417,217,951	-	1,311,833,825	108,014,646	1,419,848,471
Financial assets held for trading	24	6,321,370	-	-	-	-	-	6,321,370	6,321,370	-	-	6,321,370
Derivative financial assets	25	-	1,042,470	-	-	-	-	1,042,470	-	1,042,470	-	1,042,470
Assets pledged as collateral	27	-	-	-	-	48,205,702	-	48,205,702	48,205,702	-	-	48,205,702
Investment securities:												
– Available for sale	26	-	-	-	-	408,246,905	-	408,246,905	357,932,924	46,404,372	3,909,609	408,246,905
– Held to maturity	26	-	-	5,219,262	-	-	-	5,219,262	4,273,058	-	-	4,273,058
Restricted deposits and other assets	34	-	-	-	350,167,070	-	-	350,167,070	-	350,167,070	-	350,167,070
		6,321,370	**1,042,470**	**5,219,262**	**1,767,414,964**	**456,452,607**	**-**	**2,236,450,673**	**416,733,054**	**1,709,477,680**	**111,924,255**	**2,238,134,989**
Deposits from banks	35	-	-	-	-	-	40,438	40,438	-	40,438	-	40,438
Deposits from customers	36	-	-	-	-	-	1,681,184,820	1,681,184,820	-	1,349,441,434	-	1,349,441,434
Financial liabilities held for trading	37	2,065,402	-	-	-	-	-	2,065,402	2,065,402	-	-	2,065,402
Derivative financial liabilities	25	-	987,502	-	-	-	-	987,502	-	987,502	-	987,502
Debt securities issued	38	-	-	-	-	-	-	-	-	-	-	-
Other borrowed funds	41	-	-	-	-	-	332,317,881	332,317,881	-	319,868,847	-	319,868,847
Other liabilities	39	-	-	-	-	-	90,060,440	90,060,440	-	90,060,440	-	90,060,440
		2,065,402	**987,502**	**-**	**-**	**-**	**2,103,603,579**	**2,106,656,483**	**2,065,402**	**1,760,398,661**	**-**	**1,762,464,063**

Fair value of loans and advances

The fair values of non retail loans have been determined based on observable market data (transactions) (level 2) whilst those of retail loans have been 'estimated using **Discounted Cash Flow (DCF) valuation models (level 3).** Inputs into this valuation technique include: expected cash flows, expected losses, tenor and interest rates, risk premium between interest rate on the loan and risk free rate in the economy.

The expected cash flows (estimated recoverable amount from receivables, collateral and otherwise) are thus discounted to obtain the fair value of the retail loans. To improve the accuracy of fair value of retail loans, these loans are grouped into homogenous portfolio along product and customer type.

Fair value of customers' deposits

Fair values of customers' deposits have been determined using discounted cash flow techniques applying the rates on deposits of similar maturities and terms to discount the contractual cash flows.

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves and prices.

9 Interest income

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Loans and advances to banks	716,634	295,502	3,789	1,403
Loans and advances to customers	104,289,486	87,258,890	92,666,154	78,050,035
	105,006,120	87,554,392	92,669,943	78,051,438
Cash and cash equivalents	5,570,615	2,038,091	3,470,303	759,519
Financial assets held for trading	1,283,143	295,002	1,097,927	295,002
Investment securities:				
– Available for sale	37,819,828	14,989,147	42,316,858	13,896,910
– Held to maturity	5,591,592	2,700,828	371,907	208,868
Assets pledged as collateral	10,613,558	2,200,341	5,317,763	2,200,341
	165,884,856	109,777,801	145,244,701	95,412,078

Geographical location

Interest income earned in Nigeria	144,874,731	94,973,802	144,874,731	94,973,803
Interest income earned outside Nigeria	21,010,125	14,803,999	369,970	438,275
	165,884,856	109,777,801	145,244,701	95,412,078

Interest income for the period ended 30 June 2017 includes nil (June 2016:N10,295,000) interest accrued on impaired.

10 Interest expense

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Deposit from banks	619,672	647,740	6,164	60,548
Deposit from customers	26,064,583	21,885,639	20,656,995	18,443,632
	26,684,255	22,533,379	20,663,159	18,504,180
Financial liabilities held for trading	717,136	211,576	717,136	72,622
Other borrowed funds	5,136,280	2,823,300	4,339,770	7,632,986
Debt securities	3,809,744	5,094,439	3,809,744	-
Total interest expense	36,347,415	30,662,694	29,529,809	26,209,788

Geographical location

Interest expense paid in Nigeria	22,171,174	24,038,076	22,269,493	19,049,827
Interest expense paid outside Nigeria	14,176,241	6,624,618	7,260,316	7,159,961
	36,347,415	30,662,694	29,529,809	26,209,788

11 Loan impairment charges

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Loans and advances to banks (Note 28)	**411**	**400**	**411**	**400**
Increase in collective impairment	411	400	411	400
Loans and advances to customers (Note 29)	**7,212,397**	**37,546,131**	**7,316,347**	**36,654,898**
Increase/(reversal) in collective impairment	(3,461,795)	27,663,430	(3,044,794)	27,649,960
Increase/(reversal) in specific impairment	14,419,262	10,379,907	14,062,724	9,318,195
Amounts written off during the period as uncollectible	-	67	-	-
Recovery of loan amounts previously written off	(3,745,070)	(497,273)	(3,701,583)	(313,257)
	7,212,808	**37,546,531**	**7,316,758**	**36,655,298**

12 Fee and commission income

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Credit related fees and commissions	5,760,097	5,220,873	4,146,314	4,168,141
Account Maintenance Charges	4,872,518	3,897,015	4,237,624	3,456,866
Corporate finance fees	1,803,552	1,457,773	1,803,552	1,457,773
E-business Income	6,668,478	17,263,636	6,026,772	16,880,451
Commission on foreign exchange deals	2,728,409	1,531,405	2,728,409	1,531,405
Income from financial guarantee contracts issued	1,855,106	1,983,467	1,077,823	1,481,476
Account services, maintenance and anciliary banking charges	2,930,134	2,096,998	883,794	675,361
Transfers related charges	1,408,972	2,626,284	484,267	1,896,266
	28,027,266	**36,077,451**	**21,388,555**	**31,547,739**

13 Fee and commission expense

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Bank charges	527,190	713,882	394,781	645,407
Loan recovery and brokerage expenses	438,453	554,443	259,133	428,413
	965,643	**1,268,325**	**653,914**	**1,073,820**

14 Net gains on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Bonds trading	96,656	64,189	96,656	64,189
Treasury bills trading	1,939,931	343,572	1,404,622	173,044
Foreign exchange	3,627,055	1,938,608	1,602,878	885,112
Net trading income	**5,663,642**	**2,346,369**	**3,104,156**	**1,122,345**

15 Other income

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Mark to market gains on trading investments	33,202	1,464	33,202	1,464
Foreign exchange revaluation gain	6,060,753	61,253,053	5,297,989	60,928,255
Gain/(loss) on disposal of fixed assets	(13,918)	5,604	(19,945)	1,004
Net portfolio gain on SMEEIS and long term investments	-	345,131	-	180,001
Valuation income	8,335,271	-	8,335,271	-
Dividends income	106,507	65,789	3,217,976	2,170,059
	14,521,815	**61,671,041**	**16,864,493**	**63,280,783**

16 Net impairment on other financial assets

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Impairment charges on equity investments	646,180	-	646,180	-
	646,180	-	646,180	-

17 Personnel expenses

(a)

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Wages and salaries	14,740,034	12,846,524	10,860,672	10,016,488
Contributions to defined contribution plans	617,052	467,682	425,572	346,283
Defined benefit costs	(765,586)	-	(765,586)	-
Cash-settled share-based payments (see 17(b) below)	735,902	450,970	735,902	450,970
Staff welfare expenses	1,040,789	748,971	124,178	134,551
	16,368,191	**14,514,147**	**11,380,738**	**10,948,292**

Staff loans

Included in wages and salaries is the amortised portion of the prepaid employee benefit. This benefit arises from the loans received by Staff 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 is recognised as prepaid employee benefit.

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 June 2017	378,346
SARs granted to senior management employees at 31 December 2016	403,531

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Jun-2017	Group Jun-2016
Effect of changes in the fair value of SARs		(265,829)	297,289
Expense from rights exercised during the period		1,001,731	153,681
Total expense recognized as personnel expenses		**735,902**	**450,970**

In thousands of Nigerian Naira		Group Jun-2017	Group Dec-2016
Total carrying amount of liabilities for cash-settled arrangements	39	7,812,143	7,920,089

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

In thousands of Nigerian Naira	Note	Group Jun-2017	Group Dec-2016
Balance, beginning of period		7,920,089	8,136,942
Effect of changes in fair value of SAR at period end		735,902	(280,627)
Options exercised during the period		(1,064,628)	(295,693)
Share rights granted during the period		220,780	359,467
Balance, end of period	**39**	**7,812,143**	**7,920,089**

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

	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
	Number	Number	Number	Number
Executive directors	6	6	6	6
Management	244	259	53	57
Non-management	4,974	5,338	3,269	3,299
	5,224	5,603	3,328	3,362

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

	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
	Number	Number	Number	Number
Commercial Banking Abuja	33	38	33	38
Commercial Banking Lagos	164	179	164	179
Commercial Banking North East	49	51	49	51
Commercial Banking North West	52	56	52	56
Commercial Banking South East	51	36	51	36
Commercial Banking South South	61	62	61	62
Communication and External Affairs	183	220	28	27
Compliance Group	28	28	28	28
Corporate Services	133	183	88	113
Digital Banking Division	142	177	108	125
Enterprise Risk Management	154	163	81	86
Chief Executive Director	1	1	1	1
Financial Control, Group Reporting ; Strategy	29	30	29	30
Human Resources	26	26	26	26
Institutional Banking	372	384	161	170
International Banking	71	85	27	38
Operations	184	181	184	181
Public Sector Abuja	35	34	35	34
Public Sector Lagos	19	18	19	18
Retail Lagos	160	186	160	186
Retail Abuja	50	52	50	52
Retail South East	15	29	15	29
South West Division	102	98	102	98
Retail South-South	43	37	43	37
SME Abuja	41	42	41	42
SME Division - Lagos	94	96	94	96
SME Division - South East	41	39	41	39
Systems and Control	141	146	87	91
Technology	227	255	153	159
Transaction Services	1,672	1,683	1,198	1,176
Wholesale Banking	41	45	30	34
Commercial Banking Subsidiaries	99	100	-	-
Retail Subsidiaries	131	132	-	-
Public Sector Subsidiaries	10	10	-	-
Marketing & Other Support Services of Subsidiaries	481	677	-	-
Customer Experience Management Division	57	-	57	-
Data Analytics Division	4	-	4	-
Fintech and Innovation Division	4	-	4	-
Legal Group	24	24	24	24
	5,224	5,603	3,328	3,362

(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-2017 Number	Group Jun-2016 Number	Parent Jun-2017 Number	Parent Jun-2016 Number
N720,001 - ₦1,400,000	1,575	1,973	-	-
N1,400,001 - ₦2,050,000	127	671	8	608
N2,190,001 - ₦2,330,000	638	51	587	-
N2,330,001 - ₦2,840,000	16	16	-	-
N2,840,001 - ₦3,000,000	18	18	-	-
N3,001,001 - N3,830,000	771	794	762	785
N3,830,001 - ₦4,530,000	5	5	-	-
N4,530,001 - ₦5,930,000	757	714	743	689
N6,000,001 - N6,800,000	405	428	399	417
N6,800,001 - ₦7,300,000	10	9	-	-
N7,300,001 - ₦7,800,000	8	337	-	330
N7,800,001 - ₦8,600,000	325	5	315	-
N8,600,001 - ₦11,800,000	355	370	339	358
Above ₦11,800,000	208	206	169	169
	5,218	5,597	3,322	3,356

18 Operating lease expense

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Operating lease expense	749,535	602,724	326,757	335,750
	749,535	**602,724**	**326,757**	**335,750**

This relates to lease rentals on branches leased by the Bank. Lease rentals are fully paid in advance with the effect that there are no future minimum lease payments to be made in respect of the leases

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Amortisation of intangible assets (see note 32)	925,477	685,630	758,694	546,786
Depreciation of property, plant and equipment (see note 31)	6,955,387	6,325,001	5,785,083	5,533,903
	7,880,864	**7,010,631**	**6,543,777**	**6,080,689**

20 Other operating expenses

In thousands of Nigerian Naira	Group Jun-2017	Group Restated Jun-2016	Parent Jun-2017	Parent Restated Jun-2016
Finance costs	50,120	65,957	48,678	64,796
Deposit insurance premium	3,871,723	3,061,013	3,798,067	3,008,750
Other insurance premium	621,101	663,127	581,285	584,790
Auditors' remuneration[1]	270,864	270,381	183,600	183,600
Professional fees and other consulting costs	612,350	590,924	492,817	481,429
AMCON expenses[2]	13,066,700	11,388,146	13,066,700	11,388,146
Stationery and postage	920,098	779,238	734,416	654,848
Business travel expenses	392,585	244,044	219,892	125,055
Advert, promotion and corporate gifts	3,526,148	1,736,408	2,975,831	1,328,762
Repairs and maintenance	3,212,649	2,175,399	2,550,205	1,700,687
Occupancy costs	4,061,005	1,941,689	2,997,652	1,213,394
Directors' emoluments	377,646	289,581	162,327	75,469
Outsourcing services	4,357,436	4,033,042	3,494,022	3,537,579
Administrative expense	3,028,587	1,831,608	1,685,952	1,314,211
Communications and sponsorship related expense	2,596,716	1,219,463	1,445,818	732,598
Human capital related expenses	1,086,387	1,283,272	1,032,625	1,301,970
Customer service related expenses	774,318	1,005,980	175,665	330,430
	42,826,433	**32,579,272**	**35,645,552**	**28,026,514**

[1] Auditor's remuneration represents fees for half year audit of the Group and Bank for the period ended 30 June 2017

[2] AMCON levy for the 2017 financial year has been fully expensed as a one-off charge in the income statement during the current period and the prior period has been restated to also recognise the full charge (see note 50).

21 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
a) **Current tax expense:**				
Company income tax	20,294,177	18,999,065	17,658,709	17,144,885
Education Tax	824,218	1,420,175	824,218	1,420,175
NITDA Levy	945,584	877,262	945,584	877,262
	22,063,979	21,296,502	19,428,511	19,442,322
Prior year's under provision	137,114	-	137,114	-
Deferred tax expense:				
Origination of temporary differences	(4,779,991)	(7,375,785)	(5,442,284)	(7,252,533)
	17,421,102	13,920,717	14,123,341	12,189,789

Reconciliation of effective tax rate

Group

In thousands of Nigerian Naira	Jun-2017	Jun-2017	Jun-2016 Restated	Jun-2016 Restated
Profit before income tax	101,100,510		85,688,338	
Income tax using the domestic corporation tax rate	30,330,153	30.0%	25,706,501	30.0%
Effect of tax rates in foreign jurisdictions	1,335,134	1.3%	634,262	0.7%
Tax reliefs/WHT Credits	-	0.0%	(235,721)	-0.3%
Net capital allowance	(2,263,148)	-2.2%	(3,922,013)	-4.6%
Non-deductible expenses	9,741,000	9.6%	11,851,481	13.8%
Education tax levy	824,218	0.8%	1,420,175	1.7%
NITDEF tax levy	945,584	0.9%	877,262	1.0%
Tax exempt income	(23,345,278)	-23.1%	(22,148,052)	-25.8%
Deductible expenses	(283,675)	-0.3%	(263,178)	-0.3%
Prior year's under provision	137,114	0.1%	-	0.0%
Total income tax expense	17,421,102	17.2%	13,920,717	16.2%

Reconciliation of effective tax rate

Parent

In thousands of Nigerian Naira	**Jun-2017**	**Jun-2017**	**Jun-2016 Restated**	**Jun-2016 Restated**
Profit before income tax	94,558,420		82,032,794	
Income tax using the domestic corporation tax rate	28,367,526	30.0%	24,609,837	30.0%
Tax reliefs/WHT Credits	-	0.0%	(235,721)	-0.3%
Net capital allowance	(2,263,148)	-2.4%	(3,922,013)	-4.8%
Non-deductible expenses	9,741,000	10.3%	11,851,481	14.4%
Education tax levy	824,218	0.9%	1,420,175	1.7%
NITDEF tax levy	945,584	1.0%	877,262	1.1%
Tax exempt income[1]	(23,345,278)	-24.7%	(22,148,052)	-27.0%
Deductible expenses	(283,675)	-0.3%	(263,180)	-0.3%
Prior year's under provision	137,114	0.1%	-	0.0%
Total income tax expense	14,123,341	14.9%	12,189,789	14.9%

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

[1] Tax exempt income include Deferred Tax Expense, and a percentage of other deductible lines; FX translation gains, Dividends, interest earned on treasury bills and bonds etc

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Income tax relating to actuarial gains and losses	194,750	-	194,750	-
Income tax relating to Foreign currency translation differences for foreign operations	(217,729)	5,531,805	-	-
Income tax relating to Net change in fair value of available for sale financial assets	524,109	(2,316,018)	106,372	(2,392,255)
	501,130	3,215,787	301,122	(2,392,255)

(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-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Balance, beginning of the period	17,928,279	17,739,676	17,819,039	19,378,526
Exchange difference on translation	51,572	590,906	-	-
Charge for the period	22,063,979	22,771,387	19,428,511	17,129,526
Payments during the period	(20,044,742)	(26,070,542)	(17,956,155)	(21,585,865)
Prior year's under provision	137,114	-	137,114	-
Dividend Tax	-	2,896,852	-	2,896,852
Balance, end of the period	20,136,202	17,928,279	19,428,509	17,819,039

22 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N83,120,122,000 and a weighted average number of ordinary shares outstanding of 28,112,933,000 and it is calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**
Net profit attributable to equity holders of the Company	83,120,122	71,394,770
Net profit used to determine diluted earnings per share	83,120,122	71,394,770

Number of ordinary shares

In thousands of shares	**Group Jun-2017**	**Group Jun-2016**
Weighted average number of ordinary shares in issue	28,112,933	28,112,933
Basic earnings per share (expressed in naira per share)	2.96	2.54

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.

