Guaranty Trust Holding Company Plc

(incorporated under the laws of the Federal Republic of Nigeria ("**Nigeria**") with registration number 1690945)

Application for the admission of up to 77,000,000 global depositary receipts to the Official List and to trading on the London Stock Exchange's Main Market for listed securities

This document comprises a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), as amended (the "**UK Prospectus Regulation**") relating to Guaranty Trust Holding Company Plc ("**Guaranty Trust**") and has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation and such approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. This Prospectus together with the documents incorporated into it by reference (as set out in Part XIV ("*Documents Incorporated by Reference*") of this Prospectus) will be made available to the public in accordance with Prospectus Regulation Rules (the "**Prospectus Regulation Rules**") of the FCA made under section 73A of Financial Services and Markets Act 2000, as amended ("**FSMA**").

This Prospectus has been prepared in connection with the proposed Admission (*as defined below*) of up to 77,000,000 global depositary receipts (the "**New GDRs**") to be issued by the Depositary (*as defined below*). The New GDRs will represent ordinary shares with a nominal value of 50 kobo each in Guaranty Trust (the "**New Shares**"), with one New GDR representing 50 New Shares. Admission is being sought in connection with a scheme of arrangement (the "**Scheme**") under section 715 of the Nigerian Companies and Allied Matters Act, 2020 ("**CAMA**"), which came into effect on 17 June 2021 (the "**Effective Date**"), and pursuant to which Guaranty Trust was introduced as a new Nigerian-incorporated financial holding company of Guaranty Trust Bank Plc (the "**Bank**") and its subsidiaries (together the "**Group**"). As part of the Scheme, existing holders of global depository receipts in the Bank (the "**Existing GDRs**") will receive, as consideration for each one Existing GDR held, one New GDR.

Guaranty Trust accepts responsibility for the information contained in this Prospectus and to the best of Guaranty Trust's knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Application will be made (1) to the FCA for up to 77,000,000 New GDRs (consisting of (a) 27,209,753 New GDRs to be issued pursuant to the Scheme in replacement of the Existing GDRs in issue and (b) any additional New GDRs to be issued from time to time against the deposit of the New Shares with Citibank Nigeria Limited as custodian (the "**Custodian**") for and on behalf of the Depositary (*as defined below*)) to be admitted to the standard segment of the official list of the UK Listing Authority (the "**Official List**") and (2) to the London Stock Exchange plc (the "**London Stock Exchange**") for such New GDRs to be admitted to trading on the London Stock Exchange's regulated market for listed securities, which is regulated under Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"), as amended, through its international order book (the "**IOB**") (together, "**Admission**"). It is expected that the Admission will become effective and that dealings in the New GDRs will commence on the London Stock Exchange at 8:00 a.m. (UK time) on 1 July 2021. The New GDRs are expected to be traded on the regulated market of the London Stock Exchange under the symbol "GTCO". The New Shares will be listed on The Nigerian Stock Exchange (the "**NSE**").

This Prospectus is not an invitation or offer to sell or exchange, or the solicitation of an invitation or offer to buy or exchange, any of the New GDRs or any security but is issued solely in connection with Admission. Accordingly, no offer of New GDRs or any other securities is being made in any jurisdiction. The release, publication or distribution of this Prospectus in certain jurisdictions may be restricted by law and therefore this Prospectus may not be distributed or published in any jurisdiction except in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

Prospective investors should read this Prospectus and any documents incorporated by reference in their entirety**, and in particular, the discussion of certain risks and other factors as set out in Part II ("*Risk Factors*") beginning on page 9. Prospective investors should not rely solely on the information summarised in Part I ("*Summary Information*")**. The New GDRs (and the underlying New Shares) have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**") or under the applicable securities laws of any state or any other jurisdiction of the United States. Accordingly, the New GDRs (and its underlying New Shares) may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the Securities Act or an exemption therefrom. The New GDRs (and the underlying New Shares) are expected to be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof. US holders of Existing GDRs who are affiliates (within the meaning of the Securities Act) of Guaranty Trust as of the Effective Date will be subject to certain US transfer restrictions relating to the New GDRs received pursuant to the Scheme. For a description of these and certain further restrictions on offers, sales and transfers of the New GDRs and the distribution of this Prospectus, see Part III ("*Important Information*"). **None of the securities referred to in this Prospectus have been approved or disapproved by the Securities and Exchange Commission of the United States, any other federal or state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

Within 10 business days (i.e. any day other than a Saturday, Sunday or official public holiday declared by the Federal Government of Nigeria, on which banks are open for business in Nigeria) of the Effective Date, the New GDRs will be issued by the JPMorgan Chase Bank, N.A., as depositary (the "**Depositary**") pursuant to a deposit agreement (the "**New Deposit Agreement**") between Guaranty Trust and the Depositary to be dated on or about 24 June 2021 against the deposit of the New Shares with the Custodian. The New GDRs will be issued in global form and will be evidenced by a Master Regulation S GDR Certificate ("**Regulation S Master GDR**") and a Master Rule 144A GDR Certificate ("**Rule l44A Master GDR**" and together with Regulation S Master GDR, the "**Master GDRs**"). The New GDRs issued within the United States (the "**Rule 144A GDRs**") will be evidenced by the Rule l44A Master GDR. The New GDRs issued outside the United States (the "**Regulation S GDRs**") will be evidenced by the Regulation S Master GDR. The Master GDRs will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**").

The date of this Prospectus is 25 June 2021

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PART I

SUMMARY

A. Introduction and Warnings

A.1.1 Name and International Securities Identification Number (ISIN) of the securities

The securities which Guaranty Trust Holding Company Plc ("**Guaranty Trust**") intends to admit to trading are global depository receipts (the "**New GDRs**"), representing ordinary shares of 50 kobo each in the share capital of Guaranty Trust which are to be issued and listed on The Nigerian Stock Exchange (the "**New Shares**"). The New GDRs will be registered with the following ISINs:

Regulation S GDRs:		Rule 144A GDRs:	
ISIN:	US4012752014	ISIN:	US4012751024
CUSIP Number:	401275 201	CUSIP Number:	401275 102

A.1.2 Identity and contact details of the issuer, including its legal entity identifier (LEI)

Guaranty Trust is a public limited company incorporated in Nigeria. Its registered office is located at Plot 635, Akin Adesola Street, Victoria Island, Lagos, Nigeria. Its telephone number is +01-44807409 and its legal entity identifier is 0292004488G9K8Y1I649.

A.1.3 Identity and contact details of the competent authority approving the prospectus

This Prospectus has been approved by the United Kingdom Financial Conduct Authority ("**FCA**"), as competent authority in accordance with Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). The FCA may be contacted at its head office at 12 Endeavour Square, London E20 1JN and telephone number: +44 (0) 20 7066 1000.

A.1.4 Date of approval of the Prospectus

This Prospectus was approved on 25 June 2021.

A.1.5 Warning

This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the New GDRs should be based on a consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New GDRs.

B. Key Information on the Issuer

B.1 Who is the issuer of the securities?

B.1.1 Domicile, legal form, LEI, jurisdiction of incorporation and country of operation

Guaranty Trust is incorporated under the laws of the Federal Republic of Nigeria with its registered office located at Plot 635, Akin Adesola Street, Victoria Island, Lagos, Nigeria. Guaranty Trust's legal entity identifier is 0292004488G9K8Y1I649. Guaranty Trust was incorporated and registered as a public company limited by shares in Nigeria on 24 July 2020 with registration number 1690945 under the Nigerian Companies & Allied Matters Act 2020 ("**CAMA**").

B.1.2 Principal Activities

Guaranty Trust is a non-operating financial holding company of Guaranty Trust Bank Plc (the "**Bank**") and its subsidiaries (together, the "**Group**"). The introduction of Guaranty Trust as the ultimate parent company of the Group was effected by way of a scheme of arrangement under Section 715 of the CAMA (the "**Scheme**"), which came into force on 17 June 2021 (the "**Effective Date**").

The Group is a leading African banking group, which offers a wide range of financial services and products to individuals, businesses, and institutions, both private and public, across Africa and the United Kingdom. The Group's principal business is conducted in Nigeria, through the Bank directly. The Bank also provides commercial banking services to individuals and institutions through its banking subsidiaries in Gambia, Sierra Leone, Ghana, Liberia, Cote D'Ivoire, Tanzania, Kenya, Uganda, Rwanda and the United Kingdom.

The Group's business includes bilateral and syndicated lending and the provision of deposit services to institutions and individual clients, as well as corporate finance and advisory services, money market activities and related services, foreign exchange operations and digital banking services. The Group's business is primarily focused on large- and medium-sized corporate clients.

The Group's business activities include the following areas:

- Corporate Banking: servicing multi-nationals and large corporate organisations;
- Commercial Banking: servicing medium-sized entities;
- SME Banking: servicing small- and medium-sized enterprises;
- Retail Banking: servicing individual clients;
- Public Sector Banking: servicing government, state agencies and associated parties and contractors;
- Digital Banking: promoting self-service digital banking channels to the Group's customers;
- Wholesale Banking: managing the Group's treasury function, as well as its asset and liability management and corporate finance teams; and
- International Banking: which oversees the operations of the international subsidiaries.

B.1.3 Major Shareholders

Guaranty Trust is not aware of any person who, directly or indirectly will be beneficially interested in 5.0 per cent. or more of the issued ordinary share capital of Guaranty Trust upon implementation of the Scheme and on Admission.

So far as Guaranty Trust is aware, immediately on implementation of the Scheme, no person or persons directly or indirectly, jointly or severally, will exercise or could exercise control over Guaranty Trust.

Except in respect of the Scheme, neither Guaranty Trust nor the Directors of Guaranty Trust are aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Bank and/or Group.

B.1.4 Key directors

Director	Position
Adesola Oyinlola	Non-Executive Director, Chairman
Segun Agbaje	Managing Director/Chief Executive Officer
Cathy Echeozo	Non-Executive Director
Suleiman Barau OON	Independent Non-Executive Director
Babatunde Soyoye	Independent Non-Executive Director
Helen Lee Bouygues	Independent Non-Executive Director
Adebanji Adeniyi	Executive Director

B.1.5 Identity of statutory auditors

The current auditors of the Bank and of the Group are Ernst & Young ("**E&Y Nigeria**"), whose registered address is at 10th Floor, UBA House, 57 Marina Rd, Lagos Island, Lagos, Nigeria. The other banking subsidiaries are audited by component audit firms in their respective country of operation. On 12 April 2021, it was resolved by the shareholders of the Bank at that date that E&Y Nigeria be appointed as auditor of Guaranty Trust pursuant to Section 401 of CAMA to audit the financial statements of Guaranty Trust as from the 2021 financial year.

The Bank and Group's financial statements for the years ended 31 December 2020, 2019 and 2018 which appear in this Prospectus were audited by PricewaterhouseCoopers Inc ("**PwC Nigeria**"), who have been the Bank and Group's auditors between 2010 and 2020.

B.2 What is the key financial information regarding the issuer?

Guaranty Trust has neither traded since its date of incorporation nor entered into any obligation other than in connection with the Scheme and as such, there is no historical key financial information on Guaranty Trust. The information below relates to the Group. The tables below set out summary key financial information of the Group for the periods indicated, reported in accordance with International Financial Reporting Standards. The data below has been extracted without material adjustment from the Group's audited consolidated financial statements for the years ended 31 December 2020, 2019 and 2018.

Summary consolidated income statement

	For the years ended 31 December		
	2020	2019	2018[1]
		(Naira thousands)	
Interest income	300,737,588	296,204,699	303,963,482
Interest expense	(47,069,441)	(64,841,597)	(84,529,681)
Net interest income	**253,668,147**	**231,363,102**	**222,433,801**
Loan impairment charges	(19,572,893)	(4,911,666)	(4,906,485)
Net interest income after loan impairment charges..	**234,095,254**	**226,451,436**	**217,527,316**
Fee and commission income.......................	53,179,802	62,418,779	52,367,605
Fee and commission expense......................	(6,244,554)	(2,975,272)	(1,897,532)
Net fee and commission income	**46,935,248**	**59,443,507**	**50,470,073**
Net gains on financial instruments held at fair value through profit or loss	24,486,177	20,889,849	24,583,974
Other income..	76,826,192	55,793,214	50,783,908
Net impairment/reversal (charge) on other financial assets	3,190,517	100,473	(650,015)
Personnel Expenses	(37,606,138)	(37,284,204)	(38,856,121)
Right-of-use asset amortisation	(2,108,645)	-	-
Operating lease expenses		(2,114,007)	(2,085,035)
Depreciation and amortisation.....................	(29,046,513)	(22,692,637)	(17,629,276)
Other operating expenses	(78,677,022)	(68,879,797)	(70,558,054)
Profit before income tax	**238,095,070**	**231,707,834**	**215,586,770**
Income tax expense..................................	(36,655,130)	(34,842,168)	(30,875,741)
Profit from continuing operations............	**201,439,940**	**196,865,666**	**184,711,029**
Loss from discontinued operations..............	-	(16,385)	-
Profit for the year..................................	**201,439,940**	**196,849,281**	**184,711,029**

(1) Certain balances were reclassified in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate.

Summary consolidated statement of financial position

	As of 31 December		
	2020	2019	2018[1]
		(Naira thousands)	
Total assets...	4,944,653,293	3,758,918,770	3,287,342,641
Total liabilities..	4,130,257,616	3,071,581,302	2,711,065,400
Total equity attributable to the equity holders of the Bank...	798,614,868	673,607,444	563,843,780
Total equity..	814,395,677	687,337,468	576,277,241
Total equity and liabilities................................	4,944,653,293	3,758,918,770	3,287,342,641

(1) Certain balances were reclassified in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate.

Summary statement of cash flows

	For the years ended 31 December		
	2020	2019	2018[1]
		(Naira thousands)	
Net cash from operating activities..	406,161,646	267,127,947	261,061,518
Net cash from (used in) investing activities.........................	(225,136,914)	(199,494,607)	(57,700,931)
Net cash used in financing activities.................................	(139,124,802)	(98,622,044)	(229,733,562)
Net increase (decrease) in cash and cash equivalents	**41,899,930**	**(30,988,704)**	**(26,372,975)**
Cash and cash equivalents at beginning of the period.............	585,156,021	614,963,180	609,174,897
Effect of exchange rate changes on cash and cash equivalents…	**84,373,468**	**1,181,545**	**32,161,258**
Total cash and cash equivalents...................................	**711,429,419**	**585,156,021**	**614,963,180**

(1) Certain balances were reclassified in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate.

Summary performance indicators

	As of 31 December		
	2020	2019	2018
		(%)	
Return on equity (post tax) (1)	26.83	31.16	30.90
Return on assets (post tax) (2)	4.63	5.59	5.56
Net interest margin(3)	9.26	9.28	9.23
Capital adequacy ratio(4)	26.52	22.51	23.39
Cost to income(5)	38.24	36.11	37.09
Liquidity ratio(6)	38.91	49.33	41.44
Non-performing loans to total loans(7)	6.39	6.53	7.30
Loans to deposits and borrowings (Bank) (8)	47.10	57.83	52.25
Net loans-to-deposits(9)	46.05	56.90	53.55

(1) Return on equity (post tax) is calculated as profit after tax divided by average equity (average of the opening and closing equity position).
(2) Return on assets (post tax) is calculated as profit after tax divided by average assets (average of the opening and closing asset position).
(3) Net interest margin is expressed as net interest income divided by average earning assets.
(4) Capital adequacy ratio is calculated by dividing eligible capital by total risk weighted assets.
(5) Cost to income is calculated as operating expenses divided by operating income.
(6) Liquidity ratio is expressed as a percentage of current assets to current liabilities.
(7) Non-performing loans to total loans is calculated by dividing aggregate non-performing loans by gross loans.
(8) Loans to deposits and borrowings is calculated by dividing total loans by the summation of total deposits and total debts.
(9) Net loans-to-deposits is expressed as Net loans to Banks and Customers divided by total deposit liabilities from Banks and Customers.

There are no qualifications in PwC Nigeria's audit reports on the historical audited financial information incorporated by reference in this Prospectus.

B3. What are the key risks that are specific to the issuer?

- The Group's business is highly dependent on the health of the Nigerian economy and is therefore significantly exposed to the Nigerian oil industry in particular.
- The Bank's credit rating is closely linked to the performance of the Nigerian economy and could be subject to further downgrade.
- Certain aspects of the Group's business are highly concentrated.
- The outbreak of communicable diseases around the world, in particular, the COVID-19 pandemic, has caused, and is likely to continue to cause, significant disruption to the world economy and key markets in which the Group operates, which may materially and adversely affect the Group's business, financial condition and results of operations.
- The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies, as well as risks due to US dollar shortages in Nigeria, all of which have worsened due to the COVID-19 pandemic.
- The Group faces increased levels of competition in the Nigerian banking industry.
- The Group relies on short-term deposits as a primary source of funding and is further exposed to liquidity risks due to maturity mismatches, which may result in the Group being unable to meet its liabilities as they fall due.
- The Group's net interest margin may be under pressure due to government monetary policies.
- The Group may not be able to sustain the current level of growth in its loan portfolio and may have difficulty in maintaining the credit quality thereof, which could impact its profitability.

C. Key Information on the Securities

C.1 What are the main features of the securities?

C.1.1 Type, class and ISIN

The New GDRs are global depository receipts representing the New Shares, which constitute ordinary shares in the capital of Guaranty Trust. When admitted to trading, the New GDRs will be registered with the following ISINs:

Regulation S GDRs:		Rule 144A GDRs:	
ISIN:	US4012752014	ISIN:	US4012751024
CUSIP Number:	401275 201	CUSIP Number:	401275 102

C.1.2 Currency, denomination, par value, number of securities issued and duration

Guaranty Trust is proposing to issue up to 77 million New GDRs, each representing 50 New Shares. As part of the Scheme, existing holders of global depository receipts in the Bank (the "**Existing GDRs**") will receive, as consideration for each Existing GDR held, one New GDR. The New GDRs will be denominated in United States Dollars and will be quoted and traded in United States Dollars.

The nominal value of the issued ordinary share capital of Guaranty Trust immediately upon implementation of the Scheme is expected to be ₦14,715,589,612.00 divided into 29,431,179,224 ordinary shares of 50 kobo each, which will be issued as fully paid. The currency of the New Shares will be Naira and will be quoted and traded in Naira on The Nigerian Stock Exchange.

C.1.3 Rights attaching to the New Shares underlying the New GDRs

The New Shares will rank *pari passu* in all respects with each other, including for voting purposes and in full for all dividends and distributions on the New Shares declared, made or paid after their issue and for any distributions made on a winding up of Guaranty Trust. Votes may be given either in person or by proxy. On a show of hands, every shareholder of Guaranty Trust present in person or by proxy shall have one vote. On a poll, every shareholder of Guaranty Trust present in person or by proxy (including as instructed by, or represented by, holders of New GDRs) shall have one vote for each New Share.

The shareholders of Guaranty Trust will not have any pre-emption rights in respect of newly created shares. Except in relation to dividends which have been declared and rights on a liquidation of Guaranty Trust, Guaranty Trust's shareholders will have no rights to share in the profits of Guaranty Trust.

The New Shares will not be redeemable. However, Guaranty Trust may purchase or contract to purchase any of the New Shares on or off market, subject to Nigerian law.

C.1.4 Rights attaching to the New GDRs

Pursuant to the deposit agreement (the "**New Deposit Agreement**") between Guaranty Trust and the Depositary to be dated on or about 24 June 2021 and the terms and conditions of the New GDRs, holders of New GDRs ("**Holde**r" is the person registered as the holder on the books of the Depositary maintained for such purpose) will, amongst other things, be entitled to:

- the right to withdraw the Deposited Shares (as defined therein) and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares;
- the right to receive payment (in U.S. Dollars) from the Depositary of an amount equal to the cash dividends or other cash distributions received by the Depositary in Naira from Guaranty Trust in respect of the Deposited Shares;
- the right to receive from the Depositary additional New GDRs representing additional New Shares received by the Depositary from Guaranty Trust by way of dividend or free distribution (or if the issuance of additional New GDRs is deemed by the Depositary to be unlawful or not reasonably practicable, or if the distribution of the New Shares and the New GDRs representing such New Shares must be registered under the Securities Act or other laws, the right to receive the net proceeds (in U.S. Dollars) of the sale of such New Shares);
- the right to receive from the Depositary any dividend or distribution in the form of securities (other than New Shares) or in other property (other than cash) received by the Depositary from Guaranty Trust on or in respect of Deposited Shares and all rights, interests and other securities, property and cash deposited with the Custodian attributable to the Deposited Shares (or if such distribution is deemed by the Depositary to be unlawful or not reasonably practicable, the right to receive the net proceeds (in U.S. Dollars) of the sale of such securities or other property);
- the right to request the Depositary to exercise subscription or similar rights made available by Guaranty Trust to holders of New Shares (or if such process is deemed by the Depositary to be unlawful or not reasonably practicable, the right to receive the net proceeds (in U.S. Dollars) of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights);
- the right to instruct the Depositary regarding the exercise of any voting rights notified by Guaranty Trust to the Depositary, subject to the terms and conditions; and
- the right to receive from the Depositary copies of notices provided by Guaranty Trust to holders of New Shares as well as any other material provided by Guaranty Trust to the Depositary in connection therewith,

in each case subject to applicable law and regulation, and the detailed terms set out in the New Deposit Agreement, the terms and conditions of the New GDRs (as endorsed on each definitive certificate), Regulation S Master GDR and Rule 144A Master GDR (each, as defined in the New Deposit Agreement).

C.1.5 Rank of the securities in the issuer's capital structure in the event of insolvency

The New Shares underlying the New GDRs do not carry any rights to participate in a distribution (including in the case of liquidation) other than those that exist as a matter of law. The New Shares will rank *pari passu* in all respects. New GDR holders will be entitled to any dividend or other distribution (including in cash on liquidation) received by the Depositary from Guaranty Trust in relation to the Deposited Shares. If the Depositary becomes insolvent, the insolvency proceedings will be governed by U.S. laws applicable to the insolvency of banks. Cash held by the Depositary for Holders is held by the Depositary as banker. Under current U.S. law, it is expected that any cash held for Holders by the Depositary as banker would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary's insolvency, and that cash would also be available to satisfy claims of other general creditors of the Depositary. The New Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. laws, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the terms and conditions of New GDRs would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's liquidator to deliver such Deposited Shares and other non-cash assets to the Holders.

C.1.6 Restrictions on free transferability of the securities

The New Shares are freely transferable and there are no restrictions on transfer. However, the New Shares may not be offered or sold, directly or indirectly, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Moreover, there are certain regulatory compliances relating to the ownership and transfer of shares which need to be met. These include (i) the requirement to cross the transferred shares on the floor of The Nigerian Stock Exchange; (ii) the requirement to notify The Nigerian Stock Exchange where the shares proposed to be transferred represent up to 5 per cent. of Guaranty Trust's issued share capital; and (iii) the requirement to notify the Central Bank of Nigeria within 5 days of the transfer, where the shares proposed to be transferred through the secondary market represent up to 5 per cent. of Guaranty Trust's issued share capital, and to obtain the prior approval of the Central Bank of Nigeria where the transfer is not effected through the secondary market.

Upon admission to the standard segment of the official list of the UK Listing Authority and to trading on the London Stock Exchange's main market, the New GDRs will be freely transferable subject to: (i) the clearing and transferability settlement rules of DTC and, in the case of the New GDRs represented from time to time by the Regulation S Master GDR, the settlement requirements of Euroclear and Clearstream; (ii) the terms and conditions of the New GDRs; and (iii) certain resale, selling and transfer restrictions under the relevant laws in certain jurisdictions, as may be applicable to the relevant transferor or transferee. The Depositary shall refuse to accept a transfer of any New GDRs if it reasonably believes that such transfer would result in a violation of any applicable laws.

C.1.7 Dividend or payout policy

Following implementation of the Scheme, and subject to the approval of the board of directors of Guaranty Trust, Guaranty Trust intends to adopt a dividend policy equivalent to the current dividend policy of the Bank.

The dividend policy of the Bank comprises a dividend payment ratio between 60 per cent. and 65 per cent. of distributable earnings, leaving between 35 per cent. and 40 per cent. annual profit after tax as retention. The Bank made a total of ₦88.3 billion in dividend payments to its shareholders in respect of the financial year ended 31 December 2020, representing a payment of ₦3.00 kobo per ordinary share. This included a final dividend payment of ₦79.5 billion (₦2.70 kobo per ordinary share) and an interim dividend payment of ₦8.8 billion (30 kobo per ordinary share).

C.2 Where will the securities be traded?

Application will be made to the FCA for up to 77,000,000 New GDRs (consisting of (a) 27,209,753 New GDRs to be issued in replacement of the Existing GDRs in issue and (b) any additional New GDRs to be issued from time to time against the deposit of New Shares with the Custodian) to be admitted to the standard segment of the official list of the UK Listing Authority and to the London Stock Exchange plc for such New GDRs to be admitted to trading on the main market of the London Stock Exchange, through its International Order Book (together "**Admission**"). No application has been made or is currently intended to be made for the New Shares to be admitted to listing or trading on any other exchange other than The Nigerian Stock Exchange. No application has been made or is currently intended to be made for the New GDRs to be admitted to listing or trading on any other exchange other than the London Stock Exchange.

C.3 What are the key risks that are specific to the securities?

- Guaranty Trust has made no determination about its status as a passive foreign investment company for US tax purposes.
- The market price of the New GDRs may fluctuate significantly in response to a number of factors, some of which may be out of the Group's control.
- Nigerian law provides for the registration and enforcement of foreign judgments made in certain jurisdictions. However, it may be difficult to effect service of legal process and enforce foreign judgments obtained outside Nigeria against Guaranty Trust and its management.
- Guaranty Trust's ability to pay dividends and effect returns of capital in the future is subject to a number of factors.
- New GDR holders may be subject to taxation in Nigeria where the Nigerian tax authorities are of the view that the New GDRs should receive a different tax treatment from the New Shares.
- The New Shares pay dividends in Naira, which are paid to the Depositary at the same time as other shareholders and which will satisfy Guaranty Trust's payment obligations in respect of such dividends. If the Depositary is unable to promptly convert Naira into U.S. dollars, there could be delays in the onward payment of U.S. dollar equivalent amounts to Holders. Such a delay has been present historically, related to dividend payments made by the Bank in connection with the existing shares of the Bank, for which New Shares will be issued as part of the Scheme.

D. Key Information on the Admission to Trading on a Regulated Market

D.1 Under which conditions and timetable can I invest in this security?

D.1.1 Expected Timetable of Principal Events

This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any New Shares or New GDRs. This Prospectus is intended solely for the holders of the Existing GDRs and, following implementation of the Scheme, the holders of the New GDRs. It is expected that admission of the New GDRs to listing and trading on the London Stock Exchange will become effective and that unconditional dealings will commence at 8:00 a.m. (UK time) on 1 July 2021.

D.1.2 Dilution

This Prospectus does not comprise an offer of New Shares or New GDRs and there will be no dilution for holders of Existing Shares (*as defined below*). As part of the Scheme, holders of Existing GDRs will receive, for each Existing GDR held, one New GDR.

D.1.3 Use of proceeds and expenses

Guaranty Trust is not seeking to raise any capital and will not receive any proceeds as a result of the Scheme or Admission as no offer of New GDRs is being made. The total costs, charges and expenses payable in connection with the proposed Admission of the New GDRs are estimated to be approximately ₦150 million (exclusive of value added tax), which have been paid by the Bank on behalf of Guaranty Trust. No expenses will be charged to the shareholders or holders of Existing GDRs/New GDRs of Guaranty Trust or the Bank.

D.2 Why is this document being produced?

This Prospectus has been prepared in connection with the proposed Admission of the New GDRs, of which 27,209,753 New GDRs are to be issued in accordance with the terms of the Scheme.

The Scheme is being implemented with a view of expanding the activities of the Group beyond those currently permitted to be carried out by banking entities holding commercial banking licences in Nigeria, such as the Bank. As part of the Scheme, all of the existing ordinary shares (the "**Existing Shares**") of the Bank, including those underlying the Existing GDRs, will be delisted from The Nigerian Stock Exchange and transferred to Guaranty Trust. The Bank will be re-registered as a private company limited by shares under the CAMA and will thereafter be known as "Guaranty Trust Bank Limited". The Bank intends to seek the cancellation of listing of the Existing GDRs from the official list of UK Listing Authority and of trading from the London Stock Exchange's main market for listed securities. In consideration for the transfer of the Existing Shares to Guaranty Trust and cancellation of the Existing GDRs, owners of Existing Shares and Existing GDRs will receive in respect of any Existing Shares and/or Existing GDRs held as at the terminal date (i.e. the business day immediately preceding the Effective Date), for each Existing Share transferred or Existing GDR cancelled, one New Share or one New GDR, as applicable.

D.3 Most material conflicts of interest

There are no interests known to Guaranty Trust, including any conflicting interests, which are material to the implementation of Scheme or the issue of New GDRs.

PART II

RISK FACTORS

Any investment in the New GDRs is subject to a number of risks and uncertainties. Accordingly, prospective investors should carefully consider the following risks and uncertainties together with all other information set out in, or incorporated by reference into, this Prospectus prior to making any decision relating to the New GDRs.

Prospective investors should note that the risks relating to the Group and the New GDRs summarised in the section of this Prospectus headed "Summary" are the risks that Guaranty Trust believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New GDRs. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, amongst other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the New GDRs and should be used as guidance only. The risks presented at the front of each section are the risks Guaranty Trust considers to be the more material; however, the order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, prospects, results of operation and financial position. Additional risks and uncertainties relating to the Group that are not currently known to Guaranty Trust, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations and financial condition and, if any such risk should occur, the price of the New GDRs may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the New GDRs is suitable for them in light of the information in this Prospectus and their personal circumstances.

Since Guaranty Trust has not traded since its incorporation, the risk factors set out below relate to the Bank and the Group as at the date of this Prospectus.

Risks related to the Bank and the Group

The Group's business is highly dependent on the health of the Nigerian economy, and is therefore significantly exposed to the Nigerian oil industry in particular

Substantially all of the Group's business operations and assets are based in Nigeria. As at 31 December 2020, the Group's operations in Nigeria accounted for 85 per cent. of its total loan portfolio and 82 per cent. of its total assets. As a result, the Group's income, results of operations and the quality and growth of its assets depend, to a large extent, on the performance of the Nigerian economy.

Between 2000 and 2014, Nigeria's GDP grew at an average rate of 7 per cent. per year. However, following the oil price collapse in 2014-2016, combined with negative production shocks, the GDP growth rate dropped to 2.7 per cent. in 2015. In 2016, during its first recession in 25 years, the economy contracted by 1.6 per cent. Since 2016, economic growth has remained slow. Real GDP growth averaged to 1.9 per cent. in 2018 and remained stable at 2.3 per cent. in 2019. However, Nigeria's economy is currently experiencing contraction and fluctuations in the value of the Naira, with the weakening of oil prices and COVID-19 pandemic weighing negatively on the Nigerian economy. The global financial crisis induced by COVID-19 has severely affected and has had an unprecedented adverse impact on the Nigerian economy, particularly through the consequent fluctuations in oil prices and limited availability of capital. According to the IMF, these recent shocks may thrust the Nigerian economy into recession. Subdued foreign demand, sharp capital outflows, weak hydrocarbon prices, supply chain disruptions and containment measures domestically, have adversely affected household spending, investment activity and export performance in Nigeria. As a result, whilst the real GDP grew by 1.87 per cent. in the first quarter of 2020, it contracted by 6.1 per cent. and 3.6 per cent. in the second and third quarters of 2020, respectively *(source: Nigerian National Bureau of Statistics)*. Nigeria's real GDP growth rate is projected by the IMF to contract by 4.3 per cent. by the end of 2020.

Separately, the Nigerian economy is highly influenced by global oil prices and Nigeria's level of oil and gas production, as the oil sector remains a major contributor to the GDP. In 2018, the oil sector accounted for 8.59 per cent. of GDP, as compared to 8.78 per cent. in 2019, however, by 2020, the oil sector accounted for reduced 8.16 per cent of the GDP. *(source: Nigerian National Bureau of Statistics).* In addition, the oil sector plays a central role in Nigeria's economy, as it accounts for a substantial portion of its export earnings. In 2018 and 2019, the oil sector accounted for 82 per cent. and 77 per cent. of export earnings, respectively. By 2020, the oil sector contribution to export earnings further declined to 75 per cent. of export earnings. *(source: Q4-2020 Foreign Trade Statistics Report by National Bureau of Statistics)*. The Nigerian economy is also highly dependent on oil sector revenues, which arise from sales of crude oil and gas, royalties and taxes and fees. Oil sector revenues accounted for 50.8 per cent., 54.0 per cent. and 58.1 per cent. of total gross federally collectible revenue in 2020, 2019 and 2018, respectively *(source:2019 Statistical Bulletin: Public Finance Statistics and 2020 Quarterly CBN Economic report by the CBN)*. This dependence makes the Nigerian economy vulnerable to oil price fluctuations, as many economic sectors in Nigeria depend upon public spending and private consumption driven by oil revenues.

Oil prices are subject to significant fluctuations in response to relatively minor changes in the supply of and demand for oil, market uncertainty, and a variety of additional factors that are beyond the Group's control. Since the beginning of 2020, oil prices have been on a continuous decline. The OPEC reference basket prices fell significantly from U.S.$48.35 on 6 March 2020 to U.S.$34.72 on 9 March 2020, a decrease of 28.2 per cent. On 28 April 2020, the OPEC reference basket price fell further to U.S.$12.41 per barrel, an 18-year low. As a result of the COVID-19 outbreak weakening the demand for oil, the OPEC reference basket price fell significantly to U.S.$16.52 per barrel on 1 May 2020, before partially recovering to U.S.$38.22 as at 30 June 2020 and U.S.$50.24 as at 31 December 2020 (but with further speculation that oil prices could fall further).

Oil production in Nigeria has also fluctuated in recent years. Average daily production of crude oil was 2.01 mbpd and 1.92 mbpd in 2019 and 2018, respectively *(source: Q1 and Q2 2020 Nigerian GDP Report by National Bureau of Statistics)*. In the first quarter of 2020, oil production levels in Nigeria increased slightly to an average of 2.07 mbpd, the highest since the last 13 quarters. However, according to the National Bureau of Statistics~~,~~ oil production in the second quarter of 2020 declined to 1.81mbpd (1.81 million barrels per day) due to new OPEC quota in place, pursuant to which Nigeria is required to reduce its production levels to 1.41 mbpd until June 2020 (and thereafter produce 1.495 mbpd between 1 July and 31 December, 2020). Oil production further declined to 1.67 mbpd and 1.56 mbpd in the third and fourth quarter of 2020 respectively *(source: Q4 Nigerian GDP Report by National Bureau of Statistics)*. According to the Nigerian National Bureau of Statistics, the quarterly contribution of the oil sector to Nigeria's GDP declined from 9.50 per cent. in the first quarter of 2020 to 8.93 per cent. and 8.73 per cent. in the second and third quarters of 2020, respectively. By the fourth quarter of 2020, the contribution of the oil sector had further declined to 5.87 per cent. Declining oil prices and reduced production levels continued to hamper output in the oil and gas industry and consequently reduced the oil sector's contribution to the GDP as well as slowed the growth of the oil sector in the second, third and fourth quarters of 2020.

As in the past, collapsing oil prices has caused, and is expected to continue to result in, liquidity issues, reduced tax revenues, depreciation of foreign exchange reserves, and increased currency pressures for Nigeria. Given Nigeria's dependence on oil exports for foreign exchange earnings, Nigeria's gross foreign exchange reserves fell by 8.3 per cent. in 2020 according to the CBN, whilst the Naira depreciated against the U.S. Dollar by 23.8 per cent. over the same period**.** More specifically, weakening of oil prices, continued instability in the foreign exchange market and the repatriation of investment by foreign portfolio investors, led to a considerable depreciation of Nigeria's gross foreign exchange reserves to U.S.$35.7 billion as of 31 December 2020 from U.S.$38.6 billion as at 31 December 2019. The reduction in foreign exchange reserves consequently triggered speculative currency trading, which coupled with the reduction in oil prices, led to the devaluation of the Naira against the U.S. Dollar to ₦360 and eventually to ₦380 in 2020.

The Nigerian banking system's exposure to the oil and gas sector is substantial, at around 27 per cent. of total loans at the end of 2019**,** and 26 percent at the end of Q3-2020 *(source: Quarter 3 Selected Banking Sector Report - by NBS)*, making the system highly susceptible to the oil price slump. As with all Nigerian banks, a significant portion of the Bank's growth and operating profit arises from customers in the energy or sectors linked to the performance of the energy sector, and as such the Group's business, results of operations, financial condition and/or prospects are particularly exposed to the risk of a downturn in the Nigerian economy generally and in the energy sector in particular. As at 31 December 2020, 19.8 per cent. of the Group's revenue was contributed by customers in the oil and gas sector and 44 per cent. of the Group's total loans and advances were to customers in the oil and gas sector. See "— *Certain aspects of the Group's business are highly concentrated*". Any significant reduction in international oil prices, particularly if they remain low for an extended period, may impact the Group in a number of ways, including through (i) its exposure to customers whose businesses are directly or indirectly, reliant on oil revenue and who become unable to service their debt; (ii) reduced liquidity as deposits from government and government-related entities are withdrawn as these depositors are impacted by low oil prices, (iii) the impact of low oil prices and COVID-19 restrictions on Nigeria's economy and the consequent impact on the Group's wholesale and retail customers, and (iv) a further downgrade of the Bank's credit rating if operating conditions worsen, constraining the Group's business activities whilst leading to higher asset risk and provisioning cost. *See – "The Bank's credit rating is closely linked to the performance of the Nigerian economy and could be subject to further downgrade*".

The impact of the volatility in oil prices may not just be limited to an adverse impact on the Group's oil and gas customers, but could adversely impact the performance of the Group's customers in those sectors whose performance are linked with that of the oil sector. Due to the significant link between the oil and gas sector and the performance of the Nigerian economy as a whole, many of the Groups' clients in the manufacturing, construction and real estate sectors in Nigeria, in particular, may adversely be affected by the decrease in oil prices and declining oil production (as demand in these sectors is linked with that of the oil industry). These sectors, together with the oil and gas sector, account for a significant proportion of the Group's business. Therefore, continued weak oil production and oil prices may adversely affect the Group's credit quality and loan portfolio growth, as well as the prices of real estate and other property held as collateral for loans, which may lead to an increase in non-performing loans ("**NPLs**") and loan impairment charges.

The immediate impact of the oil price decline in March, April and May 2020 on the Group was partially mitigated due to its high credit quality, the debt service reserve levels it has in place for its upstream oil and gas exposures and the hedges it has in place for its foreign currency exposures to this sector. However, the recent decrease in oil prices has reduced, and is expected to continue (at a minimum) to reduce the Government's revenue, foreign exchange earnings and infrastructure spending. Although, the full impact of this oil price decrease on the Nigerian economy is as yet unknown and a failure of oil prices to quickly recover from this downward trend could adversely impact the Nigerian economy and have a material adverse effect on the Group's business, results of operations and/or financial condition. However, at this stage the economic slowdown anticipated in 2020 due to the COVID-19 pandemic and depressed oil prices is expected to result in a significant spike in NPLs in the Nigerian banking sector as a whole (although the Group's NPLs improved as of December 2020). The Group's impairment charge for loans and advances to customers totalled ₦19.57 billion for the year ended 31 December 2020 and ₦4.91 billion and ₦4.91 billion for the years ended 31 December 2019 and 2018, respectively. If the current market conditions continue to deteriorate or if these levels of market disruption and volatility continue or reoccur, the Group may incur further impairment charges and experience reduction in business activity, increased funding pressures, decreased asset values, increased default rates and credit losses, delinquencies, write-downs and lower profitability and cash flows. Accordingly, the business, results of operations and financial condition of the Group could be materially adversely affected by these trends and may be further materially adversely affected by a continuation of the unfavourable economic conditions in Nigeria and other emerging markets generally.

The Bank's credit rating is closely linked to the performance of the Nigerian economy and could be subject to further downgrade

The Bank's credit rating is closely linked to Nigeria's rating as a sovereign issuer due to its large exposure to government treasury bills. In light of the economic impact of the COVID-19 pandemic, on 6 April 2020, Fitch lowered Nigeria's long-term credit rating by one level to B, with a negative outlook, citing the adverse effects of the continued decline in oil prices on the Nigerian economy. However, on 30 September 2020, Fitch revised Nigeria's outlook from 'negative' to 'stable' due to decreasing uncertainty surrounding the impact of the global pandemic on the Nigerian economy, stability in oil prices, the easing of global funding conditions and the relaxation of domestic restrictions on movement of people. On 26 March 2020, S&P lowered its long-term credit rating on Nigeria to B- from B (with a stable outlook), also citing the impact of the significant disruption to the energy sector. On 28 August 2020, S&P reaffirmed its long-term credit rating of B- (with a stable outlook) in respect of Nigeria as the relatively low oil prices and COVID-19 related disruptions continued to weigh on Nigeria's GDP growth, and fiscal and external metrics. On 15 April 2020, Moody's reaffirmed its negative outlook on Nigeria and its long-term credit rating of B2. Following the sovereign downgrade, on 31 March 2020, the Bank's long-term credit rating was downgraded by S&P to 'B-' (with a stable outlook) from 'B'. On 26 March 2020, Fitch downgraded the Bank's long-term credit rating from B+ to B (with a negative outlook). Subsequently, on 5 October 2020, the Bank's long-term credit rating was affirmed at B, with a positive revision of the outlook from 'negative' to 'stable,' reflecting Fitch's view of receding short-term risks to the Bank's credit fundamentals as a result of the economic fallout from the oil price crash and the COVID-19 pandemic. However, no assurance can be given that the Bank's credit ratings may not be further downgraded. Any further downgrades in the sovereign credit ratings or in the Bank's credit ratings may adversely affect the Group's business, results of operations, financial condition and/or prospects.

The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies, as well as risks due to U.S. dollar shortages in Nigeria, all of which have worsened due to the COVID-19 pandemic

The Group is exposed to foreign exchange risk, as a result of adverse movements in exchange rates, primarily through its loan and deposit portfolios that are denominated in foreign currencies and through acting as an intermediary in foreign exchange transactions between central and commercial banks, as well as customers. As at 31 December 2020, 32.7 per cent. of the Group's financial assets and 27.2 per cent. of the Group's financial liabilities, respectively, were denominated in foreign currencies, principally the U.S. dollar. The Group's foreign currency denominated financial assets are largely composed of foreign currency denominated loans and short-term money market placements held with foreign banks that have high to medium credit quality ratings. These positions expose the Group to exchange rate risk, which risk has increased significantly in light of the Naira's recent volatility against the U.S. dollar. Whilst the Group's foreign-currency position has improved over the last two years, foreign-currency liquidity in Nigeria as a whole is expected to worsen as a result of the low oil prices, volatile portfolio inflows and lower remittances, all of which are expected to harm the stock of foreign-currency deposits in the banking system and in turn impact the Group's foreign-currency funding. Similarly, upon depreciation of the Naira against foreign currencies, the Group becomes subject to higher interest payments on its foreign currency denominated liabilities when calculated in Naira terms. Furthermore, while the Group's fixed income trading and investing activities are largely carried out in local currency with domestic counterparties or the federal Government, it holds open positions (meaning unhedged positions open to the impact of market rate and price fluctuations) in the course of its trading and investment activities and is thus subject to foreign exchange risk from its exposure to changes in spot and forward rates. Whilst the Group monitors its net open positions, fluctuations in foreign currency exchange rates, particularly if unanticipated or sudden, may have an adverse effect on the business, results of operations or financial condition of the Group. In addition, the Group may experience declines in asset quality following Naira depreciation, as well as deterioration in its capital position due to inflation of risk-weighted assets caused by appreciation in foreign currency denominated assets, which could potentially reduce or exert negative pressure on its capitalisation ratios and increase the level of delinquent loans. For instance, the Group's capital ratios will be adversely affected if there is more than a 20 per cent. depreciation in the value of Naira to foreign currency. As a result, such adverse changes in currency exchange rates could have a material adverse effect on the Group's business, results of operations and/or financial condition.

The Group's reporting and functional currency is the Naira. As a result, the Group is also subject to translation risk with respect to assets and liabilities in foreign currencies. As of 31 December 2020, 53.0 per cent. of the Group's total assets were denominated in Naira, 27.9 per cent. were denominated in U.S. dollars, and the remainder were denominated in other currencies. Monetary assets and liabilities originally denominated in foreign currencies are translated into Naira at the relevant balance sheet date and at the applicable exchange rates. Having a significant net Long foreign currency balance sheet position tends to result in foreign exchange translation gains when the Naira depreciates against such foreign currencies and in foreign exchange translation losses when the Naira appreciates against such foreign currencies in nominal terms. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Group's income statement. As a result, the Group's reported income is affected by changes in the value of the Naira with respect to foreign currencies (primarily the U.S. dollar).

Further to the Group's net long foreign currency position, the Group does not maintain derivative contracts to hedge against currency exchange risk. If in the course of its ongoing monitoring of its net open positions, the Group determines it to be necessary, the Group may execute derivative transactions to hedge identified risk exposures on its balance sheet. Investors should note that if taken, these measures may not adequately protect the Group from the effect of exchange rate fluctuations or may limit any benefit that the Group might otherwise receive from favourable movements in exchange rates. As at 31 December 2020, the gap between the Group's foreign currency monetary assets and monetary liabilities, calculated in Naira, resulted in a gain of USD 0.128 billion.

Moreover, the overall effect of exchange rate movements on the Group's results of operations depends on the rate of depreciation or appreciation of the Naira against its principal trading and financing currencies. For example, the sharp decline in international oil prices contributed to the depreciation of the Naira against the U.S. dollar in the first nine months of 2020, with the CBN officially devaluing the Naira twice in the period to ₦360:U.S.$1.00 and eventually to ₦380:U.S.$1.00 in a move to converge the growing disparity between the exchange rate systems for the inter-bank and parallel markets in Nigeria. Whilst the Group did not suffer losses in foreign exchange income during the period of the devaluation, there can be no assurance that any further significant devaluation of the Naira, whether due to a change in CBN policy or external macroeconomic events, will not have a material adverse effect on the Group's business, results of operations and/or financial condition.

In addition, the Group's customers may be subject to substantial foreign exchange risk, which indirectly affects the Group's credit risk profile. As of 31 December 2020, 31 December 2019 and 31 December 2018, 53.1 per cent., 58.4 per cent. and 56.3 per cent. of the Group's total loans and advances to customers, respectively, were denominated in foreign currencies, mainly U.S. dollars. Whilst the Bank maintains a policy of only lending in foreign currencies to companies who earn the majority of their revenues in the same foreign currency, several of these companies still earn some, albeit not the majority, of their revenue in Naira. Thus, any significant decline in the value of the Naira may result in borrowers being unable to repay loans denominated in foreign currency.

Separately, the significant devaluation of the Naira as a result of the COVID-19 pandemic, coupled with a precipitous fall in the price of oil in April 2020, which provides 90 per cent. of the country's foreign exchange, has led to a U.S. dollar currency shortage in Nigeria. Due to this currency shortage, the Group's borrowers may struggle to obtain the U.S. dollars they require to pay their foreign denominated loans and advances, which could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, the risk of currency shortage could adversely affect the Depositary's access to U.S. dollars and in turn its ability to convert dividend payments in Naira received from Guaranty Trust into U.S. dollars before distributing them to Holders. Investors should be aware that this could lead to delays in dividend payments to Holders. Such a delay has been present historically, related to dividend payments made by the Bank in connection with the existing shares of the Bank, for which New Shares will be issued as part of the Scheme. See "*—Dividends paid on the New Shares are in Naira but the New GDRs pay dividends in U.S. dollars, exposing a holder of New GDRs to foreign currency risk*".

As at 31 December 2020, the Group's NPLs in its foreign currency loan book were 1.9 per cent., compared to 3.70 per cent. at 31 December 2019. There can be no assurance that the ongoing or worsening of the U.S. dollar liquidity, whether due to a change in CBN policy or external macroeconomic events such as COVID-19 pandemic, will not have a material adverse effect on the Group's business, results of operations and financial condition.

Certain aspects of the Group's business are highly concentrated

The Group's loan portfolio is concentrated, geographically, in Nigeria. The current challenging macro-economic environment in Nigeria, which has been further exacerbated by the negative effects of COVID-19 and the recent drop in oil prices, has had an adverse effect on certain areas of this geographically concentrated portfolio and continues to impact the Group. See "*– The Group's business is highly dependent on the health of the Nigerian economy, and is therefore significantly exposed to the Nigerian oil industry in particular*" above. The Group is also subject to customer and sector concentration risk as a result of its reliance on a relatively small number of industry sectors and institutions for a large portion of its total loans and resulting interest income. As a result of this concentration, any deterioration or further worsening of general economic conditions in Nigeria, or any failure of the Group to effectively manage its geographic, sectoral and client risk concentrations, could have a material adverse effect on its business, results of operations and financial condition.

As of 31 December 2020, the Group's top 20 borrowers, which are all institutional customers, comprised 67.1 per cent. of its total loans and advances to customers, compared to 62.2 per cent. as of 31 December 2019 and 58.7 per cent. as of 31 December 2018. As at 31 December 2020, 53.1 per cent. of the Group's total loans and advances to customers were denominated in foreign currencies (primarily U.S. dollars), of which its 20 largest borrowers accounted for 81.4 per cent, giving rise to risks relating to currency fluctuations. See "*– The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies, as well as risks due to US dollar shortages in Nigeria, all of which have worsened due to the COVID-19 pandemic*" below. Additionally, a substantial portion of the Group's total loans and advances to customers are concentrated in the oil and gas sector (44 per cent. as of 31 December 2020) and manufacturing sector (19 per cent. as of 31 December 2020) of the Nigerian economy. This concentration in part reflects the limited number of high quality corporate credits in Nigeria. The Group maintains limits for individual borrowers and groups of related borrowers. The Group also imposes industry and economic sector limits to protect itself against concentration risk as a result of exposures to multiple sets of counterparties operating in a particular industry. However, the Group may extend loans to a large single borrower, a group, or a sector, and adverse events within such single borrower, group or sector may negatively affect the Group. CBN regulations, as well as certain Group's policies, are designed to limit the Group's exposure to a single borrower, group or sector, but there is no guarantee that such controls or precautions will be effective in all circumstances and therefore the Group could be exposed to more credit risk than it finds acceptable. For instance, on 14 November 2016, the CBN granted a waiver in respect of the Bank's exposure in excess of the single obligor limit to Dangote Industries Limited. As at 31 December 2020, loan exposure to Dangote Industries Limited was ₦150.8 billion, or 9.1 per cent. of the Group's loan portfolio. Dangote Industries Limited is not in default on these loans and, under the IFRS 9 impairment model, the Group has a provision of ₦290 million in respect of this exposure as of 31 December 2020. The current CBN waiver is open ended as Dangote Industries Limited maintains deposit liabilities that are sufficient to offset its obligation to the Bank.

These factors make the Group more susceptible to worldwide credit market downturns and economic slowdowns, including, but not limited to, arising from or as a result of the ongoing outbreak of COVID-19 or the associated decline in oil prices. For instance, various factors may contribute to a deterioration in the quality of the Group's loan portfolio, and in particular events or circumstances which are beyond the Group's control, such as deteriorating macro-economic conditions or the declaration of bankruptcy of a customer or a group of customers to which the Group's exposures are significant. Although the strong capitalisation of the Group would provide a certain element of protection against such risks, the Group may see an increase in NPLs as the Nigerian economy contracts and household and business income suffers. Accordingly, any deterioration in the financial condition of one or more of the Group's largest borrowers or deterioration in the general conditions in any sectors of the economy in which it has a relatively high concentration, could increase the Group's credit risk and lead to increased delinquencies, default rates and loan charge-offs in those segments, any or all of which may negatively impact the Group's financial condition and/or results of operations. Furthermore, if for any reason the Group loses or experiences a decrease in the amount of its business relationships with its largest borrowers, whether as a result of market conditions, competition or otherwise, the Group's financial condition and/or results of operations could be affected negatively.

The Bank's investment portfolio (including investment securities, pledged assets and non-pledged trading assets) is highly concentrated in Government securities. As of 31 December 2020, ₦771.3 billion, or 99.4 per cent. of the Bank's investment portfolio consisted of investments in Government securities, compared with N599.1 billion, or 94.6 per cent. as of 31 December 2019 and ₦525.8 billion, or 99.3 per cent. as of 31 December 2018. In the event that the Nigerian Government defaults on its obligations or suffers a ratings downgrade or the yields on such securities decline, or if there is some other interruption in the market, the Group could be exposed to more credit risk than it finds acceptable. Moreover, any deterioration in the creditworthiness of Nigeria would exert downward pressure on the Bank's ratings, in view of its large holdings of sovereign debt securities. *See – "The Bank's credit rating is closely linked to the performance of the Nigerian economy and could be subject to further downgrade"*. In the event these conditions persist, the Group's business, financial condition, results of operations, liquidity and prospects are likely to be negatively affected.

The Group's business is geographically concentrated in Lagos State, which has the highest concentration of banking activities in Nigeria. As of 31 December 2020, 71.4 per cent. of the Group's loans and advances to customers were to borrowers in Lagos State compared to 72.8 per cent. in 2019 and 69.6 per cent. in 2018. As of the date of this Prospectus, 86 of the Bank's 232 branches were located in Lagos State. There is a risk that the banking market in Lagos State is or will become saturated, or that increased competition in Lagos State will have a material adverse effect on the Group's business, results of operations and financial condition.

The outbreak of COVID-19 pandemic around the world has caused, and is likely to continue to cause, significant disruption to the world economy and key markets in which the Group operates, which may materially and adversely affect the Group's business, financial condition and results of operations

As at the date of this Prospectus, the global economy is experiencing contraction and the performance of global capital markets has been volatile, reflecting the ongoing volatility in the macro-economic climate. In particular, the spread of the novel COVID-19 has caused significant uncertainty and volatility in financial markets worldwide, and is likely to result in lower economic growth globally including ~~in~~ Nigeria. As a result of the pandemic, the Economist Intelligence Unit has predicted a significant slowdown in global growth to roughly 1 per cent. in 2020, down from its forecast of 2.3 per cent. before the outbreak.

The coronavirus known as COVID-19, which was first identified in Wuhan, Hubei Province, China in late 2019, has continued to spread in many countries around the world, leading the World Health Organisation to declare the outbreak of this communicable disease as a global pandemic on 11 March 2020. In March 2020, the United States, certain EU countries and countries in the Middle East, alongside many other countries worldwide began imposing restrictions on travel and on the freedom of movement of people, as well as other restrictions intended to reduce in-person interactions. These measures, whilst aimed to slow the spread of COVID-19, have had an indeterminable adverse impact on the world economy, which has so far included disruption to global supply chains, significant reduction in economic activities worldwide and increased unemployment levels. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities, including in Nigeria, where the Group generates a majority of its revenues, but also in many of the other countries in which the Group operates. Although the spread of COVID-19 has slowed in a number of countries that were affected early on in the spread of the disease and some of the related precautionary and preventive measures have since been partially lifted and/or relaxed, it remains unclear how long and the manner in which any such preventive measures (including any potential re-introduction of such measures or implementation of more far-reaching restrictions or measures than those already announced) will remain in place and what their ultimate impact will be on global and local economies.

In response to the impact of COVID-19, various governments around the world, including Nigeria, have announced fiscal stimulus packages, availed financing from supranational institutions, and pursued expansionary monetary policies. For instance, the Nigerian Government released its Economic Sustainability Programme, committing ₦2.3 trillion to respond to the challenges, both short and long-term, posed by the COVID-19 pandemic. On 28 April 2020, the IMF approved a loan of U.S.$3.4 billion to Nigeria by way of "Emergency Support" under its Rapid Financing Instrument Facility. The loan was granted on concessionary terms, with a tenor of between three and a quarter and five years. To complement the efforts of the Nigerian Government, and as part of its initial policy response to COVID-19, the CBN cut its monetary policy rate ("**MPR**") to 12.5 per cent in May 2020, and then further reduced it to 11.5 per cent. in September 2020. It also introduced additional measures to combat the effect of COVID-19, including: (i) reducing interest rates on all CBN interventions from 9 to 5 per cent and introducing a one year moratorium on repayments of principal in respect of CBN intervention facilities; (ii) creating a ₦50 billion (USD 139 million) targeted credit facility for affected households and small- and medium-sized enterprises; (iii) strengthening of the loan to deposit ratio policy (through increased enforcement of the directive to extend more credit to the private sector); and (iii) providing a liquidity injection of ₦3.6 trillion (2.4 percent of GDP) into the banking system, as well as ₦100 billion in the form of intervention fund to support the health sector, ₦1 trillion in loans to the local manufacturing sector, and ₦1.5 trillion to the real sector. As part of its efforts, the CBN also (i) adopted a unified exchange rate system for the official inter-bank markets and parallel foreign exchange markets (ii) adopted an official exchange rate of ₦380:1USD for International Money Transfer Operators; and (iii) directed oil companies and oil servicing companies to sell FX to the CBN rather than the Nigerian National Petroleum Corporation in a bid to improve FX supply to the CBN. Regulatory forbearance was also introduced to restructure loans in impacted sectors. Whilst these measures are expected to help mitigate against the negative impact of COVID-19, the impact of these measures cannot be predicted, and a prolonged period of reduced global liquidity and negative economic sentiment may have material adverse consequences on the Group's business operations in Nigeria and the other countries in which it operates.

The demand for the Group's products and services has already been impacted albeit only to a limited extent and may, in the future, be significantly affected if the impact of the COVID-19 pandemic in Nigeria worsens as a result of reduced consumer spending. A substantial amount of the Group's business involves providing credit and other financial services to individuals, corporates, industries or governments that have been, and continue to be, detrimentally impacted by COVID-19. Disruptions caused by the pandemic have affected operations in certain industries and caused companies within these sectors to incur additional costs or have prevented them from carrying out their core activities and initiatives. Consequently, the Group has engaged in, and may be required to continue to engage in, negotiations with its existing debtors, which has resulted, and may continue to result, in credit facilities being restructured and/or their tenors extended. All of these factors have the potential to impact the Group's assessment of its expected credit losses in its loan portfolio and to necessitate increases in the Group's allowances for credit losses in future periods, particularly as businesses remain closed and as more customers draw on their lines of credit or seek additional loans to help finance their businesses. Whilst the direct and indirect impact of the COVID-19 outbreak remains uncertain, there can be no assurance that such impairment losses will not significantly increase for future periods, which in turn could have an adverse effect on the Group's business, financial condition, results of operations and prospects. There is also a risk that additional capital may be required by the Group to absorb the impact of heightened levels of credit risk and any increase in impairment levels over time.

Given the relatively low number of COVID-19 cases recorded so far in Nigeria, the Group has not experienced any significant loss of material business volume and revenue during the 2020 financial year. However, the Group expects that the pandemic will result in decreased growth across the economies in which it operates for the remainder of 2020. The extent to which the COVID-19 pandemic impacts the Group's business, results of operations, and financial condition, as well as the Group's regulatory capital and liquidity ratios, will depend on future developments, which, as at the date of this Prospectus, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimulus taken to mitigate its impact or treat its eventual aftermath and how quickly and to what extent normal economic and business activity can resume.

The COVID-19 pandemic is ongoing, and its dynamic nature, including the related weakening of economic conditions and its eventual aftermath, makes it difficult to predict or estimate reliably the degree of the risk posed by the virus. Whilst the Group continues to monitor the situation closely, the Bank is not yet in a position to identify the full impacts of the above factors due to the unpredictable course of the pandemic. However, in order to prepare itself for the potential adverse consequences resulting from the impact of COVID-19, the Group has run several macro-economic scenarios and stress tests by incorporating changes to account for, amongst other things, revised weights of economic scenarios, reductions in oil prices and negative GDP growth. Due to the limited observable data available, the results of these scenarios are based on judgements and estimates and a variety of factors which are outside of the Group's control and can affect the losses which actually materialise. Should the estimated values for such items prove substantially different to actual values, particularly because of significant and unexpected market movements, the Group may experience unexpected losses and further provisions may be required in subsequent financial periods. Accordingly, there can be no assurance that the estimates and modelling by the Group will prove accurate or be sufficient to cover actual losses or impairments as a result of COVID-19. Higher impairment provisions could potentially reduce the Group's capital and its ability to engage in lending and other income-generating activities, any or all of which may negatively impact the Group's business, revenues, results of operations, financial condition and prospects.