Weighted average number of ordinary shares in issue	28,112,933	28,112,933
Adjustment for:		
Weighted average number of ordinary shares for diluted earnings per share	28,112,933	28,112,933
Diluted earnings per share (expressed in naira per share)	2.96	2.54

23 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Cash in hand	65,370,606	45,378,374	55,146,737	36,794,249
Balances held with other banks	230,233,329	221,157,341	119,469,956	58,380,363
Unrestricted balances with central banks	40,378,331	53,411,505	16,191,275	18,683,027
Money market placements	177,309,010	135,916,085	147,285,399	119,989,594
	513,291,276	**455,863,305**	**338,093,367**	**233,847,233**

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

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Cash and cash equivalents	513,291,276	455,863,305	338,093,367	233,847,233
Cash and cash equivalents above three months	(25,697,458)	(23,314,881)	(22,321,772)	(22,984,571)
	487,593,818	**432,548,424**	**315,771,595**	**210,862,662**

24 Financial assets held for trading

(a)

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Trading bonds (see note 24(b) below)	1,204,106	391,141	1,204,106	391,141
Trading treasury bills (see note 24(c) below)	13,524,157	11,662,778	8,745,227	5,930,229
	14,728,263	**12,053,919**	**9,949,333**	**6,321,370**
Current	10,231,198	11,111,164	8,746,607	5,931,609
Non-current	4,497,065	942,755	1,202,726	389,761

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Local Contractor Bond	1,380	1,380	1,380	1,380
9th FGN Bond Series 3 (16.00%)	694,137	100,462	694,137	100,462
12th FGN Bond Series 1 (15.54%)	104,112	105,098	104,112	105,098
13th FGN Bond Series 3 (14.50%)	-	102,183	-	102,183
13th FGN Bond Series 2 (12.40%)	-	82,018	-	82,018
13th FGN Bond Series 1 (12.50%)	89,275	-	89,275	-
14th FGN Bond Series 1 (16.2884%)	315,202	-	315,202	-
	1,204,106	**391,141**	**1,204,106**	**391,141**

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Nigerian treasury bills' maturities:				
05-January-2017	-	727,461	-	727,461
19-January-2017	-	772,557	-	772,557
02-February-2017	-	441	-	441
16-February-2017	-	624,201	-	624,201
23-February-2017	-	245,763	-	245,763
02-March-2017	-	274,950	-	274,950
09-March-2017	-	16,044	-	16,044
16-March-2017	-	152,949	-	152,949
30-March-2017	-	1,859	-	1,859
06-April-2017	-	44,406	-	44,406
13-April-2017	-	46,871	-	46,871
20-April-2017	-	1,880	-	1,880
27-April-2017	-	237,041	-	237,041
04-May-2017	-	236,184	-	236,184
11-May-2017	-	6,174	-	6,174
18-May-2017	-	38,232	-	38,232
25-May-2017	-	9,576	-	9,576
15-June-2017	-	45,288	-	45,288
22-June-2017	-	78,732	-	78,732
29-June-2017	-	23,429	-	23,429
06-July-2017	-	138,765	-	138,765
13-July-2017	-	59,987	-	59,987
20-July-2017	-	391,436	-	391,436
27-July-2017	156,182	28,660	156,182	28,660
03-August-2017	56,259	53,461	56,259	53,461
10-August-2017	4,647	1,402	4,647	1,402
17-August-2017	-	694	-	694
24-August-2017	-	9,178	-	9,178
31-August-2017	55,252	138,456	55,252	138,456
07-September-2017	-	80,316	-	80,316
14-September-2017	-	163,199	-	163,199
21-September-2017	-	22,380	-	22,380
28-September-2017	-	393,336	-	393,336
05-October-2017	-	12,610	-	12,610
12-October-2017	134,950	-	134,950	-
19-October-2017	-	28,894	-	28,894
26-October-2017	49,705	-	49,705	-

09-November-2017	345,585	62,457	345,585	62,457
16-November-2017	295,554	13,693	295,554	13,693
30-November-2017	32,464	13,881	32,464	13,881
14-December-2017	78,801	10,044	78,801	10,044
21-December-2017	19,564	723,342	19,564	723,342
04-January-2018	71,025	-	71,025	-
11-January-2018	26,645	-	26,645	-
18-January-2018	28,937	-	28,937	-
25-January-2018	116,314	-	116,314	-
08-February-2018	3,900	-	3,900	-
01-March-2018	23,778	-	23,778	-
08-March-2018	4,400,955	-	4,400,955	-
15-March-2018	22,116	-	22,116	-
22-March-2018	124,698	-	124,698	-
05-April-2018	9,190	-	9,190	-
19-April-2018	247,968	-	247,968	-
10-May-2018	9,318	-	9,318	-
17-May-2018	498,896	-	498,896	-
24-May-2018	1,888,238	-	1,888,238	-
21-June-2018	44,286	-	44,286	-
Non-Nigerian treasury bills	4,778,930	5,732,549	-	-
	13,524,157	**11,662,778**	**8,745,227**	**5,930,229**

25 Derivative financial instruments

(a) Group

Jun-2017

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	33,052,812	690,834	(639,380)
Derivative assets/(liabilities)	33,052,812	690,834	(639,380)

Group

Dec-2016

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,451,250	1,042,470	(987,502)
Derivative assets/(liabilities)	30,451,250	1,042,470	(987,502)

Parent
Jun-2017

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	33,052,812	690,834	(639,380)
Derivative assets/(liabilities)	33,052,812	690,834	(639,380)

Parent
Dec-2016

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,451,250	1,042,470	(987,502)
Derivative assets/(liabilities)	30,451,250	1,042,470	(987,502)

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

26 Investment securities

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
(a) (i) Available for sale investment securities				
Treasury bills	502,121,834	421,164,870	465,062,305	385,504,653
Bonds	13,219,272	13,782,210	9,252,619	9,640,011
Corporate bond	5,946,111	9,192,632	5,946,111	9,192,632
Equity securities at fair value (See note 26(a)(ii) below	3,263,429	4,279,461	3,263,429	4,279,461
Unquoted equity securities at cost (see note 26(b) below)	4,108,932	3,092,538	4,101,158	3,085,126
	528,659,578	451,511,711	487,625,622	411,701,883
Specific impairment for equities (see note 26(c) below)	(4,101,158)	(3,454,978)	(4,101,158)	(3,454,978)
Total available for sale investment securities	**524,558,420**	**448,056,733**	**483,524,464**	**408,246,905**
Held to maturity investment securities				
Bonds	14,057,705	14,697,152	5,217,660	5,219,262
Treasury bills	73,341,794	65,138,463	-	-
Corporate bond	-	320,210	-	-
Total held to maturity investment securities	**87,399,499**	**80,155,825**	**5,217,660**	**5,219,262**
Total investment securities	**611,957,919**	**528,212,558**	**488,742,124**	**413,466,167**
Current	582,449,930	486,497,010	468,280,422	385,512,418
Non-current	29,507,989	41,715,548	20,461,702	27,953,749

(a) (ii) Unquoted equity securities at fair value is analysed below:

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
SMEEIS investment:				
- Sokoa Chair Centre	107,244	107,244	107,244	107,244
- Iscare Nigeria Ltd	74,765	74,765	74,765	74,765
- Central Securities Clearing System	92,102	92,102	92,102	92,102
- 3 Peat Investment Ltd	-	1,016,032	-	1,016,032
	274,111	**1,290,143**	**274,111**	**1,290,143**
Other unquoted equity investment:				
- Unified Payment Services Limited[1]	188,883	188,883	188,883	188,883
- Nigeria Automated Clearing Systems	557,759	557,759	557,759	557,759
- Afrexim	98,455	98,455	98,455	98,455
- Africa Finance Corporation	2,144,221	2,144,221	2,144,221	2,144,221
	2,989,318	**2,989,318**	**2,989,318**	**2,989,318**
Total fair value of equity securities	**3,263,429**	**4,279,461**	**3,263,429**	**4,279,461**
Specific impairment for equities	-	(508,016)	-	(508,016)
	3,263,429	**3,771,445**	**3,263,429**	**3,771,445**

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

(b) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- 3 Peat Investment Ltd	1,016,032	-	1,016,032	-
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- CRC Credit Bureau	61,111	61,111	61,111	61,111
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	**4,101,158**	**3,085,126**	**4,101,158**	**3,085,126**
Less specific impairment for equities	(4,101,158)	(2,946,962)	(4,101,158)	(2,946,962)
Carrying value of SMIEES investment	**-**	**138,164**	**-**	**138,164**
Other unquoted equity investment:				
- GIM UEMOA	7,774	7,412	-	-
Cost of other unquoted equity investment	**7,774**	**7,412**	**-**	**-**
Carrying value of other unquoted equity investment	**7,774**	**7,412**	**-**	**-**
Total cost of unquoted equity investment	**4,108,932**	**3,092,538**	**4,101,158**	**3,085,126**
Total impairment of unquoted equity investment	(4,101,158)	(2,946,962)	(4,101,158)	(2,946,962)

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Balance at 1 January	145,576	613,135	138,164	608,163
- Exchange difference	362	2,440	-	-
- Disposal	-	(469,999)	-	(469,999)
- Impairment on equity investment	(646,180)	-	(646,180)	-
- Transfer from equity investments at fair value	508,016	-	508,016	-
Balance, end of the period	7,774	145,576	**-**	138,164

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no 'active market for these financial instruments; they have therefore been disclosed at cost less impairment.

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the Fair Value hierarchy table.

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group is of the opinion that it does not have power over the investees investments because of the following:

- There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.
- The Group does not provide essential technical information to the entities.
- There is no inter-change of personnel between the Group and the entities.
- Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.

(c) Specific impairment for equities

Movement in specific impairment for equities during the year is as shown below:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Balance at 1 January	3,454,978	3,454,978	3,454,978	3,454,978
- Charge for the period	646,180	-	646,180	-
Balance, end of the period	**4,101,158**	**3,454,978**	**4,101,158**	**3,454,978**

The Bank would only lose cost of investment if decline in value is considered significant or prolonged.

Specific impairment for equities is further analysed by classification below:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Specific impairment on equity securities at fair value	-	508,016	-	508,016
Specific impairment on equity securities at cost	4,101,158	2,946,962	4,101,158	2,946,962
	4,101,158	**3,454,978**	**4,101,158**	**3,454,978**

27 ## Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Financial assets held for trading	**12,417**	**10,710**	**-**	**-**
- Treasury bills	12,417	10,710	-	-
Investment Securities - available for sale (See note (c) below):	**64,063,570**	**48,205,702**	**64,063,570**	**48,205,702**
- Treasury bills	64,063,570	48,205,702	64,063,570	48,205,702
	64,075,987	**48,216,412**	**64,063,570**	**48,205,702**
Current	64,063,570	48,205,702	64,063,570	48,205,702
Non-current	12,417	10,710	-	-

(b) Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions.

(c) Treasury Bills pledged as collateral of N64,063,570,000 (December 2016: N48,205,702,000) have been reclassified from available for sale and trading investment securities at fair value.

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

28 ## Loans and advances to banks

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Loans and advances to banks	798,319	654,839	45,703	31,064
Less collective allowances for impairment	(1,532)	(1,121)	(1,532)	(1,121)
	796,787	**653,718**	**44,171**	**29,943**
Current	796,787	653,718	44,171	29,943

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

Group

In thousands of Nigerian Naira	Jun-2017 Specific allowance for impairment	Jun-2017 Collective allowance for impairment	Jun-2017 Total allowance for impairment	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment
Balance at 1 January	-	1,121	1,121	-	264	264
Increase/(reversal) in impairment	-	411	411	-	857	857
	-	1,532	1,532	-	1,121	1,121

Parent

In thousands of Nigerian Naira	Jun-2017 Specific allowance for impairment	Jun-2017 Collective allowance for impairment	Jun-2017 Total allowance for impairment	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment
Balance at 1 January	-	1,121	1,121	-	264	264
Increase/(reversal) in impairment	-	411	411	-	857	857
	-	1,532	1,532	-	1,121	1,121

29 Loans and advances to customers

Jun-2017	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Loans to individuals:				
Loans	148,697,237	150,410,695	99,726,433	107,506,692
Overdrafts	11,505,028	7,515,758	6,772,524	6,061,176
Others[1]	1,903	1,839	-	-
Gross loans	**160,204,168**	**157,928,292**	**106,498,957**	**113,567,868**
Loans	(1,008,076)	(1,048,642)	(202,777)	(1,450)
Overdrafts	(397,834)	(36,559)	(320,010)	(1,050)
Others[1]	(32)	(39)	-	-
Specific impairment	**(1,405,942)**	**(1,085,240)**	**(522,787)**	**(2,500)**
Loans	(1,346,324)	(1,274,077)	(1,221,730)	(1,219,075)
Overdrafts	(988,525)	(861,180)	(976,484)	(859,315)
Others[1]	(4)	(2)	-	-
Collective impairment	**(2,334,853)**	**(2,135,259)**	**(2,198,214)**	**(2,078,390)**
Loans	(2,354,400)	(2,322,719)	(1,424,507)	(1,220,525)
Overdrafts	(1,386,359)	(897,739)	(1,296,494)	(860,365)
Others[1]	(36)	(41)	-	-
Total impairment	**(3,740,795)**	**(3,220,499)**	**(2,721,001)**	**(2,080,890)**
Loans	146,342,837	148,087,976	98,301,926	106,286,167
Overdrafts	10,118,669	6,618,019	5,476,030	5,200,811
Others[1]	1,867	1,798	-	-
Carrying amount	**156,463,373**	**154,707,793**	**103,777,956**	**111,486,978**

Loans and advances to customers (Cont'd)

Jun-2017	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Loans to Non-individuals:				
Loans	1,149,972,524	1,224,589,560	1,097,961,632	1,173,637,927
Overdrafts	214,256,902	203,622,761	139,084,286	128,653,633
Others[1]	39,254,267	83,937,058	30,487,281	75,258,288
Gross loans	**1,403,483,693**	**1,512,149,379**	**1,267,533,199**	**1,377,549,848**
Loans	(33,966,881)	(16,387,454)	(32,492,516)	(14,865,641)
Overdrafts	(3,901,127)	(3,244,652)	(1,770,193)	(1,005,489)
Others[1]	(248,519)	(259,216)	-	-
Specific impairment	**(38,116,527)**	**(19,891,322)**	**(34,262,709)**	**(15,871,130)**
Loans	(13,327,719)	(11,906,458)	(12,924,245)	(11,305,230)
Overdrafts	(3,642,881)	(5,061,009)	(3,059,731)	(4,176,375)
Others[1]	(14,902,124)	(40,568,549)	(14,834,114)	(40,466,139)
Collective impairment	**(31,872,724)**	**(57,536,016)**	**(30,818,090)**	**(55,947,744)**
Loans	(47,294,600)	(28,293,912)	(45,416,761)	(26,170,871)
Overdrafts	(7,544,008)	(8,305,661)	(4,829,924)	(5,181,864)
Others[1]	(15,150,643)	(40,827,765)	(14,834,114)	(40,466,139)
Total impairment	**(69,989,251)**	**(77,427,338)**	**(65,080,799)**	**(71,818,874)**
Loans	1,102,677,924	1,196,295,648	1,052,544,871	1,147,467,056
Overdrafts	206,712,894	195,317,100	134,254,362	123,471,769
Others[1]	24,103,624	43,109,293	15,653,167	34,792,149
Carrying amount	**1,333,494,442**	**1,434,722,041**	**1,202,452,400**	**1,305,730,974**
Total carrying amount (individual and non individual)	**1,489,957,815**	**1,589,429,834**	**1,306,230,356**	**1,417,217,952**

[1] Others include Usances and Usances Settlement

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Current	873,654,305	995,484,613	761,568,125	861,300,437
Non-current	616,303,510	593,945,221	544,662,231	555,917,515

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

Group

In thousands of Nigerian Naira	Jun-2017 Specific allowance for impairment	Jun-2017 Collective allowance for impairment	Jun-2017 Total allowance for impairment	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment
Balance at 1 January	1,085,240	2,135,259	3,220,499	474,946	771,212	1,246,158
Foreign currency translation and other adjustments	13,335	3,411	16,746	262,311	(115,185)	147,126
Increase/(reversal) in impairment	949,466	196,183	1,145,649	570,343	1,479,232	2,049,575
Write offs	(642,099)	-	(642,099)	(222,360)	-	(222,360)
Balance, end of period	1,405,942	2,334,853	3,740,795	1,085,240	2,135,259	3,220,499

Parent

In thousands of Nigerian Naira	Jun-2017 Specific allowance for impairment	Jun-2017 Collective allowance for impairment	Jun-2017 Total allowance for impairment	Dec-2016 Specific allowance for impairment	Dec-2016 Collective allowance for impairment	Dec-2016 Total allowance for impairment
Balance at 1 January	2,500	2,078,390	2,080,890	138,049	671,594	809,643
Increase/(reversal) in impairment	1,072,486	119,824	1,192,310	(3,089)	1,406,796	1,403,707
Write offs	(552,199)	-	(552,199)	(132,460)	-	(132,460)
Balance, end of period	522,787	2,198,214	2,721,001	2,500	2,078,390	2,080,890

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

Group

In thousands of Nigerian Naira	Jun-2017			Dec-2016		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	19,891,322	57,536,016	77,427,338	21,485,367	7,617,493	29,102,860
Foreign currency translation and other adjustments	71,158	(40,278)	30,880	1,570,827	602,189	2,173,016
Increase/(reversal) in impairment	13,469,796	(3,657,978)	9,811,818	14,760,282	49,316,334	64,076,616
Reclassifications	21,965,036	(21,965,036)	-	-	-	-
Write offs	(17,280,785)	-	(17,280,785)	(17,925,154)	-	(17,925,154)
Balance, end of period	38,116,527	31,872,724	69,989,251	19,891,322	57,536,016	77,427,338

Parent

In thousands of Nigerian Naira	Jun-2017			Dec-2016		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	15,871,130	55,947,744	71,818,874	18,781,373	6,717,769	25,499,142
Foreign currency translation and other adjustments	18	-	18	427	-	427
Increase/(reversal) in impairment	12,990,238	(3,164,618)	9,825,620	13,392,232	49,229,975	62,622,207
Reclassifications	21,965,036	(21,965,036)	-	-	-	-
Write offs	(16,563,713)	-	(16,563,713)	(16,302,902)	-	(16,302,902)
Balance, end of period	34,262,709	30,818,090	65,080,799	15,871,130	55,947,744	71,818,874

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

Group

Jun-2017

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121
Increase/(reversal) in impairment	-	1	1	-	410	410	-	-	-	-	411	411
	-	1,109	1,109	-	423	423	-	-	-	-	1,532	1,532

Group

Dec-2016

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	4	4	-	260	260	-	-	-	-	264	264
Increase/(reversal) in impairment	-	1,104	1,104	-	(247)	(247)	-	-	-	-	857	857
	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121

Parent

Jun-2017

	Loans			Overdrafts			Others			Total		
In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121
Increase/(reversal) in impairment	-	1	1	-	410	410	-	-	-	-	411	411
	-	1,109	1,109	-	423	423	-	-	-	-	1,532	1,532

Parent
Dec-2016

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: Total allowance for impairment
Balance at 1 January	-	4	4	-	260	260	-	-	-	-	264	264
Increase/(reversal) in impairment	-	1,104	1,104	-	(247)	(247)	-	-	-	-	857	857
	-	1,108	1,108	-	13	13	-	-	-	-	1,121	1,121

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

Group
Jun-2017

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: Total allowance for impairment
Balance at 1 January	1,048,642	1,274,077	2,322,719	36,559	861,180	897,739	39	2	41	1,085,240	2,135,259	3,220,499
Foreign currency translation and other adjustments	26,177	1,967	28,144	(12,842)	1,444	(11,398)	-	-	-	13,335	3,411	16,746
Increase/(reversal) in impairment	(54,470)	70,280	15,810	1,002,886	125,901	1,128,787	1,050	2	1,052	949,466	196,183	1,145,649
Write offs	(12,273)	-	(12,273)	(628,769)	-	(628,769)	(1,057)	-	(1,057)	(642,099)	-	(642,099)
Balance, end of period	1,008,076	1,346,324	2,354,400	397,834	988,525	1,386,359	32	4	36	1,405,942	2,334,853	3,740,795