The Group faces increased levels of competition in the Nigerian banking industry

Despite the consolidation, the Nigerian market for banking and financial services is highly competitive and the Group faces competition from different banks in each of the segments and regions where it operates. The Bank considers its main competitors to be First Bank of Nigeria, Zenith Bank, United Bank for Africa Plc and Access Bank. Foreign banks also compete strongly with Nigerian banks, particularly in respect of loans to non-individuals, which accounted for 87.82 per cent. and 86.85 per cent. of the Group's total loans to banks and customers as of 31 December 2020 and 31 December 2019, respectively. Although historically the Group has achieved consistent and profitable growth, it may be unable to maintain or improve its market position. The Group seeks to maintain customer loyalty, but customer retention can be influenced by a number of factors, including service levels, the prices and attributes of products and services, financial strength and actions taken by competitors. If the Group is unable to offer products and services that are both attractive and profitable, it may lose market share and potentially incur losses on some or all of its activities. Also, such increased competition may affect the implementation of the Group's strategies and their anticipated outcomes or require an adjustment of the Group's current strategies or business model in order to react to prevailing market conditions and the competitive landscape in Nigeria's banking industry.

In the aftermath of the global economic and financial crisis of 2007-2008, the Asset Management Corporation of Nigeria ("**AMCON**") and the CBN led efforts to consolidate the Nigerian banking sector, which reduced the number of existing banks in Nigeria. However, the concentration of capital amongst the banks now remaining in Nigeria is increasingly higher, thus increasing the share of the market in the hands of the stronger banks. The Group believes that in order to continue to meet the competition in this environment, it will be critical for the Group to achieve economies of scale and be able to effectively offer the greater reach and financial capacity of the other largest banks.

Moreover, the competitive landscape of Nigeria has changed in recent years as a result of the entry of several new players. In October 2018, the CBN issued licences to companies such as pension funds, oil traders, microfinance banks, microlenders and telecommunications companies, to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services. The services that these companies will be able to provide will be linked to their shareholder capitalisation, with agent services, payment processing services, and POS terminal services having lower individual capitalisation requirements and switching and merchant acquisition and settlement services having higher requirements. Separately, several venture capital-backed mobile payments start-ups have entered the market, as evident from the approvals issued by the CBN in September 2019 for payment service bank licences in respect of three new players—Hope PSB (a subsidiary of Unified Payment Services Limited), Globacom's Money Master and 9Mobile's 9PSB. Other events contributing to increased competition in the banking industry include the merger between Access Bank and Diamond Bank in 2019 (which resulted in Access Bank becoming the largest Nigerian bank by assets and deposits) and the entry of Globus Nigeria Limited, Titan Trust Bank and TAJ Bank Limited into the market.

Against this background, the Group's growth depends on its ability to gain market share, extend its distribution network, manage its cost base, access low cost deposits and grow quality risk assets, in order to maintain strong levels of profitability and returns despite being required to hold higher levels of capital by the CBN. If the Group is not able to generate the profitability, economies of scale and financial capacity to enable it to continue to compete with the other large Nigerian banks, the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects may be materially adversely affected. For instance, to the extent that the Group does not successfully compete in terms of the maintenance of its existing client base, development of additional clients, sophistication of product offering, pricing, performance or customer service, its results of operations could be adversely affected as a result. Competition might lead to pressure on margins or, if the Group fails to educate its clients about the advantages of its product offerings, could lead to pressure on its income generation. Further, increasing competition may lead to a decrease in fees and interest income across the industry for certain or all segments of the Group's products. The occurrence of any of these developments could have a material adverse effect on the Group's financial condition and results of operations.

The Group relies on short-term deposits as a primary source of funding and is further exposed to liquidity risks due to maturity mismatches, which may result in the Group being unable to meet its liabilities as they fall due

The Group is exposed to liquidity risk, arising out of mismatches between the maturities of the Group's assets and liabilities which, together with increased market volatility and changes in general economic conditions, may contribute to the Group not being able to meet its net funding requirements at a reasonable cost, or at all. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance upon a particular source of funding. As is common with other banks in Nigeria, the Group has historically relied heavily on depositors (i.e. corporate and retail depositors) to meet its funding needs. As at 31 December 2020, 31 December 2019 and 31 December 2018, the Group's deposits from banks and customers accounted for 73.8 per cent., 70.9 per cent. and 72.5 per cent. of total funding (which is defined as deposits from banks, deposits from customers, borrowings, other liabilities and shareholders' funds), respectively.

Nigerian companies usually withdraw their deposits on a frequent basis and are not typically in a position to place significant funds within the banking sector on a long-term basis. No assurance can be given that the Group will be able to maintain its existing level of deposits without increasing its cost of funding, particularly as the Nigerian banking sector becomes more competitive and other players, such as pension funds, oil traders, microfinance banks, micro-lenders and telecommunications companies begin to offer payment and mobile money services as CBN licencing regulations become more permissive. See "—*The Group faces increased levels of competition in the Nigerian banking industry*." Also, future regulation could increase the cost of deposits, such as any minimum rates payable on deposits. Whilst the Group's cost of funds has been relatively low recently in comparison to recent years, if a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity and/or its deposit funding structure does not continue to be efficient, the Group may need to seek other more expensive sources of funding to meet its funding requirements. If access to capital markets or any alternative funding is constrained for a prolonged period of time, the Group's cost of funding could increase, and it may be required to obtain funding on terms that are less attractive. This could have a negative impact on the Group's ability to grow its margins and profit. In addition, due to generally low levels of liquidity in the Nigerian market, there are limited opportunities for banks to sell or factor assets other than those that are highly liquid, such as Government securities. As such, no assurance can be made that the Group will be able to obtain additional funding on commercially reasonable terms as and when required or at all. Any inability on part of the Group to anticipate and provide for unforeseen decreases or changes in funding sources could have adverse consequences on the Group's ability to meet its obligations when they fall due.

Accordingly, there can be no assurance that decreases in corporate deposits and/or unexpected withdrawals of retail deposits will not result in liquidity gaps that the Group may not be able to cover. As of 31 December 2020, 93.5 per cent. of the Group's interest-bearing liabilities (comprising deposits from banks and customers, derivative financial liabilities held for trading, derivative financial liabilities, debt securities and other borrowings) were due within three months and 42.80 per cent. of the Group's interest-earning assets (comprising cash and cash equivalents, trading securities, pledged assets, loans and advances to customers and banks, derivative financial assets and investment securities) had maturities in excess of three months. Although most contractual maturities are rolled over and demand deposits have remained largely stable, the Group could face difficulties meeting its liabilities as they fall due if it fails to attract further medium- to long-term financing or if the Group were to experience a sudden increase in withdrawals of deposits, which currently form a significant portion of the Group's funding. The Group continues to try to diversify its funding sources by entering into syndicated facilities and by issuing capital market instruments such as bonds and global depositary receipts, although the ability of the Group to attract such funds could be affected by a number of factors, including Nigerian economic and political conditions, the state of the Nigerian capital markets and general international economic conditions. Failure to diversify its funding sources could expose the Group to increased liquidity risk and could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group believes that its liquidity risk management policy, which includes maintaining and monitoring its cash and liquid securities portfolio sufficiently to meet current demands, coupled with its ability to call and/or re-price most of its loans on an annual basis, allows and will continue to allow it to meet its liquidity needs. In addition, the Group has historically maintained a liquidity ratio well above the CBN's regulatory requirement, which in December 2020 was 38.9 per cent. of liquid assets (cash and cash equivalents, treasury bills, trading assets and government bonds) to total Naira deposits. However, a deterioration of the Nigerian economy, an inability to access stable financial resources or alternative sources of funds in the international capital, syndicated loan and interbank markets on commercially reasonable terms or at all, significant withdrawals of corporate and retail deposits and/or continued mismatches between the Group's assets and liabilities could, together or separately, have a material adverse effect on the Group's business, results of operations or financial condition.

The Group's net interest margin may be under pressure due to government monetary policies

The banking industry in Nigeria has become increasingly competitive, which has resulted in increasing pressure on the loan rates chargeable by the Group, particularly in the corporate segment, as well as interest rates paid on deposits from customers, as the Group competes for business. In addition, the CBN's Guide to Charges by Banks and other Financial Institutions in Nigeria (the "**Revised Guide to Bank Charges**"), which took effect on 1 January 2020, provides a standard for the application of charges in the banking industry. The Revised Guide to Bank Charges provides that Nigerian savings accounts must earn interest at a minimum rate of 30 per cent. of the MPR per annum. Subsequently, on 1 September 2020, the CBN issued a letter to all banks revising the interest rate on savings account downwards to a minimum rate of 10 per cent. of the MPR per annum. At the current MPR of 11.5 per cent., this translates to a minimum of 1.15 per cent. per annum. Any increase in the rates the Group pays on relatively low cost funds in the form of retail and institutional deposits could negatively affect the Group's net interest margin. See "—*The Group operates in an uncertain regulatory environment and recent changes by the CBN are having a material adverse effect on the Group*". The Group's net interest margin (defined as net interest income divided by average interest earning assets of the Group) amounted to 9.26 per cent for 2020, a decrease of 0.22 per cent. as compared to 9.28 per cent. for 2019. For 2018, the Group's net interest margin amounted to 9.23 per cent.

In recent years, the Nigerian government has put in place several policies that have caused a decrease in the interest income of Nigerian banks. The CBN's MPR serves as an anchor rate for transactions in the inter-bank money market as well as other market rates. Increase in the MPR causes increase in the cost of borrowing and therefore may have a negative impact on the net interest rate margin. The MPR was held constant at 14.0 per cent. throughout 2018, but in March 2019, the MPR was decreased to 13.5 per cent. The MPR was decreased to 12.5 per cent. in May 2020, and then further reduced to 11.5 per cent. in September 2020, where it remains as of the date of this Prospectus**.** The decision to decrease the MPR was taken to ease monetary policy further in response to the increasing COVID-19 induced economic pressures. Despite these changes to the MPR in 2019 and 2020, the MPR is still higher than its historic levels and this has resulted in increasing pressure on the Group's net interest margins. The CBN has in the past, and may in the future, increase the MPR, which would in turn increase the cost of borrowing and put pressure on the Nigerian banks' net interest margins. As a result, future movements or changes in the MPR may adversely impact the Group's net interest margins and borrowing costs if the Group is unable to adjust or pass these costs on to its customers.

Further regulatory changes contributing to the pressure on net interest margin are the increase in the CBN's loan-to-deposit ratio ("**LDR**") from 60 per cent. to 65 per cent. on 31 December 2019 and the increase of the CBN's cash reserve requirement ("**CRR**") from 22.5 per cent. to 27.5 per cent. on 24 January 2020. The increase in CRR and the corresponding debits by the CBN have adversely affected the amount of deposits generated by the Bank, which in turn has had an impact on the Bank's liquidity and lending capacity in compliance with the increased LDR. See "—*The Group may not be able to sustain the current level of growth in its loan portfolio, and may have difficulty in maintaining the credit quality thereof, which could impact its profitability*". In the future, these factors could materially and adversely affect the competition in the Nigerian banking industry as a whole and have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group may not be able to sustain the current level of growth in its loan portfolio, and may have difficulty in maintaining the credit quality thereof, which could impact its profitability

Between 1 January 2020 and 31 December 2020, the Group's gross loan portfolio increased by 11.12 per cent. The Group's gross loans and advances to banks and customers grew to ₦1,743.9 billion (U.S.$4,250.8 million) as of 31 December 2020, from ₦1,569.3 billion (U.S.$4,305.3 million) as of 31 December 2019 and ₦1,362.1 billion (U.S.$3,796.3 million) as of 31 December 2018. The Group, along with other banks in Nigeria, is highly susceptible to political and economic events in Nigeria and any such events could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects. See "– *The Group's business is highly dependent on the health of the Nigerian economy, and is therefore significantly exposed to the Nigerian oil industry in particular*". There can be no assurance that the Group will be able to sustain its current levels of growth in the future.

As a result of the CBN raising the CRR from 22.5 per cent. to 27.5 per cent. in January 2020, the Group may have difficulties growing its loan portfolio as it, along with other Nigerian banks, tries to manage its liquidity position in the face of an increase in the cost of funds caused by the increase in the CRR. Separately, in response to an increase in the total amount of credit extended by commercial banks in Nigeria, on 31 December 2019, the CBN revised the minimum LDR upward from 60 per cent. to 65 per cent. in an effort to sustain momentum and increase economic growth (where it remains as of the date of this Prospectus). The measure was introduced among a raft of regulations aimed at compelling banks to boost credit, mainly to farmers, small-and-medium-size businesses and consumers. An increase in the overall level of lending in the Nigerian banking sector could increase the credit risk of the Group. In particular, retail and SME commercial banking customers typically have less financial strength, fewer resources and /or greater income volatility than large companies, and as the Group's retail and SME business expands, negative developments in the Nigerian economy could affect these borrowers more significantly than large companies. Historically, retail and SME commercial banking customers have been particularly susceptible to changes in interest rates and market conditions generally. Although the Group has taken deliberate steps to increase customer acquisitions across all business segments, it continues to consider retail and SME commercial banking a priority segment in terms of growth for the Group, as the Bank believes that the retail and SME segment in Nigeria is still largely unpenetrated. As at 31 December 2020, the Group had a split between 88:12 corporate loans and retail/SME loans. The growth in lending to SMEs and retail customers could result in higher levels of classified loans (that is, loans classified by the Group as substandard, doubtful or lost based on CBN Prudential Guidelines) or NPLs for which an impairment is or needs to be made and as a result, requires higher levels of provisioning. The Group's retail business may also be adversely impacted should the Group's retail customers be unable to make payments on existing loans provided by the Group, maintain their deposit accounts or experience a significantly decreased appetite for new loan products and services due to a decrease in consumer confidence and spending, late salary payments (including by state employers) or job losses caused by the challenging macroeconomic conditions in Nigeria. Any such significant declines in retail deposits or increases in retail loan defaults could increase the Group's liquidity and funding risk, lower its credit quality and have a material adverse effect on the Group's business, results of operation, financial condition and/or prospects.

According to data from the CBN, the Nigerian banking industry's NPLs as a proportion of total loans decreased to 6.1 per cent. as at 31 December 2020 from 6.06 per cent. as at 31 December 2019 but decreased from 11.67 per cent. as at 31 December 2018. The Group's NPL ratio as at 31 December 2020 stood at 6.4 per cent., compared to 6.8 per cent. as at 30 June 2020, 6.5 per cent. as at 31 December 2019 and 7.3 per cent. as at 31 December 2018. A significant contributing factor in the decrease of the Group's NPLs over the periods is the improved risk management framework and structure of the Group. The Group ensures that each credit is reviewed and granted based on the strength of the relevant borrower's cash flow. It also ensures that each borrower has tangible and marketable collateral that is pledged to the Group, which is easily verifiable and can be disposed of when necessary. However, in response to the COVID-19 pandemic and its impact on the Nigerian economy, in May 2020, the CBN, with the support of the Federal Government, implemented a forbearance programme (the "**Forbearance Programme"**), requiring all Nigerian banks to allow a 12-month moratorium on the payment of principal and temporarily reduce interest rates on loans to customers in certain sectors of the economy. As of 31 December 2020, 5.5 per cent. of the Group's loan portfolio benefitted from the Forbearance Programme. Loans that benefit from the Forbearance Programme are not treated as NPLs. However, it is possible that loans currently eligible for the Forbearance Programme may become NPLs in the future. Although the Group continues to actively manage and monitor its loan portfolio, there can be no assurance that, in the future, the Group will be able to improve on or maintain the NPLs at or below the NPL ratio recorded at 31 December 2020. Factors which may contribute to an increase in the amount of the Group's NPLs include growth of the Group's loan portfolio, relative concentration of the loan portfolio and the reduced ability of existing customers to pay their foreign exchange denominated debt, a significant devaluation of the Naira, further decreases in oil prices or any general slowdown in the Nigerian economy. Government policies and economic changes that adversely affect sectors to which the Group has significant exposure may also contribute to the amount of the Group's NPLs. A high NPL ratio will negatively impact the foreign currency liquidity, capital and profitability of the Group, whilst also affecting its credit rating and thus opportunities to obtain funding from other sources. As a result, any increase in NPLs will have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and liquidity.

Moreover, any significant increase in credit exposure will require continued emphasis by the Group on credit quality, the adequacy of its provisioning levels and the continued development of financial and management control. Due to the size of each loan to corporate customers, a single default by a corporate borrower could significantly impact the Group's loan losses. The Bank can make no assurance that it will be able to predict loan losses effectively or that allowances for loan losses will be sufficient to cover actual losses. Therefore, failure to successfully manage growth and development and to maintain the quality of its assets could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

The Group is subject to interest rate volatility

One of the most significant factors affecting the Group's profitability is the level of, and fluctuations in, interest rates in the countries in which the Group has operations, which in turn (along with the volume of loans and deposits) influences the interest income generated by the Group's assets (primarily loans and advances to the customers) and the interest expense associated with its liabilities (primarily deposits).

Fluctuations in interest rates could adversely affect the Group's net interest income and liquidity in a number of different ways. For instance, changes in interest rates can influence not only the interest received on loans and the interest that is paid on deposits and borrowings, but such changes could also affect the Group's ability to originate loans and obtain deposits. As at 31 December 2020, variable interest rate borrowings constituted 24.4 per cent. of the Group's total long-term borrowings. As at 31 December 2020, a 50-basis point increase in the Group's three-month USD LIBOR rates on its variable rate borrowings, assuming all other variables remain constant, would have resulted in a ₦0.18 billion decrease in the Group's earnings. In addition, an increase in interest rates generally will decrease the value of the Group's fixed rate loans and raise the Group's funding costs. In order to mitigate the possibility of a decrease in the value of fixed rate loans, the Bank has a policy of repricing its fixed rate loans in line with changes in market rates within 10 working days of such changes. Such an increase could also generally decrease the value of fixed rate debt securities in the Group's securities portfolio (primarily comprised of government bonds). In addition, an increase in interest rates may reduce overall demand for new loans, increase the risk of customer default and increase the Group's deposit costs, whilst general volatility in interest rates may result in a divergence between the Group's interest rate sensitive assets and liabilities, particularly given the Group's reliance on short-term liabilities to fund longer-term assets. Conversely, a decrease in the general level of interest rates could reduce the Group's customers' time deposits as well as reduce the interest received on the Group's investments. If any of the above referenced events happens, the Group's earnings could be adversely affected. This risk could be heightened in the event of sudden large fluctuations or changes in interest rates in response to economic or other irregular conditions. If the Group is unable for any reason to effectively reprice or adjust the rates on its interest earning assets in response to changes in rates on its interest-bearing liabilities as a result of prevalent economic or market conditions, then the Group's interest income margins could be adversely affected.

Interest rates are highly sensitive to many factors beyond the Group's control, including the policies of central banks, such as the CBN, domestic and international economic conditions and political factors. In 2019, interest rates decreased due to foreign investor demand for treasury bills following the relatively peaceful general elections. Also in 2019, the CBN passed certain measures limiting (though not fully restricting) the ability of banks to participate in open market operation auctions. The Group's objective for management of interest rate risk is to ensure a higher degree of interest rate margin stability and lower interest rate risk over an interest rate cycle. The Group endeavours to achieve this by using hedging instruments as a means to minimise material exposures but there are currently no laws in Nigeria governing the contractual process comprising early termination, valuation and determination of a net balance. The principles governing derivatives as hedging instruments have not been tested in the Nigerian courts. For this and other reasons, there can be no assurance that the Group will be able to protect itself from the adverse effects of future interest rate fluctuations. Therefore, the Group's operations remain subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. These risks impact both the earnings and the economic value of the Group which, if material, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Consequently, any fluctuations in market interest rates, and any inability on the Group's part to monitor such fluctuations so as to respond in a timely and cost effective manner, could reduce the profitability of the Group's loan portfolio and affect the interest rates earned on interest earning assets differently, leading to a reduction in the Group's net interest income and having a material adverse effect on the Group's results of operations, financial condition and/or prospect.

The Group's strategic targets may not continue to be successful

The Group's overall strategic goal is to expand its business, add more customers and reduce costs effectively, largely through a substantial increase in the Group's footprint, digital and structural capabilities. As part of this strategy, the Group is focused on organic growth within Africa, which it intends to achieve by increasing cross selling of products sold to customers. As in the past, the Group intends to continue focusing on the development of the Group's technological infrastructure, enhancement of the Group's digital service offerings, improvement of the Group's risk management and controls and increasing the revenue contribution from its international subsidiaries.

Whilst pursuing these strategic targets, the Group intends to take the necessary measures to comply with existing CBN regulations. To the extent that capital adequacy requirements will inhibit the Group's ability to meet its strategic goals, the Group will take all necessary measures to manage capital efficiently. Such measures may include raising additional capital, subject to market conditions and opportunities, capital management and conservation by managing the consumption of capital more aggressively. However, the Group's strategic goals are based on certain assumptions and expectations of the Group, including in respect of macroeconomic developments, interest rates, competition, revenue, expenses, cost of risk and future demand for the Group's services, which may prove to be incorrect. Also, the benefits and impact of the Group's strategy could fall short of what the Group anticipates. For example, the Group might not be able to realise the full benefits of its digitalisation initiatives, which could result in less than expected customer satisfaction improvements and/or cost reductions and negatively impact revenues and operating results, respectively.

A core part of the Group's strategy is strengthening its digital platform to support the delivery of a consistent and seamless banking experience for customers, creating new digital propositions to support new customer acquisition and customer retention, and simplifying its operating platform to improve customer experience and increase efficiency. The Group may be required to undertake a number of investments that may be needed to maintain its competitive position in an increasingly competitive digital banking environment in Nigeria. The IT environment is complex, ever changing and organisations are becoming increasingly dependent on it. The Group attributes great significance to having a stable, durable and robust technology infrastructure. As a result, the Group invests resources for reducing the number of failures and minimising the potential damage to its business and operation activities. If the Group fails to successfully execute its digital strategy, fails to invest sufficiently, fails to invest to the same extent as its competitors, or fails to invest in the right technologies, the Group's business, results of operations, financial condition and prospects could be adversely affected. The Group may also be required to make further expenditure or investments (such as marketing, customer incentives or pricing changes) in order to achieve the Group's strategic targets. Such situations may require the Group to adapt its plans and/or revise its strategy, causing delays in its implementation or resulting in additional costs.

Similarly, following implementation of the Scheme, Guaranty Trust intends to expand the Group's activities beyond those currently permitted to be carried out by entities holding commercial banking licences in Nigeria, such as the Bank. For instance, it intends to undertake steps to diverse the Group's revenues by including non-banking subsidiaries that will undertake permissible activities to provide customers with a wide range of digital financial services in order to meet their rapidly evolving needs, and adapt to a rapidly evolving business landscape. As such, entry into high growth non-banking businesses, such as the payments business, pension fund management and asset management, has been identified as an immediate focus area. Neither Guaranty Trust nor the Group can be certain that it will be able to successfully implement its strategic objectives, manage the resulting business growth effectively, develop appropriate internal controls, secure and effectively allocate resources to meet the needs of its expanded business or that the implemented growth plans will achieve the benefits that management anticipates. If the Group fails to maintain effective internal controls as its business grows, this could result in a loss of investor confidence in the Group's business. Therefore, any failure to successfully implement its strategy and manage its growth successfully or failure to keep pace with further changes in the industry could have an adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group has counterparty credit risk exposure as well as exposure to financial institutions and markets generally

As a financial organisation engaged in lending to individuals and companies, the Group faces credit risk which arises from the possible failure of repayment by the borrower and/or the loans not being secured sufficiently. The Group faces counterparty risk from its derivative contracts as well as from its borrowers, customers, trading counterparties and other financial intermediaries. These counterparties may default on their obligations due to bankruptcy, as well as due to lack of liquidity, downturns in the economy or real estate values, operational failures or other reasons. As a result, risk arising from changes in credit quality and the recoverability of amounts due from counterparties are inherent in the Group's business. Although the Group attempts to manage this risk through its credit risk management policies by monitoring the extension of credit to customers and taking of collateral, there is no guarantee that such precautions will be effective, and the Group could be exposed to more credit risk than it finds acceptable. For example, the Group may fail to assess the inherent risk in each loan application, or may conduct an inaccurate assessment of a customer's credit quality or the value of collateral could decline. Any of the foregoing could have a material adverse effect on the Group's business, prospects, financial position and/or results of operations.

Further, there is a risk that, despite the Group's belief that it conducts an accurate assessment of customer credit quality, customers are unable to meet their commitments as they fall due as a result of customer-specific circumstances, macro-economic factors or other external factors. The failure of counterparties to meet their commitments as they fall due may result in higher impairment charges or cause negative impact on the Group's lending portfolio. Accordingly, adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in Nigeria or global economic conditions, could affect the recoverability and value of its assets and consequently increase the Group's provision for expected credit losses and other provisions. Any failure by the Group to manage such risks could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group's risk management and internal control policies and procedures may leave it exposed to unidentified or unanticipated risks

The Group has devoted resources for developing its risk management policies and procedures, particularly in connection with credit, market, liquidity, interest rate and operational risks, and expects to continue to do so in the future in accordance with its Enterprise Risk Management Framework ("**ERM Framework**"). Nonetheless, its risk management techniques and internal control policies and procedures may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Group's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets which the Group operates in, its clients or other matters that are publicly available or otherwise accessible by the Group. This information may not be accurate, complete, up-to-date or properly evaluated in all instances. In addition, the Group is subject to political, economic and other risks associated with Nigeria and the other countries in which it operates, which cannot effectively be managed.

The Group is vulnerable to various kind of fraud risks (both internal staff fraud and external fraud) which range from, but are not limited to, money transfers fraud, electronic fraud, identity theft, internet and telephone fraud. As these threats evolve and become more complicated with time, the approach and techniques used to manage these risks must adapt and thus the Bank is required to engage in constant monitoring and risk assessment. In the past, risk management frameworks have focused on credit management, operational risk management and market risk, but emerging trends in the means of fraud indicate that failures in management of information assets often precedes instances of fraud, an observation that has given rise to greater emphasis on information security risk management. The magnitude of the potential impact of the foregoing risks may be compounded as the Group grows its business in the future. See "*—The Group's strategic targets may not continue to be successful*". Any failure in the Group's risk management techniques may have a material adverse effect on its business, results of operations, financial condition and/or prospects.

In the past the Group has suffered from certain credit-quality problems, lapses in credit approval and control processes, internal control deficiencies and operational problems as a result of weaknesses in the Group's risk management and internal controls. There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect the Group against, all credit and other risks to which it is subject. Certain risks are unidentified or unforeseeable, and could be greater than the Group's empirical data would otherwise indicate. In addition, the Group cannot guarantee that all of its staff will adhere to its risk management and policies and procedures. The Group's growth and expansion may affect its ability to implement and maintain stringent internal controls. The Group's risk management and internal control capabilities are also limited by the information, tools and technologies available to the Group. Although the Group believes that its financial systems are sufficient to ensure compliance with the requirements of applicable laws, any material deficiency in the Group's risk management or other internal control policies or procedures may expose the Group to significant credit, liquidity, market or operational risks than its finds acceptable, which may in turn have a material adverse effect on the Group's business, results of operations and financial condition.

Difficulty in obtaining and enforcing adequate security as collateral for the Group's loans, or a decline in the value or liquidity of such collateral, may adversely affect its loan portfolio

Although as of 31 December 2020, approximately 89.8 per cent. of the Group's loans and advances to customers were secured (11.1 per cent. were secured against real estate, 4.4 per cent. were secured against shares of quoted companies and 74.4 per cent. were otherwise secured), the remaining 10.2 per cent. of the Group's loans and advances to customers were unsecured. For loans which are secured, whilst the Group's policy is to obtain collateral with a value exceeding the value of the loan, if the Group is forced to realise on the security, for various reasons the realisable value from the security may be less than the outstanding loan. Some secured loans, particularly in the retail banking segment, have lower recovery rates on the collateral following a default in the loan, due to the types of collateral involved—generally consumer products, such as appliances and cars, which are difficult to recover. Additionally, certain types of security, such as mortgages, are difficult to perfect due to government bureaucracy, perfection costs and incomplete documentation.

Under relevant Nigerian land laws, the Group is required to obtain the consent of the Governor of the relevant state in which real property collateral is situated in order to perfect its security in the property. The process of perfecting title to land is highly bureaucratic, which may unduly prolong the Group's ability to realise security for loans advanced. In order to address these problems, in 2015, the CBN issued the Collateral Registry Regulations No 1. of 2015. The objective of this regulation is to provide a regulatory framework for accessing credit facilities that are secured by movable property, the creation and perfection of security interests and the realisation of such security interests. In June 2016, the CBN announced that the notice-based, online National Collateral Registry ("**NCR**") was now operational and directed banks to register their security interest with the NCR with effect from July 2016. The Collateral Registry Regulations as well as the NCR were given legislative force with the signing into law by the Acting President of the Secured Transactions in Movable Assets Act 2017. However, it is still too early to assess the long-term effects that the NCR will have on the financial landscape in Nigeria. In addition, the Nigerian judicial system is still largely underdeveloped, suffers from a significant shortage of resources and faces a number of challenges, which often results in delays in the judicial process that could pose further challenges in realising security for loans. Accordingly, there is a possibility that with respect to the Group's loan portfolio such delays may affect the Group's ability to quickly enforce judgments obtained on security due to the inefficiencies in the judicial system.

Whilst there are limitations on securing effective collateral over certain assets, including land, a substantial portion of the Group's loans to corporate customers and individuals is secured by collateral such as real property, land leasing rights, production equipment, vehicles and securities. However, some of the collateral currently securing the Group's loans to corporate customers and individuals may decline in value, making it insufficient to cover outstanding debts. Downturns in the relevant markets, a lack of an existing market for the collateral within Nigeria or a general deterioration of economic conditions may result in declines in the value of collateral below the amounts of the outstanding principal and accrued interest on those loans. If collateral values decline, they may not be sufficient to cover irrevocable amounts on the Group's secured loans, which may require the Group to reclassify the relevant loans, establish additional loan loss expenses and increase reserve requirements.