Group
Dec-2016

In thousands of Nigerian Naira	Loans: Specific allowance for impairment	Loans: Collective allowance for impairment	Loans: Total allowance for impairment	Overdrafts: Specific allowance for impairment	Overdrafts: Collective allowance for impairment	Overdrafts: Total allowance for impairment	Others: Specific allowance for impairment	Others: Collective allowance for impairment	Others: Total allowance for impairment	Total: Specific allowance for impairment	Total: Collective allowance for impairment	Total: Total allowance for impairment
Balance at 1 January	411,556	331,344	742,900	62,594	439,633	502,227	796	235	1,031	474,946	771,212	1,246,158
Increase/(reversal) in impairment	829,551	994,207	1,823,758	165,397	455,701	621,098	301	407	708	995,249	1,450,315	2,445,564
Reversal of impairment	(157,783)	(51,474)	(209,257)	(4,812)	(34,154)	(38,966)	-	(640)	(640)	(162,595)	(86,268)	(248,863)
Write offs	(34,682)	-	(34,682)	(186,620)	-	(186,620)	(1,058)	-	(1,058)	(222,360)	-	(222,360)
Balance, end of period	1,048,642	1,274,077	2,322,719	36,559	861,180	897,739	39	2	41	1,085,240	2,135,259	3,220,499

Parent
Jun-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	1,450	1,219,075	1,220,525	1,050	859,315	860,365	-	-	-	2,500	2,078,390	2,080,890
Increase/(reversal) in impairment	201,327	2,655	203,982	871,159	117,169	988,328	-	-	-	1,072,486	119,824	1,192,310
Write offs	-	-	-	(552,199)	-	(552,199)	-	-	-	(552,199)	-	(552,199)
Balance, end of period	202,777	1,221,730	1,424,507	320,010	976,484	1,296,494	-	-	-	522,787	2,198,214	2,721,001

Parent
Dec-2016

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	137,114	250,194	387,308	935	421,400	422,335	-	-	-	138,049	671,594	809,643
Increase/(reversal) in impairment	(135,664)	968,881	833,217	132,575	437,915	570,490	-	-	-	(3,089)	1,406,796	1,403,707
Write offs	-	-	-	(132,460)	-	(132,460)	-	-	-	(132,460)	-	(132,460)
Balance, end of period	1,450	1,219,075	1,220,525	1,050	859,315	860,365	-	-	-	2,500	2,078,390	2,080,890

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

Group
Jun-2017

In thousands of Nigerian Naira	Loans			Overdrafts			Others			Total		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	16,387,454	11,906,458	28,293,912	3,244,652	5,061,009	8,305,661	259,216	40,568,549	40,827,765	19,891,322	57,536,016	77,427,338
Foreign currency translation and other adjustments	51,026	(23,225)	27,801	20,130	(17,053)	3,077	2	-	2	71,158	(40,278)	30,880
Increase/(reversal) in impairment	12,641,227	1,444,486	14,085,713	839,259	(1,401,075)	(561,816)	(10,690)	(3,701,389)	(3,712,079)	13,469,796	(3,657,978)	9,811,818
Reclassifications	21,965,036	-	21,965,036	-	-	-	-	(21,965,036)	(21,965,036)	21,965,036	(21,965,036)	-
Write offs	(17,077,862)	-	(17,077,862)	(202,914)	-	(202,914)	(9)	-	(9)	(17,280,785)	-	(17,280,785)
Balance, end of period	33,966,881	13,327,719	47,294,600	3,901,127	3,642,881	7,544,008	248,519	14,902,124	15,150,643	38,116,527	31,872,724	69,989,251

Group

Dec-2016

In thousands of Nigerian Naira	**Loans**			**Overdrafts**			**Others**			**Total**		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	9,063,530	3,738,153	12,801,683	12,420,930	3,638,513	16,059,443	907	240,827	241,734	21,485,367	7,617,493	29,102,860
Foreign currency translation and other adjustments	1,517,868	359,317	1,877,185	52,903	242,871	295,774	56	1	57	1,570,827	602,189	2,173,016
Increase/(reversal) in impairment	23,676,502	7,808,988	31,485,490	(9,174,524)	1,179,625	(7,994,899)	258,304	40,327,721	40,586,025	14,760,282	49,316,334	64,076,616
Write offs	(17,870,446)	-	(17,870,446)	(54,657)	-	(54,657)	(51)	-	(51)	(17,925,154)	-	(17,925,154)
Balance, end of period	16,387,454	11,906,458	28,293,912	3,244,652	5,061,009	8,305,661	259,216	40,568,549	40,827,765	19,891,322	57,536,016	77,427,338

Parent

Jun-2017

In thousands of Nigerian Naira	**Loans**			**Overdrafts**			**Others**			**Total**		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	14,865,641	11,305,230	26,170,871	1,005,489	4,176,375	5,181,864	-	40,466,139	40,466,139	15,871,130	55,947,744	71,818,874
Foreign currency translation and other adjustments	18	-	18	-	-	-	-	-	-	18	-	18
Increase/(reversal) in impairment	12,225,534	1,619,015	13,844,549	764,704	(1,116,644)	(351,940)	-	(3,666,989)	(3,666,989)	12,990,238	(3,164,618)	9,825,620
Reclassifications	21,965,036	-	21,965,036	-	-	-	-	(21,965,036)	(21,965,036)	21,965,036	(21,965,036)	-
Write offs	(16,563,713)	-	(16,563,713)	-	-	-	-	-	-	(16,563,713)	-	(16,563,713)
Balance, end of period	32,492,516	12,924,245	45,416,761	1,770,193	3,059,731	4,829,924	-	14,834,114	14,834,114	34,262,709	30,818,090	65,080,799

Parent

Dec-2016

In thousands of Nigerian Naira	**Loans**			**Overdrafts**			**Others**			**Total**		
	Specific allowance for impairment	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**	**Specific allowance for impairment**	**Collective allowance for impairment**	**Total allowance for impairment**
Balance at 1 January	6,979,085	3,044,577	10,023,662	11,802,288	3,432,667	15,234,955	-	240,525	240,525	18,781,373	6,717,769	25,499,142
Foreign currency translation and other adjustments	427	-	427	-	-	-	-	-	-	427	-	427
Increase/(reversal) in impairment	24,189,031	8,260,653	32,449,684	(10,796,799)	743,708	(10,053,091)	-	40,225,614	40,225,614	13,392,232	49,229,975	62,622,207
Write offs	(16,302,902)	-	(16,302,902)	-	-	-	-	-	-	(16,302,902)	-	(16,302,902)
Balance, end of period	14,865,641	11,305,230	26,170,871	1,005,489	4,176,375	5,181,864	-	40,466,139	40,466,139	15,871,130	55,947,744	71,818,874

30 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Jun-2017 % ownership	Parent Dec-2016 % ownership	Parent Jun-2017 ₦'000	Parent Dec-2016 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	84.24	84.24	594,109	594,109
GTB Ghana	97.97	97.97	9,042,739	9,042,739
GTB Finance B.V.	100.00	100.00	-	3,220
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	5,077,458
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
			43,965,254	43,968,474
Non-current			43,965,254	43,968,474

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

In thousands of Nigerian Naira	Parent Jun-2017	Parent Dec-2016
Balance, beginning of the period	43,968,474	41,905,781
Additions during the period	-	2,062,693
Transferred to assets classified as held for sale and discontinued operations	(3,220)	
Balance, end of the period	43,965,254	43,968,474

(a) (ii) There was no additional investments in subsidiaries during the period

Please refer to Note 44 for more information on the Group structure

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 30 June 2017, are as follows:

Full year profit and loss

Jun-2017

In thousands of Nigerian Naira	***Staff Investment Trust***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Operating income	1,414,777	8,440,878	2,631,760	2,476,374	2,126,396	2,302,946	627,681	4,871,768
Operating expenses	(735,902)	(3,623,547)	(1,404,844)	(1,126,520)	(1,797,635)	(1,249,420)	(609,642)	(4,116,588)
Loan impairment charges	-	(64,378)	166,548	(62,919)	-	(4,937)	-	69,637
Profit before tax from continuing operations	678,875	4,752,953	1,393,464	1,286,935	328,761	1,048,589	18,039	824,817
Taxation	-	(1,641,985)	(418,039)	(321,729)	-	(342,143)	-	(225,855)
Profit after tax	678,875	3,110,968	975,425	965,206	328,761	706,446	18,039	598,962
Other comprehensive income net of tax	-	-	-	-	-	-	-	46,154
Total comprehensive income for the year	678,875	3,110,968	975,425	965,206	328,761	706,446	18,039	645,116

Condensed financial position

Jun-2017

In thousands of Nigerian Naira	*Staff Investment Trust*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Assets								
Cash and cash equivalents	137,554	39,288,879	11,899,025	11,177,971	115,889,432	14,899,658	2,231,506	21,825,103
Loans and advances to banks	-	-	-	-	234,365	-	518,250	-
Loans and advances to customers	-	44,663,199	13,978,092	19,796,182	32,271,861	6,148,463	4,952,435	63,454,051
Financial assets held for trading	-	4,778,930	-	-	-	-	-	-
Investment securities:								
– Available for sale	45,901,335	-	-	-	19,009,949	19,769,596	7,774	2,246,638
– Held to maturity	-	41,293,740	5,583,003	2,310,351	-	-	4,855,745	28,138,999
Assets pledged as collateral	-	-	-	-	-	-	12,417	-
Property and equipment	-	1,831,836	1,143,290	1,926,709	674,965	2,397,139	1,029,098	2,859,855
Intangible assets	-	193,650	-	49,010	-	70,043	37,841	1,434,788
Deferred tax assets	-	162,656	-	-	355,618	-	-	1,157,952
Other assets	-	2,354,282	723,645	855,437	405,311	1,033,382	284,383	4,564,687
Total assets	46,038,889	134,567,172	33,327,055	36,115,660	168,841,501	44,318,281	13,929,449	125,682,073
Financed by:								
Deposits from banks	-	1,490,211	-	-	88,474,804	184,831	833,779	6,666,800
Deposits from customers	-	105,282,335	26,136,662	26,029,845	66,274,955	25,076,884	7,395,499	82,532,604
Debt securities issued	-	-	-	-	-	-	-	614,228
Current income tax liabilities	-	243,316	214,437	331,343	-	49,962	-	(131,365)
Deferred tax liabilities	-	90,381	17,668	-	-	169,842	-	276,023
Other liabilities	7,812,143	3,017,862	663,842	2,482,850	786,136	8,953,418	806,636	3,258,056
Other borrowed funds	1,536,700	2,851,957	-	1,365,000	-	5,719,608	-	6,455,855
Total liabilities	9,348,843	112,976,062	27,032,609	30,209,038	155,535,895	40,154,545	9,035,914	99,672,201
Equity and reserve	36,690,046	21,591,110	6,294,446	5,906,622	13,305,606	4,163,736	4,893,535	26,009,872
	46,038,889	134,567,172	33,327,055	36,115,660	168,841,501	44,318,281	13,929,449	125,682,073

Condensed cash flow
Jun-2017

In thousands of Nigerian Naira	***Staff Investment Trust***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Net cash flow:								
- from operating activities	13,232,706	25,285,559	(1,319,445)	103,134	7,883,484	2,144,239	1,108,540	(7,136,948)
- from investing activities	(12,661,777)	(11,124,134)	1,296,948	(252,350)	(555,438)	298,109	(355,028)	2,779,643
- from financing activities	(546,604)	(3,273,319)	(70,431)	(244,491)	-	166,890	-	3,305,057
Increase in cash and cash equivalents	24,325	10,888,106	(92,928)	(393,707)	7,328,046	2,609,238	753,512	(1,052,248)
Cash balance, beginning of period	113,229	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681
Effect of exchange difference	-	51,495	(1,278,894)	388,777	6,824,647	1,346	19,596	506,670
Cash balance, end of period	137,554	39,288,879	11,899,025	11,177,971	115,889,432	14,899,658	2,231,506	21,825,103

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2017, are as follows:

Profit and loss
Jun-2017

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Operating income	2,674,326	812,370	1,385,272
Operating expenses	(2,136,530)	(825,161)	(1,154,897)
Loan impairment charges	88,907	50,694	(69,964)
Profit before tax from continuing operations	626,703	37,903	160,411
Taxation	(188,012)	(37,843)	-
Profit after tax	438,691	60	160,411

Condensed financial position
Jun-2017

In thousands of Nigerian Naira	***GT Bank Kenya***	***GT Bank Uganda***	***GT Bank Rwanda***
Assets			
Cash and cash equivalents	11,395,930	4,734,168	5,695,006
Loans and advances to customers	41,681,040	6,589,323	15,183,689
Investment securities:	2,246,638	-	-
– Available for sale	20,692,024	1,555,573	5,891,402
– Held to maturity	10,251,523	-	-
Investment in subsidiaries	-	-	-
Property and equipment	1,030,964	349,226	1,479,665
Intangible assets	583,697	358,957	423,819
Deferred tax assets	276,041	881,911	-
Other assets	2,096,649	379,667	2,066,722
Total assets	90,254,506	14,848,825	30,740,303
Financed by:			
Deposits from banks	6,558,288	107,977	535
Deposits from customers	47,998,815	10,317,048	24,216,741
Current income tax liabilities	-	-	-
Deferred tax liabilities	70,507	-	205,516
Other liabilities	1,892,437	137,698	1,227,922
Other borrowed funds	6,455,855	-	-
Total liabilities	62,975,902	10,562,723	25,650,714
Equity and reserve	27,278,604	4,286,102	5,089,589
	90,254,506	14,848,825	30,740,303

Condensed results of the consolidated entities as at 30 June 2016, are as follows:

Jun-2016

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed profit and loss									
Operating income	1,226,432	566,049	5,436,225	1,997,300	1,059,417	1,278,473	1,522,002	411,626	4,261,527
Operating expenses	(450,970)	(566,049)	(2,332,275)	(823,012)	(697,080)	(1,114,212)	(807,377)	(449,778)	(3,091,797)
Loan impairment charges	-	-	(213,403)	(82,095)	(16,568)	-	1,934	-	(581,099)
Profit before tax from continuing operations	775,462	-	2,890,547	1,092,193	345,769	164,261	716,559	(38,152)	588,631
Taxation	-	-	(838,394)	(354,097)	(86,442)	-	(166,775)	-	(285,219)
Profit after tax	775,462	-	2,052,153	738,096	259,327	164,261	549,784	(38,152)	303,412
Other comprehensive income net of tax	-	-	-	32,168	-	-	-	-	25,314
Total comprehensive income for the year	**775,462**	**-**	**2,052,153**	**770,264**	**259,327**	**164,261**	**549,784**	**(38,152)**	**328,726**

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

-

Dec-2016

In thousands of Nigerian Naira	*Staff Investment Trust*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Condensed financial position									
Assets									
Cash and cash equivalents	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681
Loans and advances to banks	-	-	-	-	-	129,666	-	494,108	-
Loans and advances to customers	-	127,903,847	46,602,126	14,280,796	14,570,559	27,852,101	6,103,846	5,623,853	59,254,839
Financial assets held for trading	-	-	5,732,549	-	-	-	-	-	-
Investment securities:	-	-	-	-	-	-	-	-	-
– Available for sale	32,560,683	-	-	-	-	17,330,138	20,305,737	7,412	2,166,541
– Held to maturity	-	-	30,338,621	8,024,436	2,306,248	-	-	4,257,564	30,009,694
Assets pledged as collateral	-	-	-	-	-	-	-	10,710	-
Property and equipment	-	-	1,803,575	1,274,750	1,628,793	625,750	2,379,586	1,023,122	3,042,459
Intangible assets	-	-	212,469	-	26,619	-	41,159	54,220	1,540,492
Deferred tax assets	-	-	162,366	48,797	-	381,461	-	-	985,804
Other assets	-	-	1,737,159	498,712	1,178,423	348,989	527,380	241,877	3,309,849
Total assets	**32,673,912**	**127,903,847**	**114,938,143**	**37,398,338**	**30,893,543**	**148,404,844**	**41,646,782**	**13,171,264**	**122,680,359**
Financed by:									
Deposits from banks	-	-	4,276,137	247,937	-	79,114,770	359,634	-	9,717,458
Deposits from customers	-	-	82,641,543	30,112,825	22,334,685	56,501,480	23,791,695	6,869,499	82,876,236
Financial liabilities held for trading	-	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Debt securities issued	-	125,639,949	-	-	-	-	-	-	597,914
Current income tax liabilities	-	-	40,314	177,813	149,265	-	47,359	-	42,499
Deferred tax liabilities	-	-	90,220	-	-	-	169,862	-	270,462
Other liabilities	7,920,089	-	3,301,791	842,452	1,642,974	580,074	8,065,864	1,653,598	1,614,549
Other borrowed funds	2,083,304	-	3,530,615	-	1,547,092	-	4,811,803	-	3,066,162
Total liabilities	10,003,393	125,639,949	93,880,620	31,381,027	25,674,016	136,196,324	37,246,217	8,523,097	98,185,280
Equity and reserve	22,670,519	2,263,898	21,057,523	6,017,311	5,219,527	12,208,520	4,400,565	4,648,167	24,495,079
	32,673,912	**127,903,847**	**114,938,143**	**37,398,338**	**30,893,543**	**148,404,844**	**41,646,782**	**13,171,264**	**122,680,359**

Jun-2016

In thousands of Nigerian Naira	*Staff Investment Trust*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Condensed cash flow									
Net cash flow:									
- from operating activities	400,819	141,894,510	12,137,761	(1,503,881)	(1,221,241)	13,426,402	1,339,278	2,427,806	(4,702,400)
- from investing activities	238,373	-	(1,905,564)	61,327	2,363,634	(2,743,169)	518,181	(962,082)	5,549,079
- from financing activities	(615,698)	(141,901,228)	(2,487,621)	(726,832)	1,583,400	-	(803,883)	-	(247,540)
Increase in cash and cash equivalents	23,494	(6,718)	7,744,576	(2,169,386)	2,725,793	10,683,233	1,053,576	1,465,724	599,139
Cash balance, beginning of period	55,874	4,729	22,364,533	9,449,243	5,653,178	52,137,389	7,632,855	853,821	10,519,188
Effect of exchange difference	-	1,989	7,810,719	1,321,761	2,006,094	14,506,891	1,875,581	50,652	3,247,166
Cash balance, end of period	79,368	-	37,919,828	8,601,618	10,385,065	77,327,513	10,562,012	2,370,197	14,365,493

Condensed results of the consolidated entities of the GT Bank Kenya Group as at 30 June 2016, are as follows:

Profit and loss

Jun-2016

In thousands of Nigerian Naira	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Operating income	2,465,205	544,698	1,257,001
Operating expenses	(1,591,351)	(576,202)	(923,981)
Loan impairment charges	(9,467)	32,501	(604,133)
Profit before tax from continuing operations	864,387	997	(271,113)
Taxation	(259,319)	(25,900)	-
Profit after tax	605,068	(24,903)	(271,113)

Condensed financial position

Dec-2016

In thousands of Nigerian Naira	*GT Bank Kenya*	*GT Bank Uganda*	*GT Bank Rwanda*
Assets			
Cash and cash equivalents	13,365,466	2,824,698	6,180,517
Loans and advances to customers	39,335,585	6,177,951	13,741,303
– Available for sale	2,166,541	-	-
– Held to maturity	23,731,672	1,749,359	4,528,663
Investment in subsidiaries	8,709,682	-	-
Property and equipment	1,210,223	370,717	1,461,519
Intangible assets	617,001	353,199	437,334
Deferred tax assets	255,012	730,792	-
Other assets	956,672	234,632	2,118,545
Total assets	**90,347,854**	**12,441,348**	**28,467,881**
Financed by:			
Deposits from banks	9,599,910	117,034	514
Deposits from customers	50,476,758	8,764,401	23,635,077
Debt securities issued	3,664,076	-	-
Current income tax liabilities	42,499	-	-
Deferred tax liabilities	68,616	-	201,846
Other liabilities	1,052,032	130,905	431,612
Other borrowed funds	-	-	-
Total liabilities	**64,903,891**	**9,012,340**	**24,269,049**
Equity and reserve	25,443,963	3,429,008	4,198,832
	90,347,854	**12,441,348**	**28,467,881**