Failure to obtain security with sufficient value, to adequately perfect security interests, to recover the expected value of collateral held for loans or a decline in the value of such collateral may expose the Group to losses, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may make acquisitions and/or significantly expand its branch network

The Group may make acquisitions and/or significantly expand its branch network by opening new domestic branches and foreign branches and by establishing foreign subsidiaries in the future. The Group intends to further expand its network in other high-impact economies in Africa. In addition to Nigeria, the Group has banking operations in the Republic of the Gambia, the Republic of Sierra Leone, the Republic of Ghana, the Republic of Liberia, the Republic of Côte d'Ivoire, the Republic of Kenya, the Republic of Uganda, the Republic of Rwanda, the United Republic of Tanzania, and the United Kingdom. The Group has grown rapidly over the last few years, primarily through the growth of its loan book. Historically, the largest portion of the Group's assets was invested in investment securities, primarily Nigerian federal and state government bonds and treasury bills. However, in the last few years, in an effort to obtain a higher return on its assets, the Group has increased the amount of its lending, focusing on retail and corporate clients (institutional and commercial).

The degree of expansion of the Group's activity may put new demands and pressures on its management and systems. For instance, such activities in the past have required and, if this growth continues, will require, a significant allocation of capital and management resources, further development of the Group's financial, internal controls and information technology systems, continued upgrading and streamlining of its risk management systems and additional training and recruitment of management and other key personnel. In addition, expansion into unfamiliar markets could expose the Group to further regulatory and/or marketing risks. Acquisitions face risks associated with integration of acquired entities, businesses, personnel, operations, technologies and products, and whether the Group realises the anticipated benefits from acquisitions and related activities will depend on multiple factors. At the same time, the Group is expected to maintain a consistent level of client services and current operations to avoid loss of business or damage to its reputation. The Group's ability to successfully implement its strategic objectives will depend on its ability to successfully manage its growth and to cost effectively develop any new branches as well as to secure and effectively allocate resources to meet the needs of its expanded business. If the Group fails to manage its growth properly, or if anticipated benefits of acquisitions are not achieved or are significantly delayed, the Group's business, financial condition, results of operations and prospects may be materially adversely affected.

Management of the Group's growth has required significant managerial and operational resources and has increased the overall complexity of the Group's business and such demands will continue to increase with the expansion of the Group's business. As the Group's loan and deposit portfolio and business grow, the Group will need to obtain new resources, particularly personnel and upgraded information technology infrastructure, to manage the growth and to control the credit quality of its loan book. If the Group fails to manage its growth successfully, this could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group may be subject to operational risk and may not have adequate insurance to cover losses

The business of the Group inherently generates operational risks. The Group's business activities require accurate recording and processing of a very large number of transactions on a daily basis. The Group maintains a system of controls designed to keep operational risk at appropriate levels and where potential issues have been identified in relation to the Group's controls, steps have been taken to mitigate such risks. However, the Group's recording and processing of transactions are potentially subject to human and technological error or a breakdown in the Group's internal processes or controls relating to the authorisation of transactions, either centrally or within its branch network. There is a risk that the Group will not be able to ensure that its internal control policies and procedures will protect it from fraud or other criminal acts committed by its employees. Misconduct by employees could include binding the Group to transactions that exceed authorised limits or present unacceptable risks, or concealing unauthorised or unsuccessful activities, which in either case may result in unknown and unmanaged risks or losses. Given the high volume of transactions, errors may be repeated or compounded before they are discovered and rectified and there can be no assurance that risk assessments made in advance will adequately estimate the costs of these errors. Any failure or delay in recording or processing of transactions, or other material breakdown in internal controls, could subject the Group to claims for losses and regulatory fines and penalties.

Accordingly, there can be no assurance that the Group will not suffer losses from any failure of these controls to detect or contain operational risk in the future. For the year ended 31 December 2020, the Bank experienced fraud totalling ₦90.4 million perpetrated by its employees. As such, the Group manages its operational risk by obtaining insurance from external providers. Though the Group has insurance coverage comparable to that of other Nigerian banks, this coverage may differ from what is customary in other countries. There can be no assurance that the Group's insurance will be sufficient to cover the Group's losses from all such transactions or errors. Consequently, a failure of the Group's internal processes or systems may result in unauthorised transactions and errors which may not be detected and the Group's insurance may not cover the Group's losses from such transactions or errors, which, in turn, may have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Although the Group has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures, it is not possible to ensure that these will be fully effective in controlling each of the operational risks. Accordingly, any actual or perceived inadequacies, weaknesses or failures in the Group's systems or processes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group fails to receive or maintain licences required to conduct its operations, or if any existing licences are revoked, its operations may be adversely affected

Banking and other operations performed by Nigerian banks such as dealer and depositary activities in Nigeria require licences from the CBN. The Group has obtained licences in connection with its banking operations, including banking operations involving foreign currencies and its operations as an authorised dealer and primary dealer in federal government instruments. However, there is no assurance that members of the Group will be able to obtain required licences or maintain existing licences in the future. In the event that the Group loses a CBN or other regulatory licence of any other jurisdiction where the Group operates or is required to apply for a new licence, the process could be burdensome and time-consuming.

The Group currently holds an international commercial banking licence. The CBN may, at its discretion, impose additional requirements on holders of an international commercial banking licence or deny any request by the Group for further licences. In particular, the loss of its commercial banking licence, a breach of the terms of its banking licence or a failure to obtain such a licence in the future could result in the Group being unable to continue some or all of its banking activities, being unable to expand its business internationally and being subject to penalties and fines by the CBN. Any such failure could, in turn, have a material adverse effect on the Group's results of operations and financial condition.

The Group has significant off-balance sheet credit-related commitments

As part of its business, the Group conducts business involving contingent liabilities and commitments, including acceptances, endorsements, guarantees and letters of credit. The majority of these facilities are offset by corresponding obligations of third parties. All such credit-related commitments are classified as off-balance sheet items in the Group's consolidated financial statements. As of 31 December 2020, the Group had contingent liabilities amounting to ₦418.8 billion (USD 1,020.9 million), compared to ₦413.3 billion as of 31 December 2019 and ₦441.1 billion as of 31 December 2018.

Although the Group monitors its off-balance sheet contingent liabilities and commitments as it does for its on-balance sheet credits, there can be no assurance that such monitoring will be sufficient to protect the Group from the actual losses that the Group may potentially incur on its credit-related commitments. In line with IFRS 9, the Group assesses its off-balance sheet assets and liabilities for impairment. It does this using the credit conversion factor, which is a modelled parameter that converts an off-balance sheet exposure to its credit exposure equivalent before applying the expected credit loss impairment model to determine the forward-looking impairment. As of 31 December 2020, the Group had recognised a sum of ₦3.7 billion as impairment charge on off-balance sheet contingent liabilities compared with the ₦6.5 billion recognised as of 31 December 2019 and ₦7.1 billion recognised as of 31 December 2018. Any significant deterioration in the Group's off-balance sheet contingent liabilities and credit-related commitments may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Risks related to Regulatory Matters

The Group operates in an uncertain regulatory environment and recent changes by the CBN may have a material adverse effect on the Group

The Group operates in an uncertain regulatory environment in Nigeria. In addition, the Group's business is subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in Nigeria and each of the other countries in which the Group operates. Given the recent economic slow-down, the regulatory environment in Nigeria may remain uncertain, which could adversely impact the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects. Particularly, since the changes in regulations may be extensive and may change either gradually or rapidly, at times unexpectedly and with only a very short period of notice and consultation, all of which are unpredictable and beyond the control of the Group.

The Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in Nigeria or any other jurisdiction where the Group operates. Although the Bank continually monitors the situation, future changes in regulation, fiscal or other policies could adversely affect the results of operations of the Group. For example, the following recent changes by the CBN may affect the Group's activity, operations and financial results:

Revised Guide to Bank Charges

The CBN implemented the Guide to Charges by Banks and other Financial Institutions in Nigeria in May 2017, thus providing a standard for the application of charges in the banking industry. On 19 December 2019, the CBN published a Revised Guide to Bank Charges, which took effect on 1 January 2020. The Revised Guide to Bank Charges provides that Nigerian savings accounts must earn interest at a minimum rate of 30 per cent. of the MPR per annum. Subsequently, on 1 September 2020, the CBN issued a letter to all banks revising the interest rate on savings account downwards to a minimum rate of 10 per cent. of the MPR per annum. At the current MPR of 11.5 per cent., this translates to a minimum of 1.15 per cent. per annum. However, the minimum rate ceases to be applicable on any savings account from which more than four withdrawals have been made in a month. In Nigeria, most savings account holders exceed the monthly withdrawal limit and thus the Bank is not obligated to pay a minimum interest rate most months for most of its savings accounts. However, there can be no assurance that future changes to the maximum withdrawal limit will not lead to an increase in the Bank's monthly interest payments on savings accounts, thus reducing its net interest margin.

Furthermore, the Revised Guide to Bank Charges of CBN requires banks and non-bank financial institutions to reduce charges applicable to bank accounts, electronic transfers and ATMs. The implementation of this rule has led to a decrease in the fees and commission income of the Bank. For instance, the tiering system within the NIBSS Instant Payments ("**NIP**") which charges across volume bands as provided for in the new guidance has resulted in, as at 31 December 2020, a 24.8 per cent. decline in income that the Bank derives from its Digital Banking Division. For example, the Bank previously earned ₦50 across all values in respect of electronic transfers via the NIP platform, but with the new regulations, transfers with values between ₦0 and ₦5,000 are now charged at ₦10, amounts between ₦5,001 and ₦50,000 are now charged at ₦25 and amounts greater than ₦50,000 are now charged at ₦50. Notably, 48 per cent. of NIP transactions fall within the ₦5,000 amount threshold for which the Bank used to earn ₦50, but now only earns ₦10.

Contributions to the Asset Management Corporation of Nigeria

The Group is required to contribute to a sinking fund to cover any net deficits incurred by AMCON. In the wake of the global financial crisis, AMCON was established as a stabilising tool to revive the financial system by resolving the NPL assets of banks operating in Nigeria. As a result of AMCON's intervention, all commercial banks in Nigeria are statutorily required to contribute 0.5 per cent. of their audited total assets and contingents as at 31 December of each year to a sinking fund established to repay AMCON's debt to the CBN. As at 31 December 2019, AMCON's outstanding debt to the CBN totalled N4.7 trillion. In 2015, the CBN amended its definition of "total assets" to include off-balance sheet items. However, AMCON continued to erroneously apply a definition of "total assets" that excluded off-balance sheet items, leading to an assessment that banks across the Nigerian banking sector had underpaid their contributions in 2016 and 2017. In 2018, the CBN notified the banks of the resultant shortfall for those years. Consequently, CBN adopted that an additional charge of 0.5 per cent. of each bank's off-balance sheet liabilities should be imposed. The Bank has had to make provisions for this payment and amortise the provision over five years between 2019 and 2023. However, any further increase in such charge would have a negative impact on the Group's profitability.

Framework for regulation of Systemically Important Banks

Under the D-SIB Framework, D-SIBs (including the Bank) and those banks with an international banking licence are required to maintain a minimum capital adequacy ratio of 15 per cent. (in contrast to 10 per cent. for other national and regional banks). Furthermore, no more than 25 per cent. of a D-SIB's qualifying capital can be constituted by Tier 2 capital. Additionally, the CBN requires D-SIBs to set aside an additional 1 per cent. of capital as a higher loss absorbency charge. However, the CBN has proposed increases to D-SIBs' minimum liquidity ratio (which is currently set at 30 per cent.) and capital adequacy ratio in order to implement the Basel III regime in Nigeria. As of 31 December 2020, the Group was sufficiently capitalised with a 24.87 per cent. and 21.89 per cent. transitional arrangement and full impact assessment capital adequacy ratio, respectively. This is over and above the regulatory threshold of 16 per cent. for D-SIBS. If the CBN were to make the proposed changes, pursuant to the Basel III regime, to the Group's regulatory capital requirements, the capital adequacy ratio is estimated to fall by 100 basis points. See "*— Capital adequacy requirements in Nigeria differ from international standards and the Group may face difficulties meeting capital adequacy requirements.*"

Rising cash reserve requirements

In September 2015, the CBN's CRR was reduced from an all-time high of 31 per cent. to 25 per cent. This was further reviewed downwards to 20 per cent. in November 2015, and raised to 22.5 per cent. in March 2016. The CRR remained at this level until 24 January 2020, when the Monetary Policy Committee of the CBN voted to increase the CRR to 27.5 per cent. in order to address the rising rate of inflation in the last four months of 2019. The immediate impact of the increase in the CRR was reduced liquidity in the Nigerian banking sector generally. If the CRR were to be increased again in a manner that decreases the Group's deposits or lending capacity (i.e. reduces the cash (liquidity) available to the

Group) or if any other changes were made to reduce liquidity in the Nigerian banking system, it could adversely affect the Group.

These factors, and any future regulatory changes introduced by the CBN (including any changes implemented by the acting CBN governor or the governor's successor) create an uncertain regulatory environment, which could materially and adversely affect the Nigerian banking industry as a whole and have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and liquidity.

Capital adequacy requirements in Nigeria differ from international standards and the Group may face difficulties meeting capital adequacy requirements

The Bank is required, amongst other things, to maintain adequate capital resources and to satisfy specified capital ratios at all times, including (without limitation) capital adequacy and liquidity ratios prescribed by the CBN. The capital adequacy requirements in Nigeria differ from those in more developed regulatory jurisdictions. The CBN is focused on paid-up capital levels, rather than setting more stringent minimum levels of capital to risk-weighted assets than the current 16 per cent. stipulation for D-SIBS (including the Bank) and Nigerian banks with international operations. For instance, the CBN Guideline titled "*CBN Scope, Conditions & Minimum Standards for Commercial Banks Regulations*" prescribes maintenance of a minimum paid-up share capital of ₦25 billion for institutions granted a national banking licence and ₦50 billion for institutions granted an international banking licence. Additionally, as per the letter dated 31 January 2013 from the CBN to all banks and discount houses with the subject "*Review of Risk Weights on Certain Exposures in the Computation of Capital Adequacy*", if a bank's exposure to a particular industry within a sector (as defined by the International Standard Industrial Classification of Economic Sectors issued by the CBN) is in excess of 20 per cent. of total credit facilities of a bank, the risk weight of the entire portfolio in that industry shall be 150 per cent. Similarly, if a bank's exposure to the oil and gas sector is in excess of 20 per cent. of total credit facilities of the bank, the risk weight of the entire portfolio in that sector will attract a risk weight of 150 per cent. for the purpose of capital adequacy computation. As at 31 December 2020, the Group's total capital to risk-weighted assets ratio was 21.89 per cent. (calculated in line with the CBN's capital adequacy computation), which is well above the CBN minimum requirement of 16 per cent. for D-SIBS (including the Bank). At present, no more than 25 per cent. of a D-SIB's qualifying capital can be constituted by Tier 2 capital, which the Bank was in compliance with. As of 31 December 2020, the Bank's Tier 1 capital constituted 21.23 per cent. of its qualifying capital.

Accordingly, the Group has capital levels in excess of the capital adequacy requirements imposed by the CBN under Basel II, and the share capital and share premium of ₦138.2 billion of the Group as of 31 December 2020 will most likely be adequate to accommodate any near future increase in the capital requirements implemented by CBN as this represents 1.4 times of the required capital for the Group as projected for period ending 31 December 2021. However, the CBN could change the risk weighting of a particular class of assets held by the Group, which could require the Group to increase the level of regulatory capital it holds in respect of any such class of assets by seeking additional capital or alternative sources of financing, which may not be available or may only be available at commercially unsustainable prices. Accordingly, the Group may face difficulties in meeting these requirements in the future. Moreover, the Group's capital levels could decline as a result of various factors, such as a decline in the quality of the Group's credit portfolio or exchange rate movements. If the Group fails to meet the capital adequacy requirements, the CBN may take certain actions, including restricting the Group's asset growth, suspending all but its low risk activities and imposing restrictions on the payment of dividends. Failure to comply with capital adequacy or other ratios imposed by the relevant regulators in the jurisdictions in which the Bank or the Group's subsidiaries operate may also result in the revocation of the Group's licences in such jurisdictions and may give rise to breach of loan covenants. In addition, the CBN has in the past prohibited Nigerian banks from using their capital to recapitalise foreign subsidiaries, meaning that the Group risks having to raise external capital to recapitalise its foreign subsidiaries, should the need arise.

On the other hand, if the CBN lowers minimum requirements, temporarily or permanently, in response to industry-wide concerns, whilst the Group's risk of not meeting the requirements would fall, there could be other risks for the Group and the Nigerian banking sector as a whole. This could include the perception of weakness in the international markets and reluctance to lend or place deposits with the banks as well as falls in the price of the New GDRs. These actions could adversely impact the Group's ability to grow its loans to customers and other risk assets, and in turn materially adversely affect the Group's business, results of operations and/or financial condition.

The CBN from time to time promulgates new regulations and guidelines as part of its attempt to adjust the Nigerian banking system to Basel requirements. Accordingly, Nigerian banks' capital adequacy requirements have been and will continue to be affected by Basel requirements, which include requirements relating to regulatory capital, liquidity, leverage ratios and counterparty credit risk measurements. In December 2010 and January 2011, the Basel Committee on Banking Supervision issued its final guidance on a new capital adequacy framework for Basel III ("**Basel III**"). The reforms under Basel III include increasing the minimum common equity (or equivalent) requirement and applying stricter regulatory adjustments. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer. A countercyclical buffer may also be implemented if there is excess credit growth resulting in a system-wide build up of risk. The CBN had indicated its intention to start implementing Basel III standards in Nigeria from 2020, with the aim for the new standards to apply across the Nigerian banking industry. However, the CBN has not yet issued guidelines for their implementation in Nigeria. If the Basel III guidelines are implemented in Nigeria in their current form, they could significantly increase the minimum quantity and quality of capital that the Group is obliged to maintain. As at 31 December 2020, the Group was adequately capitalised, with sufficient headroom of 5.89 per cent. over the regulatory threshold of 16 per cent, representing an ample capital buffer that will allow the Group to implement its strategic plans. Moreover, if the CBN were to make the changes, pursuant to the Basel III regime, to the Group's regulatory capital requirements, the capital adequacy ratio is estimated to fall by 100 basis points, although it will still be higher than the required capital adequacy ratio under the Basel III regime. Accordingly, based on a current assessment, increased capital costs under the Basel III regime will not adversely affect the Group's ability to implement its strategic plans and will ultimately have a minimal effect on the Group's business, results of operations, financial condition and/or prospects. However, the Group will be required to strengthen its capital beyond the current levels as it expands into and includes other non-banking entities. This will be necessary in order to meet new regulatory requirements introduced from time to time. Any such expansion (into non-banking activities) will only be undertaken if the Group is able to ensure prudent operations and comply with the regulatory capital requirements in effect from time to time. Also, whilst no clarity has been provided as to how and when Basel III will be adopted by CBN or whether the CBN will choose to maintain existing thresholds or introduce challenging new requirements, the Group will comply with such requirements once implemented (by increasing its capital base or reducing risk-weighted assets). However, if the Group requires additional capital to meet these requirements, there can be no assurance that it will be able to obtain this capital on favourable terms, in a timely manner or at all. Any breach of the applicable regulatory ratios and other financial indicators may result in the Group being subject to regulatory sanctions, which may have an adverse impact on the Group's business, results of operations, financial condition and/or prospects.

Risks Related to the New Shares and the New GDRs

The New GDRs may not be a suitable investment generally for all investors

The New GDRs may not be a suitable investment for all persons. In addition to those risks associated with investing in emerging markets such as Nigeria, each potential investor in the New GDRs must determine the suitability of the investment generally in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the New GDRs, the merits and risks of investing in the New GDRs and the information contained in this Prospectus;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the New GDRs and the impact such investment would have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the New GDRs;
- understand thoroughly the terms of the New GDRs; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Guaranty Trust has made no determination about its status as a passive foreign investment company for US tax purposes

Guaranty Trust has made no determination about its status as a passive foreign investment company for US federal income tax purposes. Investors should speak to their own tax advisers about the tax consequences of acquiring New GDRs.

There will be transaction costs on the sale of the New Shares withdrawn from the deposit facility

Subject to the terms of the New Deposit Agreement and the payment of a fee to the Depositary, the holder of a New GDR may withdraw the New Shares underlying such New GDR from the deposit facility and have such New Shares registered in its name or that of a designated nominee. Thereafter, such New Shares may be traded on the floor of the NSE in the same way as other New Shares may be traded on the NSE upon payment of the customary fees and charges, which would include a brokerage commission, VAT, stamp duties and a central securities clearance system fee. Holders of such New Shares are advised to enquire as to the current level of all such transaction costs before incurring them.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the New GDRs are legal investments for it; (ii) the New GDRs can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its investment in or pledge of the New GDRs. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the New GDRs under any applicable risk-based capital or similar rules.

Dividends paid on the New Shares are in Naira but the New GDRs pay dividends in U.S. dollars, exposing a holder of New GDRs to foreign currency risk

The New Shares are denominated in Naira and any dividends payable in respect of the New Shares are also payable in Naira. The New GDRs are, and any dividends to be paid in respect of them will be, denominated in U.S. dollars, with Naira amounts received by the Depositary converted in to U.S. dollars by the Depositary subject to customary FX, illiquidity and conversion risks.

As set out in "*the Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies, as well as risks due to US dollar shortages in Nigeria, all of which have worsened due to the COVID-19 pandemic*", external circumstances have led to a U.S. dollar currency shortage in Nigeria. Due to this currency shortage, the Depositary may struggle to obtain the U.S. dollars it requires to convert dividend payments in Naira received from Guaranty Trust into U.S. dollars to pay such dividends to Holders. Since the New Shares pay dividends in Naira, Guaranty Trust discharges its obligation to the Holders by paying dividend amounts in Naira to the Depositary, and any inconvertibility of the Naira into U.S. dollars is beyond Guaranty Trust's control. Holders should be aware that this risk of currency shortage could lead to delays in the timing of dividend payments or amounts received by Holders.

This delay has been present historically, related to dividend payments made by the Bank in connection with the existing shares of the Bank, for which New Shares will be issued as part of the Scheme. For example, the Bank declared a final dividend of 2.70 kobo per share on 19 March 2021 and paid the dividend amount in Naira to its shareholders, including the Depositary, on 9 April 2021. At the time of publication of this Prospectus, the Depositary has been unable to secure the U.S. dollars necessary to convert such dividend amount into U.S. dollars, and as at the date of this Prospectus, the payment of such dividend to the holders of Existing GDRs is outstanding. No assurance can be made that similar delays will not happen in the future related to the New GDRs.

Sales, or the real or perceived possibility of sales, of a significant number of New Shares or New GDRs in the public market could adversely affect prevailing market prices for the New Shares and New GDRs

Guaranty Trust has no current plans for an offering of additional New Shares. It is possible Guaranty Trust may decide to offer additional New Shares in the future. Sales, or the real or perceived possibility of sales, of a significant number of New Shares or New GDRs in the public market could adversely affect prevailing market prices for the New Shares or New GDRs. Guaranty Trust cannot predict the effect, if any, that market sales of New Shares and New GDRs, or the availability of the New Shares or New GDRs for future sale, will have on the market price of its New Shares and the New GDRs, but the availability of New Shares that are eligible for public sale could adversely affect the price of the New Shares and the New GDRs.

The prevailing market prices for the New GDRs could be adversely affected by economic developments in Nigeria and the other African and emerging markets

The market price of the New GDRs will be heavily influenced by economic and market conditions in Nigeria and, to a varying degree, economic and market conditions in the other African and emerging markets generally. Financial turmoil in other emerging markets in the past has adversely affected market prices in the global capital markets for the securities of companies that operate in those developing economies. Even if the Nigerian economy remains relatively stable, financial turmoil in other emerging markets could materially adversely affect the market price of the New GDRs.

The market price of the New GDRs may fluctuate significantly in response to a number of factors, some of which may be out of the Group's control

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, stock markets have, from time to time, and especially in recent years, experienced significant price and volume fluctuations (including as a result of technical failures or market disruptions) which have affected the market price of securities. Furthermore, the market price of the New GDRs may prove to be highly volatile and may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including: general market conditions; conditions or trends in the Nigerian economy and the Nigerian banking industry in particular; fluctuations in oil and gas and other commodity prices; variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; changes in the market valuations of similar companies; speculation in the press, media or investment community, whether or not well founded, about the Group's business or the Group's competitors; mergers or acquisitions or major divestments involving the Group or the Group's competitors or speculation in respect of any of the above; additions or departures of key personnel; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and any future issuances or sales of equity interests in the Group, or rumours in respect of the same. Any or all of these events could result in a material decline in the price of the New GDRs.

Nigerian law provides for the registration and enforcement of foreign judgments made in certain jurisdictions. However, it may be difficult to effect service of legal process and enforce foreign judgments obtained outside Nigeria against Guaranty Trust and its management

Guaranty Trust is a company incorporated under the laws of Nigeria and substantially all of the Group's businesses, assets and operations are located in Nigeria. In addition, a substantial majority of its directors, supervisors and executive officers reside in Nigeria and substantially all of their assets are located in Nigeria. As a result, it may not be possible to effect service of process in the United Kingdom, the United States or elsewhere outside Nigeria upon Guaranty Trust or such directors, supervisors or executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, Nigeria does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States and many other countries. As a result, recognition and enforcement in Nigeria of judgments of a court in the United States or in any of such other jurisdictions in relation to any matter may be difficult. See "*Important Information – Enforcement of civil liabilities*".

Guaranty Trust's ability to pay dividends and effect returns of capital in the future is subject to a number of factors

Guaranty Trust's ability to pay dividends on the New GDRs and effect certain returns of capital is dependent upon, amongst other things, it having sufficient cash resources and, where necessary, sufficient distributable reserves out of which any proposed dividend may be paid. Guaranty Trust, being a non-operating financial holding company, is dependent on payment of dividends, distributions, loans or advances to Guaranty Trust by its subsidiaries. Any payment of dividends, distributions, loans or advances to Guaranty Trust by its subsidiaries is dependent upon the business and financial condition, earnings and cash flow position and other factors affecting such subsidiaries. Any reduction in dividends paid on the New GDRs from those historically paid by the Bank, or the failure to pay dividends in any financial year, could adversely affect the market price of New GDRs.

New GDR holders will have no legal interest in the underlying New Shares

New GDR holders will acquire the beneficial, and not the legal, interest in the underlying New Shares, which the Depositary will hold on trust for them, under the terms of the New Deposit Agreement. The intended effect of the trust is to ring fence the New Shares in the hands of the Depositary by conferring a property interest on New GDR holders as beneficiaries.

The interest of the New GDR holders as beneficiaries in trust assets (the New Shares held by the Depositary) will be indirect, in the sense that in the normal course they will not have any direct recourse to the New Shares of Guaranty Trust nor will they have any direct right of action against Guaranty Trust. Guaranty Trust will, however, enter into a deed poll in favour of New GDR holders. See "*Terms and Conditions of the New Global Depositary Receipts*".

There may be limitations on voting by New GDR holders

Holders of New GDRs will have no direct voting rights with respect to the New Shares represented by the New GDRs. They will have a right to instruct the Depositary on how to exercise those rights, in accordance with the term and conditions of the New GDRs. However, there are practical limitations upon their ability to exercise voting rights due to additional procedural steps involved in Guaranty Trust's communication with holders. New GDR holders will not receive notices of meetings directly from Guaranty Trust, but from the Depositary, which will undertake to mail to New GDR holders notices of meetings, copies of voting materials and a statement as to the manner in which instructions may be given by holders. As a result, the process of exercising voting rights may take longer for holders of New GDRs than for holders of the New Shares. In addition, there is a possibility that a holder will not receive voting materials or otherwise learn of a meeting of shareholders in time to enable the holder to return voting instructions to the Depositary in a timely manner. See "*Terms and Conditions of the New Global Depositary Receipts*".

New GDR holders may be subject to taxation in Nigeria

Since Nigerian domestic tax law does not contain the concept of constructive or beneficial ownership, income earned by the New GDR holders, including income received on disposals of the New GDRs and dividends received by the New GDR holders (associated with dividends announced with respect to New Shares represented by such New GDRs), appears to be outside the scope of Nigerian income tax.

Ordinarily, dividends received by the shareholders of Guaranty Trust would be subject to withholding tax. However, given that the dividends to be distributed by Guaranty Trust to its shareholders would be paid from dividends received by Guaranty Trust from its subsidiaries, the dividends received by the shareholders of Guaranty Trust would be treated as tax-exempt franked investment income as Guaranty Trust would have paid tax on the dividends received from its subsidiaries prior to subsequent distribution to its shareholders. Similarly, the shareholders are not subject to any taxes on the disposition of the New Shares. There is some risk, however, that the Nigerian tax authorities may decide that the New GDRs should receive a different tax treatment from the New Shares, and therefore the New GDR holders could be subject to taxation in addition to withholding tax. Due to the lack of existing precedent or practice, Guaranty Trust is unable to assess the likelihood of such challenge by the tax authorities or probability of its success, either with respect to treaty country residents, other non-resident New GDR holders or with respect to New GDR holders resident in Nigeria.

PART III

IMPORTANT INFORMATION

General

This Prospectus is being furnished by Guaranty Trust solely for information purposes and to enable Guaranty Trust to obtain the Admission. This Prospectus is not intended to provide the basis of any credit or other evaluation and nothing in this Prospectus or anything communicated to the holders or potential holders of any New GDRs (or interests in them) by or on behalf of Guaranty Trust should be construed as advice on the merits of the purchase of, or subscription for, any New GDRs (or interests in them) or the exercise of any rights attached to the New GDRs (or interests in them). Prospective investors should determine for themselves the relevance of the information contained in this Prospectus. Any investment decision relating to the New GDRs should be based upon such investigation, as each prospective investor deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such potential investors.

Prospective investors should not consider any information in this Prospectus to be investment, legal, business or tax advice. Prospective investors should consult their own counsel, accountant and other advisors for legal, tax, business, financial and related advice in relation to any action in respect of the New GDRs. Guaranty Trust makes no representation as to the legality of an investment in the New GDRs.

No person has been authorised to provide prospective investors with any information or to make any representations other than those contained in this Prospectus and any documents incorporated by reference and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of Guaranty Trust or its Directors. The information appearing in this Prospectus is accurate only as of its date. Without prejudice to any obligation of Guaranty Trust to publish a supplementary prospectus in accordance with the UK Prospectus Regulation, neither the delivery of this Prospectus nor any issuance of the New GDRs as a result of the Scheme will, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

Notice to investors in the United States of America

The New GDRs (and its underlying New Shares) are expected to be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof and, as a consequence, have not been and will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction of the United States. Accordingly, the New GDRs (and its underlying New Shares) may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the Securities Act or an exemption therefrom.

Under the US securities laws, persons who are deemed to be affiliates of Guaranty Trust as of the Effective Date may not be able to sell the New GDRs (and its underlying New Shares) received pursuant to the Scheme without registration under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Whether a person is an affiliate of a company for such purposes depends on the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. US holders of the Existing GDRs or the New GDRs who believe that they may be affiliates for the purposes of the Securities Act should consult their own legal advisers prior to any resale of New GDRs (and its underlying New Shares) received pursuant to the Scheme.

For the purposes of qualifying for the exemption from the registration requirements of the Securities Act afforded by Section 3(a)(10), the Bank has advised the Federal High Court of Nigeria through counsel that its court order dated 16 June 2021 sanctioning the Scheme will be relied upon by Guaranty Trust as an approval of the Scheme following a hearing on its fairness, at which hearing all of the Bank's shareholders (as well as Existing GDR Holders) were entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification was given to all of the Bank's shareholders (as well as Existing GDR Holders).

None of the securities referred to in this Prospectus has been approved or disapproved by the Securities and Exchange Commission of the United States, any state securities commission in the United States or any other U.S. regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Each U.S. holder of the Existing GDRs is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Scheme or holding of the New GDRs.

It may be difficult for U.S. holders of Existing GDRs or New GDRs to enforce their rights and claims arising out of the U.S. federal securities laws, since Guaranty Trust, the Bank and the Group are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. U.S. holders of Existing GDRs or New GDRs may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

No action has been taken by Guaranty Trust or by the Bank that would permit an offer of the New GDRs or rights thereto or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required or doing so is restricted by law.

Notice to other overseas investors

This Prospectus does not constitute an offer or invitation to subscribe for or purchase, or a solicitation of an offer to buy, any New GDRs to or from any person in any jurisdiction. The distribution of this Prospectus in certain jurisdictions may be restricted by law. No offer of the New GDRs is being made in any jurisdiction. No action has been taken by Guaranty Trust or the Bank to distribute this Prospectus (or any other offering or publicity materials relating to the New GDRs) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by Guaranty Trust to inform themselves about and observe any such restrictions in relation to the New GDRs or this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The implications of the Scheme for, and the distribution of this Prospectus to, the holders of the Existing GDRs may be affected by the laws of the relevant jurisdictions in which such holders are located. The holders of the Existing GDRs should inform themselves about, and observe, all applicable legal and regulatory requirements. It is the responsibility of each person into whose possession this Prospectus comes to satisfy themselves as to their full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this Prospectus, the receipt of the New GDRs and the implementation of the Scheme, including obtaining of any governmental, exchange control, regulatory or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, Guaranty Trust and the Bank disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

Notice to Nigerian Investors

The New Shares underlying the New GDRs will be registered with the Securities and Exchange Commission of the Federal Republic of Nigeria (the "**SEC**"), pursuant to the Investments and Securities Act No 29 of 2007 (the "**ISA**"). In addition, the underlying New Shares will be admitted on the Official List of the NSE as part of the issued share capital of Guaranty Trust. However, the New GDRs have not been registered under the ISA or under any other law or regulation applicable within the Federal Republic of Nigeria. The CBN and the SEC have issued their respective in-principle approvals and no-objections for the New GDRs to be issued, subject to the fulfilment of certain conditions in respect of such issuance. It is expected that the New GDRs will be admitted to trading under the symbol "GTCO" on the main market for listed securities of the London Stock Exchange through its International Order Book.

Notice to all investors

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION TO ANY PERSON TO SUBSCRIBE FOR OR PURCHASE, OR THE SOLICITATION OF AN OFFER TO BUY, ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS PROSPECTUS IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

This Prospectus has been lodged with the FCA. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information contained in this Prospectus for any purpose is prohibited. By accepting delivery of this Prospectus, each recipient agrees to the foregoing.

Forward-looking statements

This Prospectus and the information incorporated by reference into this Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. Forward-looking statements appear in a number of places throughout this Prospectus (as well as in the information incorporated by reference into this Prospectus) and include statements regarding the intentions, beliefs or current expectations of Guaranty Trust, the Bank or the Group concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates.

The forward-looking statements in this Prospectus are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, the Bank's senior management's examination of historical operating trends, data contained in its records and other data available from third parties. Although Guaranty Trust and the Bank believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies that are difficult or impossible to predict and which are beyond its control, and the Group may not achieve or accomplish these expectations, beliefs or projections. The occurrence or non-occurrence of an assumption could cause the Group's actual financial condition and results to differ from or fail to meet expectations expressed or implied by such forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual operating results, financial condition, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this Prospectus and/or the information incorporated by reference into this Prospectus. In addition, even if the operating results, financial condition and dividend policy of the Group, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Prospectus and/or the information incorporated by reference into this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in government and other regulations, labour relations and work stoppages, changes in political and economic stability, changes in business strategy or development plans and other risks, including those described in Part II ("*Risk Factors*").

In addition to these important factors and matters discussed elsewhere herein, other factors that, in Guaranty Trust's view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- overall political, economic and business conditions in Nigeria, including the condition of the Nigerian oil sector;
- developments related to the outbreak and subsequent spread of COVID-19;
- developments in the Nigerian banking sector and the Group's ability to increase or maintain market share for its products and services and control expenses;
- expectations as to the Group's expansion in Sub-Saharan Africa;
- competitive factors in the industries in which the Group and its customers compete;
- economic and political conditions in international markets, including governmental changes;
- effects of the global financial crisis;
- the effects of, and changes in, the policy of the Federal Government of Nigeria (the "**Government**") and regulations promulgated by the CBN and the SEC;
- inflation, interest rate and exchange rate fluctuations;
- the effects of changes in laws, regulations, taxation or accounting standards or practices and legal proceedings;
- the Group's ability to manage and grow its loan portfolio, overall asset quality and credit risk;
- the Group's ability to manage the risks associated with its concentrated loan portfolio and deposit base;
- the Group's ability to manage liquidity risk and to meet its funding obligations and develop and maintain additional sources of financing;
- any future expansion plans of the Group and the likelihood of such plans being successfully implemented; and
- the Group's success at managing the risks associated with the aforementioned factors.

This list of factors is not exhaustive. See Part II ("*Risk Factors*"). When relying on forward-looking statements, prospective investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they are made and are not intended to give any assurances as to future results. Accordingly, save as required by the UK Listing Authority, Guaranty Trust does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise and does not assume any obligation to publish additional information. Guaranty Trust does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, prospective investors should not rely on the forward-looking statements and are strongly advised to read this Prospectus together with the documents incorporated by reference in their entirety and prospective investors should specifically consider the factors identified in this Prospectus that could cause actual results to differ.

Presentation of financial information

Guaranty Trust has neither traded since its date of incorporation nor entered into any obligation other than in connection with the Scheme and, as such, there is no historical key financial information on Guaranty Trust. The information below relates to the Bank and the Group.

Unless otherwise stated in this Prospectus, financial information set forth herein related to the Group has been extracted without material adjustment from:

- the Group's audited consolidated financial statements as at and for the year ended 31 December 2020, including the comparative information as at and for the year ended 31 December 2019 (the "**2020 Financial Statements**");
- the Group's audited consolidated financial statements as at and for the year ended 31 December 2019, including the comparative information as at and for the year ended 31 December 2018 (the "**2019 Financial Statements**"); and
- the Group's audited consolidated financial statements as at and for the year ended 31 December 2018, including the comparative information as at and for the year ended 31 December 2017 (the "**2018 Financial Statements**").

Each of these Financial Statements are incorporated by reference into this Prospectus in accordance with the UK Prospectus Regulation. Please refer to Part XIV ("*Documents Incorporated by Reference*") of this Prospectus. Unless otherwise indicated, each of the Financial Statements has been prepared in accordance with the International Financial Reporting Standards (formerly International Accounting Standards) ("**IFRS**"), as promulgated by the International Accounting Standards Board ("**IASB**"), and in accordance with the Group's accounting policies.

The Financial Statements were also prepared in accordance with the provisions of the CAMA, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 ("**BOFIA**"), the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant CBN circulars and guidelines, which requirements are in addition to, and do not conflict with the requirements under IFRS.

The Audited Financial Statements were audited by PricewaterhouseCoopers Chartered Accounts ("**PwC Nigeria**"), located at 5B Water Corporation Road, Victoria Island, Lagos, Nigeria, in accordance with International Standards on Auditing. PwC Nigeria is an independent auditor in accordance with regulations and guidance issued by the Financial Reporting Council of Nigeria and the rulings of the laws of the Federal Republic of Nigeria, including the applicable rules and regulations thereof.

Prospectus investors should ensure that they read this Prospectus, including the documents incorporated by reference, in their entirety and do not rely on financial information summarised within it.

Restatement of financial information as at and for the year ended 31 December 2018

In the 2019 Financial Statements, the Group restated its previously issued consolidated statement of financial position and consolidated income statement as at and for the year ended 31 December 2018 to reflect certain changes in accounting estimates in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This restatement was made to recognise previous years' interest expenses with respect to borrowings from GTB Finance B.V. Netherlands ("**GTB Finance B.V.**"), a special purpose vehicle used by the Bank to raise Eurobonds, and to revaluate loss resulting from unsettled interest payable to GTB Finance B.V. The restatement was necessary as the Group had wound up its interest in GTB Finance B.V. upon redemption of its Eurobond obligation in 2018. Accordingly, the financial information as of and for the year ended 31 December 2018 has, unless otherwise stated, been derived from the 2019 Financial Statements that reflect these line item reclassifications. See Note 50 to the 2019 Financial Statements incorporated by reference into this Prospectus as set forth in Part XIV ("*Documents Incorporated by Reference*"). The Group's original financial results for the year ended 31 December 2018 prior to such restatement can be found in the 2018 Financial Statements, which are incorporated by reference into this Prospectus as set forth in Part XIV ("*Documents Incorporated by Reference*").

In the 2018 Financial Statements, the Group restated its previously issued consolidated statement of financial position and consolidated income statement as at and for the year ended 31 December 2017 to reflect certain changes in accounting estimates in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The restatement largely relates to the inclusion of contingent assets for calculating the AMCON levy. ₦2,556,975,000 of this figure relates to the financial year of 2017 while the balance of ₦2,636,918 relates to the financial year of 2016. These amounts were recognised as payable to the CBN and were deducted from retained earnings. Accordingly, the financial information as of and for the year ended 31 December 2017 has, unless otherwise stated, been derived from the 2018 Financial Statements that reflect these line item reclassifications. See Note 51 to the 2018 Financial Statements incorporated by reference into this Prospectus as set forth in Part XIV ("*Documents Incorporated by Reference*"). The Group's original financial results for the year ended 31 December 2017 prior to such restatement can be found in the 2017 Financial Statements, which are incorporated by reference into this Prospectus as set forth in Part XIV ("*Documents Incorporated by Reference*").

Financial Information

Guaranty Trust was incorporated on 24 July 2020 and as at the date of this Prospectus has no historical operations of its own. Therefore, this Prospectus does not present any stand-alone, unconsolidated financial information for Guaranty Trust.

Alternative Performance Measures

The Group uses certain performance indicators in the analysis of its business and financial position, which Guaranty Trust considers to constitute Alternative Performance Measures ("**APMs**") for the purposes of the European Securities and Markets Authority ("**ESMA**") Guidelines on Alternative Performance Measures, a few of which are presented in this Prospectus or in the information incorporated by reference in this Prospectus. Such measures as presented, or incorporated by reference, in this Prospectus are not calculated in accordance with IFRS and are not intended to be substitutes for any IFRS measures of performance. Nevertheless, the Group uses these measures, either because they are in common use within the industry or because they are commonly used by investors and as such are useful because they provide a basis for measuring the Group's financial condition and results of operations over different periods of time and with other banking groups in general. However, because of the discretion that the Group and other banks have in defining and calculating these measures, care should be taken in comparing these measures with those of other banks, as such measures may not be directly comparable. The Group's APMs are described below together with definitions and the reasoning behind their use.

- ***Capital adequacy ratio:*** eligible capital divided by total risk weighted assets.
- ***Cost to income ratio***: the Group's operating expenses divided by operating income for the relevant year.
- ***Liquid assets***: cash and cash equivalents, unrestricted balances held with CBN, treasury bills, trading assets and government bonds (held at fair value through profit and loss, fair value through other comprehensive income and amortised cost).
- ***Liquidity ratio***: liquid assets divided by local currency deposits from customers.

- ***Loans to deposits and borrowings***: total loans divided by the sum of total deposits and total borrowings (i.e. other borrowed funds and debt securities issued).

- ***Net interest margin***: net interest income divided by average opening (1 January) and closing (31 December) balances of its interest-earning assets for the relevant year. Interest-earning assets consist of money market placements, loans and advances to banks and customers, investment securities and trading assets.

- ***Net loans-to-deposit ratio:*** Net Loans to Banks and Customers divided by total Deposit liabilities from Banks and Customers.

- ***Non-performing loans (NPLs)***: loans to customers with respect to which an amount of principal or interest is 90 days or more overdue, with the exception of specialised loans (such as agricultural finance, project finance, object finance, real estate finance, SME finance and mortgage finance), which classification as NPL takes into consideration the cash flows and gestation periods of the different loan types.

- ***NPL ratio***: non-performing loans of the Group divided by gross loans and advances to customers of the Group.

- ***Return on equity***: the Group's net profit for the year attributable to total equity holders divided by the average equity attributable to total equity holders (average of the opening and closing equity positions between 31 December of that year and comparative period in the prior year).

- ***Return on assets***: the Group's net profit for the year attributable to total equity holders divided by the average total assets (average of the opening and closing total asset position between 31 December of that year and comparative period in the prior year).

- ***Total funding***: the sum of deposits from banks, deposits from customers, other borrowed funds, debt securities issues, share capital, share premium and retained earnings.

Third-party information

Guaranty Trust has obtained certain statistical and market information that is presented in this Prospectus from certain Government and other third-party sources (including annual reports) as identified where it appears herein. Where such third-party information appears in this Prospectus, it has been cited as such.

Certain statistical information reported herein has been reproduced from official publication of, and information supplied by, a number of Government agencies and ministries, and other governmental and intergovernmental organisations, including the CBN, the International Monetary Fund ("**IMF**"), the Nigerian Debt Management Office ("**DMO**") and the Nigerian National Bureau of Statistics ("**NBS**"). Official data published by the Nigerian government may be substantially less complete or researched than those of more developed countries. Nigeria faces a number of challenges in gathering statistical data such as inadequate data coverage, inadequate information on sub-national public finances, lack of regularly available data on economic activity and significant errors and omissions in the balance of payment data, all of which hinder the compilation of timely and consistent data. Nigeria has attempted to address some inadequacies in its national statistics through the adoption of the Statistics Act of 2007, which established the National Statistical System ("**NSS**") and created the NBS (which came into existence as a result of the merger of the Federal Office of Statistics and the National Data Bank) as its co-ordinator but there is no assurance that such inadequacies have been resolved.

Where any of the above third-party information, data or statistics are set out, they have been accurately reproduced, and, as far as Guaranty Trust is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither Guaranty Trust nor the Group accept liability for the accuracy of any such information, and prospective investors are advised to use such information with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Prospective investors should note that some of Guaranty Trust and the Bank's estimates are based on such third-party information. Investors should keep in mind that neither Guaranty Trust nor the Bank have independently verified the figures, market data or other information (including the underlying economic assumptions) on which third parties have based their studies. Furthermore, measures of the financial or operating performance of the Group's competitors used in evaluating the Group's comparative position may have been calculated in a different manner to the corresponding measures employed by the Group.

Rounding

Certain amounts which appear in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Currencies

In this Prospectus:

- "**Naira**", "**N**", "**₦**" or "**kobo**" refers to the lawful currency of Nigeria; and
- "**U.S. dollars**" or "**U.S.$**" refers to the lawful currency of the United States of America.

Enforcement of civil liabilities

Guaranty Trust is incorporated under the laws of Nigeria and most of the Group's operations are located in Nigeria. In addition, substantially all of the assets of the directors and executive officers of Guaranty Trust are located in Nigeria. As a result, it may not be possible for investors to effect service of process within the United Kingdom or the United States upon Guaranty Trust or its respective directors and executive officers, or to enforce United States or United Kingdom court judgments obtained against Guaranty Trust or its respective directors and executive officers in jurisdictions outside the United States and the United Kingdom, including actions under the civil liability provisions of the United States securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions outside the United States and the United Kingdom, liabilities predicated upon the United States or the United Kingdom securities laws.

There are two regimes for the enforcement of foreign judgments in Nigeria: the Reciprocal Enforcement of Judgment Ordinance Cap 175 1922 (Laws of the Federation of Nigeria and Lagos, 1958) (the "**Reciprocal Enforcement Ordinance**"), and part 1 of the Foreign Judgments (Reciprocal Enforcement) Act 1961 (Cap F35 Laws of the Federation of Nigeria 2004) (the "**Reciprocal Enforcement Act**").

The Reciprocal Enforcement Ordinance applies to judgments obtained in the High Court in England or Ireland, or in the Court of Session in Scotland or in any territory under Her Majesty's protection to which the Reciprocal Enforcement Ordinance is extended by proclamation, whilst the Reciprocal Enforcement Act applies to judgments from any superior court of any foreign country which accords reciprocal treatment to judgments given in Nigeria. Subject to certain exceptions, judgments obtained in these jurisdictions are enforceable by registration under the Reciprocal Enforcement Ordinance and by virtue of section 10(a) of the Reciprocal Enforcement Act. To be enforceable, such judgments must be registered within 12 months after the date of the judgment or such longer period as may be allowed by the courts. The judgment must (i) be monetary and derive from civil proceedings; (ii) be final and capable of execution in the country of delivery; (iii) must not have been wholly satisfied; and (iv) not suffer from want of jurisdiction, lack of fair hearing or fraud, be contrary to public policy or have been discontinued because the issue had already been decided by another competent court before its determination by the foreign court.

Accordingly, under the first regime, foreign judgments relating to the New GDRs are registrable and enforceable in Nigeria if such judgments are obtained in the (a) High Courts of England or Ireland or in the Court of Session in Scotland or in other parts of Her Majesty's control to which the Reciprocal Enforcement Ordinance is extended by proclamation; or (b) the superior court of any of the countries covered by the Reciprocal Enforcement Ordinance. However, such judgments obtained are not registrable or enforceable in Nigeria where (i) the foreign court acted without jurisdiction; (ii) the judgment debtor, being a person who was neither carrying on business nor ordinarily resident within the jurisdiction of the foreign court, did not voluntarily appear or otherwise submit or agree to submit to the jurisdiction of that court; (iii) the judgment debtor was not duly served with the process of the foreign court; (iv) the judgment was obtained by fraud; (v) the judgment debtor satisfies the registering court that an appeal is pending against the judgment or that he is entitled to and intends to appeal against the judgment; (vi) the judgment was in respect of a cause of action which could not have been entertained by the registering court for reasons of public policy or for some other similar reason; or (vii) such judgment is not registered within 12 months after the date of the judgment or such longer period as may be allowed by a superior court in Nigeria. In this regard, notwithstanding that a judgment emanates from a jurisdiction to which the Reciprocal Enforcement Ordinance or the Reciprocal Enforcement Act applies, such judgment will not be registrable or enforceable in Nigeria if the judgment falls within any of the exceptions enumerated in (i) to (vii) above.

Furthermore, in the event that in the future the Minister of Justice of Nigeria (the "**Minister of Justice**") extends the Reciprocal Enforcement Act (discussed below) to apply to judgments from the High Court in England or Ireland, or in the Court of Session in Scotland or to other parts of Her Majesty's control, or from the superior court of any foreign country, then enforcement of such judgments will need to be in accordance with part 1 of the Reciprocal Enforcement Act.

The second regime for the enforcement of foreign judgments in Nigeria, part 1 the Reciprocal Enforcement Act, applies to judgments obtained in the superior courts of any country (other than Nigeria) and registered within six years after the date of the judgment without an extension of time by a court for such registration, subject to the satisfaction of the following two conditions: (i) Nigerian judgments must be accorded substantial reciprocity of treatment in courts of the relevant foreign jurisdiction, and (ii) the Minister of Justice must have made an order extending the applicability of part 1 of the Reciprocal Enforcement Act to judgments obtained in such foreign jurisdiction. Where the above two conditions are satisfied in respect of any jurisdiction (whether or not covered by the Reciprocal Enforcement Ordinance), the Reciprocal Enforcement Act shall apply to the registration and enforcement in Nigeria of judgments of superior courts of those jurisdictions. To be enforceable, judgments from such jurisdictions must be registered within six years after the date of the judgment, or where the proceedings have been by way of appeal, within six years after the date of the last judgment given in those proceedings. Such judgments are only registrable where the judgment would have been enforceable by execution in the jurisdiction of the original court.

There is no treaty between the United States and Nigeria providing for reciprocal enforcement of judgments and the Minister of Justice has not directed the application of the Reciprocal Enforcement Act to judgments derived from U.S. courts. Thus, enforcing a judgment from the United States by registration may be problematic. The interpretation of section 10(a) of the Reciprocal Enforcement Act is not settled. That section provides that before the commencement of the ministerial order envisaged under section 3(1) of the Reciprocal Enforcement Act, foreign judgments can only be enforced in Nigeria by registration under section 10(a) of the Reciprocal Enforcement Act if such judgments are registered within 12 months after the date of the judgment or such longer period as may be allowed by a superior court in Nigeria. However, to date, the Minister of Justice has not issued any order extending the application of part 1 of the Reciprocal Enforcement Act to judgments of superior courts of any country, and as such the commencement of such order is non-existent.

Based on the provisions of the Reciprocal Enforcement Ordinance, foreign judgments can be enforced and recovered in foreign currency. In contrast, part 1 of the Reciprocal Enforcement Act provides that a foreign judgment to which part 1 of the Reciprocal Enforcement Act applies may only be enforceable in Nigeria in the local currency. However, the relevant provision of the Reciprocal Enforcement Act will only become effective if the Minister of Justice declares that part 1 of the Reciprocal Enforcement Act shall apply to judgments of superior courts of a particular country that accords reciprocal treatment to judgments of superior courts of Nigeria. In that event, judgments of superior courts of that country (whether or not previously covered by the Reciprocal Enforcement Ordinance), when registered and enforced in Nigeria, will be enforced only in Naira. One challenge presented by this is that the judgment creditor may be faced with significant exchange rate losses given that the judgment sum will be converted into the local currency on the basis of the rate of exchange on the date the judgment is sought to be enforced and is obtained. However, the CBN Foreign Exchange Manual (as defined below) will allow the purchase of foreign currency to pay the judgment sum.

Alternatively, foreign judgments can be enforced in Nigeria by commencing a fresh action by way of summary judgment proceedings in a superior court in Nigeria based on the judgment. This is allowed under Nigerian law and entails treating the foreign judgment as simply a debt owed to the judgment creditor.

Defined terms

Certain terms used in this Prospectus, including certain capitalised terms and certain technical and other terms, are defined in Part XV ("*Definitions*") of this Prospectus.

References to time

Unless otherwise stated, all references to time in this Prospectus are to the time on the relevant date in London, United Kingdom.

Incorporation by reference

Certain information has been incorporated by reference in this document. Please see Part XIV ("*Documents Incorporated by Reference*") of this Prospectus for further details of the information incorporated by reference.

No incorporation of website information

Neither the content of Guaranty Trust's and/or the Bank's website, nor the content of any website accessible from hyperlinks on Guaranty Trust's and/or the Bank's website, is incorporated into, or forms part of, this Prospectus, and investors should not rely on them, without prejudice to the documents incorporated by reference into this Prospectus, which will be made available on Guaranty Trust's website (www.gtcoplc.com).

Credit rating agencies

As of the date of this Prospectus, the Bank's long-term foreign issuer credit rating by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") is B-, with a stable outlook, and its long-term issuer default rating by Fitch Ratings Ltd ("**Fitch**") is B, with a stable outlook**.** All references to S&P and Fitch included in this Prospectus are to the entities as defined in this paragraph. Each of Fitch and S&P is established in the European Union or the United Kingdom and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**"). This list is available on the ESMA website (http://www.esma.europa.eu/page/list-registered-and-certified-CRAs) (last updated 4 January 2021). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

As of the date of this Prospectus, Guaranty Trust is not rated by a credit rating agency.

No forecasts or estimates

No statement in this Prospectus is intended as a profit forecast or estimate for any period.

No statement in this Prospectus should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow of the Group, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow of the Group.

Exchange Rates

Naira has been selected as the presentation currency for the Financial Statements, as the majority of the Group's transactions are denominated, measured, or funded in Naira.

The currency of Nigeria is the Naira, which was introduced in January 1973. The CBN, through its guidelines and circulars over the years, has established the following foreign exchange windows and exchange rates to satisfy various foreign exchange demands:

- the Interbank Foreign Exchange Market ("**IFEM**") is managed by the CBN through the autonomous, or interbank market. The ruling rate in the IFEM is the interbank exchange rate, which is determined by a two-way quote system of banks trading amongst themselves with funds obtained from other official sources of foreign exchange outside of the CBN, such as the interbank market, oil companies, non-oil export proceeds and customer inflows. The CBN may at times intervene in the IFEM in a bid to stabilise the exchange rate;

- the bureaux de change ("**BDC**") rate was introduced in 2009 when the CBN issued licences to BDC operators as one of the measures to stabilise the exchange rate;

- the Investors' & Exporters' Foreign Exchange Window ("**I&E FX Window**") was created on 21 April 2017 by the CBN for investors, exporters and end-users to boost liquidity in the FX market and ensure timely execution and settlement of eligible transactions. The CBN requires the anchorage rates to be published on the Financial Market Dealers Quotation ("**FMDQ**") OTC Securities Exchange to provide participants with price discovery and the CBN with indicative market prices;

- the Nigerian Autonomous Foreign Exchange Rate Fixing ("**NAFEX**") was created by FMDQ following a request by the CBN on 21 April 2017 that it develop the "NAFEX" fixing. The purpose of NAFEX is to support appropriate benchmark and facilitate derivative activities in the I&E FX Window. NAFEX is the FMDQ reference rate for foreign exchange activities in the I&E FX Window and is designed to represent spot FX market rates in the I&E FX Window;

- the Secondary Market Intervention Sales ("**SMIS**") rate is a band of rates predetermined by the CBN to ease access to foreign exchange for importers who tender bids for foreign exchange at the window every two fortnights; and

- the Retail Foreign Exchange Window is operated by the CBN for banks to meet needs for travel allowances, and school and medical fees, at a rate not exceeding 20 per cent. above the interbank exchange rate.

The table below sets forth, for the periods and dates indicated, information on the exchange rates published on the exchange rate depository of the FMDQ's website for the purchase of Naira, all expressed per U.S. dollar. The Bank uses the I&E FX Window closing rate published on the FMDQ's website for the purpose of translation of financial information. As at 31 December 2020, the closing rate on this window was ₦410.25 per U.S. dollar. Fluctuations in the exchange rate between the Naira and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

	Average[1]	High	Low	Period End
		(naira per U.S. dollar)		
March 2021	409.85	412.00	406.50	408.67
Quarter 1 2021...	402.91	412.00	393.33	408.67
2020	394.92	410.25	392.00	410.25
2019...	361.93	365.87	360.13	364.51
2018...	347.12	362.70	331.16	358.79
2017..	323.34	331.28	312.77	331.16
2016...	260.23	347.13	199.04	312.40
2015...	198.04	205.95	180.30	199.05

(1) The average of the exchange rates for each day during the year or period, as applicable.

Sources: The exchange rates for the period 2019 to 2020 are based on I&E foreign exchange rates sourced from FMDQ I&E historical closing prices, while the exchange rates for the period from 2015 to 2018 are NIFEX rates sourced from FMDQ historical fixings.

The exchange rate between the Nigerian Naira and the U.S. dollar as of 31 December 2020 was ₦410.25 to U.S.$1.00. No representation is made that the Naira amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at these rates, at any other rate or at all.

Exchange Controls

The Nigerian foreign exchange regime is regulated by the Foreign Exchange (Monitoring and Miscellaneous) Provisions Act, No 17, 1995 (Cap F34 LFN 2004) (the "**Forex Act**") and regulations, circulars and guidelines made thereunder by the CBN, including in particular the Nigerian Foreign Exchange Manual, 2018 ("**Foreign Exchange Manual**"). The Forex Act allows any person to invest foreign currency or capital imported into Nigeria through an authorised dealer (i.e. a Nigerian bank licenced by the CBN to deal in foreign exchange) in any enterprise or security in Nigeria (except enterprises expressly prohibited by relevant provisions of Nigerian law).

If the imported capital is to be converted into Naira, the authorised dealer is required to, within a period of 24 hours of receipt of funds, issue to the investor, a Certificate of Capital Importation ("**CCI**") in respect of the converted funds. In a bid to enhance transparency and efficient processing of foreign investment flows into Nigeria, the CBN replaced the hard copy CCI system with e-CCI system with effect on 11 September 2017.

The Forex Act guarantees holders of CCIs unconditional convertibility, transferability and repatriation of investment capital upon the divestment and remittance of investment yields through an authorised dealer in freely convertible currency. The e-CCI is the primary piece of evidence required to be presented to an authorised dealer to give the holders of the e-CCI access to the Nigerian foreign exchange market for the purpose of converting the proceeds of capital invested in Nigeria into freely convertible currency out of Nigeria.