31 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2017	52,358,464	13,830,084	66,952,716	9,622,070	12,602,476	10,195,212	165,561,022
Exchange difference	47,539	518	144,290	(9,116)	-	7,871	191,102
Additions	728,954	12,996	3,422,031	410,747	-	2,033,810	6,608,538
Disposals	-	-	(203,882)	(241,899)	-	(11,948)	(457,729)
Transfers	281,335	138,648	782,830	130,830	-	(1,333,643)	-
Balance at 30 June 2017	**53,416,292**	**13,982,246**	**71,097,985**	**9,912,632**	**12,602,476**	**10,891,302**	**171,902,933**
Balance at 1 January 2016	42,863,912	9,334,026	54,717,391	8,610,235	12,569,888	18,477,260	146,572,712
Exchange difference	2,114,456	266,667	3,482,693	674,904	-	481,901	7,020,621
Additions	1,474,835	10,081	7,173,198	1,224,554	32,588	5,838,096	15,753,352
Disposals	(186,921)	-	(2,023,811)	(1,317,335)	-	(257,596)	(3,785,663)
Transfers	6,092,182	4,219,310	3,603,245	429,712	-	(14,344,449)	-
Balance at 31 December 2016	**52,358,464**	**13,830,084**	**66,952,716**	**9,622,070**	**12,602,476**	**10,195,212**	**165,561,022**

[1] Of this amount as at June 2017, Leasehold improvement accounts for N12,564,382,000 (23.6%) while Buildings accounts for N40,674,524,000 (76.4%)

[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**	**Leasehold Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2017	11,252,837	910,517	48,768,107	6,218,413	4,923,093	-	72,072,967
Exchange difference	7,030	256	111,137	(9,163)	-	-	109,260
Charge for the period	774,050	85,428	4,338,441	871,389	886,079	-	6,955,387
Disposal	-	-	(203,882)	(194,458)	-	-	(398,340)
Balance at 30 June 2017	**12,033,917**	**996,201**	**53,013,803**	**6,886,181**	**5,809,172**	**-**	**78,739,274**
Balance at 1 January 2016	9,161,702	735,342	39,885,651	5,462,806	3,338,433	-	58,583,934
Exchange difference	578,294	31,608	2,366,748	415,218	-	-	3,391,868
Charge for the period	1,682,901	143,567	8,517,757	1,608,261	1,584,660	-	13,537,146
Disposal	(170,060)	-	(2,002,049)	(1,267,872)	-	-	(3,439,981)
Balance at 31 December 2016	**11,252,837**	**910,517**	**48,768,107**	**6,218,413**	**4,923,093**	**-**	**72,072,967**
Carrying amounts:							
Balance at 30 June 2017	**41,382,375**	**12,986,045**	**18,084,182**	**3,026,451**	**6,793,304**	**10,891,302**	**93,163,659**
Balance at 31 December 2016	**41,105,627**	**12,919,567**	**18,184,609**	**3,403,657**	**7,679,383**	**10,195,212**	**93,488,055**

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2017	44,305,594	12,919,926	54,990,812	7,335,418	12,602,476	9,257,593	141,411,819
Additions	522,249	13,000	2,876,642	74,074	-	1,926,418	5,412,383
Disposals	-	-	(203,809)	(132,833)	-	-	(336,642)
Transfers	281,336	138,648	737,734	130,830	-	(1,288,548)	-
Balance at 30 June 2017	**45,109,179**	**13,071,574**	**58,401,379**	**7,407,489**	**12,602,476**	**9,895,463**	**146,487,560**
Balance at 1 January 2016	37,765,872	8,700,616	47,172,750	7,040,772	12,569,888	17,473,732	130,723,630
Additions	1,086,365	-	6,355,042	1,066,480	32,588	5,508,569	14,049,044
Disposals	(62,595)	-	(2,096,714)	(1,201,546)	-	-	(3,360,855)
Transfers	5,515,952	4,219,310	3,559,734	429,712	-	(13,724,708)	-
Balance at 31 December 2016	**44,305,594**	**12,919,926**	**54,990,812**	**7,335,418**	**12,602,476**	**9,257,593**	**141,411,819**

[1] Of this amount as at June 2017, Leasehold improvement accounts for N10,640,199,000 (23.6%) while Buildings accounts for N34,468,977,000 (76.4%)

[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)

Parent

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Leasehold Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2017	9,021,001	798,540	40,269,000	4,690,160	4,923,093	-	59,701,794
Charge for the period	592,062	85,661	3,565,787	655,494	886,079	-	5,785,083
Disposal	-	-	(203,809)	(96,278)	-	-	(300,087)
Balance at 30 June 2017	**9,613,063**	**884,201**	**43,630,978**	**5,249,376**	**5,809,172**	**-**	**65,186,790**
Balance at 1 January 2016	7,817,005	657,720	35,145,312	4,572,412	3,338,433	-	51,530,882
Charge for the period	1,266,591	140,820	7,197,509	1,271,739	1,584,660	-	11,461,319
Disposal	(62,595)	-	(2,073,821)	(1,153,991)	-	-	(3,290,407)
Balance at 31 December 2016	**9,021,001**	**798,540**	**40,269,000**	**4,690,160**	**4,923,093**	**-**	**59,701,794**
Carrying amounts:							
Balance at 30 June 2017	**35,496,116**	**12,187,373**	**14,770,401**	**2,158,113**	**6,793,304**	**9,895,463**	**81,300,770**
Balance at 31 December 2016	**35,284,593**	**12,121,386**	**14,721,812**	**2,645,258**	**7,679,383**	**9,257,593**	**81,710,025**

(c) The Bank had capital commitments of N547,702,000 (31 December 2016: N863,599,000) as at the reporting date in respect of authorized and contractual capital projects. There is no further capital commitments from the subsidiaries.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the period (2016: nil)

32 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2017	8,672,465	12,674,080	21,346,545
Exchange translation differences	1,832	98,571	100,403
Additions	-	1,060,831	1,060,831
Disposals	-	(11,793)	(11,793)
Balance at 30 June 2017	**8,674,297**	**13,821,689**	**22,495,986**
Balance at 1 January 2016	8,648,385	9,067,360	17,715,745
Exchange translation differences	24,080	1,263,502	1,287,582
Additions	-	2,392,426	2,392,426
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	**8,672,465**	**12,674,080**	**21,346,545**
Amortization and impairment losses			
Balance at 1 January 2017	-	7,487,639	7,487,639
Exchange translation differences	-	59,556	59,556
Amortization for the period	-	925,477	925,477
Disposals	-	(11,793)	(11,793)
Balance at 30 June 2017	**-**	**8,460,879**	**8,460,879**
Balance at 1 January 2016	-	5,245,133	5,245,133
Exchange translation differences	-	579,494	579,494
Amortization for the period	-	1,712,220	1,712,220
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	**-**	**7,487,639**	**7,487,639**
Carrying amounts			
Balance at 30 June 2017	**8,674,297**	**5,360,810**	**14,035,107**
Balance at 31 December 2016	**8,672,465**	**5,186,441**	**13,858,906**

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairm may have occurred. There was no impairment identified in the period ended June 2017 (2016: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2017	8,867,445
Additions	1,024,523
Disposals	-
Reclass from other assets	-
Transfers	-
Balance at 30 June 2017	**9,891,968**
Balance at 1 January 2016	6,726,359
Additions	2,153,981
Disposals	(12,895)
Balance at 31 December 2016	**8,867,445**
Amortization and impairment losses	
Balance at 1 January 2017	5,489,484
Amortization for the period	758,694
Disposals	-
Balance at 30 June 2017	**6,248,178**
Balance at 1 January 2016	4,233,400
Amortization for the period	1,268,979
Disposals	(12,895)
Balance at 31 December 2016	**5,489,484**
Carrying amounts	
Balance at 30 June 2017	**3,643,790**
Balance at 31 December 2016	**3,377,961**

(c) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

Goodwill is allocated the Cash Generating Units (CGUs) as shown below:

In thousands of Nigerian Naira

Cash Generating Units	Jun-17	Dec -16
Rest of West Africa:		
- Corporate Banking	33,380	82,428
- Commercial Banking	6,265	13,346
- Retail Banking	11,277	21,627
East Africa:		
- Corporate Banking	5,651,549	6,006,586
- Commercial Banking	1,060,802	972,531
- Retail Banking	1,909,656	1,575,947
	8,672,929	**8,672,465**

No impairment loss on goodwill was recognised during the period ended 30 June 2017 (31 December 2016: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Cash Flow Forecasts

The cash flows projections used for the 2 periods were based on actual operating results and the 5-year business plan appropriately approved by senior management. Cash flows to perpetuity were estimated using a constant average growth rate of 4.5 per cent and 6.6per cent for CGUs in Rest of Africa and East Africa regions respectively. These constant growth rates are based on the long term forecast of GTBank's growth rate in the countries in which the CGU's operate centred on past performance, current industry trend and management's expectations of market development. This growth rate used does not exceed the long-term average growth rate for the countries/regions in which the goodwill was allocated. 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 for 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 16.06% derived using CAPM approach. It would require over N1.45billion change in the recoverable amount of the most vulnerable CGU (East Africa – Commercial) before goodwill allocated to the identified CGU can be assumed impaired.

2017-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	18.96%	19.46%	20.50%	17.20%	18.67%	19.17%
Operating Income Growth Rate (%)	16.0%	16.50%	17.50%	16.97%	16.50%	17.98%
Other Operating Costs (₦'Million)	2,871	1,188	3,293	2,084	862	2,352
Annual Capital Expenditure (₦'Million)	1,476	277	499	54	10	18
Recoverable Amount (₦'Million)	103,347	19,398	34,916	24,379	4,576	8,237
Long Term Growth Rate (%)	5%- 6%	5%- 6%	5%- 6%	6%- 7%	6%- 7%	6%- 7%
Discount Rate (%)	21.97%	21.97%	21.97%	16.06%	16.06%	16.06%

2016-Key Assumptions	Rest of West Africa			East Africa		
	Corporate	Commercial	Retail	Corporate	Commercial	Retail
Revenue Growth Rate (%)	12.0%	11.5%	12.5%	15.2%	15.7%	16.2%
Operating Income Growth Rate (%)	13.0%	12.5%	13.5%	15.8%	16.3%	16.8%
Other Operating Costs (₦'Million)	1,507	348	2,903	251	58	483
Annual Capital Expenditure (₦'Million)	236	206	308	53	46	70
Recoverable Amount (₦'Million)	83,759	16,786	28,596	30,213	5,628	7,502
Long Term Growth Rate (%)	6%- 8%	6%- 8%	6%- 8%	6%- 8%	6%- 8%	6%- 8%
Discount Rate (%)	11.32%	11.32%	11.32%	15.22%	15.22%	15.22%

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

33 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

Deferred tax assets

In thousands of Nigerian Naira	**Jun-2017**			**Dec-2016**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	518,275	-	518,275	592,623	-	592,623
Fair value reserves	276,041	-	276,041	255,012	-	255,012
Allowances for loan losses/Fraudloss provision	881,911	-	881,911	730,792	-	730,792
Net deferred tax assets/(liabilities)	1,676,227	-	1,676,227	1,578,427	-	1,578,427

In thousands of Nigerian Naira	-	**Jun-2017**	**Dec-2016**
Deferred tax assets			
-Deferred tax assets to be recovered within 12 months		1,157,952	985,804
-Deferred tax assets to be recovered after more than 12 months		518,275	592,623

Group
Deferred tax liabilities

In thousands of Nigerian Naira		**Jun-2017**			**Dec-2016**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	12,603,602	12,603,602	-	11,020,971	11,020,971
Fair value reserves	1,050,739	-	(1,050,739)	1,159,001	-	(1,159,001)
Allowances for loan losses/Fraudloss provision	5,885,892	-	(5,885,892)	17,408,177	-	(17,408,177)
Defined benefit obligation/Actuarial Loss	-	194,750	194,750	125,966	-	(125,966)
Other assets	-	1,497,730	1,497,730	-	20,149,417	20,149,417
Foreign currency translation difference	-	6,151,945	6,151,945	-	5,164,140	5,164,140
Net deferred tax (assets)/liabilities	6,936,631	20,448,027	13,511,396	18,693,144	36,334,528	17,641,384

In thousands of Nigerian Naira	**Jun-2017**	**Dec-2016**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	6,936,631	18,693,144
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	7,844,425	25,313,557
-Deferred tax liabilities to be recovered after more than 12 months	12,603,602	11,020,971

Parent

Deferred Tax Liabilities

In thousands of Nigerian Naira		**Jun-2017**			**Dec-2016**	
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	12,120,195	12,120,195	-	10,559,043	10,559,043
Fair value reserves	1,121,246	-	(1,121,246)	1,227,618	-	(1,227,618)
Allowances for loan losses/Fraudloss provision	5,885,892	-	(5,885,892)	17,408,177	-	(17,408,177)
Defined benefit obligation/Actuarial Loss	-	194,750	194,750	125,966	-	(125,966)
Other assets	-	1,497,730	1,497,730	-	20,149,417	20,149,417
Net deferred tax (assets)/liabilities	7,007,138	13,812,675	6,805,537	18,761,761	30,708,460	11,946,699

In thousands of Nigerian Naira	**Jun-2017**	**Dec-2016**
Deferred tax assets		
-Deferred tax assets to be recovered within 12 months	7,007,138	18,761,761
Deferred tax liabilities		
-Deferred tax liabilities to be recovered within 12 months	1,692,480	20,149,417
-Deferred tax liabilities to be recovered after more than 12 months	12,120,195	10,559,043

Movements in temporary differences during the year

Group
Jun-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2017	10,428,348	(1,414,013)	(18,138,969)	(125,966)	20,149,416	5,164,141	16,062,957
Exchange Difference	(86,481)	(26,410)	92,787	-	(322,884)	394,061	51,073
Recognised in Profit or loss	1,743,460	(410,466)	11,278,379	125,966	(18,328,802)	811,472	(4,779,991)
Other comprehensive Income	-	524,109	-	194,750	-	(217,729)	501,130
Balance at 30 June 2017	12,085,327	(1,326,780)	(6,767,803)	194,750	1,497,730	6,151,945	11,835,169

Dec-2016

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Other assets	Foreign currency translation difference	Total
Balance at Jan 1, 2016	8,956,938	833,267	(2,700,392)	(1,356,344)	(67,338)	(2,070,751)	3,595,380
Exchange Difference	(86,208)	(26,202)	92,279	-	(523,222)	594,399	51,046
Recognised in Profit or loss	1,557,618	(238,668)	(15,530,856)	659,496	20,739,976	-	7,187,566
Other comprehensive Income	-	(1,982,410)	-	570,882	-	6,640,493	5,228,965
Balance at 31, Dec 2016	10,428,348	(1,414,013)	(18,138,969)	(125,966)	20,149,416	5,164,141	16,062,957

Parent
Jun-2017

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Other assets	Total
Balance at Jan 1, 2017	10,559,043	(1,227,618)	(17,408,177)	(125,966)	20,149,417	11,946,699
Recognised in Profit or loss	1,561,153	-	11,522,285	125,966	(18,651,687)	(5,442,283)
Other comprehensive Income	-	106,372	-	194,750	-	301,122
Balance at 30 June 2017	12,120,196	(1,121,246)	(5,885,892)	194,750	1,497,730	6,805,538

Parent
Dec-2016

In thousands of Nigerian Naira

	Property and equipment, and software	Fair value reserves	Allowances for loan losses	Defined benefit obligation	Other assets	Total
Balance at Jan 1, 2016	9,126,017	884,656	(2,216,888)	(1,356,344)	(91,667)	6,345,774
Recognised in Profit or loss	1,433,026	-	(15,191,289)	659,496	20,241,084	7,142,317
Other comprehensive Income	-	(2,112,274)	-	570,882	-	(1,541,392)
Balance at 31, Dec 2016	10,559,043	(1,227,618)	(17,408,177)	(125,966)	20,149,417	11,946,699

34 Restricted deposits and other assets

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Repossessed collaterals	8,038,274	3,922,091	7,398,961	3,922,091
Prepayments (See note 34(b) below)	25,187,006	17,792,224	19,281,521	11,596,150
Accounts Receivable	4,103,743	2,389,557	4,103,743	2,389,557
Foreign Banks - Cash Collateral	23,352,191	11,944,208	23,352,191	11,944,208
Restricted deposits with central banks (See note 34(a) below)	352,225,415	328,747,009	350,907,000	327,100,025
Contribution to AGSMEIS (See note 34(c) below)	6,341,840	-	6,341,840	-
Recognised assets for defined benefit obligations (See note 40)	8,921,054	7,506,302	8,921,054	7,506,302
	428,169,523	**372,301,391**	**420,306,310**	**364,458,333**
Impairment on other assets (See note 34(c) below)	(305,556)	(305,556)	(305,556)	(305,556)
	427,863,967	**371,995,835**	**420,000,754**	**364,152,777**
Current	412,601,073	35,705,636	404,737,860	29,509,562
Non-current	15,262,894	336,290,199	15,262,894	334,643,215

(a) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N350,907,000,000 with the Central Bank of Nigeria (CBN) as at 30 June 2017 (December 2016: 'N327,100,025,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2016: 27.5%) of total Naira deposits made up of 22.5% regular CRR and 5% Sprecial Intervention Reserve which should be held with the Central Bank of Nigeria as a regulatory requirement.

(b) Included in Prepayments is an amount of N5,194,533,000 as at 30 June 2017 (December 2016: N5,364,548,000) which relates to prepaid operating lease rentals on branches leased by the Bank.

(c) 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.

(d) Movement in impairment of other assets:

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Opening Balance	305,556	305,556	305,556	305,556
Closing Balance	305,556	305,556	305,556	305,556

34(b) Assets classified as held for sale and discontinued operations

Assets of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Investment in subsidiaries	-	-	3,220	-
Other assets[1]	-	-	847,600	-
Total assets of disposal group	-	-	850,820	-

Liabilities of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Other borrowed funds[1]	-	-	847,600	-
Total liabilities of disposal group	-	-	847,600	-

[1] This relates to $2.6million loan given by GTB Finance BV to the Parent which was re-invested into GTB Finance BV. These balances were offset in prior period.

35 Deposits from banks

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Money market deposits	6,507,452	12,485,830	-	-
Other deposits from banks	49,100,894	112,582,018	37,914	40,438
	55,608,346	125,067,848	37,914	40,438
Current	55,608,346	125,067,848	37,914	40,438

36 Deposits from customers

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Retail customers:				
Term deposits	170,942,460	167,670,395	129,281,948	123,744,581
Current deposits	347,351,100	356,575,696	265,625,165	273,472,107
Savings	452,824,541	454,436,327	378,866,857	390,615,952
Corporate customers:				
Term deposits	204,038,249	241,549,629	161,704,578	208,000,749
Current deposits	791,219,633	766,014,185	692,239,876	685,351,431
	1,966,375,983	1,986,246,232	1,627,718,424	1,681,184,820
Current	1,935,102,514	1,957,923,345	1,627,710,204	1,681,181,153
Non-current	31,273,469	28,322,887	8,220	3,667

37 **Financial liabilities held for trading**

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Bond short positions	499,069	629,202	499,069	629,202
Treasury bills short positions	9,889,313	1,436,200	9,889,313	1,436,200
	10,388,382	2,065,402	10,388,382	2,065,402
Current	10,388,382	2,065,402	10,388,382	2,065,402

38 **Debt securities issued**

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Debt securities at amortized cost:				
Eurobond debt security	127,391,029	125,639,949	127,391,029	-
Corporate bonds	614,228	597,914	-	-
	128,005,257	126,237,863	127,391,029	-
Current	1,499,380	-	678,182	-
Non-current	126,505,877	126,237,863	126,712,847	-

Debt securities of N127,391,029,000 (USD 401,611,000) (December 2016: N125,639,949,000 (USD 402,177,000)) represents amortised cost of Dollar guaranteed note originally issued by GTB B.V. Netherlands. The Parent has, during the period, substituted the liability. Therefore the liability is now reported under the Parent's book.