Guaranty Trust is not seeking to raise any capital and will not receive any proceeds as a result of the Scheme or Admission as no offer of New GDRs is being made. As no proceeds or capital will be imported into Nigeria, Guaranty Trust does not intend to obtain an e-CCI in respect of the New GDRs, but instead place reliance on the e-CCI issued in respect of the Existing GDRs, which has been amended to reflect Guaranty Trust as the named "beneficiary" in place of the Bank by the CBN. This mechanism will enable holders of New GDRs (other than Nigerian investors) to benefit from their respective portion of such e-CCI. However, no assurance can be given that a CCI would always be available for the export from Nigeria of the proceeds of the sale of the New Shares underlying the New GDRs (whether such New GDRs were obtained pursuant to the Scheme or in secondary trading on the London Stock Exchange) and therefore persons wishing to sell such New Shares and export proceeds should confirm their ability to export the proceeds.

PART IV

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables contain selected historical consolidated financial and operating information of the Group as at and for the years ended 31 December 2018, 2019 and 2020. Guaranty Trust has derived this information, without adjustments, from the Financial Statements which were prepared in accordance with IFRS, on the same basis as historical consolidated financial information derived from the Financial Statements. This section should be read in conjunction with the Financial Statements incorporated by reference into this Prospectus, as well as the section "*Operating and Financial Review*".

Summary consolidated income statement

	For the years ended 31 December		
	2020	**2019**	**2018**[(1)]
		(*Naira thousands*)	
Interest income	300,737,588	296,204,699	306,963,482
Interest expense	(47,069,441)	(64,841,597)	(84,529,681)
Net interest income	**253,668,147**	**231,363,102**	**222,433,801**
Loan impairment charges	(19,572,893)	(4,911,666)	(4,906,485)
Net interest income after loan impairment charges	**234,095,254**	**226,451,436**	**217,527,316**
Fee and commission income	53,179,802	62,418,779	52,367,605
Fee and commission expense	(6,244,554)	(2,975,272)	(1,897,532)
Net fee and commission income	**46,935,248**	**59,443,507**	**50,470,073**
Net gains on financial instruments held at fair value through profit or loss	24,486,177	20,889,849	24,583,974
Other income	76,826,192	55,793,214	50,783,908
Net impairment/reversal (charge) on other financial assets	3,190,517	100,473	(650,015)
Personnel Expenses	(37,606,138)	(37,284,204)	(36,856,121)
Right-of-use asset amortisation	(2,108,645)	(2,114,007)	-
Operating lease expenses		-	(2,085,035)
Depreciation and amortisation	(29,046,513)	(22,692,637)	(17,629,276)
Other operating expenses	(78,677,022)	(68,879,797)	(70,558,054)
Profit before income tax	**238,095,070**	**231,707,834**	**215,586,770**
Income tax expense	(36,655,130)	(34,842,168)	(30,875,741)
Profit from continuing operations	**201,439,940**	**196,865,666**	**184,711,029**
Loss from discontinued operations	-	(16,385)	-
Profit for the year	**201,439,940**	**196,849,281**	**184,711,029**

(1) Certain balances were reclassified in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate.

Summary consolidated statement of financial position

	As of 31 December		
	2020	**2019**	**2018**[(1)]
		(*Naira thousands*)	
Assets			

	As of 31 December		
	2020	**2019**	**2018**[(1)]
		(Naira thousands)	
Cash and bank balances	745,557,370	593,551,117	676,989,012
Financial assets at fair value through profit or loss	67,535,363	73,486,101	11,314,814
Derivative financial assets.............................	26,448,550	26,011,823	3,854,921
Investment securities:			
Fair Value through profit or loss.................	3,273,771	33,084,367	2,620,200
Fair Value through other comprehensive income..	693,371,711	585,392,248	536,084,955
Held at amortised cost................................	283,582,832	145,561,232	98,619,509
Assets pledged as collateral...........................	62,200,326	58,036,855	56,777,170
Loans and advances to banks.........................	99,043	1,513,310	2,994,642
Loans and advances to customers..................	1,662,731,699	1,500,572,046	1,259,010,359
Restricted deposits and other assets...............	1,226,481,116	577,433,006	508,678,702
Investment in subsidiaries	-	–	–
Property and equipment	148,782,835	141,774,863	111,825,917
Intangible assets	19,872,523	20,245,232	16,402,621
Deferred tax assets..	4,716,154	2,256,570	2,169,819
	4,944,653,293	**3,758,918,770**	**3,287,342,641**
Assets classified as held for sale and discontinued operations..............................	-	–	–
Total assets...	**4,944,653,293**	**3,758,918,770**	**3,287,342,641**
Liabilities			
Deposits from banks.....................................	101,509,550	107,518,398	82,803,047
Deposits from customers...............................	3,509,319,237	2,532,540,384	2,273,903,143
Financial liabilities at fair value through profit or loss	-	1,615,735	1,865,419
Derivative financial liabilities........................	2,758,698	2,315,541	3,752,666
Other liabilities...	356,222,575	233,425,713	140,447,508
Current income tax liabilities	21,592,016	20,597,088	22,650,861
Debt securities issued....................................	-	–	–
Other borrowed funds	113,894,768	162,999,909	178,566,800
Deferred tax liabilities...................................	24,960,772	10,568,534	7,075,956
Liabilities classified as held for sale and discontinued operations..............................	-	–	–
Total liabilities	**4,130,257,616**	**3,071,581,302**	**2,711,065,400**
Capital and reserves attributable to equity holders of the parent entity.......................			
Share capital...	14,715,590	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	123,471,114
Treasury shares...	(6,928,103)	(6,531,749)	(5,583,635)
Retained earnings	193,921,810	119,247,653	107,248,944
Other components of equity	473,434,457	422,704,836	323,991,767
Capital and reserves attributable to equity holders of the parent entity.......................	**798,614,868**	**673,607,444**	**563,843,780**
Non-controlling interests in equity.................	15,780,809	13,730,024	12,433,461
Total equity...	**814,395,677**	**687,337,468**	**576,277,241**
Total equity and liabilities	**4,944,653,293**	**3,758,918,770**	**3,287,342,641**

(1) Certain balances were reclassified in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate.

Summary statement of cash flows

	For the years ended 31 December		
	2020	2019	2018[(1)]
		(Naira thousands)	
Net cash from operating activities	406,161,646	267,127,947	261,061,518
Net cash from (used in) investing activities................................	(225,136,914)	(199,494,607)	(57,700,931)
Net cash used in financing activities................................	(139,124,802)	(98,622,044)	(229,733,562)
Net increase (decrease) in cash and cash equivalents................	**41,899,930**	**(30,988,704)**	**(26,372,975)**
Cash and cash equivalents at beginning of the period..............	585,156,021	614,963,180	609,174,897
Effect of exchange rate changes on cash and cash equivalents.......	**84,373,468**	**1,181,545**	**32,161,258**
Total cash and cash equivalents	**711,429,419**	**585,156,021**	**614,963,180**

(1) Certain balances were reclassified in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate.

Summary performance indicators

The table below presents certain non-IFRS financial measures and key performance indicators ("**KPIs**") of the Group as of and for the periods indicated, along with explanatory notes. This table should be read in conjunction with the section "*Important Information —Alternative Performance Measures*". These non-IFRs financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. The non-IFRS financial measures do not constitute measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. Investors should not place undue reliance on these non-IFRS financial measures and KPIs and should not consider these measures as: (a) an alternative to profit from operating activities or profit as determined in accordance with the IFRS, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or a measure of the Group's ability to meet cash needs; or (c) an alternative to any other measures of performance under IFRS. These measures are not indicative of the Group's historical operating results, nor are they meant to be predictive of future results. Guaranty Trust has presented these supplemental measures because they are used by the Group to monitor the underlying performance of its business and operations and these measures provide a basis for investors to measure the Group's financial condition and results of operations over different periods of time and with other banks in general. However, because of the discretion that the Group and other banks have in defining and calculating these measures, care should be taken in comparing the non-IFRS financial measures with those of other banks, and such measures may not be directly comparable.

	As of 31 December		
	2020	2019	2018
		(%)	
Return on equity (post tax)[(1)]..	26.83	31.16	30.90

Return on assets (post tax)[2]	4.63	5.59	5.56
Net interest margin[3]	9.26	9.28	9.23
Capital adequacy ratio[4]	26.52	22.51	23.39
Cost to income[5]	38.24	36.11	37.09
Liquidity ratio[6]	38.91	49.33	41.44
Non-performing loans to total loans[7]	6.39	6.53	7.30
Loans to deposits and borrowings (Bank)[8]	47.10	57.83	52.25
Net loans-to-deposits[9]	46.05	56.9	53.55

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(1) Return on equity (post tax) is calculated as profit after tax divided by average equity (average of the opening and closing equity position).

(2) Return on assets (post tax) is calculated as profit after tax divided by average assets (average of the opening and closing asset position).

(3) Net interest margin is expressed as net interest income divided by average earning assets.

(4) Capital adequacy ratio is calculated by dividing eligible capital by total risk weighted assets.

(5) Cost to income is calculated as operating expenses divided by operating income.

(6) Liquidity ratio is expressed as a percentage of current assets to current liabilities.

(7) Non-performing loans to total loans is calculated by dividing aggregate non-performing loans by gross loans.

(8) Loans to deposits and borrowings is calculated by dividing total loans by the summation of total deposits and total debts.

(9) Net loans-to-deposits is expressed as Net loans to Banks and Customers divided by total deposit liabilities from Banks and Customers

PART V

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors of Guaranty Trust

Director	Position	Date of Birth
Adesola Oyinlola	Non-Executive Director, Chairman	9 May 1955
Segun Agbaje	Managing Director/Chief Executive Officer	4 July 1964
Cathy Echeozo	Non-Executive Director	20 February 1965
Suleiman Barau OON	Independent Non-Executive Director	14 August 1959
Babatunde Soyoye	Independent Non-Executive Director	26 November 1968
Helen Lee Bouygues	Independent Non-Executive Director	23 May 1972
Adebanji Adeniyi	Executive Director	20 April 1970

The usual business address of each of the Directors is Plot 635, Akin Adesola Street Victoria Island, Lagos State, Nigeria.

There are no family relationships between any members of the Board.

Auditors

The auditors of the Bank and of the Group are Ernst & Young ("**E&Y Nigeria**"), whose registered address is at 10th Floor, UBA House, 57 Marina Rd, Lagos Island, Lagos, Nigeria. The other Banking subsidiaries are audited by component audit firms in their respective country of operation. The tenure of E&Y Nigeria as the Bank's auditors will expire on 31 December 2030. On 12 April 2021, it was resolved by the shareholders of Guaranty Trust in issue at that date that E&Y Nigeria be appointed as auditor of Guaranty Trust pursuant to Section 401 of CAMA to audit the financial statements of Guaranty Trust and to hold office until the conclusion of the next annual general meeting.

Legal Advisors

The legal advisors to Guaranty Trust and the Group as to Admission are White & Case LLP, whose registered address is 5 Old Broad Street, London, EC2N 1DW, United Kingdom.

The legal advisors to Guaranty Trust and the Group as to matters of U.S. and English law in connection with the Scheme are White & Case LLP, whose registered address is 5 Old Broad Street, London, EC2N 1DW, United Kingdom.

The legal advisors to Guaranty Trust and the Group as to matters of Nigerian law in connection with the Scheme are Aluko & Oyebode, whose registered address is 1 Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria.

Company Secretary

Guaranty Trust's Company Secretary is Erhi Obebeduo.

Registrar & Transfer Office

Guaranty Trust's Registrar & Transfer functions are carried out by Datamax Registrars Limited. Their email address is: datamax@datamaxregistrars.com and datamax@datamaxgroup.ng and their telephone number is: 07049175122 and 09065240515.

Depositary

The Depositary for the New GDRs is JPMorgan Chase Bank, N.A. ("**JPMCB**"). JPMCB is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation. JPMCB is supervised and regulated by the Office of the Comptroller of the Currency ("**OCC**") and, with respect to certain matters, by the U.S. Federal Deposit Insurance Corporation (the "**FDIC**"). Additional information, including the most recent Form 10-K for the year ended 31 December 2019 of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with the Securities and Exchange Commission by JPMorgan Chase & Co., may be obtained from the United States Securities and Exchange Commission's website (http://www.sec.gov) as they become available.

Custodian

The Custodian for the New Shares underlying the New GDRs is Citibank Nigeria Limited, with registered address of 27, Kofo Abayomi Street, Victoria Island, Lagos, Nigeria.

PART VI

BUSINESS DESCRIPTION OF THE GROUP

Overview

Guaranty Trust Holding Company Plc was incorporated under the laws of Nigeria as a public limited liability company on 24 July 2020 to act as the financial holding company for the Group. The Group is a leading African banking group, which offers a wide range of financial services and products to individuals, businesses, and institutions, both private and public, across Africa and the United Kingdom. This includes bilateral and syndicated lending and the provision of deposit services to institutions and individual clients, as well as corporate finance and financial advisory services, money market activities and related services, foreign exchange operations and digital banking services. The Bank is also one of the CBN's designated settlement banks that can receive and clear cheques in Nigeria, and is also a primary dealer/market maker for Nigerian government securities. The Group's business is primarily focused on large- and medium-sized corporate clients.

As of 31 December 2020, the Bank was the fifth largest bank in Nigeria by total assets and it was the most profitable Nigerian bank for the period then ended, as measured by return on assets and return on equity (according to the audited financial statements of Nigerian banks for the period ended 31 December 2020).

As of 31 December 2020, the Group had total assets of ₦4,944.65 billion (U.S.$12,052.78 million) and total equity attributable to the owners of the Bank of ₦798.61 billion (U.S.$1,946.65 million). It had generated ₦201.44 billion (U.S.$491.02 million) in net profit for the year then ended.

As of 31 December 2019, the Group had total assets of ₦3,758.92 billion (U.S.$10,312.25 million) and total equity attributable to the owners of the Bank of ₦673.61 billion (U.S.$1,847.98 million). It had generated ₦196.85 billion (U.S.$540.04 million) in profit for the year then ended.

The Bank has ten international banking subsidiaries: Guaranty Trust Bank (Gambia) Limited ("**GTB Gambia**"), Guaranty Trust Bank (Sierra Leone) Limited ("**GTB Sierra Leone**"), Guaranty Trust Bank (Ghana) Limited ("**GTB Ghana**"), Guaranty Trust Bank (United Kingdom) Limited ("**GTB UK**"), Guaranty Trust Bank (Liberia) Limited ("**GTB Liberia**"), Guaranty Trust Bank (Ivory Coast) Limited ("**GTB Cote d'Ivoire**"), Guaranty Trust Bank (Kenya) Limited ("**GTB Kenya**"), Guaranty Trust Bank (Rwanda) Limited ("**GTB Rwanda**"), Guaranty Trust Bank (Uganda) Limited ("**GTB Uganda**") and Guaranty Trust Bank (Tanzania) Limited ("**GTB Tanzania**").

GTB UK is a wholly owned subsidiary of the Bank and was established with the primary aim of providing banking services to the Bank's customers who regularly travel between the United Kingdom and Africa. It also offers international trade and settlement services to African businesses and financial institutions. The Group established GTB Finance B.V. in 2006 as a structured entity to raise funds from the international financial markets. However, in 2018, the Bank substituted the liabilities of GTB Finance B.V. and this entity was liquidated later in that year.

As of 31 December 2020, the Group had 232 branches, 16 e-branches, 14 cash centres and 1366 ATMs in Nigeria as well as 107 subsidiary branches throughout Africa, as well as one in London.

The Group's core banking operations are conducted through five core business-operating segments, while three distinct business divisions drive its activities as follows:

- *Corporate Banking*, which services multinationals and large corporate organisations with annual turnover of at least ₦5.0 billion (U.S.$12.2 million). Within the Corporate Banking segment, the Bank has specialised groups focused on general corporate banking, and on the energy and financial institutions and telecommunications ("**FINTEL**") industries. The Group has over 2,000 Corporate Banking clients.

- *Commercial Banking*, which is structured to meet the banking needs of medium-sized entities such as manufacturers, importers, distributors, traders and other corporate organisations with annual turnover between ₦500 million and ₦5.0 billion (U.S.$1.2 million and U.S.$12.2 million, respectively). The Group has over 209,790 Commercial Banking clients.

- *Retail Banking*, which provides banking services, primarily deposit accounts, to individuals. The Group has over 20.6 million Retail Banking clients.

- *SME Banking*, which provides banking products and services tailored to cater to small- and medium-sized enterprises and ventures. SMEs are small- and medium-sized businesses with annual turnover of less than ₦500 million (U.S.$1.2 million). The Group has over 1.05 million SME Banking clients.

- *Public Sector Banking*, which services the needs of government and government agencies at the federal, state and local government levels as well as contractors to Nigerian state and government agencies.

- *Digital Banking Division*, which provides electronic payment services and self-service electronic channels to the Group's customers.

- *Wholesale Banking Division*, which manages the Group's Trading and Sales Group, Asset and Liability Management Group and Corporate Finance Group.

- *International Banking*, which oversees the operations of the Bank's banking subsidiaries.

These core business areas are supported by corporate centres covering the Group's entire range of banking functions, including the Transaction Services Division, which is responsible for branch level operations, and the Operations Division, which is responsible for the international trade and settlement operations for the rest of the Group's divisions and activities. Also included under corporate centres are the Enterprise Risk Management Division, which is responsible for risk management, monitoring and oversight, and the Corporate Services Division, which provides administrative, legal and security support to the Group.

As at 31 December 2020, Guaranty Trust Bank had 327,420 shareholders of its ordinary shares. With the exception of Stanbic Nominees Nigeria Limited, which holds 21.96% per cent. of Guaranty Trust's ordinary shares largely in trading accounts on behalf of various investors, no shareholder is expected to hold more than 5.0 per cent. of Guaranty Trust's ordinary shares upon implementation of the Scheme or following the Admission. Save as noted above, Guaranty Trust is not aware of any person who, directly or indirectly will be beneficially interested in 5.0 per cent. or more of the issued ordinary share capital of Guaranty Trust upon implementation of the Scheme and on Admission. As of 31 December 2020, Guaranty Trust's 13 member Board of Directors controlled or will control, in the aggregate, 0.5% per cent. of Guaranty Trust's ordinary shares upon implementation of the Scheme or following the Admission.

Guaranty Trust was incorporated as a public limited company under the laws of Nigeria on 24 July 2020, with registration certificate number 1690945, to operate as the financial holding company of the Group. The Bank was incorporated in Nigeria in July 1990, under registration certificate number 152321, as a private limited liability company under the Nigerian Companies and Allied Matters Act ("**CAMA**"), and in the same year, the CBN issued it a licence to operate as a commercial bank. The Bank carries on business as a bank under the Banks and Other Financial Institution Act, 1991 ("**BOFIA**"). In 2001, the CBN issued the Bank a universal banking licence and, following the repeal of the universal banking guidelines, the Bank was issued a commercial banking licence with international scope in December 2012 under CBN's Regulation on the Scope of Banking Activities and Ancillary Matters (the "**Banking Activities Regulation**").

Guaranty Trust's registered office is located at Plot 635, Akin Adesola Street, Victoria Island, in Lagos, Nigeria and its telephone number is +01-44807409.

History

Guaranty Trust has neither traded since its date of incorporation nor entered into any obligation other than in connection with the Scheme and as such, there is no historical information on Guaranty Trust. The Bank commenced operations in Nigeria as a privately held bank in 1991. In 1996, the Bank was converted into a public limited liability company and listed on the NSE. In 2001, the Bank completed an initial public offering of its ordinary shares through which it raised ₦2.6 billion (U.S.$16.7 million). The Bank raised over ₦11.0 billion (U.S.$70.6 million) in a follow-on public offering in June 2004, which facilitated the Bank's compliance with the revised minimum capital requirements of ₦25.0 billion (U.S.$160.5 million) implemented by the CBN as part of its recapitalisation and consolidation plan for the Nigerian banking industry in 2004.

The Bank has been the recipient of several on-lending facilities from international developmental financial institutions, including the African Development Bank, the Netherlands Development Finance Company and the European Investment Bank. The Bank has current credit lines from the International Finance Corporation ("**IFC**") with a total outstanding amount of U.S.$73.70 million (₦30.23 billion) as at 31 December 2020, and the Société de Promotion et de Participation pour La Cooperation Economique S.A. ("**Proparco**") with a total outstanding amount of U.S.$13.71million (₦5.64 billion) as of 31 December 2020. In addition, the Bank has accessed several specific domestic facilities designed to stimulate the Nigerian economy by providing banks with low-cost Naira-denominated liquidity to on-lend at reduced interest rates to selected sectors and businesses. As at 31 December 2020, the Bank had ₦78.02 billion outstanding under these various schemes.

In 2001, the Bank commenced its international expansion in Anglophone West Africa, by establishing subsidiaries in Gambia and Sierra Leone, followed by its subsidiary in Ghana in 2004. The Bank established GTB UK as a subsidiary in the United Kingdom in 2007, primarily to provide services to the Bank's customers who frequently travel between Africa and London. GTB UK received its licence and commenced operations as a commercial bank in 2008. The Bank also established subsidiaries in Liberia in 2008 and Cote d'Ivoire in 2012. The Group further extended its presence in December 2013 with the acquisition of a 70.0 per cent. ownership stake in Fina Bank Limited, a commercial bank incorporated in Kenya and with subsidiaries in Uganda and Rwanda. These entities have since been re-named and fully incorporated into the Group. The Bank also established a subsidiary in Tanzania in 2016 to further increase the Bank's offering in East Africa (see "*—Corporate Structure*").

In October 2010, the CBN issued the Banking Activities Regulation, which took effect in May 2012, and repealed the universal banking guidelines. In 2011, the Bank divested its shareholding interests in three of its four non-banking subsidiaries, namely Guaranty Trust Assurance Plc, an insurance company, GTB Asset Management Limited, an asset management and securities trading company, and GTB Registrars Limited, a securities registration and data administration company. In 2012, it concluded its divestment from the fourth subsidiary with the sale of GTHomes Limited, which provides mortgage banking services. The Bank was subsequently issued a commercial banking licence with international scope by the CBN in December 2012.

In January 2007, the Bank was the first Nigerian company to issue Eurobonds with an issue of U.S.$350 million notes due 2012, through GTB Finance B.V. This transaction was named "*Nigerian Deal of the Year 2007*" by The Banker Magazine.

In July 2007, the Bank raised U.S.$824 million through an issue of the GDRs in the domestic and international capital markets. This transaction was awarded "*Nigerian Deal of the Year 2008*" by The Banker Magazine. In 2008, the Bank established a U.S$2 billion global medium term note programme (the "**GMTN Programme**") in order to facilitate note issuances in the international capital markets. It subsequently made its first and second issuances under the GMTN Programme in 2011 and 2013 with U.S.$500 million notes due 2016 and U.S.$400 million due 2018, respectively, through GTB Finance B.V.

In December 2009, the Bank established a ₦200 billion domestic debt issuance programme and issued ₦13.2 billion (U.S.$84.8 million) 5-year senior unsecured fixed rate bonds. This was the first domestic bond issuance under an SEC-regulated book building process in Nigeria.

The Bank is a regular recipient of awards for the high level of service it provides. In 2019, the Bank was named "Best Bank in Africa" and "Best Bank in Nigeria" at the 2019 Euromoney Awards, becoming the first bank in Nigeria to win both awards in a calendar year. The Bank was also awarded "Best Banking Group" and "Best Retail Bank" in Nigeria by the World Finance Magazine.

Key strengths

The Group believes that it has a number of competitive strengths that will allow it to build on its position as a leading African banking group. These strengths include:

Well-recognised and highly trusted brand.

The "GT Bank" is a well-recognised and trusted brand, built on the Group's values of customer service, professionalism, ethics and innovation. In addition, the Bank has become the fifth largest bank in Nigeria by total assets (according to the audited financial statements of Nigerian banks for the period ended 31 December 2020) through organic growth, maintaining a strong, consistent culture focused on customer service.

The Group maintains a well-structured and diversified balance sheet, with a capital adequacy ratio of 21.89 per cent. as of 31 December 2020, well over the CBN-mandated regulatory minimum of 16 per cent. for Domestic Systemically Important Banks ("**D-SIB**"). The Group further enjoys strong access to the domestic and international funding markets. The Group's reputation is also distinguished as the most profitable bank in Nigeria, as measured by return on assets and return on equity (according to the audited financial statements of Nigerian banks for the period ended 31 December 2020). The strength of the Group's image and branding has been further enhanced through its "Orange Rules" campaign, which began in June 2006 and continues to highlight its customer service culture. The Orange Rules demonstrate the Group's values, providing a set of eight core concepts to shape the Group's approach to its business, namely: (i) simplicity; (ii) professionalism; (iii) service; (iv) friendliness; (v) excellence; (vi) trustworthiness; (vii) social responsibility; and (viii) innovation.

Experienced management team with a strategic vision for the growth of the Group.

The Group's senior management team has extensive experience within the financial services sector. The senior management team has a proven record of implementing innovative and industry-leading initiatives, particularly guiding the Group to focus on best business practices and customer service. The Group believes the experience of its senior management team, together with its strategic vision, will be a key strength in succeeding in an increasingly competitive industry.

Strong internal controls and risk management policies that allow the Bank to identify and respond to relevant risks.

Sound risk management over liquidity, interest rate, foreign exchange, credit and operations risks has been a cornerstone of the Bank's philosophy and strategy since it commenced operations in 1991. The Bank's strong risk management policies and their coherent application have contributed to the Bank's growth during and following the global financial crisis, whilst other banks in Nigeria have had to be rescued. As of 31 December 2020, the Bank's NPL ratio stood at 5.88 per cent., a figure below the industry average of 6.10 per cent. *(source: Fourth Quarter CBN Economic Report)*. The Bank balances a moderate risk appetite and a strong system of internal controls with maintaining high levels of profitability and ambitions for further growth. The Bank believes its internal controls will support the Group as it continues to grow, whilst promoting strong risk management standards that have contributed to the Bank's NPL ratio of 5.88 per cent. as of 31 December 2020.

One of the leading Nigerian banks in terms of profitability.

For the period ended 31 December 2020, the Bank was the most profitable Nigerian bank as measured by return on assets and return on equity (according to the audited financial statements of Nigerian banks for the period ended 31 December 2020). For the period ended 31 December 2020, the Bank had a cost-to-income ratio of 35.27 per cent. This was the lowest cost-to-income ratios amongst the Bank's immediate peers in Nigeria, and the Bank has consistently delivered cost-to-income ratios below the industry average. The Bank closely monitors its operating expenses and encourages/incentivises staff to identify and implement cost savings in their business units. The Bank has been able to use its information technology platforms to automate certain tasks and reduce certain costs despite its expansion, and thereby achieving economies of scale.

Functional and scalable information technology systems and products that provide a platform to support growth.

The Group has been a market leader in the digital transformation of the African banking industry and the provision of modern technology is central to the Group's vision of customer service. The Group is a regular recipient of awards for its achievements in this area. Equally, the use of functional and scalable IT systems has served to create efficiencies, and support the continued growth of the Group as a business. The Group believes that it has one of the most efficient information technology platforms amongst Nigerian banks. Its information systems are all synchronised, which ensures consistent and co-ordinated customer information, regardless of whether the information is being accessed through an ATM, internet banking application, or through BASIS. The Bank's branches are real-time linked, ensuring speed and efficiency in respect of all customer transactions. The Group has also been a leader in introducing innovative products and alternative distribution channels, such as the Group's mobile banking app, GTWorld, and its fully digitalised flagship lending product, Quick Credit. The Bank intends to continue to strengthen its information technology systems to provide for greater efficiency and to continue to service customer demands for new and innovative products. See "*—Information Technology*".

Focus on human capital with employee training programmes.

The Group has a young, dynamic work force which is instrumental in maintaining the culture of customer service throughout the Group, particularly as approximately 68.4 per cent. of the Group's employees are in client-facing roles. The Group introduced an employee training programme in 1990, which has enhanced its ability to continue to provide a high level of customer service as the Group grows. The Group's commitment to employing trained and skilled employees is a key strength that allows it to be more competitive in the industry. Regular training is provided to the entire staff on subject matters including corporate governance, enterprise risk management, environmental and social risk management and leadership and management. The Group is also committed to promoting diversity, in particular recognising both the importance of gender equality and the positive effects of such a commitment on the business itself. As of 31 December 2020, the ratio of women amongst the Bank's total staff was 45 per cent., with 38 per cent. of senior management positions held by females. Additionally, the Bank was the first bank in Nigeria to outsource its non-core functions, creating greater efficiencies and allowing core employees to focus on higher, value-added functions.

Significant footprint in Africa.

In addition to Nigeria, the Group has banking operations in Gambia, Sierra Leone, Ghana, Liberia, the Cote d'Ivoire, Kenya, Rwanda, Uganda and Tanzania, which represents one of the largest regional networks of a Nigerian bank, and allows the Group to service its customer base throughout the African continent. The Group has expanded beyond its traditional West African base with the acquisition of a 70.0 per cent. ownership stake in Fina Bank Limited, a commercial bank incorporated in Kenya and with subsidiaries in Uganda and Rwanda. These entities have since been re-named and fully incorporated into the Group structure. The Bank also established a subsidiary in Tanzania in 2016 and commenced operations in 2017 to further enhance the Bank's offering in East Africa. See "*—Corporate*

Structure". As a result of its existing operations, the Group is well-positioned to expand its network in other countries in Africa.

Strategy

The Group intends to focus on key areas of economic growth within Nigeria and Sub-Saharan Africa. In particular, the key pillars of the Group's strategy are the following:

Dominance in Priority Sectors.

The Group aims to aggressively grow market share in eight priority sectors, which were designated by the Group's management on the basis of profitability prospects in its chosen markets. These sectors include (i) Telecommunications, (ii) Energy, (iii) Construction, (iv) Maritime, (v) Manufacturing, (vi) General Commerce, (vii) Retail and SME, and (viii) Treasury. To achieve its desired growth in these sectors, the Group plans to emphasise cross-selling opportunities across industry sectors and at all stages of the production chain, leverage its technology and alternative delivery channels, raise capital levels and expand its low-cost deposit base.

Focused Expansion through Key Countries in Sub-Saharan Africa.

Africa is now seen as the last frontier amongst emerging markets. The extensive infrastructure investments taking place across the continent, together with the Group's significant experience in Sub-Saharan Africa, create substantial opportunities for the Group. The Group aims to continue to increase the contribution of African operations to its overall profit. As part of this strategy, the Group will continue to focus on particular African economies with high growth potential and adopt a systematic approach for possible acquisitions in target locations.

Talent Management and Leadership.