39 Other liabilities

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Cash settled share based payment liability (Note 39(d))	7,812,143	7,920,089	-	-
Liability for defined contribution obligations (Note 39(a))	25,452	51,512	-	-
Deferred income on financial guarantee contracts	157,754	141,684	39,557	46,447
Certified cheques	11,072,271	11,060,137	7,666,005	7,321,435
Lease obligation (Note 39(b))	988,796	1,675,041	988,796	1,675,041
Customers' deposit for foreign trade (Note 39(c))	24,372,028	12,220,426	23,708,721	11,972,086
Customers' escrow balance and deposit for shares of other Corporates	199,028,676	56,110,910	199,028,643	56,110,878
Account Payables	12,628,040	7,455,494	11,221,175	7,200,437
Creditors and agency services	15,966,340	19,047,197	3,983,385	5,734,116
	272,051,500	**115,682,490**	**246,636,282**	**90,060,440**
Current	263,575,423	106,021,253	246,596,725	89,003,270
Non-current	8,476,077	9,661,237	39,557	1,057,170

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance employee's retirement savings account maintained with their nominal pension fund administrators.

(b) The lease obligation relates to an Aircraft held under a finance lease arrangement. The net carrying amount of the assets, included within property, plant and equipment is N6,793,298,000 (December 2016: N7,679,381,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (December 2016:Nil)

The future minimum lease payments extend over a number of years. This is analysed as follows:

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Not more than one year	1,014,928	1,499,354	1,014,928	1,499,354
Over one year but less than five years	-	249,893	-	249,893
	1,014,928	1,749,247	1,014,928	1,749,247
Less future finance charges	(26,132)	(74,206)	(26,132)	(74,206)
	988,796	**1,675,041**	**988,796**	**1,675,041**

The present value of finance lease liabilities is as follows:

In thousands of Nigerian Naira	Jun-2017	Dec-2016	Jun-2017	Dec-2016
Not more than one year	988,796	1,427,318	988,796	1,427,318
Over one year but less than five years	-	247,723	-	247,723
	988,796	**1,675,041**	**988,796**	**1,675,041**

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(d) Movements in the number of share appreciation rights outstanding and their related weighted average exercise prices are as follows:

	Jun-2017		**Dec-2016**	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	19.63	403,531	20.64	394,199
Granted	14.57	15,150	13.25	27,139
Exercised	26.39	(40,335)	16.60	(17,808)
As at end of the period	**20.65**	**378,346**	**19.63**	**403,530**

Out of the 378,346,000 outstanding Share Appreciation Right (SARs) as at June 2017 (Dec 2016: 403,530,000 SARs), 285,471,505 SARs (Dec 2016: 308,615,835) were exercisable. SARs exercised in 2017 resulted in 40,335,061 shares (Dec 2016:17,807,653) being issued at a weighted average price of N16.60 each (Dec 2016: N26.39 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 3.56% probability of exits, number of employees years in the scheme and in the organization for non-vested shares.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Naira	Exercise price		Share options (thousands)	
Grant-Vest	Jun-2017	Dec-2016	Jun-2017	Dec-2016
2004-2009	23.88	22.56	3,313,493	3,895,257
2004-2017	21.34	20.09	85,402	77,400
2005-2010	22.72	20.14	489,873	426,202
2005-2011	22.14	20.94	68,671	64,289
2005-2013	23.60	22.41	507,756	477,592
2006-2011	21.02	20.01	192,578	175,375
2006-2014	23.11	21.78	222,522	209,010
2007-2012	20.96	19.44	609,686	542,924
2007-2013	17.73	16.90	48,158	43,356
2007-2014	21.14	19.54	189,038	173,395
2007-2015	18.94	20.34	35,998	120,511
2007-2016	21.60	20.91	390,776	353,132
2008-2013	20.14	17.11	309,283	249,753
2008-2014	23.73	17.54	120,309	86,273
2008-2015	19.03	17.12	44,864	40,363
2008-2017	22.79	20.35	48,490	42,983
2009-2014	21.43	20.66	109,838	101,959
2009-2015	23.94	22.62	11,612	10,973
2009-2016	24.00	22.69	3,751	3,545
2010-2015	18.85	14.87	104,970	98,998
2010-2016	21.21	20.54	54,809	50,406
2010-2017	21.55	19.96	38,020	33,811
2010-2018	20.35	15.95	42,533	32,377
2010-2019	17.93	16.54	40,181	37,074
2011-2016	16.65	15.22	242,460	212,152
2011-2017	16.40	12.05	22,766	16,725
2011-2018	17.34	13.54	32,078	23,014
2011-2019	20.18	17.34	52,972	42,930
2011-2020	17.65	17.27	21,174	18,996
2012-2017	13.44	11.80	67,360	65,101
2012-2018	12.80	10.41	7,861	6,391
2012-2021	12.36	11.17	3,708	3,352
2012-2022	9.29	11.65	7,814	5,139
2013-2018	11.97	10.04	110,793	83,733
2014-2019	9.59	5.94	54,592	27,983
2014-2022	5.83	4.83	766	635
2015-2020	5.91	4.76	39,902	27,347
2015-2022	4.85	4.23	10,185	8,033
2015-2023	4.95	4.34	1,320	717
2015-2024	4.19	3.92	97	91
2016-2021	4.45	3.93	44,799	30,028
2016-2025	4.10	3.81	820	764
2017-2022	3.94	0.00	7,291	-
2017-2023	3.87	0.00	774	-
			7,812,143	**7,920,089**

40 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years. The defined benefit obligation valuation was carried out by Alexander Forbes Consulting Actuaries.

(a) The amounts recognised in the statement of financial position are as follows:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Present value of funded obligations	(2,540,153)	(2,322,827)	(2,540,153)	(2,322,827)
Total present value of defined benefit obligations	(2,540,153)	(2,322,827)	(2,540,153)	(2,322,827)
Fair value of plan assets	11,461,207	9,829,129	11,461,207	9,829,129
Present value of net asset/(obligations)	8,921,054	7,506,302	8,921,054	7,506,302
Recognized asset/(liability) for defined benefit obligatio	**8,921,054**	**7,506,302**	**8,921,054**	**7,506,302**

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses.

Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 34

(b) Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
(Deficit)/surplus on defined benefit obligations, beginning of period	7,506,302	5,095,333	7,506,302	5,095,333
Net (Expense) / Income recognised in Profit and Loss[1]	765,586	454,606	765,586	454,606
Re-measurements recognised in Other Comprehensive Income[2]	649,166	1,902,941	649,166	1,902,941
Contributions paid	-	53,422	-	53,422
(Deficit)/surplus for defined benefit obligations, end of period	**8,921,054**	**7,506,302**	**8,921,054**	**7,506,302**

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Interest cost on Net defined benefit obligation[a]	765,586	570,680	765,586	570,680
Current service costs	-	(116,074)	-	(116,074)
	765,586	**454,606**	**765,586**	**454,606**

[a]Interest cost on Net Defined benefit Obligation is analysed below:

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Interest income on assets	982,912	943,207	982,912	943,207
Interest cost on defined benefit obligation	(217,326)	(372,527)	(217,326)	(372,527)
	765,586	**570,680**	**765,586**	**570,680**

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
Return on plan assets, excluding amounts included in interest expense/income	649,166	612,175	649,166	612,175
Gain/(loss) from change in demographic assumptions	-	1,290,766	-	1,290,766
	649,166	**1,902,941**	**649,166**	**1,902,941**

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Equity securities:				
- Quoted	3,366,488	2,205,902	3,366,488	2,205,902
- Unquoted	-	-	-	-
Government securities				
- Quoted	1,217,062	1,033,440	1,217,062	1,033,440
- Unquoted	-	-	-	-
Offshore investments				
- Quoted	2,691,173	2,591,416	2,691,173	2,591,416
- Unquoted	-	-	-	-
Cash and bank balances				
- Quoted	-	-	-	-
- Unquoted	4,186,484	3,998,371	4,186,484	3,998,371
	11,461,207	**9,829,129**	**11,461,207**	**9,829,129**

Group

In thousands of Nigerian Naira	Jun-2017		Dec-2016	
Equity securities	3,366,488	29%	2,205,902	22%
Government securities	1,217,062	11%	1,033,440	11%
Offshore investments	2,691,173	23%	2,591,416	26%
Cash and bank balances	4,186,484	37%	3,998,371	41%
	11,461,207	**100%**	**9,829,129**	**100%**

Parent

In thousands of Nigerian Naira	Jun-2017		Dec-2016	
Equity securities	3,366,488	29%	2,205,902	21%
Government securities	1,217,062	11%	1,033,440	11%
Offshore investments	2,691,173	23%	2,591,416	26%
Cash and bank balances	4,186,484	37%	3,998,371	41%
	11,461,207	**100%**	**9,829,129**	**100%**

The defined benefit plan assets are under the management of custodians - Crusader Sterling Pension Limited

Plan assets include the Group’s ordinary shares with a fair value of N3,163,800,000 (Dec 2016: N2,058,015,000) and money market placements with a fair value of N3,872,508,000 (Dec 2016:N3,762,410,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2017 are N143,504,000 (December 2016: N53,422,000) while gratuity payments are estimated to be N143,504,000 (December 2016: N53,422,000)

(d) Defined benefit cost for period ending June 2018 is expected to be as follows:

	Parent Jun-2018	Parent Jun-2017
Current service cost	56,252	116,074
Net Interest on Net benefit liability	(1,233,575)	(575,738)
Expense/(Income) recognised in profit or loss	(1,177,323)	(459,664)

Components of net interest on defined benefit liability for the period ending June 2018 is estimated to be as follows:

	Parent Jun-2018	Parent Jun-2017
Interest cost on defined benefit obligation	378,402	367,469
Interest income on assets	(1,611,977)	(943,207)
Total net interest cost	(1,233,575)	(575,738)

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-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Fair value of plan assets, beginning of the period	9,829,129	8,273,747	9,829,129	8,273,747
Contributions paid into/(withdrawn from) the plan	71,752	53,422	71,752	53,422
Benefits paid by the plan	(71,752)	(53,422)	(71,752)	(53,422)
Actuarial gain	-	612,175	-	612,175
Expected return on plan assets	1,632,078	943,207	1,632,078	943,207
Fair value of plan assets, end of the period	**11,461,207**	**9,829,129**	**11,461,207**	**9,829,129**

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Present value of obligation, beginning of the period	2,322,827	3,178,414	2,322,827	3,178,414
Interest cost	217,326	372,527	217,326	372,527
Current service cost	-	116,074	-	116,074
Benefits paid	-	(53,422)	-	(53,422)
Actuarial (gain) on obligation	-	(1,290,766)	-	(1,290,766)
Present value of obligation at end of the period	**2,540,153**	**2,322,827**	**2,540,153**	**2,322,827**

(h) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2017	2016
Discount rate	16.40%	16.40%
Salary increase rate	10%	10%
Inflation	12.5%	12.5%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A1949/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 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 10% per annum. The inflation component has been worked out at 12.5% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(i) 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-2017

In thousands of Nigerian Naira except percentages **Impact on defined benefit obligation**

	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,183,090)	2,477,712
Salary increase rate	1.00%	2,489,777	(2,170,493)
Mortality rate	1 year	2,326,775	(2,319,236)

Group
Jun-2016
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,932,763)	3,457,932
Salary increase rate	1.00%	3,464,306	(2,923,107)
Mortality rate	1 year	3,177,742	(3,179,136)

Parent
Jun-2017
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,183,090)	2,477,712
Salary increase rate	1.00%	2,489,777	(2,170,493)
Mortality rate	1 year	2,326,775	(2,319,236)

Parent
Jun-2016
In thousands of Nigerian Naira except percentages

	Impact on defined benefit obligation		
	Change in assumption	Defined benefit obligation Increase	Decrease
Discount rate	1.00%	(2,932,763)	3,457,932
Salary increase rate	1.00%	3,464,306	(2,923,107)
Mortality rate	1 year	3,177,742	(3,179,136)

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.

(j) 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	1,146	573	4,427	37,451,943	37,458,089
	1,146	573	4,427	37,451,943	37,458,089

(k) **Historical information**

In thousands of Nigerian Naira	Jun-2017	Dec-2016	Dec-2015	Dec-2014	Dec-2013
Present value of the defined benefit obligation	(2,540,153)	(3,613,593)	(2,693,447)	(2,099,823)	(2,303,929)
Fair value of plan assets	11,461,207	9,216,954	9,131,514	8,542,922	7,427,603
Experience adjustments on plan liabilities	-	1,290,766	(484,967)	(200,436)	523,263
Experience adjustments on plan assets	-	612,175	(857,767)	(595,564)	132,505
Surplus/(deficit)	8,921,054	7,506,302	5,095,333	5,647,099	5,779,442

(k) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

41 Other borrowed funds

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Due to IFC (see note (i) below)	87,318,182	89,172,633	75,142,719	81,294,668
Due to ADB (see note (ii) below)	5,655,696	8,437,674	5,655,696	8,437,674
Due to FMO	2,851,957	3,530,615	-	-
Due to BOI (see note (iii) below)	44,877,950	47,804,677	44,877,950	47,804,677
Due to GTBV (see note (iv) below)	-	-	-	125,639,949
Due to CACS (see note (v) below)	23,866,667	21,104,769	23,866,667	21,104,769
Due to Proparco (see note (vi) below)	15,905,699	17,298,941	14,540,699	15,751,849
MSME Development Fund (see note (vii) below)	373,723	432,279	373,723	432,279
Excess Crude Account -Secured Loans Fund (see note (viii	14,652,654	14,906,364	14,652,654	14,906,364
Due to DEG (see note (ix) below)	17,716,959	16,945,652	17,716,959	16,945,652
RSSF on lending (see note (x) below)	14,304,034	-	14,304,034	-
	227,523,521	**219,633,604**	**211,131,101**	**332,317,881**
Current	52,798,981	45,366,170	47,079,380	37,023,752
Non-current	174,724,540	174,267,434	164,051,721	295,294,129

i). The amount of N75,142,719,000 (USD 236,894,000) (December 2016: N81,294,668,000 ; USD 260,226,000) represents the outstanding balance on the Tranche 4 and Tranche 5 dollar term loan granted to the Parent by the International Finance Corporation (IFC). The Tranche 4 facility was disbursed in December 2011(USD 170,000,000) for a period of 8 years and the Tranche 5 was availed in December 2014(USD 175,000,000) equally for a period of 8 years. The principal amount is repayable semi annually from December 2013 for Tranche 4 and December 2016 for Tranche 5. The pricing of the Tranche 4 facility is 5.5% and Libor plus 4% for the Tranche 5. Interest is paid semi annually on the two tranches.

ii). The amount of N5,655,696,000 (USD 17,830,000) (December 2016: N8,437,674,000 ; USD 27,009,000) represents the outstanding balance on the second tranche of the facility granted to the Parent by the African Development Bank(AfDB). The first tranche was disbursed in August 2007(USD 40,000,000) for a period of 5.5 years and was fully re-paid in February 2013. The second tranche was disbursed in February 2012 (USD 90,000,000) for a period of 7 years. The principal amount on this is payable semi annually from August 2013. Interest is payable semi annually on the second tranche at 5.157%.

iii). The amount of N44,877,950,000 (December 2016: N47,804,677,000) represents the outstanding balance on the wholesale funding granted to the Parent for the refinancing/restructuring of SME/Manufacturing loan portfolio under the Small and Medium Enterprise Refinancing and Restructuring Fund (SMERRF) and to fastrack the development of power projects and aviation sector so as to improve power supply, under the Power and Airline Intervention Fund (PAIF). The SMERRF and PAIF are administered at an all-in interest rate /charge of 7% per annum payable on a quarterly basis. The BOI is entitled to 1% management fee payable quarterly by the Parent. The Loans have a maximum life of 15 years and/or working capital facility of one year with the provision for roll over subject to a maximum tenor of 5 years. The tenor of the facilities as at the end of the period range between 5 years to 13 years.

iv). This represents amortised cost of dollar guaranteed notes originally issued by GTB Finance B.V., Netherlands and subsequently granted as a loan to the Parent. The Parent has substituted the liability during the period and has been reclassified and presented as Debt Securities Issued on the books of the Parent. It represents the balances on the third tranche of USD 400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% per annum. The principal amount is repayable at the end of the tenor while interest on the note is payable semi-annually.

v). The amount of N23,866,667,000 (December 2016: N21,104,769,000) represents the outstanding balance on the on-lending facilities granted to the Parent by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Rural Development(FMARD) with the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. The Facility is for a period of 7 years. at 2% p.a cost to the Parent. The maximum interest rate to the borrowers under the Scheme is 9% p.a inclusive of all charges.

vi). The amount of N14,540,699,000 (USD 45,841,000) (December 2016: N15,751,849,000 ; USD 50,422,000) represents the outstanding balance on the facility granted to the Parent by PROPARCO, the private sector financing arm of Agence Francais de Development(AfD). The facilities were disbursed in two tranches with the first tranche in December 2011 (USD 50,000,000) and the second tranche in January 2015(USD 50,000,000). The principal amount is repayable semi annually from January 2012 for the first tranche and April 2017 for the second tranche. Interest is paid on a semi-annual basis with the first tranche priced at 4.46% and second tranche at Libor plus 4.26%.

vii). The amount of N373,723,000 (December 2016: N432,279,000) represents the outstanding balance on the on lending facility granted by the Central Bank of Nigeria targeted at the growth and development of the Micro, Small and Medium Scale sub sector of the economy by providing single digit low interest rate funds. The facility is granted at an interest rate of 2% to the Parent . The maximum rate, inclusive of all charges, to the eligible MSMEs is 9% p.a. and the tenor of the facility ranges from 1 to 3 years depending on the type of enterprise.

viii). The amount of N14,652,654,000 (December 2016: N14,906,364,000) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State Governments for the execution of developmental and infrastructure projects. The facility is secured by the balance due to State Governments from the Excess Crude Account. The facility is priced at 2% p.a payable on a monthly basis. The loan is granted to the States at 9% p.a inclusive of all charges. The principal is repayable monthly from the Federal Account Allocation Committee(FAAC) allocation of those States as a first line charge upon the issuance of an Irrevocable Standing Payment Order(ISPO) by those States. The tenor of the facility is 20 years.

ix). The amount of N17,716,959,000 (USD 55,854,000) (December 2016: N16,945,652,000 ; USD 54,243,000) represents the amortised cost of the 7 year facility granted to the Parent by DEG, a wholly-owned subsidiary of KfW Group. The facility was disbursed in December 2016 and is repayable semi annually from July 2019. Interest is priced at 5.4% p.a. plus 6-months USD LIBOR and paid on a semi-annual basis.

x). The amount of N14,304,034,000 (December 2016: N0,,0,000) represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to State governments for the liquidation of their workers' salary arrears The facility attracts an interest rate of 2% and the Parent is under obligation to lend to participating states at a maximum rate of 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.