With increasing complexity in customer needs, competition for well-qualified employees and the Group's objectives of entering new markets, the Group aims to deepen the functional skills, product knowledge and specialised competencies of all of its personnel. To further this end, the Group plans to focus recruiting efforts on experienced candidates who possess the necessary industry expertise in the Group's priority sectors. The Group utilises targets and effective performance management to incentivise and motivate its workforce, as well as continually reviewing rewards and other benefits to ensure the Group remains in the top quartile of its peers in the Nigerian banking industry. In addition, the Group has developed "GTBank Academy", a four-month training programme for recent graduates in entry-level positions and has partnered with a number of international business schools to develop continuing education programmes for the Group's staff.

Leverage Technology.

The Group has been a market leader in the provision of digital banking services in Africa and aims to continue to maximise the use of technology to increase operational efficiency and to enhance customer experience through continuous, "straight-through" payment processing, alternative service channels, multichannel management strategy and the deployment of branchless banking. The Group has internet, mobile phone and SMS-based banking applications, and maintains efficient customer data management through advanced analytics and business intelligence tools. The Group is also continuously updating its risk management platforms, including by means of real-time executive dashboards, security management and risk-based user access authentication. In particular, the Group's Information Technology Risk Management Committee aims to continue identifying and implementing cost effective solutions for IT risk mitigation, ensuring that a proactive approach is adopted in this area.

Competitive Cost Containment.

Cost efficiency will remain a critical advantage for the Group amongst its competitors. The Group aims to strengthen its position as a leader in cost containment throughout the Nigerian banking industry by maintaining operating expenses at a minimum. The Group has established a robust centralised procurement procedures and expenses monitoring regime in order to maintain its cost-to-income ratio at or below its target level of 40 per cent. (having achieved a cost-to-income ratio of 38.24 per cent. in the year ended 31 December 2020, based on the increase in inflation rate in Nigeria). The Bank was also the first bank in Nigeria to outsource its non-core functions.

Enhanced Risk Management.

The Group intends to continue advancements in its risk management function throughout the medium- to long-term. The Bank is committed to maintaining a moderate risk appetite in pursuit of its core strategy of expanding its business and further increasing profitability. The Group aims to continue to develop deep competencies in its key market segments to facilitate effective management of risks, including maintaining a ratio of NPLs to total loans and advances at or below the Group's target level of below 5 per cent. (as compared with 6.39 per cent. as of 31 December 2020). The Bank will continue to observe international best practice in its risk management procedures. See "*—Risk Management*".

Market Position and Competition

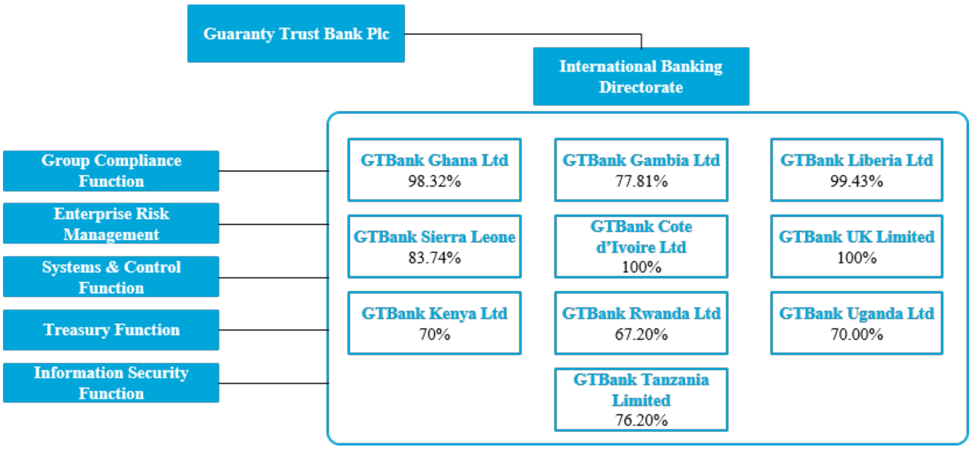
According to the published financial statements of Nigerian banks, as of 31 December 2020, the Bank was the fifth largest Nigerian bank by total assets, and the most profitable Nigerian bank as measured by return on assets and equity for the period then ended. Additionally, the Bank had the fourth highest capital adequacy ratio amongst Nigerian Banks (according to the audited financial statements of Nigerian banks as of 31 December 2020).

The Group considers four local banks (Access Bank, Zenith Bank, First Bank of Nigeria and United Bank for Africa) to be its key competitors for the provision of a full range of banking services in Nigeria, and three international banks (Ecobank Nigeria Plc, Stanbic IBTC Bank Plc and Standard Chartered Bank Nigeria Limited) to be competitors to its corporate banking business. The other top ten banks in the Nigerian banking sector compete with the Group on a selective basis in certain specific markets and customer segments.

Following the completion of its merger with Diamond Bank in March 2019, Access Bank is now the largest bank in Nigeria by asset size (according to the published financial statements of Nigerian banks, as of 31 December), with ₦8,679.7 billion in total assets as of 31 December 2020, followed by Zenith Bank, United Bank for Africa, First Bank of Nigeria, and the Bank, with ₦8,481.3 billion, ₦7,698.0 billion, ₦7,689.0 billion and ₦4,944.7 billion in total assets, respectively, as of 31 December 2020. The primary area of competition with the larger banks is competition for lending to corporate customers and deposits from retail customers. The Group believes that its commitment to customer service and innovative product and service offering will allow the Group to maintain and grow its corporate and retail client base (see "*—Key Strengths*").

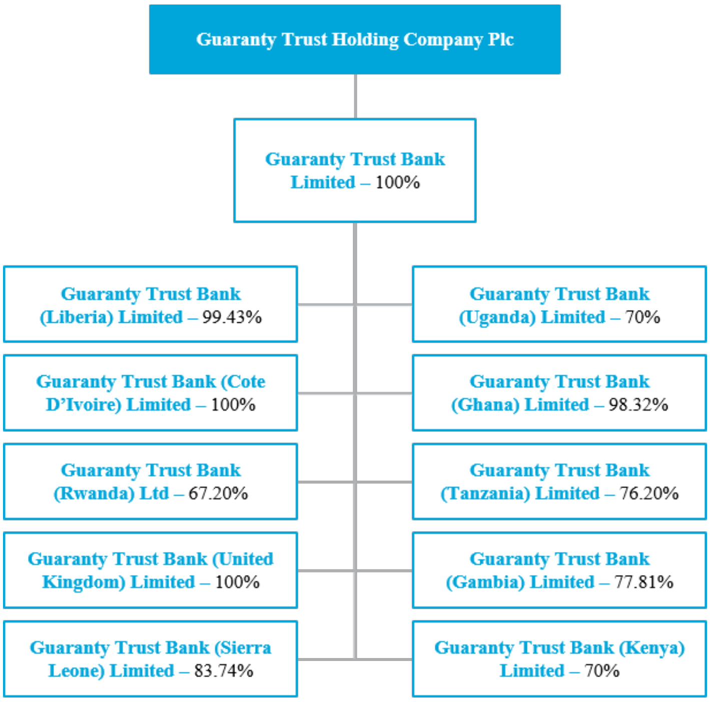
Corporate Structure

The following chart shows the corporate structure of the Group and the percentage ownership of each subsidiary as of the date of this Prospectus:



As part of the Scheme, all of the Existing Shares of the Bank, including those underlying the Existing GDRs, will be delisted from The NSE and transferred to Guaranty Trust. The Bank will be re-registered as a private company limited by shares under the CAMA and will thereafter be known as "Guaranty Trust Bank Limited". The Bank intends to seek the cancellation of listing of the Existing GDRs from the official list of UK Listing Authority and of trading from the London Stock Exchange's main market for listed securities. In consideration for the transfer of the Existing Shares to Guaranty Trust and cancellation of the Existing GDRs, owners of Existing Shares and Existing GDRs will receive in respect of any Existing Shares and/or Existing GDRs held as at the terminal date (i.e. the business day immediately preceding the Effective Date), for each Existing Share transferred or Existing GDR cancelled, one New Share or one New GDR, as applicable.

Upon implementation of the Scheme, and following the grant of license to operate as a financial holding company by the CBN (the "**Final Licence**") pursuant to the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria dated 29 August 2014 (the "**FHC Guidelines**"), the corporate structure of the Group and the percentage ownership of each subsidiary will be as follows:



Subject to the grant of the Final Licence, Guaranty Trust will be regulated by the CBN as any another financial institution in accordance with the FHC Guidelines. However, as a financial holding company, Guaranty Trust will be subject to fewer regulations (by virtue of its limited activities) and less intensive supervision by the CBN than if it were a bank. No prudential standards will apply to Guaranty Trust unless expressly prescribed, or subject to amendments of the FHC Guidelines, at the sole discretion of the CBN. The Bank will continue to be subject to the full suite of CBN banking regulations and, in all other material respects. The banking subsidiaries within the Group will continue to be subject to the oversight of the respective prudential regulatory authorities in their jurisdictions. Upon implementation of the Scheme, Guaranty Trust will continue to monitor and review the structure and composition of the Group and may implement future changes in light of factors including business growth, regulatory considerations, market developments and counterparty considerations. In particular, since the Scheme is being implemented with a view of expanding the activities of the Group beyond those currently permitted to be carried out, Guaranty Trust intends to undertake steps to diverse the Group's revenues by including non-banking subsidiaries that will undertake permissible activities as defined under the FHC Guidelines. As such, entry into high growth non-banking businesses, such as the payments business, pension fund management and asset management, has been identified as an immediate focus area in order to provide customers with a wide range of digital financial services to meet their rapidly evolving needs, and to adapt to a rapidly evolving business landscape. However, at all times, the banking business of the Group will continue to be a major driver of the Group's performance. Emphasis will be laid on increasing the core banking growth in Nigeria by strengthening the Group's dominant position in the corporate banking and oil & gas segments, accelerating the Group's leadership position in mass retail and targeting the underserved SME segment, increasing penetration in the Group's host economies, extracting more value from business units by cross-selling services, optimizing products, services and processes to minimize duplications across the Group, and harnessing efficiencies of scale to maintain a low cost to income ratio.

Description of Business

The Group's core banking operations are conducted through five core business operating segments (Corporate Banking, Commercial Banking, SME Banking, Public Sector Banking and Retail Banking), while its activities are supported by three distinct business divisions (i.e. Digital Banking, Wholesale Banking, and International Banking). Digital Banking and Wholesale Banking are divisions under the Corporate Banking segment, while the International Banking division oversees the operations of the Bank's banking subsidiaries. Although organised under separate lines, the Group's core segments and divisions work together to provide services to its customers. For example, where a large corporate client uses the services offered by Corporate Banking, the Group will work to ensure that the employees of such customer are aware of the services offered by the Group's Retail Banking segment.

The following table shows the historic breakdown of the Group's total revenue by operating segments for the periods indicated:

	Year ended 31 December 2020		**Year ended 31 December 2019**		**Year ended 31 December 2018**	
	Revenue by Segment	**Percentage of Group's Total Revenue**	**Revenue by Segment**	**Percentage of Group's Total Revenue**	**Revenue by Segment**	**Percentage of Group's Total Revenue**
	(in thousands of Naira, except percentages)					
Corporate Banking....	248,463,968	54.77	239,992,123	55.3	238,850,310	55.0
Retail Banking...........	135,370,713	29.84	124,870,057	28.8	108,281,167	24.9
Commercial Banking	31,394,681	6.92	35,941,742	8.3	50,373,377	11.6
SME Banking............	29,275,123	6.45	23,096,458	5.3	26,284,971	6.0
Public Sector Banking	9,124,122	2.01	10,094,350	2.3	10,734,196	2.5
Total	453,628,607	100	433,994,730	100	434,524,021	100

The products and services offered by the Group's core segments and divisions are described below.

Corporate Banking

The Group's Corporate Banking segment services multinationals and large corporate organisations with an annual gross revenue of ₦5.0 billion (U.S.$12.2 million) and above. As of 31 December 2020, the

Group had over 2,000 Corporate Banking customers. As of, and for the year ended 31 December 2020, the Group's Corporate Banking segment accounted for 60.0 per cent. of the Group's total assets and 69.4 per cent. of the Group's profit before income tax. As of 31 December 2019, the Corporate Banking segment accounted for 64.11 per cent. of the Group's total assets, as compared with 56.06 per cent. as of 31 December 2018. For the year ended 31 December 2019, the Corporate Banking segment accounted for 70.56 per cent. of the Group's profit before tax, as compared with 66.73 per cent. for the year ended 31 December 2018.

The Corporate Banking segment operates through different focus business groups that provide tailored industry-based service. The business sectors handled by the Corporate Banking segment include energy, telecommunications, maritime, construction, metals, flour mills, automobiles, auto-care, personal-care, financial institutions, etc. Whilst the Corporate Banking segment covers most industry segments, energy and FINTEL have been set apart as full-fledged divisions to provide adequate focus and attention to these important industry sectors.

Lending

To meet the needs of the Corporate Banking clients, the Group offers a wide range of lending products, including overdrafts, term loans, agricultural loans, structured and project finance facilities, import finance facilities, export credit finance lines and U.S. dollar-denominated credits. Within the Corporate Banking segment, the Group's loans are spread across the various industries and geographic regions covered by each group. As of 31 December 2020, ₦1,262.23 billion of the Group's loans to customers, representing 75.9 per cent. of the Group's total loans and advances to customers, were loans to Corporate Banking customers, compared with ₦1,122.61 billion (74.81 per cent. of total loans and advances to customers) as of 31 December 2019 and ₦923.5 billion (73.35 per cent. of total loans and advances to customers) as of 31 December 2018.

Some of the Group's loans in Naira pay interest at a floating rate linked to its Prime Lending Rate ("**PLR**") or the Nigerian Interbank Offered Rate ("**NIBOR**"). Some of the Group's loans in U.S. dollars pay interest at a floating rate linked to LIBOR for loans in U.S. dollars. The Group typically applies PLR as the reference rate for bilateral loans in Naira and NIBOR as the reference rate for syndicated loans in Naira.

Deposits and Other Funding Sources

The deposit products offered to customers in the Corporate Banking segment consist of on-demand, term and domiciliary accounts. In addition to deposit accounts, some of the products and services offered to customers of the Corporate Banking segment include the issuance of local drafts, local transfers between accounts, cash in transit and draft in transit services, batch payments, bill payments, third-party transfers, safe custody services, duty payments and government remittances.

As of 31 December 2020, ₦773.33 billion, or 22.0 per cent., of the Group's total deposits from customers were from Corporate Banking customers, compared to ₦596.9 billion or 23.57 per cent. as of 31 December 2019 and ₦557.9 billion or 24.54 per cent. as of 31 December 2018. As of 31 December 2020, 21.1 per cent. of the Group's deposits from customers were denominated in U.S. dollars, the majority of which were from Corporate Banking customers.

The Corporate Banking Group

The Corporate Banking Group is focused on corporate customers and are organised according to industries into 14 business units (Cement, Beverages and Tobacco, Commodities and Conglomerates, Foods, Flour, Automobiles, Real Estate, Construction, Aviation, Metals, Personal Care, Heavy Industries and Chemicals and Maritime).

The Corporate Banking Group aims to enhance its understanding of the entire value chain of its corporate clients, including their respective suppliers, distributors, customers and employees.

The Corporate Banking Group offers a wide range of bespoke products including business advisory services, cash management products, loans, electronic banking products, flexible liability products, international trade services and value chain financial services. In addition, the Bank believes that the Corporate Bank Group's knowledge of its clients' businesses is a competitive advantage and provides the Group with a strong platform to establish further relationships with partners and subsidiaries of its clients, enter into partnerships with various international institutions and expand into Africa and beyond.

Specialised Groups

The Group has specialised units focused on Energy and FINTEL industries. The Energy Group comprises three sub-units providing specialised banking services to upstream, midstream and downstream oil and gas companies comprising multinationals and leading domestic oil companies. The Energy Upstream Group is focused on the marketing and management of relationships with IOCs, including Shell, Total and Chevron as well as lower tier oil exploration and production companies, specifically marginal field operators that produce less than 10,000 barrels per day, and gas companies. The Energy Downstream Group focuses on partnering with importers, traders, independents and downstream marketers and is divided into three sub-segments: major marketing companies, commodity traders and independents, whilst the Energy Midstream Group focuses on the oil support services providers and is divided into sub-segments consisting of EPC contractors, vessel and rig contractors, fabrication, well life consultants, manpower suppliers and subsea services.

The FINTEL Group provides banking services to a wide range of operators and service providers within the financial institutions ("**FI**") and Nigerian telecommunications industry, including GSM operators, equipment vendors, service companies, distributors and support companies. It also provides dedicated services to code-division multiple access operators, distributors and value added service companies, as well as telephone company vendors, and support companies. Within the FI industry, it provides services to contractual FIs, regulatory FIs, debt FIs, Investment FIs and diaspora remittance companies (such as International Money Transfer Operators). Amongst a wide range of products and services, it provides cash management, equipment and vendor financing, import finance and funds transfer services, and other electronic banking products.

The Maritime Group within the Corporate Banking segment focuses on identified market segments within the Nigerian maritime industry including terminal operators, ship agents, vessel owners, logistics/freight forwarding companies and other service providers. It provides products and service tailored to meet the needs of specific clients in this area. These include dedicated collections via various physical and electronic channels, long-term financing and contractor/supplier payments, amongst other service offerings.

Retail Banking

The Group's Retail Banking segment is structured to develop and promote the retail business generally through traditional branches, as well as through digital channels and the provision of services to individual account holders. Although historically the Group had focused its retail marketing on the upper segment of the market, including employees of its Corporate Banking customers, the Group is now also targeting a broader segment of the Nigerian retail market. Products offerings within the retail division include: individual current accounts, savings deposits, credit and debit cards, consumer loans and mortgages. The Group has continued to consolidate its efforts to expand the array of products and services available on its customer-centric digital banking platform.

As of, and for the year ended 31 December 2020, the Group's Retail Banking segment accounted for 23.2 per cent. of the Group's total assets and 24.1 per cent. of the Group's profit before income tax. As of 31 December 2020, the Group had over 20.6 million Retail Banking customers.

As of 31 December 2019, the Retail Banking segment accounted for 20.38 per cent. of the Group's total assets, as compared with 24.33 per cent. as of 31 December 2018. For the year ended 31 December 2019 the Retail Banking segment accounted for 25.16 per cent. of the Group's profit before income tax, as compared with 21.43 per cent. for the year ended 31 December 2018.

Lending

Currently, retail lending in Nigeria is constrained by the lack of a fully developed comprehensive credit bureau, a legal framework that makes it difficult to register and pledge land as collateral and the lack of a national identity card system. Loans to individuals are generally only made when the trustworthiness of the individual can be established and the loan is fully collateralised.

As of 31 December 2020, 10.0 per cent. of the Group's total loans and advances to customers, or ₦166.38 billion, were Retail Banking loans, compared with 10.24 per cent. or ₦153.67 billion as of 31 December 2019, 8.98 per cent. or ₦113.01 billion as of 31 December 2018 and 9.08 per cent.. The range of loan products offered to retail customers includes term loans, residential mortgages, overdraft facilities and salary advance facilities. Interest rates payable on loans to individuals are based on the MPR, which was 11.5 per cent. as of 31 December 2020, plus a spread.

Deposits

The deposit products offered to retail customers include conventional current accounts, savings accounts, fixed deposit accounts, accounts offering concessionary benefits to senior citizens, domiciliary accounts, allowing customers to maintain accounts in foreign currencies and business accounts targeted specifically at SMEs.

The Bank also provides Nigerians living abroad with access to a wide range of the Bank's products and services, some of which include savings and current accounts, investment in money market instruments, digital banking services and card products, as well as access to the GTConnect modern contact centre.

As of 31 December 2020, ₦1,894.64 billion of deposits, representing 54.0 per cent. of the Group's total deposits from customers, were from retail customers, compared to ₦1,340.6 billion or 52.94 per cent. as of 31 December 2019, ₦1,132.9 billion or 49.82 per cent. as of 31 December 2018 and ₦958.0 billion. The Group conducts its retail banking operations primarily through the Group's network of 232 branches, 16 e-branches and 14 cash centres in Nigeria and 107 subsidiary branches (as of 31 December 2020) and other distribution channels such as ATMs, Mobile Wallets, Mobile Banking Applications and the Internet.

Commercial Banking

The Group's Commercial Banking segment is structured to suit the banking needs of middle-market entities such as manufacturers, oil and gas service providers, importers, distributors, traders and other medium-sized corporate organisations with annual gross revenues between ₦500.0 million and ₦5.0 billion (U.S.$1.2 million and U.S.$12.2 million, respectively). As of 31 December 2020, the Group had over 209,790 Commercial Banking customers. These customers are usually owner-managed and are usually less structured than the Group's Corporate Banking customers. The Commercial Banking segment is organised by geographic region within Nigeria. As of 31 December 2020, the Group's Commercial Banking segment accounted for 7.6 per cent. of the Group's total assets and 3.3 per cent. of the Group's profits before income tax. As of 31 December 2019, the Commercial Banking segment accounted for 7.33 per cent. of the Group's total assets, as compared with 10.76 per cent. as of 31 December 2018. For the year ended 31 December 2019, the Commercial Banking segment accounted for 3.01 per cent. of the Group's profits before income tax, as compared with 7.72 per cent. for the year ended 31 December 2018.

Lending

The Group offers a range of lending products, including overdrafts, term loans and bankers' acceptances to its Commercial Banking customers. Within the Commercial Banking segment, the Group's loans are spread amongst industries and geographies, with loans to customers in the oil and gas services, telecommunications, mining, real estate, manufacturing and general commerce sectors and with customers spread throughout the country. Loans to commercial customers are primarily secured by real estate.

As of 31 December 2020, 6.4 per cent. of the Group's total loans and advances to customers, or ₦106.10 billion, were Commercial Banking loans, compared with 7.49 per cent. or ₦112.4 billion as of 31 December 2019, 10.63 per cent. or ₦133.8 billion as of 31 December 2018 and 12.86 per cent..

Deposits

The deposit products offered to customers in the Commercial Banking segment consist of on-demand and term deposits. As of 31 December 2020, 11.2 per cent. of the Group's total deposits from customers, or ₦392.54 billion, were deposits from Commercial Banking customers, compared with 10.51 per cent. or ₦266.29 billion as of 31 December 2019, 14.07 per cent. or ₦319.9 billion as of 31 December 2018.

SME Banking

The Group's SME Banking segment is focused on small- and medium-sized enterprises. This division is stratified into micro, small and medium businesses with micro businesses with annual gross turnover of less than ₦5 million (U.S.$0.01 million), small businesses with an annual turnover of more than ₦5 million (U.S.$0.01 million) but less than ₦100 million (U.S.$0.24 million) and medium businesses with an annual turnover of more than ₦100 million (U.S.$0.24 million) but less than ₦500 million (U.S.$1.2). The division consists of segments specialising in professional firms, local traders, schools, health and medical services, service providers, contractors, light manufacturers, non-governmental organisations and religious bodies, construction firms, and transport. As of 31 December 2020, the SME Banking segment had over 1.05 million customers. As of, and for the year ended 31 December 2020, the SME Banking segment accounted for 6.3 per cent. of the Group's total assets and 1.9 per cent. of the Group's profit before income tax. As of 31 December 2019, the SME Banking segment accounted for 5.04 per cent. of the Group's total assets, as compared with 5.92 per cent. as of 31 December 2018. For the year ended 31 December 2019, the SME Banking segment accounted for 0.18 per cent. of the Group's profits before income tax, as compared with 2.47 per cent. for the year ended 31 December 2018.

In order to ensure coverage of SME customers across Nigeria's six geopolitical zones, the SME Banking segment has eight distinct divisions: SME Abuja, SME Lagos Island, SME Lagos Mainland, SME South East, SME 2 Abuja, SME 2 Lagos Island, SME 2 Lagos Mainland and SME 2 South East.

Lending

The SME Banking segment offers a wide range of loan products to meet asset acquisition and working capital needs of the Group's SME customers. The division's loan product offerings include overdraft, time/term loans, invoice discounting facilities, import finance facilities and payment guarantee issuances. As of 31 December 2020, loans and advances to SME Banking customers accounted for 1.7 per cent. of the Group's total loans and advances to customers, or ₦28.6 billion, as compared with 2.10 per cent. or ₦31.45 billion as of 31 December 2019 and 1.95 per cent. or ₦24.51 billion as of 31 December 2018.

Deposits and Other Funding Sources

The Group continues to attract deposits from its SME customers through a wide range of liability, collection and payment products, which include current, call and domiciliary accounts, GTBusiness Account, time deposits, local drafts issuance, local transfers between accounts, cash in transit and draft in transit services, batch payments, bill payments, third-party transfers, GTPay and GAPs payments via the Group's online portal. As of 31 December 2020, deposits from SME Banking customers accounted for 12.3 per cent. of the Group's total deposits from customers, or ₦432.51 billion, as compared with 11.95 per cent. or ₦302.76 billion as of 31 December 2019, 11.01 per cent. or ₦250.39 billion as of 31 December 2018.

Public Sector Banking

The Group's Public Sector Banking segment deals directly with government and governmental agencies at the federal, state and local levels as well as with government contractors, by providing traditional banking services and financial advisory services, automated payment systems, cash management systems and other tailor made products. As of, and for the year ended 31 December 2020, the Group's Public Sector Banking segment accounted for 2.9 per cent. of the Group's total assets and 1.2 per cent. of the Group's profit before income tax. As of 31 December 2019, the Public Sector Banking segment accounted for 3.14 per cent. of the Group's total assets, as compared with 2.92 per cent. as of 31 December 2018. For the year ended 31 December 2019, the Public Sector Banking segment accounted for 1.10 per cent. of profits before income tax, as compared with 1.65 per cent. for the year ended 31 December 2018.

Lending

Loans to customers in the Public Sector Banking segment primarily consist of loans to large federal, state and local government contractors. These loans are partly secured by fixed and floating liens on the borrower's assets, and in certain circumstances are unsecured. However, the majority of such facilities are backed by irrevocable payment instructions in favour of the Group from the various federal, state or local agencies awarding such contracts.

The Group's loans to customers in the Public Sector Banking segment include loans to government and governmental agencies and various contractors working on infrastructure projects for government agencies. The Group avoids lending directly to state governments due to the stringent lending provisions imposed on such transactions by the CBN. The Group has a conservative lending policy to public sector agencies. Lending is usually backed by irrevocable payment orders on the income streams and cash flows of such agencies, essentially on a short-term basis. Some of the facilities are overdrafts, with an average term of 30 days.

As of 31 December 2020, loans and advances to Public Sector customers accounted 6.0 per cent. of the Group's total loans and advances to customers, or ₦99.5 billion, as compared with 5.36 per cent. or ₦80.40 billion as of 31 December 2019 and 5.10 per cent. or ₦64.25 billion as of 31 December 2018.

Deposits and other services

The deposit products offered to Public Sector customers consist of on-demand and term deposits. In addition to deposit accounts, some of the products and services offered to customers of the Public Sector Division include revenue collection, treasury services, contractor payment solutions, public private partnership project financing, cash management services and automated payment systems. As of 31 December 2020, deposits from Public Sector customers accounted for 0.5 per cent. of the Group's total deposits from customers, or ₦16.3 billion, as compared with 1.02 per cent. or ₦25.93 billion as of 31 December 2019, 0.57 per cent. or ₦12.88 billion as of 31 December 2018.

Wholesale Banking Division

The Wholesale Banking Division consists of: the Asset and Liability Management ("**ALM**") Group, the Trading and Sales Group and the Corporate Finance Group. The ALM Group is responsible for the Bank's asset and liability management whilst the Trading and Sales Group is responsible for the Bank's proprietary trading activities and provides treasury solutions as well as securities/currency trading services to the Bank's customers. The Division also provides financial advisory, agency services and manages big-ticket syndication transactions on behalf of the Bank's customers through the Corporate Finance Group.

ALM Group

The ALM Group has primary responsibility for managing market and liquidity risk, analysing key balance sheet ratios, establishing guidelines for pricing on deposit and credit facilities, analysing exchange rate risks, assessing the Group's overall balance sheet structure, monitoring the status of implemented asset and liability strategies and ensuring the Bank complies with regulatory capital requirements (see "*—Market and Liquidity Risk*"). The ALM Group reports to the Asset and Liability Management Committee ("**ALMAC**") and it is primarily responsible for implementing the periodic measures of the ALMAC, which are put in place to limit the liquidity risks, interest rate risks and other forms of risks driven by changing customer, macro-economic and competitive environments.

The ALM Group applies an integrated risk management approach for managing and reporting liquidity and interest rate risk. The ALM Group is structured along the following functions:

- *Balance Sheet Management Desk* monitors the proportion of liquid assets and risk assets with a view of optimising profitability without infringing the liquidity and safety of the Bank. It is also responsible for monitoring the cost of funds by ensuring the right deposit mix, as well as minimising the cost of tenured deposits. The desk regularly monitors/measures changes in net interest income, net interest margin and presents scenario analysis in respect of these parameters to the ALMAC for decision making.

- *Trading and Liquidity Management Desk* is responsible for building short-term funds flow plans for the Bank. It monitors the Bank's operating account with the CBN, with the goal of ensuring adequate balance to settle all obligations during the business day. It actively monitors the anticipated cash flow needs of the Bank on a daily basis, where net outflows are adequately provided for and net inflows are profitably invested. In periods of tight liquidity, the desk monitors and implements measures to restrict outflow of funds in order to safeguard the Bank's liquid assets.

- *Non-Earning Assets Management Desk* ensures core non-earning assets such as cash and bank balances are kept below set limits to promote profitability. These limits are determined in conjunction with the Transaction Services Division (discussed below) and reviewed periodically to ensure operational efficiency.

- *Coordination and Monitoring of Subsidiaries' Asset and Liability Management ("**ALM**") Activities:* It facilitates ALMAC meetings with each of the subsidiaries, prepares and submits a monthly analysis report on each of the subsidiaries. The Group ensures that the subsidiaries' metrics such as liquidity ratio, loans-to-funding ratio and other regulatory indices stay within the established tolerance levels. It also assists the treasurers of the subsidiaries to implement high quality ALM treasury management policies and methodologies that drive net interest margin growth and solvency assurance.