41 (b) Reconciliation of Financial Liabilities

Group

In thousands of Nigerian Naira	Opening Balance	Net Cash inflow/ (outflow)	Effect of exchange rate fluctuation	Reclassification	Closing Balance
Debt securities issued	126,237,863	(3,316,504)	5,083,898		128,005,257
Long term borrowings	219,633,604	3,925,624	3,964,293		227,523,521
Finance lease	1,675,041	(753,804)	67,559		988,796

Parent

	Opening Balance	Net Cash inflow/ (outflow)	Effect of exchange rate fluctuation	Reclassification	Closing Balance
Debt securities issued	-	-	-	127,391,029	127,391,029
Long term borrowings	332,317,881	2,392,677	3,811,572	(127,391,029)	211,131,101
Finance lease	1,675,041	(711,982)	25,737	-	988,796

42 ## Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group.

	In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
(a)	Authorised -				
	50,000,000,000 ordinary shares of 50k each				
	(31 December 2016: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

	In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2016: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
26,393,537,587 ordinary shares (Non-GDR) of 50k each (31 December 2016: 26,393,537,587)	13,196,769	13,196,769	13,196,769	13,196,769
3,037,641,637 ordinary shares (GDR) of 50k each (31 December 2016: 3,037,641,637)	1,518,821	1,518,821	1,518,821	1,518,821
	14,715,590	**14,715,590**	**14,715,590**	**14,715,590**

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the year was as follows:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
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 2016	29,431,180	14,715,590	123,471,114	(4,754,156)
(Purchases)/sales of treasury shares	-	-	-	(537,089)
At 31 December 2016/1 January 2017	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
Bonus capitalised	-	-	-	-
Proceeds from shares issued	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	-
At 30 June 2017	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**

Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

(i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. In the current period, the bank appropriated N24,130,524,000 representing 30% of its Profit after tax to statutory reserve. Total statutory reserves was N222,730,720,000 at the end of the period.

(ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.
Total SMEEIS reserves was N4,232,478,000 at the end of the period.

(iii) **Treasury shares**

Treasury shares in the sum of N5,291,245,000 (31 December 2016:N5,291,245,000) represents the Bank's shares held by the Staff Investment Trust as at 30 June 2017.

(iv) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(v) **Regulatory risk reserve**

The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required by IAS 39. Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N52,324,178,000. The Bank did not transfer any amount to this Reserve during the period.

(vi) **Retained earnings**

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

(vii) **Non-controlling interest**

The analysis of non-controlling interest per subsidiary is as shown below:

	Group Jun-2017	Group Dec-2016	Group Jun-2017	Group Dec-2016
	%	%	₦'000	₦'000
GTB (Gambia) Limited	22.19	22.19	939,206	897,736
GTB (Sierra Leone) Limited	15.76	15.76	1,012,304	919,463
GTB (Ghana) Limited	2.03	2.03	445,737	399,661
GTB Liberia	0.57	0.57	33,944	27,288
GTB Kenya Limited	30.00	30.00	7,704,222	6,598,547
			10,135,413	8,842,695

Please refer to Note 44 for more information on the Group structure

(viii) **Other regulatory reserves breakdown**

	Jun-2017		Dec-2016	
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**Statutory Reserves**	**SMEEIS Reserves**
Opening Balance	199,185,674	4,232,478	161,134,636	4,232,478
Transfers for the year	24,130,524	-	38,051,038	-
Total transactions with equity holders	**24,130,524**	**-**	**38,051,038**	**-**
Balance at 31 December 2016	**223,316,198**	**4,232,478**	**199,185,674**	**4,232,478**

43 Dividends

The following dividends were declared and paid by the Group during the period ended:

In thousands of Nigerian Naira	Group Jun-2017	Group Dec-2016	Parent Jun-2017	Parent Dec-2016
Balance, beginning of period	-	-	-	-
Final dividend declared[1]	51,504,564	44,735,384	51,504,564	44,735,384
Interim dividend declared	-	7,357,795	-	7,357,795
Payment during the period	(51,504,564)	(52,093,179)	(51,504,564)	(52,093,179)
Balance, end of period	-	-	-	-

[1] This relates to the final dividend declared for the 2016 financial year

Subsequent to balance sheet date, the board of directors proposed an interim dividend of 30k per share (June 2016: 25k per share) on issued ordinary shares of 29,431,179,224 of 50k each.

44. Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 443 cases as a defendant (31 December 2016: 452) and 282 cases as a plaintiff (31 December 2016: 263). The total amount claimed in the 443 cases against the Bank is estimated at N453.7 Billion and $132.67 Million (31 December 2016: N464.9 Billion and $132.5 Million) while the total amount claimed in the 282 cases instituted by the Bank is N87.9 Billion (31 December 2016: N72.9 Billion). However, the solicitors of the Bank are of the view that the probable liability which may arise from the cases pending against the Bank is not likely to exceed N111.92 Million (31 December 2016: N139. 47 Million).

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted. 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, are on production of documents, which usually reimbursed immediately by customers. The following tables summarise the nominal principal 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:

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Jun-2017**	**Dec-2016**	**Jun-2017**	**Dec-2016**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	-	-	-
Transaction related bonds and guarantees	440,054,548	503,027,562	426,706,657	468,303,919
	440,054,548	503,027,562	426,706,657	468,303,919
Commitments:				
Short term foreign currency related transactions	-	1,641,614	-	-
Clean line facilities and letters of credit	67,249,568	70,895,854	40,761,775	43,091,160
Other commitments	9,195,588	7,932,788	-	-
	76,445,156	80,470,256	40,761,775	43,091,160

b. 48% (N205,279,997,000) of all the transaction related bonds and guarantees are collaterised (December 2016: 62%: N289,210,631,000). The cash-collaterised component of the bond and guarantee is N48,863,331,000 (31 December 2016: N108,360,331,000) while the balance of N156,416,667,000 (December 2016: N180,850,299,000) is non-cash.

45. Group entities

The Group is controlled by Guaranty Trust Bank Plc "the ultimate Parent" (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

i. Significant subsidiaries

		Country of incorporation	Ownership interest Jun-17	NCI Jun-17	Ownership interest Dec-16	NCI Dec-16
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	22.19%	77.81%	22.19%
2	Guaranty Trust Bank Sierra Leone Limited	Sierra Leone	84.24%	15.76%	84.24%	15.76%
3	Guaranty Trust Bank Ghana Limited	Ghana	97.97%	2.03%	97.97%	2.03%
4	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	0.00%	100.00%	0.00%
5	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	0.57%	99.43%	0.57%
6	Guaranty Trust Bank Cote D'Ivoire S.A	Cote D'Ivoire	100.00%	0.00%	100.00%	0.00%
7	Guaranty Trust Bank Kenya Limited	Kenya	70.00%	30.00%	70.00%	30.00%
	Special purpose entity:					
	Staff Investment Trust	Nigeria	100.00%	0.00%	100.00%	0.00%

ii. Indirect investment in Subsidiaries

		Country of incorporation	Ownership interest Jun-17	NCI Jun-17	Ownership interest Dec-16	NCI Dec-16
1	Guaranty Trust Bank Rwanda Limited*	Rwanda	67.20%	32.8%	67.20%	32.8%
2	Guaranty Trust Bank Uganda Limited	Uganda	70.00%	30.00%	70.00%	30.00%

The subsidiaries and sub-subsidiaries of the Group are all involved in the 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 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.

Significant restrictions

There are no significant restrictions (contractual or otherwise) on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, the group's liability will be limited to its level of investment in the entity .

Non -controlling interest of significant subsidiaries

The following relates to accumulated non-controlling interest and profit or loss allocated to non-controlling interest for significant subsidiaries for period ended 30 June, 2017:

	Significant subsidiaries	**Principal place of business**	**Accumulated Non-controlling Interest**		**Profit or loss Allocated to Non-controlling Interest**	
In thousands of Nigerian Naira			**Jun-17**	**Dec-16**	**Jun-17**	**Dec-16**
1	Guaranty Trust Bank Gambia Limited	Gambia	923,492	864,990	156,140	245,170
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	995,455	911,502	153,053	268,484
3	Guaranty Trust Bank Ghana Limited	Ghana	438,190	400,231	63,789	102,243
4	Guaranty Trust Bank Liberia Limited	Liberia	33,375	27,288	5,446	3,486
5	Guaranty Trust Bank Kenya Limited	Kenya	7,573,189	6,658,565	178,572	360,754

Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Bank (Gambia) Limited paid dividend during the year in the sum of N48,360,869, N41,374,658 and N158,666,594 respectively (December 2016: N36,224,000, N79,542,000 and N86,821,000 respectively) to non-controlling interest.

46. Unconsolidated interests in structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Name of the entity	3 Peat Investment Ltd	Ruqayya Integrated Farms Ltd
Percentage holding	70%	51%
Nature of entity	Hotel & Leisure	Poultry Farming
Purpose of investment	Government-induced investment	Government-induced investment
Activities of entity	Provision of hospitality services	Rearing of birds and production of table eggs
***Carrying amount**	N508,016,000 (Dec-2016: N508,016,000)	N40,500,000 (Dec-2016: N40,500,000)
Line item in SOFP	Investment securities-AFS***	Investment securities- AFS***
Loans granted	N4,771,292,006 (Dec-2016: N4,341,488,290)	-
****Maximum exposure to loss**	N5,279,308,006(Dec-2016: N4,849,504,290)	N40,500,000 (Dec-2016: N40,500,000)
Source of Financing	Equity financing and loans from financial institutions	Equity financing and loans from financial institutions

* Carrying amount is investment amount net of impairment or where information is available, represents fair value

** Maximum exposure comprises the cost of investment and total facilities granted at arm's length to the entity.

***Available For Sale (AFS)

The Bank does not provide financial support to these unconsolidated structured entities and has no plans to provide financial support to these entities in the future. However, the bank extended loans to the entities in the normal course of business at arm's length.

47. Related parties

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or another party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) Subsidiaries

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. These transactions are eliminated on consolidation, hence, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

During the year, the Bank received Dividend of ₦ 2,333,947,994 ₦ 556,369,883 and ₦ 221,154,898 from GTBank Ghana, GTBank Gambia and GTBank Sierra Leone respectively.

The Bank also has receivables from GTBank Ghana, GTBank UK and GTBank Cote D'Ivoire the sum of ₦2,335,249,296 ₦17,647,950 and ₦11,914,304 as at 30 June, 2017 respectively (December 2016: GTBank Ghana and GTBank UK in the sum of ₦18,206,569 and ₦15,851,520 respectively). The Bank also received interest of ₦ 98,319,390 on its placement with GTBank UK. No fees were received or paid by the Bank with respect to transactions with the subsidiaries during the period.

(c) Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management include the close family members of key personnel and any entity over which they exercise control. The key management personnel have been identified as the Assistant General Managers, Deputy General Managers, General Managers, Executive and Non-Executive directors of the Group. Close family members are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(d) Risk assets outstanding 30 June 2017

During the period the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc (Director Related) or related to a Key Management Personnel (Insider Related) at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N386,710,000 (31 December 2016:N438,857,000) was outstanding on these facilities at the end of the period. The bank earned a sum of N38,721,000 on insider related facilities during the year. The outstanding balance and status of performance of each facility is as shown below:

Name of company /individual *In thousands of Nigerian Naira*	Relationship	Facility type	Status	Nature of Security	**Parent** **Jun-2017**	**Parent** **Dec-2016**
Ithena Logic Ltd	Director Related	Overdraft	Performing	Lien On Shares	30	7,086
Jaykay Pharmacy Ltd	Director Related	Overdraft	Performing	Mortgage Debenture	13,766	12,497
Polystyrene Industries Ltd	Director Related	Overdraft/Term Loan	Performing	Mortgage Debenture,Personal (	-	4,621
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan	Performing	Domiciliation; Personal Guarant	8,775	13,657
Enwereji Nneka Stella	Director Related	GT Mortgage / Term Loan	Performing	Legal Mortgage & Domiciliation	-	20,451
Cubic Contractors Limited	Director Related	Overdraft	Performing	Mortgage Debenture,Personal (	-	21,456
Contemporary Gifts Limited	Insider Related	Overdraft	Performing	All Asset Debenture, Personal G	14,617	18,584
Discovery House Mont.Sch. Ltd	Insider Related	Term Loan	Performing	Tripartite Legal Mortgage, Dom	66,939	74,815
Agbaje, Olufemi Augustus	Director Related	Maxplus Loan	Performing	Domiciliation	622	4,099
School Kits Limited	Insider Related	Time Loan	Performing	Tripartite Legal Mortgage,Perso	15,772	-
Downtown Hotel & Cat. Services	Director Related	Term Loan	Performing	Tripartite Legal Mortgage,Perso	50,000	-
Olanrewaju Kalejaiye	Insider Related	GT Mortgage/Max Advance/I	Performing	Legal Mortgage, Domiciliation	98,561	115,155
Hassan Ibrahim	Director Related	GT Mortgage	Performing	Legal Mortgage	115,200	144,000
Touchdown Travels	Director Related	Performance Bond	Performing	Cash In Pledged Funds	1,250	1,250
Uzoewulu Lisa Obiageli	Director Related	Max Advance	Performing	Domiciliation	1,178	1,186
					386,710	**438,857**

(e) Director/insiders related deposit liabiilties

Name of company/Individual	*Relationship*	*Type of Deposit*	***Parent***	***Parent***
In thousands of Nigerian Naira			**Jun-2017**	**Dec-2016**
Agusto & Co. Limited	Director Related	Demand Deposit	32,575	54,151
Alliance Consulting	Director Related	Demand Deposit	855	3,993
Comprehensive Project Mgt. Servic	Director Related	Demand Deposit	32,423	18,066
Cubic Contractors Limited	Director Related	Demand Deposit	2,180	2,103
Eterna Plc	Director Related	Demand Deposit	15,550	7,000
F & C Securities Limited	Director Related	Demand Deposit	6,846	-
IBFC Limited	Director Related	Demand Deposit	50	50
Jaykay Pharmacy Limited	Director Related	Demand Deposit	13	71
Kresta Laurel Limited	Director Related	Demand Deposit And Time Deposit	133,821	79,424
Main One Cable Company Ltd	Director Related	Demand Deposit	4,001	4,450
Payless Butchers & Supermart Ltd	Director related	Demand Deposit	-	374
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposit	-	3
WSTC Financial Services Ltd	Director Related	Demand Deposit And Time Deposit	375,947	439,695
WSTC Nominee Limited	Director Related	Demand Deposit	431	431
Zito Phranzlo Int'L Limited	Director related	Demand Deposit	-	4,203
International Travel Express Ltd	Director Related	Demand Deposit	14	13
Afren Onshore Ltd	Director related	Demand Deposit	-	1
Mediabloc Consulting Nigeria Ltd.	Insider Related	Demand Deposit	25	7
Adam And Eve Nigeria Limited	Insider Related	Demand Deposit	146	136
Augusto Enterprises Nig. Ltd	Director related	Demand Deposit	-	2,289
Polystyrene Industries Ltd	Director Related	Demand Deposit	5,182	197
Touchdown Travels Limited	Director Related	Demand Deposit And Time Deposit	14,700	9,437
Discovery House Mont.Sch. Ltd	Insider Related	Demand Deposit	20,449	8,521
Agbaje, Olufemi Augustus	Director Related	Demand Deposit	12,761	20,144
Adeola Razack Adeyemi	Director Related	Demand Deposit	27,374	68,556
Enwereji Nnneka Stella	Director related	Demand Deposit	-	71
IBFC Alliance	Director Related	Demand Deposit	198	887
Olanrewaju Kalejaiye	Insider Related	Demand Deposit	2,939	6,981
Contemporary Gifts Limited	Insider Related	Demand Deposit	33	31
Fcsl Asset Mgt Company Ltd	Director Related	Demand Deposit	-	3,263
Ithena Logic Limited	Director Related	Demand Deposit	1	1
School Kits Limited	Insider Related	Demand Deposit	266	-
Uzoewulu, Lisa Obiageli	Insider Related	Demand Deposit	126	30
			688,906	**734,579**

Interest expense on insider related deposits was N5,376,000 during the year.

(f) Subsidiaries' deposit account balances

Name of company/Individual *In thousands of Nigerian Naira*	*Relationship*	*Type of Deposit*	**Jun-2017**	**Dec-2016**
GTB Sierra Leone	Subsidiaries	Domicilliary	1,174	1,156
GTB Ghana	Subsidiaries	Demand Deposit	3,462	3,462
GTB Ghana	Subsidiaries	Domicilliary	66,590	61,934
			71,226	66,552

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(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-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Secured loans	386,710	438,857	386,710	438,857

Deposits:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Dec-2016**	**Parent Jun-2017**	**Parent Dec-2016**
Total deposits	688,906	734,579	688,906	734,579

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

(h) **Key management personnel compensation for the period comprises:**

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Wages and salaries	920,406	960,613	795,084	832,093
Post-employment benefits	45,141	6,701	45,141	6,701
Share-based payments	1,060,423	214,420	1,060,423	-
Increase /(decrease) in share appreciation rights	(356,458)	113,580	-	-
	1,669,512	1,295,314	1,900,648	838,794

(i) (i) **Directors' remuneration**

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	**Group Jun-2017**	**Group Jun-2016**	**Parent Jun-2017**	**Parent Jun-2016**
Fees as directors	196,019	101,285	21,500	24,500
Other allowances	181,627	140,202	140,827	50,969
	377,646	241,487	162,327	75,469
Executive compensation	304,657	303,274	304,657	303,274
	682,303	544,761	466,984	378,743

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Jun-2017	Parent Jun-2016
Chairman	30,370	4,572
Highest paid director	84,578	71,894

(iii) The emoluments of all other directors fell within the following ranges:

	Parent Jun-2017	Parent Jun-2016
N 6,500,001 - N11,000,000	3	4
N11,000,001 - N11,500,000	-	1
N11,500,001 - N12,000,000	-	-
N12,000,001 - N12,500,000	-	2
N12,500,001 - N13,000,000	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	4	-
Above N22,500,001	9	7
	16	14

48 Contraventions

INFRACTION	AMOUNT
Penalty for late rendition of Returns	N50,000
Penalty IRO infractions on Guide to Bank Charges	N6,000,000
Penalty IRO closure of an e-branch without prior CBN approval	N2,000,000
Penalty IRO violation of Guide to Bank Charges	N2,000,000

49 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements

50 Restatement of comparative financial information

(a) Income statement restatement

In thousands of Nigerian Naira	Reported Group Jun-2016	Reported Parent Jun-2016	Restatements Group Jun-2016	Restatements Parent Jun-2016	Restated Group Jun-2016	Restated Parent Jun-2016
Interest income	109,777,801	95,412,078	-	-	109,777,801	95,412,078
Interest expense	(30,662,694)	(26,209,788)	-	-	(30,662,694)	(26,209,788)
Net interest income	**79,115,107**	**69,202,290**	**-**	**-**	**79,115,107**	**69,202,290**
Loan impairment charges	(37,546,531)	(36,655,298)	-	-	(37,546,531)	(36,655,298)
Net interest income after loan impairment charges	**41,568,576**	**32,546,992**	**-**	**-**	**41,568,576**	**32,546,992**
Fee and commission income	36,077,451	31,547,739	-	-	36,077,451	31,547,739
Fee and commission expense	(1,268,325)	(1,073,820)	-	-	(1,268,325)	(1,073,820)
Net fee and commission income	**34,809,126**	**30,473,919**	**-**	**-**	**34,809,126**	**30,473,919**
Net gains/(losses) on financial instruments classified as held for trading	2,346,369	1,122,345	-	-	2,346,369	1,122,345
Other operating income	61,671,041	63,280,783	-	-	61,671,041	63,280,783
Other income	**64,017,410**	**64,403,128**	**-**	**-**	**64,017,410**	**64,403,128**
Total operating income	**140,395,112**	**127,424,039**	**-**	**-**	**140,395,112**	**127,424,039**
Personnel expenses	(14,514,147)	(10,948,292)	-	-	(14,514,147)	(10,948,292)
Operating lease expenses	(602,724)	(335,750)	-	-	(602,724)	(335,750)
Depreciation and amortization	(7,010,631)	(6,080,689)	-	-	(7,010,631)	(6,080,689)
Other operating expenses[1]	(26,885,819)	(22,333,061)	(5,693,453)	(5,693,453)	(32,579,272)	(28,026,514)
Total expenses	**(49,013,321)**	**(39,697,792)**	**(5,693,453)**	**(5,693,453)**	**(54,706,774)**	**(45,391,245)**
Profit before income tax	**91,381,791**	**87,726,247**	**(5,693,453)**	**(5,693,453)**	**85,688,338**	**82,032,794**
Income tax expense	(13,920,717)	(12,189,789)	-	-	(13,920,717)	(12,189,789)
Profit for the year from continuing operations	**77,461,074**	**75,536,458**	**(5,693,453)**	**(5,693,453)**	**71,767,621**	**69,843,005**
Profit for the year from discontinued operations	-	-	-	-	-	-
Profit for the year	**77,461,074**	**75,536,458**	**(5,693,453)**	**(5,693,453)**	**71,767,621**	**69,843,005**

(b) Earnings Per Share (EPS) restatement

	Reported Group Jun-2016	Reported Parent Jun-2016	Restatements Group Jun-2016	Restatements Parent Jun-2016	Restated Group Jun-2016	Restated Parent Jun-2016
Net profit used to determine diluted earnings per share	77,088,223	75,536,458	(5,693,453)	(5,693,453)	71,394,770	69,843,005
Weighted average number of ordinary shares in issue	28,112,933	29,431,179	-	-	28,112,933	29,431,179
Basic earnings per share (expressed in naira per share)	2.74	2.57	(0.20)	(0.19)	2.54	2.37

[1]**Other operating expenses:**
AMCON levy was initially recognised as prepayment and amortised over 12 months in prior period. Consequently, 6 months portion of the levy was charged to Income statement for the six months period ended June 30, 2016. However, following the revision of the AMCON Act in 2015 the full levy has been charged to income statement in line with IFRIC 21 Levies.

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. Neither past due nor impaired
vi. Facilities granted to Federal, State and Local governments and their parastatals.
vii. 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. Real Estate Loans (Commercial and Residential)
vii. SME Loans

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

iv. 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.

v. 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

vi. 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

vii. SME

a. SME Loans - 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 Loans - 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

Operational Risk Management

Guaranty Trust Bank defines Operational Risk (OpRisk) as "the direct or indirect risk of loss resulting from inadequate and/or failed internal processes, people, and systems or from external events".

In GTBank, Operational Risk Management involves the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities, engagement of third party services, and response to major disruptions and external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

– GTBank regards strategic risk as the risk that not only affects but are created by the Bank's strategic decision. It is the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process, inadequate implementation of such strategies and strategy failure due to unexpected circumstances.

  The Bank aligns strategy and risk by identifying, assessing and managing risks and uncertainties, affected by internal and external events or factors, which could inhibit the Bank's ability to achieve its strategic objectives. This is done with the ultimate goal of creating and protecting stakeholder value.

  A specialized template is deployed for tracking key business activities designed or defined by the Bank to measure and monitor performance in the achievement of its strategic intent in the short, medium and long term.

– The Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly. A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

The Bank manages Operational risk by using appropriate qualitative & quantitative methods in day to day management processes and adopts various risk mitigating strategies. The following practices, tools and methodologies have been deployed in the Bank for the purpose of Operational Risk Management implementation:

- **Loss Incident Reporting** – Loss incidents are reported to the Operational Risk Management Group by all business areas in the Bank to enable collection of internal OpRisk losses and near misses. All staff are encouraged to report operational risk events as they occur in their respective business spaces whether these risks crystallize into actual losses or not. As a result, the Bank has built up a robust OpRisk loss database detailing relevant OpRisk loss data for six years. Information collated is analyzed for identification of risk concentrations, appropriate OpRisk risk profiling and capital estimation.

- **Risk and Control Self Assessments (RCSAs)** – This is a qualitative risk identification tool deployed bank-wide. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. All branches and Head-Office departments are required to complete the Risk Self-Assessment process at least once a year. These assessments enable risk profiling and risk mapping of prevalent operational risks across the Bank. A detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

  Risk Assessments of the Bank's key processes, new and existing products, services, branches and vendors/contractors are also carried out. This process identifies inherent operational risks and tests the quality of controls the Bank has in place to mitigate likely risks.

- **Key Risk Indicators (KRI)** – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place and it is supported by specific KRIs for key departments in the Bank. Medium to High risk trends are reported in the Monthly and Quarterly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives** – Causal analysis of key fraud and forgeries incidents identified in the Bank or prevalent in local and global business environments are carried out and reported. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

- **Business Continuity Management (BCM) in line with ISO 22301 Standards** – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Management System (BCMS). This system assures timely resumption of critical business activities with minimal financial losses or reputational damage and continuity of service to the Bank's customers, vendors and regulators. GTBank has been certified ISO 22301 BC compliant by the globally recognized British Standards Institution (BSI) signifying that the Bank has instituted internationally accepted processes, structures and systems that demonstrate its capacity to resume business within a short timeframe in the event of any business disruption.

  Part of the BCMS is a Business Continuity Plan (BCP), which is reviewed and updated periodically to ensure reliability and relevance of information contained. Various testing and exercising programs are conducted bank-wide to ensure that recovery coordinators are aware of their roles and responsibilities.

- **Occupational Health and Safety procedures and initiatives** – Global best practices for ensuring the health, safety and welfare of all staff, customers and visitors to the Bank's premises are advised, reported to relevant stakeholders and monitored for implementation. Related incidents are recorded bank-wide for identification of causal factors and implementation of appropriate mitigants to forestall reoccurrence

As a result, the Bank conducts Branch Risk Assessments, Fire Risk Assessments and Quarterly Fire Drills to guarantee the safety of its staff and visitors to any of its premises. In addition, awareness on health and safety issues are presented periodically on the intranet.

Operational Risk Management Philosophy and Principles

Approach to Managing OpRisk – Guaranty Trust Bank adopts operational risk procedures and practices that are “fit for purpose” and will increase the efficiency and effectiveness of the Bank's resources, minimize losses and utilize opportunities.

This outlook embeds OpRisk practices in the bank's day-to-day business activities.

It also aligns the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organizations (COSO) and International Organization for Standardization (ISO).

Operational Risk Capital Calculation – The Bank has adopted the Basic Indicator Approach (BIA) under Basel II Pillar 1 for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Whilst the Bank has the required OpRisk loss data to migrate to other capital calculation methods i.e. the Standardized Approach and Advanced Measurement Approach, the application of the BIA is in line with the Central Bank of Nigeria’s (CBN) recommendation for all banks in Nigeria.

The estimated OpRisk Capital Charge is reported to the Board and Management for guidance in Capital Planning and decision making.

Governance Structure – The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank and reviews OpRisk reports on a quarterly basis. It ensures that the OpRisk policy is robust and provides a framework for the Bank’s OpRisk profile and limits. It also determines the adequacy and completeness of the Bank’s risk detection, measurement systems and mitigants whilst ensuring review and approval of the bank’s contingency plans for Specific risks. The Board lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured.

The Management Risk Committee monitors and ensures the implementation of the guiding OpRisk framework bank-wide. It ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities. The Committee considers and approves key decisions relating to Operational Risk before presentation to the Board.

All process owners are responsible for the day-to-day management of OpRisk prevalent in their respective Departments, Groups, Divisions and Regions.

The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Treatment of Operational Risks – GTBank adopts several risk treatment strategies to mitigate identified operational risks. These mitigants are applied to achieve a residual risk level aligned with the Bank's risk tolerances. In line with best practices, the cost of risk treatments introduced must not exceed the reward. OpRisk treatment options adopted by the Bank include Risk Acceptance / Reduction, Risk Transfer, Risk Sharing and Risk Avoidance.

Operational Risk Reporting – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

To aid timely and comprehensive reporting of prevalent OpRisk exposures in the Bank, an OpRisk Management software/application has been acquired by the Bank. This has been successfully implemented to aid data collation and information gathering, analysis, escalation and reporting of key OpRisk incidents or emerging trends observed.

Agents and Locations

List of Agents and Locations		
S/N	**Name**	**Location**
1	Prince Ebeano Supermarket	9, Northern Business District, Lekki Phase 1, Lagos
2	De Prince Supermarket	3A Adejokun Street, Isheri-Magodo
3	Hubmart Supermarket	Plot 1263, Adeola-Odeku Street, Victoria Island Lagos
4	Etisalat Nigeria Plc	Plot 19 Zone L Banana Island Ikoyi, Lagos.
Select Forte Oil Filling Stations in Lagos		
5	Forte Oil, Bank Road	1, Bank Road Opposite Federal Secretariat Alagbon Ikoyi Lagos
6	Forte Oil, Old Airport Road	Muritala Mohammed 2, Local Airport Road, Ikeja
7	Forte Oil, Kingsway Road Apapa	72 Kofo Abayomi Road, Kingsway Avenue Apapa Lagos.
8	Forte Oil, Mushin Isolo	259, Agege Motor Road, Mushin, Lagos
9	Forte Oil, Festac Town	21, Road, Festac Town, Lagos
10	Forte Oil, Shomolu	138, Ikorodu Road Onipanu Bus Stop, Shomolu Lagos
11	Forte Oil, Wharf Road Apapa	Barracks Bus Stop, Wharf Road, Apapa, Lagos
12	Forte Oil, Ikorodu Round About	2, Sagamu Road, Ikorodu
13	Forte Oil, Jebba	80, Herbert Macaulay Road, Jebba Ebute - Metta, Lagos
14	Forte Oil Campus Road	1, Igbosere Road, Campos Lagos Island
15	Forte Oil, Oshodi Apapa (Mile 2)	Berger Yard B/stop Oshodi-Apapa Expressway, Mile 2, Lagos
16	Forte Oil, Western Avenue	113/115, Funsho Williams Avenue, Surulere
17	Forte Oil, Boundary Apapa	82/84 Mobil Road, Boundary Bus stop Ajegunle Lagos
18	Forte Oil, Old Apapa Road, Costain	80, Old Apapa Road Ebute Metta West , Costain Lagos
19	Forte Oil, Ogba	Oba Ogunji Road, Pen Cinema, Ogba Lagos
20	Forte Oil, Oba-Akran	39, Oba Akran Avenue Ikeja Lagos
21	Forte Oil, Ladipo-Mushin	110, Ladipo Street , Matori Industrial Estate Mushin
22	Forte Oil, Bariga	6/ 8 Fetuga Street, Bariga
23	Forte Oil, Ajiwe-Ajah	Block A, Plot 7, Budo Farm Layout, Ajiwe-Ajah Lagos
24	Forte Oil, Okota	51 Okota Road Opposite Police Barracks, Okota
25	Forte Oil, Idimu	222 Egbeda-Idimu road, Carwash Bus-stop, Idimu
26	Forte Oil, Awolowo Road	111 – 113 Awolowo Road, Ikoyi
27	Forte Oil, Egbe	71, Egbe Road, Powerline B/Stop, Ejigbo-Lagos
28	Forte Oil Idimu 2	215/217 Idimu Ikotun Road, Ikotun- Lagos.
29	Forte Oil, Iyana Iyesi- Sango Otta	Iyana Iyesi road, Sango Otta
30	Forte Oil, Ilo Awela - Sango Otta	11, Ilo Awela road, Sango Otta
31	Forte Oil, Rumubekwe PH	Ph/Aba Expressway By Shell RA , Port Harcourt
32	Forte Oil, Moscow Road PH	11, Moscow road opp Rivers St House Of Assembly, Port Harcourt
33	Forte Oil Mile 5 PH	By Rumuokwuta Round About, Port Harcourt
34	Forte Oil Aggrey Road 2, PH	Aggrey Road 2, Port Harcourt.
35	Forte Oil, Lorry Park, PH	29 Station Road, Lagos Bustop, Port Harcourt
36	Forte Oil, Eliozu Road, PH	Eliozu Road off Eastwest Port Harcourt
37	Forte Oil, Tantalizers Lekki	Admiralty Way, Lekki Phase 1 Lagos
Select Total Nigeria Plc Filling Stations in Lagos		
38	Total, Sura - Lagos Island	4 Simpson Street beside Sura shopping complex, Lagos Island
39	Total, Ogijo - Ikorodu	KM 12 Sagamu Express road, Ikorodu Ogijo Ogun State
40	Total Station, MM way, Ebute Metta	150/152 MM Way, Ebute Metta
41	Total Station, Itire	23/25 Itire rd, Lawanson

Bank *737# cash-out Locations

List of Bank *737# Cash-Out Locations		
S/N	STATION NAME	ADDRESS
Select Locations on Lagos Island		
1	TOTAL STATIONS, 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
Select Locations on Lagos Mainland		
7	TOTAL STATION, AJEGUNLE	MOBIL ROAD, AJEGUNLE
8	TOTAL STATION, AKOKA	52, ST FINBARRS ROAD, AKOKA, LAGOS
9	TOTAL STATION, ALAPERE	139/143 DEMURIN STREET, KETU.
10	TOTAL STATION, ALAPERE 2	IBADAN-LAGOS EXPRESSWAY,ALAPERE BUS STOP, LAGOS
11	TOTAL STATION, ALAUSA	MOBOLAJI JOHNSON WAY, ALAUSA
12	TOTAL STATION, BENSON BUS STOP	27 LAGOS RD IKORODU
13	TOTAL STATION, BONNY	BONNY, MARINE BEACH APAPA LAGOS
14	TOTAL STATION, CHALLENGE	282 AGEGE MOTOR RD, MUSHIN
15	TOTAL STATION, COATES	19 COATES STREET, OYINGBO, YABA
16	TOTAL STATION, DIYA	49, DIYA STREET, IFAKO-GBAGADA, LAGOS
17	TOTAL STATION, IGANDO	IKOTUN ROAD, IGANDO
18	TOTAL STATION, IJORA	4 CAUSE WAY, IJORA
19	TOTAL STATION, IKEJA	19 TOYIN STREET, IKEJA
20	TOTAL STATION, IKORODU ROAD	193, IKORODU ROAD, PALGROOVE, LAGOS
21	TOTAL STATION, IKOSI ROAD	54, IKOSI ROAD, KETU, LAGOS
22	TOTAL STATION, ILUPEJU	INDUSTRIAL AVENUE, ILUPEJU
23	TOTAL STATION, LASU IDIMU	KM 4 LASU IDIMU ROAD, IDIMU
24	TOTAL STATION, M M WAY	150/152 MM WAY, EBUTE METTA
25	TOTAL STATION, MILE 2	MILE 2 BUS STOP AMUWO ODOFIN, BADADRY E/WAY
26	TOTAL STATION, MUSHIN	217 AGEGE MOTOR RD, MUSHIN
27	TOTAL STATION, OGBA 2	11B METAL BOX ROAD, OGBA
28	TOTAL STATION, OJOTA 1	1, IKORODU ROAD, OJOTA, LAGOS
29	TOTAL STATION, OJOTA 2	430, IKORODU ROAD, OJOTA, LAGOS
30	TOTAL STATION, OJUELEGBA	36 OJUELEGBA ROAD, SURULERE, LAGOS
31	TOTAL STATION, OKE AFA	3 OKOTA ROAD, OKE AFA, LAGOS
32	TOTAL STATION, OLD OJO ROAD	118 OLD OJO RD. AGBOJU MAZA-MAZA ORIADE LCDA
33	TOTAL STATION, OLD TOLL GATE	LAGOS/IBADAN EXPRESSWAY, ALAUSA
34	TOTAL STATION, ONIGBAGBO	25 MOBOLAJI BANK ANTHONY WAY, IKEJA

List of Bank *737# Cash-Out Locations		
S/N	STATION NAME	ADDRESS
35	TOTAL STATION, OSHODI	OSHODI APAPA EXPRESSWAY, OSHODI
36	TOTAL STATION, SURULERE	LUTH ISHAGA RD, SURULERE
37	TOTAL STATION, TIN CAN	APAPA OSHODI EXPRESS WAY
38	TOTAL STATION, TOYIN	39 TOYIN STREET, IKEJA
39	TOTAL STATION, WESTERN AVENUE	115,FUNSHO WIILIAMS ROAD, IPORI, LAGOS
40	TOTAL STATION, WHARF ROAD	294 WHARF ROAD, APAPA
41	TOTAL STATION, MOSALASI	22/23 MOSHALASHI, EGBEDA IDIMU, LAGOS
42	TOTAL STATION, H/MACAULAY	272 HERBERT MACAULAY ROAD, YABA, LAGOS
43	TOTAL STATION, OREGUN	47 KUDIRAT ABIOLA WAY, OREGUN, LAGOS
44	TOTAL STATION, ISOLO 2	201 MUSHIN ROAD, ISOLO, LAGOS
45	TOTAL STATION, IGBOBI	136/138 IKORODU ROAD, LAGOS
46	TOTAL STATION, TINUBU VILLAGE	52 IKORODU ROAD, LAGOS
Select Locations in Sagamu, Ogun State		
47	TOTAL STATION, ODE REMO	KM 55 ODE-REMO SAGAMU- IBADAN EXPRESS RD
48	TOTAL STATION, SAGAMU CENTRE	152, AKARIGBO STREET, SAGAMU
Select Locations in Ibadan, Oyo State		
49	TOTAL STATION, NEW RESERVATION	IYAGANKU RD, AREA POLICE COMMAND, IBADAN
50	TOTAL STATION, SANGO STATION	OYO ROAD, SANGO, IBADAN

5. Activities of Cards Operations

The Group continues to abide by the minimum standards and requirement for the issuance and usage of payment cards in Nigeria and in all the other nations where we have presence. We carry out continuous upgrade of our card systems to ensure optimum security, absolute efficiency, cost effectiveness and customer satisfaction. We also implemented stringent fraud control measures to reduce financial loss to the bank and our customers.

We continually encourage the usage of our cards both locally and internationally by providing the enabling environment for smooth operations in terms of provision of modern technology.

Presented below are the highlights of our card transaction volumes for period ended 30 June 2017.

5.1. Table below shows a summary of transactions done on GTBank Cards

Category	No. of Transactions		Value Of International Transaction		Value Of Local Transactions	
	Jun-17	Dec-16	Jun-17	Dec-16	Jun-17	Dec-16
	'000	'000	₦'mm	₦'mm	₦'mm	₦'mm
Naira denominated debit cards	95,115	188,389	10,101	99,703	1,039,658	1,853,839
Foreign currency credit cards	130	161	8,952	11,766	-	-
Foreign currency debit cards	412	338	17,459	15,475	630	771

Breakdown of transactions done using GTBank Cards (Number of transactions)

	International Transactions				Local Transactions			
	ATM		POS/Web		ATM		POS/Web	
In thousands	Jun-17	Dec-16	Jun-17	Dec-16	Jun-17	Dec-16	Jun-17	Dec-16
Naira MasterCard debit	0	975	1,391	3,604	72,064	157,094	21,660	26,716
Foreign Currency Denominated Cards:								
MasterCard debit	22	14	192	100	3	3	6	5
MasterCard credit	5	6	47	43				
Visa classic debit	22	25	161	181	2	5	3	4
Visa classic credit	7	11	67	93				
World credit	0.4	1	4	8				
Total	**56**	**1,032**	**1,862**	**4,029**	**72,069**	**157,102**	**21,669**	**26,725**

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-17	16-Dec	Jun-17	16-Dec	Jun-17	16-Dec	Jun-17	16-Dec
Naira MasterCard debit	0	42,768	10,101	56,935	835,557	1,570,059	204,100	283,780
MasterCard debit	1,757	990	6,785	4,279	26	27	452	530
MasterCard credit	427	463	2,633	2,599		-	-	
Visa classic debit	1,847	1,969	7,070	8,237	29	62	122	153
Visa classic credit	684	1,065	5,208	7,640		-	-	
World credit	45	96	811	1,614		-	-	
Total	**4,760**	**47,351**	**32,608**	**81,304**	**835,612**	**1,570,148**	**204,674**	**284,463**

5.2 Type of customers' complaints and remedial measures taken

COMPLAINTS	CATEGORY OF COMPLAINT	REASONS	REMEDIAL MEASURES
Declined Transactions	Declined Transactions on International ATMs	Restriction of cash withdrawals on International ATM Usage on non-EMV terminals restriction in certain locations e.g. UAE , China Insufficient funds, restricted accounts, dormant account etc	Awareness and proffering alternative payment solutions
Complaints on International limits and high exchange rate	Spend Limits and Exchange rate	Scarcity of FX for the settlement of Card transaction	Awareness and proffering alternative payment solutions.

Dispense Error	Cash/ Value not received for a transaction	This occurs when an ATM fails to dispense cash after an account has been debited (due to network failure). This also occur when a customer's account has been debited for a certain amount for goods/services, but value is not received	Continuous review of Enhanced Auto-reversal process Continuous follow up with Technology to proactively identify and reverse failed transactions that are not auto reversed. Constant follow up with relevant stakeholders (e.g. switches and TPPs) to address any identified cause(s) of delayed refund.

Value Added Statements

For the period ended 30 June 2017

Group

	Jun-2017			Jun-2016		
In thousands of Nigerian Naira	Continuing operations	Total	%	Continuing operations	Total	%
Gross earnings	214,097,579	214,097,579		209,872,662	209,872,662	
Interest expense:						
-Local	(22,171,174)	(22,171,174)		(24,038,076)	(24,038,076)	
- Foreign	(14,176,241)	(14,176,241)		(6,624,618)	(6,624,618)	
Premium ceded	-	-		-	-	
	177,750,164	177,750,164		179,209,968	179,209,968	
Loan impairment charges / Net impairment loss on financial assets	(7,858,988)	(7,858,988)		(37,546,531)	(37,546,531)	
	169,891,176	169,891,176		141,663,437	141,663,437	
Bought in materials and services						
- Local	(44,265,606)	(44,265,606)		(33,877,771)	(33,877,771)	
- Foreign	(276,005)	(276,005)		(572,550)	(572,550)	
Value added	125,349,565	125,349,565	100	107,213,116	107,213,116	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	16,368,191	16,368,191	13	14,514,147	14,514,147	14
Government						
- Taxation	17,421,102	17,421,102	14	13,920,717	13,920,717	13
Retained in the Group						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	7,880,864	7,880,864	6	7,010,631	7,010,631	6
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	83,679,408	83,679,408	67	71,767,621	71,767,621	67
	125,349,565	125,349,565	100	107,213,116	107,213,116	100

Value Added Statements
For the period ended 30 June 2017

Parent

In thousands of Nigerian Naira	Jun-2017 Continuing operations	Jun-2017 Total	%	Jun-2016 Continuing operations	Jun-2016 Total	%
Gross earnings	186,601,905	186,601,905		191,362,945	191,362,945	
Interest expense:						
-Local	(22,269,493)	(22,269,493)		(19,049,827)	(19,049,827)	
- Foreign	(7,260,316)	(7,260,316)		(7,159,961)	(7,159,961)	
	157,072,096	157,072,096		165,153,157	165,153,157	
Loan impairment charges / Net impairment loss on financial assets	(7,962,938)	(7,962,938)		(36,655,298)	(36,655,298)	
	149,109,158	149,109,158		128,497,859	128,497,859	
Bought in materials and services						
- Local	(36,350,218)	(36,350,218)		(28,863,534)	(28,863,534)	
- Foreign	(276,005)	(276,005)		(572,550)	(572,550)	
Value added	112,482,935	112,482,935	100	99,061,775	99,061,775	100
Distribution						
Employees						
- Wages, salaries, pensions, gratuity and other employee benefits	11,380,738	11,380,738	10	10,948,292	10,948,292	11
Government						
- Taxation	14,123,341	14,123,341	12	12,189,789	12,189,789	12
Retained in the Bank						
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	6,543,777	6,543,777	6	6,080,689	6,080,689	6
- Profit for the year (including statutory and regulatory risk reserves)	80,435,079	80,435,079	72	69,843,005	69,843,005	71
	112,482,935	112,482,935	100	99,061,775	99,061,775	100

Five Year Financial Summary
Statement of financial Position

Group

In thousands of Nigerian Naira	Jun-2017	Dec-2016	Dec-2015	Dec-2014	Dec-2013
Assets					
Cash and cash equivalents	513,291,276	455,863,305	254,633,215	246,939,868	307,395,676
Financial assets held for trading	14,728,263	12,053,919	34,626,186	9,415,919	17,223,667
Derivative financial assets	690,834	1,042,470	-	529,732	170,101
Investment securities:					
– Available for sale	524,558,420	448,056,733	364,180,150	344,701,935	374,673,147
– Held to maturity	87,399,499	80,155,825	29,408,045	35,160,640	84,741,890
Assets pledged as collateral	64,075,987	48,216,412	61,954,777	39,179,198	28,442,629
Loans and advances to banks	796,787	653,718	1,051,521	5,695,592	5,596,476
Loans and advances to customers	1,489,957,815	1,589,429,834	1,371,925,547	1,275,681,135	1,002,370,638
Other assets	427,863,967	371,995,835	303,110,737	307,461,561	200,766,091
Property and equipment	93,163,659	93,488,055	87,988,778	76,236,447	68,306,197
Intangible assets	14,035,107	13,858,906	12,470,612	12,516,219	11,214,274
Deferred tax assets	1,676,227	1,578,427	3,244,141	2,358,280	1,945,629
Total assets	3,232,237,841	3,116,393,439	2,524,593,709	2,355,876,526	2,102,846,415
Liabilities					
Deposits from banks	55,608,346	125,067,848	26,256,839	31,661,622	15,208,300
Deposits from customers	1,966,375,983	1,986,246,232	1,610,349,689	1,618,208,194	1,427,493,697
Financial liabilities held for trading	10,388,382	2,065,402	-	-	-
Derivative financial liabilities	639,380	987,502	-	253,374	3,883
Other liabilities	272,051,500	115,682,490	104,605,713	57,200,461	61,014,954
Current income tax liabilities	20,136,202	17,928,279	17,739,676	20,827,157	18,431,270
Deferred tax liabilities	13,511,396	17,641,384	6,839,522	4,391,668	5,065,625
Debt securities issued	128,005,257	126,237,863	180,117,424	167,321,207	156,498,167
Other borrowed funds	227,523,521	219,633,604	165,122,908	91,298,545	92,134,872
Total liabilities	2,694,239,967	2,611,490,604	2,111,031,771	1,991,162,228	1,775,850,768
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares	(5,291,245)	(5,291,245)	(4,754,156)	(3,987,575)	(2,046,714)
Retained earnings	97,139,856	90,273,587	51,089,585	51,425,181	49,847,719
Other components of equity	297,827,146	272,891,094	222,651,255	173,410,666	135,924,361
Total equity attributable to owners of the Bank	527,862,461	496,060,140	407,173,388	359,034,976	321,912,070
Non-controlling interests in equity	10,135,413	8,842,695	6,388,550	5,679,322	5,083,577
Total equity	537,997,874	504,902,835	413,561,938	364,714,298	326,995,647
Total equity and liabilities	3,232,237,841	3,116,393,439	2,524,593,709	2,355,876,526	2,102,846,415

Five Year Financial Summary Cont'd

Statement of comprehensive income

Group

In thousands of Nigerian Naira	**Jun-2017**	**Jun-2016**	**Jun-2015**	**Jun-2014**	**Jun-2013**
Interest income	165,884,856	109,777,801	113,884,461	99,715,892	92,000,395
Interest expense	(36,347,415)	(30,662,694)	(33,764,800)	(28,153,061)	(23,460,611)
Net interest income	**129,537,441**	**79,115,107**	**80,119,661**	**71,562,831**	**68,539,784**
Loan impairment charges	(7,212,808)	(37,546,531)	(5,950,749)	(5,338,868)	(1,317,532)
Net interest income after loan impairment charges	**122,324,633**	**41,568,576**	**74,168,912**	**66,223,963**	**67,222,252**
Fee and commission income	28,027,266	36,077,451	24,609,003	24,761,713	25,048,165
Fee and commission expense	(965,643)	(1,268,325)	(1,090,768)	(967,674)	(490,823)
Net fee and commission income	**27,061,623**	**34,809,126**	**23,518,235**	**23,794,039**	**24,557,342**
Net gains/(losses) on financial instruments classified as held for trading	5,663,642	2,346,369	7,596,332	5,935,317	3,517,125
Other income	14,521,815	61,671,041	6,905,939	2,572,088	3,636,678
Other income	**20,185,457**	**64,017,410**	**14,502,271**	**8,507,405**	**7,153,803**
Operating income	169,571,713	140,395,112	112,189,418	98,525,407	98,933,397
Net impairment reversal on financial asse	(646,180)	-	3,000	234,201	-
Net operating income after net impairment loss on financial assets	168,925,533	140,395,112	112,192,418	98,759,608	98,933,397
Personnel expenses	(16,368,191)	(14,514,147)	(15,108,949)	(13,449,790)	(10,976,285)
Operating lease expenses	(749,535)	(602,724)	(535,361)	(452,324)	(410,118)
Depreciation and amortization	(7,880,864)	(7,010,631)	(6,123,906)	(5,853,568)	(4,902,531)
Other operating expenses	(42,826,433)	(32,579,272)	(27,312,235)	(25,607,189)	(25,279,976)
Operating expenses	(67,825,023)	(54,706,774)	(49,080,451)	(45,362,871)	(41,568,910)
Profit before income tax	101,100,510	85,688,338	63,111,967	53,396,737	57,364,487
Income tax expense	(17,421,102)	(13,920,717)	(9,738,386)	(9,388,709)	(8,349,626)
Profit for the period	**83,679,408**	**71,767,621**	**53,373,581**	**44,008,028**	**49,014,861**

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	2.96	2.54	1.88	1.55	1.73
– Diluted	2.96	2.54	1.88	1.55	1.73

Five Year Financial Summary
Statement of financial Position
Bank

In thousands of Nigerian Naira	Jun-2017	Dec-2016	Dec-2015	Dec-2014	Dec-2013
Assets					
Cash and cash equivalents	338,093,367	233,847,233	173,133,109	161,778,647	228,609,551
Financial assets held for trading	9,949,333	6,321,370	25,075,618	5,675,545	13,746,682
Derivative financial assets	690,834	1,042,470	-	529,732	170,101
Investment securities:			-	-	-
– Available for sale	483,524,464	408,246,905	327,585,822	317,749,878	364,056,362
– Held to maturity	5,217,660	5,219,262	3,210,575	4,511,342	46,682,498
Assets pledged as collateral	64,063,570	48,205,702	61,946,270	39,173,640	28,440,947
Loans and advances to banks	44,171	29,943	638,817	30,815	16,976
Loans and advances to customers	1,306,230,356	1,417,217,952	1,265,207,443	1,182,393,874	926,967,093
Other assets	420,000,754	364,152,777	297,240,082	304,174,757	191,868,850
Investment in subsidiaries	43,965,254	43,968,474	41,905,781	40,130,284	40,130,284
Property and equipment	81,300,770	81,710,025	79,192,748	68,042,098	61,419,683
Intangible assets	3,643,790	3,377,961	2,492,959	2,417,700	2,256,768
	2,756,724,323	2,613,340,074	2,277,629,224	2,126,608,312	1,904,365,795
Assets classified as held for sale and discontinued operations	850,820	-	-	-	-
Total assets	2,757,575,143	2,613,340,074	2,277,629,224	2,126,608,312	1,904,365,795
Liabilities					
Deposits from banks	37,914	40,438	39,941	143,713	88,729
Deposits from customers	1,627,718,424	1,681,184,820	1,422,550,125	1,439,522,070	1,261,927,035
Financial liabilities held for trading	10,388,382	2,065,402	-	-	-
Derivative financial liabilities	639,380	987,502	-	253,374	3,883
Other liabilities	246,636,282	90,060,440	85,126,211	47,714,495	49,008,466
Current income tax liabilities	19,428,509	17,819,039	19,378,526	22,275,884	17,990,398
Deferred tax liabilities	6,805,537	11,946,699	6,345,773	3,955,805	4,784,323
Debt securities issued	127,391,029	-	-	-	13,233,595
Other borrowed funds	211,131,101	332,317,881	338,580,300	252,830,895	233,040,108
	2,250,176,558	2,136,422,221	1,872,020,876	1,766,696,236	1,580,076,537
Liabilities included in assets classified as held for sale and discontinued operations	847,600	-	-	-	-
Total liabilities	2,251,024,158	2,136,422,221	1,872,020,876	1,766,696,236	1,580,076,537
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114	123,471,114	123,471,114
Retained earnings	89,243,906	83,989,499	46,048,031	48,824,128	49,721,694
Other components of equity	279,120,375	254,741,650	221,373,613	172,901,244	136,380,860
Total equity	506,550,985	476,917,853	405,608,348	359,912,076	324,289,258
Total equity and liabilities	2,757,575,143	2,613,340,074	2,277,629,224	2,126,608,312	1,904,365,795

Five Year Financial Summary Cont'd

Statement of comprehensive income

Bank

In thousands of Nigerian Naira	Jun-2017	Jun-2016	Jun-2015	Jun-2014	Jun-2013
Interest income	145,244,701	95,412,078	103,006,457	90,342,844	86,280,338
Interest expense	(29,529,809)	(26,209,788)	(30,096,854)	(25,010,689)	(21,799,503)
Net interest income	**115,714,892**	**69,202,290**	**72,909,603**	**65,332,155**	**64,480,835**
Loan impairment charges	(7,316,758)	(36,655,298)	(6,001,644)	(5,252,074)	(1,107,877)
Net interest income after loan impairment charges	**108,398,134**	**32,546,992**	**66,907,959**	**60,080,081**	**63,372,958**
Fee and commission income	21,388,555	31,547,739	20,692,826	21,410,122	21,615,202
Fee and commission expense	(653,914)	(1,073,820)	(958,982)	(826,415)	(452,538)
Net fee and commission income	**20,734,641**	**30,473,919**	**19,733,844**	**20,583,707**	**21,162,664**
Net gains/(losses) on financial instruments classified as held for trading	3,104,156	1,122,345	6,211,074	4,694,862	2,711,183
Other income	16,864,493	63,280,783	7,774,753	3,679,570	4,554,382
Other income	**19,968,649**	**64,403,128**	**13,985,827**	**8,374,432**	**7,265,565**
Total Operating income	149,101,424	127,424,039	100,627,630	89,038,220	91,801,187
Net impairment reversal on financial asse	(646,180)	-	3,000	234,201	-
Net operating income after net impairment loss on financial assets	148,455,244	127,424,039	100,630,630	89,272,421	91,801,187
Personnel expenses	(11,380,738)	(10,948,292)	(11,042,124)	(10,251,189)	(9,705,384)
Operating lease expenses	(326,757)	(335,750)	(337,919)	(334,811)	(306,534)
Depreciation and amortization	(6,543,777)	(6,080,689)	(5,335,802)	(5,193,715)	(4,458,684)
Other operating expenses	(35,645,552)	(22,333,061)	(24,712,673)	(22,409,100)	(22,891,774)
Total expenses	(53,896,824)	(45,391,245)	(41,428,518)	(38,188,815)	(37,362,376)
Profit before income tax	94,558,420	82,032,794	59,202,112	51,083,606	54,438,811
Income tax expense	(14,123,341)	(12,189,789)	(8,267,256)	(7,955,437)	(7,326,577)
Profit for the period	**80,435,079**	**69,843,005**	**50,934,856**	**43,128,169**	**47,112,234**

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	2.73	2.37	1.73	1.47	1.60
– Diluted	2.73	2.37	1.73	1.47	1.60

Share Capitalisation 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

Dividend History

Ten-year dividend and unclaimed dividend history as at 30 June 2017

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 30-Jun-17	Percentage Dividend Amount Unclaimed
Payment 30	Interim	28-Feb-07	2,000,000,000.00	25 kobo	164,138,495.31	8.21%
Payment 31	Final	28-Feb-07	4,000,000,000.00	50 kobo	180,847,034.72	4.52%
Payment 32	Interim	28-Feb-08	3,419,853,912.50	25 kobo	224,222,670.57	6.56%
Payment 33	Final	28-Feb-08	9,575,590,955.00	70 kobo	498,441,791.00	5.21%
Payment 34	Final	31-Dec-08	14,922,998,891.00	100 kobo	744,736,743.30	4.99%
Payment 35	Final	31-Dec-09	13,990,311,460.50	75 kobo	702,016,619.35	5.02%
Payment 36	Interim	31-Dec-10	5,829,296,441.75	25 kobo	279,022,984.46	4.79%
Payment 37	Final	31-Dec-10	17,487,889,325.37	75 kobo	830,135,026.74	4.75%
Payment 38	Interim	31-Dec-11	7,286,620,552.30	25 Kobo	343,468,397.57	4.71%
Payment 39	Final	31-Dec-11	25,016,502,340.40	85 Kobo	1,102,862,173.12	4.41%
Payment 40	Interim	31-Dec-12	7,357,794,806.00	25 Kobo	331,216,546.60	4.50%
Payment 41	Final	31-Dec-12	38,260,532,991.20	130 kobo	1,658,792,179.70	4.34%
Payment 42	Interim	31-Dec-13	7,357,794,806.00	25 Kobo	363,964,204.26	4.95%
Payment 43	Final	31-Dec-13	42,675,209,874.80	145 kobo	1,988,598,191.63	4.66%
Payment 44	Interim	31-Dec-14	7,357,794,806.00	25 Kobo	360,506,516.79	4.90%
Payment 45	Final	31-Dec-14	44,146,768,836.00	150 kobo	1,969,974,641.85	4.46%
Payment 46	Interim	31-Dec-15	7,357,794,806.00	25 Kobo	347,951,773.44	4.73%
Payment 47	Final	31-Dec-15	44,735,392,420.48	152 Kobo	1,977,398,476.36	4.42%
Payment 48	Interim	31-Dec-16	7,357,794,806.00	25 Kobo	356,854,676.72	4.85%