The Bank prepares and submits a written report on ALM to the Bank's Board of Directors on quarterly basis. This report covers events and activities both in global and domestic spaces during the quarter in review and explains how these events and activities affect the operations of the Bank.

Trading and Sales Group

The Trading and Sales Group provides access to foreign exchange products, fixed income securities and money market instruments in the local markets. It offers treasury solutions tailored to meet customers' investment, hedging and liquidity needs. The Trading and Sales Group operates as two distinct but related business teams.

The Trading team focuses on trading traditional asset classes for profit within the local market in line with the Bank's market making mandate and its investment outlook. The Trading team maintains a proprietary book with exposures to foreign currency, fixed income securities and money market instruments, taking advantage of short term shifts in market expectations whilst staying true to the Bank's strategic investment objectives and maintaining compliance with defined risk management policies. The team leverages its exposures to provide liquidity for client driven transactions across these asset classes and to access opportunities and solutions available within the market space.

The Sales team provides coverage for a broad range of treasury products that meet the needs of the Bank's corporate, commercial and institutional investor clients. The Sales team work in conjunction with the traders, product specialists and international banking partners to provide corporate clients with tailored financing, hedging and investment products.

In order to develop and maintain product expertise, the activities of the Trading and Sales Group are structured along product lines as follows:

- *Foreign Exchange*: As an authorised foreign exchange dealer, the Bank maintains proprietary trading exposures in the local currency and G10 currencies. The Bank's local and international currency trading activities are guided by both regulatory and in-house risk management policies. The Foreign Exchange team leverages its trading activities to provide liquidity and risk solutions to its corporate and commercial clients in G20 currencies.

- *Fixed Income*: The Fixed Income team maintains a strong fixed income trading capacity in the secondary market for debt issuances ranging from Government treasury bills and bonds to sub-national bonds and corporate bonds. As a primary dealer and market maker in local currency sovereign debt issuances, the team maintains proprietary positions in sovereign issuances across all maturities and provides market liquidity to the Bank's corporate and institutional investor clients. The proprietary activities of the Fixed Income team reinforces the Bank's strategic investment objectives, whilst supporting an efficient distribution of fixed income securities across the spectrum of investors.

- *Interest Rates and Money Market*: The Interest Rates and Money Market team trades money market products for the account of the Bank, ensuring the efficient deployment of liquidity and taking advantage of opportunities within the market space. The team manages the Bank's short term investment portfolio with a focus on achieving an optimum balance of liquidity and profitability and helps clients achieve their liquidity management and short term investment objectives by providing access to a suite of money market products and interest rate solutions in local and foreign currency.

For the financial year ended 31 December 2020, income from the Group's investment portfolio accounted for approximately 38.31 per cent. of its interest income, compared to 38.68 per cent. for the financial year ended 31 December 2019 and 34.05 per cent. for the financial year ended 31 December 2018.

Corporate Finance Group

The Corporate Finance Group specialises in the provision of investment banking activities covering financial advisory, capital raising, project finance, loan syndications, and structured finance advisory services. In addition, the Corporate Finance Group renders loan administration and escrow agency services and is also actively involved in various strategic initiatives concerning the Group, including the execution of the Bank's own international and domestic capital markets and mergers and acquisitions transactions.

The Corporate Finance Group has also been very active in attracting international financing to Nigeria, offering a range of expertise in sourcing funding from international and local sources for and on behalf of Nigerian companies. Through the Corporate Finance Group, the Bank has arranged and coordinated several high profile Nigerian financing transactions including Dangote Industries Limited US$6 billion Medium Term Financing, Aiteo US$2 billion Acquisition Financing, and NNPC/SPCD US$1.5 billion JV Financing, amongst others. Most recently, Nigeria Liquefied Natural Gas Limited appointed the Bank as a joint financial adviser on the Train 7 Project, a major construction project on the Bonny Island liquefied natural gas facility with an estimated cost of between U.S.$10 billion and U.S.$12 billion.

For the year ended 31 December 2020, corporate finance fees accounted for 3.31 per cent. of the Group's total income from fees and commissions, or ₦1.76 billion, as compared with 6.91 per cent., or

₦4.31 billion, for the year ended 31 December 2019 and 9.53 per cent., or ₦4.99 billion, for the year ended 31 December 2018.

In addition, the Corporate Finance Group manages the Bank's relationships with international development banks, such as the IFC, African Development Bank, Africa Finance Corporation, African Export Import Bank ("**Afrexim**") and Proparco, whilst exploring other potential access to international funding facilities.

Digital Banking Division

The primary focus of the Digital Banking Division is providing reliable and efficient electronic payment services to the Group's customers. The overall objective is to migrate the customers to self-service electronic channels that are available at any time regardless of physical or geographical location.

The division operates through three groups: the Payments and Collaborations Group, the electronic-Payment Solutions Group and the Products and Promotions Group. The Payments and Collaborations Group handles the card issuing operations of the Bank as well as facilitates partnership arrangements with Merchants, Fast Moving Consumer Goods Companies, Retailers, etc., to drive card spend and other income earning collaborations on behalf of the Bank. The Payments and Collaborations Group issues Naira debit and prepaid cards, U.S. Dollar debit and credit cards and fuel cards as well as corporate debit and credit cards, to customers of the Bank. As of 31 December 2020, the Payments and Collaborations Group had issued over 7.8 million cumulative cards to the Bank's customers.

The electronic-Payment Solutions Group has five teams managing the electronic payment solutions, acquisition of business and collections operations of the Bank. These teams consist of the Bank 737 team, the Electronic Banking team, the Corporate Collections team, the Corporate Payments team, and the PoS Acquiring team. The Bank 737 team manages the USSD (Unstructured Supplementary Service Data) banking and payment service directed at mass retail customers of the Bank. The Electronic Banking team generally offers retail customers banking and payments services via their smart phones and the Bank's internet banking platform. The Corporate Collections team facilitates account and card-based collections-acceptance solutions on the WEB for merchants and companies in Nigeria. The team offers GTPay, GT Collections and MasterCard Internet Gateway Service (MIGS) to corporate customers as well as e-commerce companies in Nigeria. The Corporate Payments team manages internet and app-based payment products such as GAPS (GTBank Automated Payment System) and GAPS Lite for corporate, commercial and SME customers of the Bank. The POS team deploys and manages payment terminals in customer/merchant locations on behalf of the Bank. Collectively, the electronic-Payment Solutions Group processes and supports more than 100 million unique transactions every month.

The Products and Promotions Group is responsible for creating, managing and designing new products and solutions for the Retail and SME customer clusters of the Bank. The group comprises the Financial Inclusion team, the Liabilities team and the Retail Loan team. The Financial Inclusion team is responsible for digital customer acquisition. The Liabilities team designs, enhances and manages products across several retail segments (children, youth, professionals, diaspora, seniors). The Retail Loans team creates and offers retail and SME loans products to customers. Such loans include quick loans, payday loans and term loans products. These loans are delivered to the customers via all e-channels and processed both via straight through and non-straight through means. As at 31 December, 2020, over 2 million accounts were opened via e-channels and over ₦40 billion quick loans were processed to the Bank's customers via straight through methodology using algorithms to pre-qualify and avail loans.

Overall, the business activities of the Digital Banking Division revolve around increasing digital self-service adoption by customers, increasing electronic payments and collections within the Group, increasing numbers of cards and card-based transaction amounts, maximising the Group's commission and fee income through the Division's products, marketing of electronic products and services, providing customer support services and generally reducing the cost to serve.

International Banking Division

The International Banking Division is responsible for the coordination and implementation of the Group's international expansion strategy by monitoring the performance of the Group's existing international subsidiaries. The division performs an advisory role to the subsidiaries' senior management and serves as an interface between the Bank and its subsidiaries, as well as an interface between the subsidiaries and external stakeholders such as regulators and international investors.

In its oversight function, the International Banking Division reviews the financial performance of the international subsidiaries on a monthly basis and advises the Bank's senior management accordingly. The division also provides the Bank's senior management with updates on the business environment in the subsidiaries and submits a quarterly assessment of the risk factors affecting the subsidiaries to the Bank's Board of Directors.

From a regulatory perspective, the division remits monthly and quarterly returns to the CBN on the subsidiaries' activities and the status of the Bank's equity investments. The division also monitors regulatory developments that affect the Group's subsidiaries.

With regard to international expansion, the International Banking Division is responsible for assessing offshore investment opportunities, carrying out environmental scanning of prospective countries, seeking regulatory approvals in Nigeria and host countries, and ensuring the smooth integration of new subsidiaries into the Group.

Other Services

The Group provides a system of cross marketing to its customers, which allows the Group to offer its products and services, including investment advisory services, to individuals. The Bank has a private banking group that serves affluent, high net worth individuals and provides investment and wealth structuring advice and banking services, offshore banking, asset management and financial planning services. Other affiliated products and services offered by the Group include international money transfers.

Support Divisions

The Group's eight support divisions are primarily responsible for providing ancillary services, technological support and infrastructure to the rest of the Group's strategic business divisions.

- *Transaction Services Division* is responsible for opening and maintaining accounts, monitoring cash withdrawals and deposits and posting term deposits, travel allowance sales, currency exchange services, funds transfers, payments to contractors and salary disbursements, including all other branch level operations of the Group.

- *Human Resources Division* is responsible for the Group's talent recruitment and retention initiatives, compensation and reward strategy, learning and development, staff welfare and other related activities.

- *Information Technology Division* provides application support for all customer interfacing technology products of the Group, supports technology operations for routine technology functions of the Group, ensures the stability of the Group's databases, installs the Group's hardware and network systems and is responsible for the use of the Group's BASIS technology.

- *Operations Division* is responsible for clearing, domestic and international operations, treasury operations and money transfer transactions. Clearing transactions are performed through Nigeria's electronic funds transfer system. The Operations Division also provides services for customers engaged in international transactions. The Group's foreign exchange services include the issuance of foreign drafts, sale of business and personal travel allowances, letters of credit, the issuance of Capital Importation Certificates (a certificate evidencing the importation of capital (equity or loans), equipment or raw material to Nigeria), and the collection of bills of exchange, warrants, promissory notes and standby instructions and remittances.

- *Enterprise Risk Management Division* is responsible for the Group's overall risk management, including credit risk, market & liquidity risk, operational risk, environmental & social risk, and information security risk.
- *Corporate Services Division* is responsible for administration, legal, communication and external affairs and Group security.
- *Systems & Control Division* is responsible for the Group's internal audit, internal control, fraud investigation and inspectorate activities.
- *Compliance Division* is responsible for the implementation of the Board-approved compliance framework. The division also has a supervisory function, which is responsible for monitoring and providing guidance to all compliance teams at all the Bank's subsidiaries. As part of its function, the Compliance Division ensures adherence to the Bank's approved AML/CFT and compliance framework within each and every subsidiary.
- *Finance Division* is responsible for defining accounting policies, procedures, standards and controls across the Group. The division is also responsible for tax and tax-related matters, budgeting and regulatory reporting.

Distribution Channels

Branches

As 31 December 2020, the Group had 232 branches, 16 e-branches, 14 cash centres and 1,366 ATMs in Nigeria as well as 106 subsidiary branches throughout Africa, as well as one in London.

In addition, the Group has a very widespread branch network. As of 31 December 2020, GTB Ghana had 32 branches, GTB Sierra Leone had 13 branches, GTB Gambia had 15 branches, GTB Liberia had 10 branches, GTB Cote d'Ivoire had four branches, GTB Kenya had nine branches, GTB Rwanda had 14 branches, GTB Uganda had eight branches, GTB Tanzania had one branch and GTB UK had one branch.

ATM network

As of 31 December 2020, the Bank owned and operated 1,366 ATMs. The Group intends to continue to increase the number of owned and operated ATMs to enhance its operations.

Other distribution channels

In addition to being able to use the network of about 18,965 third-party ATMs available throughout Nigeria and millions of ATMs globally, the Group's customers can use its internationally accepted card products to pay for goods or services with online web merchants or through in-store, on point-of-sale terminals anywhere in the world.

Other distribution channels promoted by the Group include GTExpress kiosks located in high density urban centres in various states, over 50 self-service e-branches located nationwide, the Group's contact centre (GTConnect) and use of social media platforms, such as through the Group's 'WhatsApp Banking' and Instagram channel.

The Group continues to make substantial investments in its information technology systems, not only to offer convenience, encourage self-service and lower transaction costs, but also to position the Group for sustainable low-cost operational growth. The Group's e-banking products allow customers to engage in real time banking, including checking account balances, opening new accounts, checking the details of transactions on accounts, ordering new cheque books, confirming cheques, stopping payment on cheques and paying utility bills.

These products include, but are not limited to: GTWorld, the Group's mobile banking app; Bank 737, an innovative USSD-based banking platform; Quick Credit, the Group's flagship digital-lending product; and Habari, which offers users direct access to the largest catalogue of local and foreign music online, as well as numerous other shopping opportunities, and payment, bill splitting and subscription functions.

Subsidiaries

The Bank has ten international banking subsidiaries, as described below. The following table shows the historic breakdown of the Group's total revenue by geographic market for the periods as indicated:

	Year ended 31 December 2020		Year ended 31 December 2019		Year ended 31 December 2018	
	Revenue by Geographic Market	Percentage of Group's Total Revenue	Revenue by Geographic Market	Percentage of Group's Total Revenue	Revenue by Geographic Market	Percentage of Group's Total Revenue
			(in thousands of NGN, except percentages)			
Nigeria..................	367,058,335	80.63	350,926,907	80.62	356,532,364	82.02
Gambia.................	5,405,552	1.19	4,717,707	1.08	4,243,317	0.98
Sierra Leone..........	8,494,042	1.87	8,693,693	2.00	8,251,409	1.90
Ghana....................	40,017,239	8.79	40,187,564	9.23	31,983,478	7.36
Liberia...................	5,980,257	1.31	5,594,595	1.29	5,875,311	1.35
Cote d'Ivoire	4,289,988	0.94	3,652,112	0.84	2,393,314	0.55
Kenya....................	10,583,135	2.32	9,249,470	2.12	9,576,896	2.20
Uganda..................	3,036,973	0.67	2,472,302	0.57	2,666,381	0.61
Rwanda.................	4,943,631	1.09	4,626,362	1.06	5,228,804	1.20
Tanzania	623,283	0.14	361,202	0.08	123,180	0.03
United Kingdom....	4,797,324	1.05	8,183,588	1.88	8,160,651	1.88

The following table shows the historic breakdown of the Group's total profit by geographic market for the periods as indicated:

	Year ended 31 December 2020		Year ended 31 December 2019		Year ended 31 December 2018	
	Profit by Geographic Market	Percentage of Group's Total Profit	Profit by Geographic Market	Percentage of Group's Total Profit	Profit by Geographic Market	Percentage of Group's Total Profit
			(in thousands of NGN, except percentages)			
Nigeria	205,130,559	86.15	200,177,890	86.39	190,209,286	88.23
Gambia	2,337,215	0.98	1,519,271	0.66	1,095,370	0.51
Sierra Leone	2,880,336	1.21	3,706,851	1.60	4,070,359	1.89
Ghana	26,356,015	11.07	22,580,286	9.75	16,524,359	7.66
Liberia	1,763,567	0.74	1,953,840	0.84	1,742,897	0.81
Cote d'Ivoire	1,202,989	0.51	1,312,696	0.57	467,005	0.22
Kenya	1,775,563	0.75	1,740,840	0.75	1,047,416	0.49
Uganda	401,727	0.17	214,952	0.09	(592,685)	(0.27)
Rwanda	1,850,898	0.78	1,129,348	0.49	648,557	0.30
Tanzania	(415,464)	(0.17)	(9573,143)	(0.25)	(665,270)	(0.31)
United Kingdom	(1,616,995)	(0.68)	985,475	0.43	1,434,776	0.67
Elimination Entries..	(3,571,340)	0	(3,040,472)	0	(395,300)	-

Banking Subsidiaries

Guaranty Trust Bank (Gambia) Limited is a commercial bank established in Gambia in 2002. As of 31 December 2020, the Bank owned 77.81 per cent. of GTB Gambia, and the remaining shares were owned by Gambian institutions and nationals. As at 31 December 2020, GTB Gambia operated 15 branches in Gambia. The Group's banking operations in Gambia comprise a wide range of financial services and products for individuals, corporations, international institutions and public sector organisations. As of, and for the year ended 31 December 2020, GTB Gambia had total assets of ₦66.3 billion and recorded profits before tax of ₦2.3 billion. As of, and for the year ended 31 December 2019, GTB Gambia had total assets of ₦49.7 billion and recorded a profit before tax of ₦1.5 billion. Comparatively, there was an increase of 33.3 per cent. in total assets from 31 December 2019 to 31 December 2020 and a 53.8 per cent. increase in profits before tax from 31 December 2019 to 31 December 2020.

On 24 September 2020, employees of GTB Gambia commenced strike action in protest of certain measures taken by the board of GTB Gambia (the "**GTB Gambia Board**") to protect the bank's capital in response to the uncertainties arising from the COVID-19 pandemic. Further to the strike action and on the grounds that GTB Gambia is systemically important to the country, the Central Bank of Gambia (the "**CBG**") intervened and placed GTB Gambia under prescription. The GTB Gambia Board took the measures necessary to meet its employees' demands and business has since returned to normal. As at the date of this Prospectus, GTB Gambia continues to engage with the CBG to lift the prescription order and is confident that it will be lifted shortly. The prescription order has not affected the financial performance of GTB Gambia, which is reflected by the positive financial results set out above, and given the *de minimis* size of the Group's operations in Gambia, Guaranty Trust does not believe the prescription impacts the overall Group or its business, operationally, financially or reputationally.

Guaranty Trust Bank (Sierra Leone) Limited is a commercial bank which was established in Sierra Leone in 2002 as the First Merchant Bank of Sierra Leone. In 2002, following the Bank's acquisition of a majority interest in the bank, it changed its name to Guaranty Trust Bank (Sierra Leone) Limited. As of 31 December 2020, the Bank owned 83.74 per cent. of GTB Sierra Leone, and the remaining shares were held by Sierra Leoneans. As of 31 December 2020, GTB Sierra Leone operated 13 branches. GTB Sierra Leone provides a wide range of financial services and products for corporate and retail customers. As of, and for the year ended 31 December 2020, GTB Sierra Leone had total assets of ₦61.9 billion and recorded profits before tax of ₦2.8 billion. As of, and for the year ended 31 December 2019, GTB Sierra Leone had total assets of ₦45.2 billion and recorded profits before tax of ₦3.7 billion. Comparatively, there was an increase of 37.2 per cent. in total assets from 31 December 2019 to 31 December 2020 and a 22.3 per cent. decrease in profit before tax from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (Ghana) Limited is a commercial bank established in Ghana in 2004 and licenced in 2006. As of 31 December 2020, the Bank owned 98.32 per cent. of GTB Ghana, and the other shares were owned by a Ghanaian national. As of 31 December 2020, GTB Ghana operated 32 branches in Ghana. The Group's banking operations in Ghana consist of general financial services to corporate and retail customers. As of, and for the year ended 31 December 2020, it had total assets of ₦290.8 billion and recorded profits before tax of ₦26.4 billion. As of, and for the year ended 31 December 2019, GTB Ghana had total assets of ₦215.4 billion and recorded profits before tax of ₦22.6 billion. Comparatively, there was an increase of 35.0 per cent. in total assets from 31 December 2019 to 31 December 2020 and a 16.7 per cent. increase in profit before tax from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (Liberia) Limited is a commercial bank established in Liberia in 2008. It commenced operations in March 2009. As of 31 December 2020, the Bank owned 99.43 per cent. of GTB Liberia and the remaining shares were owned by Liberian individuals. GTB Liberia had ten branches as at 31 December 2020. The services provided in Liberia consist of general financial services to corporate and public sectors as well as retail services. As of, and for the year ended 31 December 2020, it had total assets of ₦58.5 billion and recorded profits before tax of ₦1.76 billion. As of, and for the year ended 31 December 2019, GTB Liberia had total assets of ₦40.8 billion and recorded profits before tax of ₦1.95 billion. Comparatively, there was an increase of 43.2 per cent. in total assets from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (Cote D'Ivoire) S.A. is an Ivorian-incorporated commercial bank and was the Group's first subsidiary in Francophone West Africa. The bank was licenced by the Central Bank of West African States (BCEAO) to offer banking services to the Ivorian public and commenced operations on April 2012. GTB Cote d'Ivoire is a wholly owned subsidiary of the Bank, and its operations consist of providing general financial services to corporate, retail and public sector customers. GTB Cote D'Ivoire had four branches as of 31 December 2020. As of, and for the year ended 31 December 2020, GTB Cote d'Ivoire had total assets of ₦54.40 billion and recorded profits before tax of ₦1.20 billion. As of, and for the year ended 31 December 2019, GTB Cote D'Ivoire had total assets of ₦30.4 billion and recorded profits before tax of ₦1.3 billion. Comparatively, there was an increase of 79.2 per cent. in total assets from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (Kenya) Limited is a Kenyan commercial bank and was the Group's first subsidiary in East Africa. It holds GTB Uganda and GTB Rwanda as its subsidiaries. The three banks were incorporated into the Group following the acquisition in December 2013 of a 70.00 per cent. stake in Fina Bank Limited, a commercial bank then operating in Kenya, and with subsidiaries in Uganda and Rwanda, which was subsequently rebranded. GTB Kenya and its two subsidiaries provide commercial banking services to a range of corporate, public sector and retail clients. As of 31 December 2020, the Bank owned 70.0 per cent. of GTB Kenya, with the remaining shares owned by a mixture of corporates and individuals. As at 31 December 2020, GTB Kenya had nine branches. As of, and for the year ended 31 December 2020, GTB Kenya had total assets of ₦117.40 billion and recorded profits before tax of ₦1.78 billion. As of, and for the year ended 31 December 2019, GTB Kenya had total assets of ₦104.16 billion and recorded profits before tax of ₦1.74 billion. Comparatively, there was an increase of 12.7 per cent. in total assets from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (Uganda) Limited is a Ugandan commercial bank which sits as a subsidiary of GTB Kenya and was incorporated into the Group in 2013. As of 31 December 2020, the Bank owned a 70.0 per cent. ownership stake (indirectly) in GTB Uganda. As at 31 December 2020, GTB Uganda had eight branches. As of, and for the year ended 31 December 2020, GTB Uganda had total assets of ₦27.47 billion and recorded profits before tax of ₦0.4 billion. As of, and for the year ended 31 December 2019, GTB Uganda had total assets of ₦22.8 billion and recorded profits before tax of ₦0.21 billion. Comparatively, there was an increase of 20.4 per cent. in total assets from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (Rwanda) Limited is a Rwandan commercial bank and a subsidiary of GTB Kenya. It was incorporated into the Group in 2013. As of 31 December 2020, the Bank owned 67.20 per cent. ownership stake (indirectly) in GTB Rwanda. As of 31 December 2020, GTB Rwanda has 14 branches. As of, and for the year ended 31 December 2020, it had total assets of ₦50.2 billion and recorded profits before tax of ₦1.9 billion. As of, and for the year ended 31 December 2019, it had total assets of ₦38.2 billion and recorded a profit before tax of ₦1.1 billion. Comparatively, there was an increase of 31.1 per cent. in total assets from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (Tanzania) Limited is a commercial bank incorporated in Tanzania in July 2016 and commenced operations in December 2017 to further extend the spread of the Group's offering in East Africa. As of 31 December 2020, the Bank owned 76.2 per cent. of GTB Tanzania, with the remaining shares owned by individuals and corporates. As at 31 December 2020, GTB Tanzania has one branch. As of, and for the year ended 31 December 2020, it had total assets of ₦7.01 billion and recorded a loss of ₦0.41 billion. As of, and for the year ended 31 December 2019, it had total assets of ₦5.20 billion and made a loss of ₦0.57 billion. Comparatively, there was an increase of 34.9 per cent. in total assets from 31 December 2019 to 31 December 2020.

Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in 2008 to extend the Group's business into the United Kingdom, with its head office in London to service the Group's clientele (and their businesses) that frequently travel between Africa and London. As of 31 December 2020, the Bank owned 100.0 per cent. of GTB UK. GTB UK commenced operations as a commercial bank in May 2008, providing trade finance, correspondent banking, corporate banking and personal banking services, with principal focus on the provision of mortgage products and trade finance to African counterparties who have business connections in the UK. As of, and for the year ended 31 December 2020, it had total assets of ₦258.12 billion and recorded a loss of ₦1.62 billion. As of, and for the year ended 31 December 2019, GTB UK had total assets of ₦202.6 billion and recorded profits before tax of ₦0.99 billion. Comparatively, there was an increase of 27.4 per cent. in total assets from 31 December 2019 to 31 December 2020.

GTB UK is co-operating with the FCA in connection with an ongoing regulatory investigation over GTB UK's financial crime governance arrangements and controls. As this is ongoing, the nature and timing of any outcome is currently unknown. At this stage, the directors of GTB UK consider that it is too early to assess whether any such outcome might be material to GTB UK or to establish a provision in respect of any such outcome.

Equity interests

As of the date of this Prospectus, the Bank had equity interests in the following companies and partner organisations:

African Export-Import Bank is a supranational institution, established in October 1993. The bank started lending operations on 30 September 1994. The principal business of the bank is financing and facilitating trade amongst African countries and between Africa and the rest of the world. As of 31 December 2020, the Bank owned 0.01 per cent. of this entity.

Africa Finance Corporation is a multilateral finance institution established in 2007 by agreement amongst sovereign states to address Africa's infrastructure needs, whilst seeking a competitive return on capital for its shareholders. As of 31 December 2020, the Bank owned 0.444 per cent. of Africa Finance Corporation and the remaining shares are owned by the CBN, industrial corporations and other African financial institutions.

GIM-UEMOA (the Groupement Interbancaire Monetique de l'Union Économique et Monétaire Ouest-Africaine) is an interbank group founded in February 2003 which comprises more than 80 banks across eight countries in West Africa. The objective of the group is to promote the use of bank cards in the region. It issues withdrawal and payment cards for the region as well as issues international cards through agreements with MasterCard and Visa. As of 31 December 2020, the Bank owned 0.16 per cent. of this group.

SANEF (the Shared Agent Network Expansion Facilities) was incorporated in 2019 as an initiative of the CBN with the objective of accelerating financial inclusion in Nigeria by driving financial literacy and enhancing access to the financial system. As of 31 December 2020, the Bank owned 16.67 per cent. of SANEF.

Unified Payment Services Limited (formerly ValuCard Nigeria Plc) is a card services company incorporated in August 1997 as Smartcard Nigeria Plc. The company is one of the Payment Terminal Service Providers (PTSP) licenced by the CBN in 2011 to perform the activities of PTSP for Point-of-sale Terminal in Nigeria under the cashless economy policy of the CBN. In 2012, the company changed its name to Unified Payment Services Limited to reflect its change in strategy as an option neutral and card neutral entity. As of 31 December 2020, the Bank owned 2.98 per cent. of Unified Payment Services Limited, and the remaining 97.02 per cent. is owned mostly by other Nigerian banks.

Nigerian Inter-Bank Settlement System Plc was incorporated in 1993 and commenced operations in June 1994. It provides the infrastructure for automated processing and settlement services of same day high-value inter-bank transfers and payments amongst participating banks and discount houses. As of 31 December 2020, the Bank owned 3.60 per cent. of Nigerian Inter Bank Settlement System Plc and the remaining shares are owned by other licenced banks and discount houses in Nigeria, including the CBN.

Regulatory Environment

The Bank and its subsidiaries are generally bound by the laws and regulations as administered by regulatory authorities in the jurisdictions where the Bank and its subsidiaries are domiciled or conducts business (which includes Nigeria and nine further countries on the African continent, as well as the United Kingdom) Consequently, the Group's business is subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in Nigeria and each of the other countries in which the Group operates. Compliance with existing regulations, with respect to the Group's domestic and cross border activities, requires significant resources and managerial attention. The Bank and its subsidiaries are also subject to regulatory scrutiny from supervisory authorities in the jurisdictions in which the Group operates, such as the CBN. In addition, the Bank's ability to conduct certain of its and its subsidiaries' operations is contingent upon licences issued by such authorities. As a result, the Group is subject to the compliance with the requirements of these licences, or with an administrative decision or supervisory guidance or any new or revised law, regulation or licensing requirement of such authorities. The CBN is the primary regulator of the Nigerian banking sector and closely monitors banks in respect of, *inter alia*, their financial condition and compliance with key ratios, internal control systems, risk management and compliance functions, and corporate governance. As a result, the Group's operations and financial position are particularly affected by the regulatory environment as determined by the CBN. In addition, activities such as a change of auditor, the publication of audited financial statements, the opening and closing of branches, a change in control, and the appointment of directors and senior management are subject to the prior approval of the CBN. Some of the key features of the regulatory regime applicable to the Nigerian banking sector are set forth below. The following summary does not purport to be complete and is also subject to the regulations of the jurisdictions referred to below.

Banking sector reform – 2018 to present

Banking reform is an integral part of the growth agenda for the Nigerian economy. The various reforms undertaken by the CBN are targeted at making the system more effective and strengthening its growth potential.

Following the banking crisis of 2008, the CBN articulated a blueprint known as "The Project Alpha Initiative" to reform the Nigerian financial system in general and the banking sector in particular. The reforms were aimed at removing the inherent weaknesses and fragmentation of the financial system, integrating the various ad-hoc and piecemeal reforms and unleashing the potential of the economy. The banking sector has since gone through several regulatory driven reforms and development, some of which are discussed below:

Implementation of International Financial Reporting Standard ("IFRS 9")

Nigerian banks now comply with IFRS 9, a new accounting standard for financial instruments that became effective on 1 January 2018. IFRS 9 differs from the previous reporting standard IASB 39 in various ways, but the key change is the difference in impairment recognition. IFRS 9 requires banks to recognise impairments sooner than before, and to recognise estimated lifetime expected losses against a wider spectrum of financial assets. This is completely different from the incurred loss model, which required banks to set aside specific provisions only when they incurred losses or when a counterparty had defaulted on its obligations.

Under IFRS 9, banks have to set aside provisions in advance, based on their loss expectations and provide for the lifetime expected credit loss of exposures that have declined in creditworthiness. The new model relies on banks being able to make robust estimates of expected credit loss and establishing provisions when significant changes in credit risk occur, increasing the level and complexity of judgement required by the banks significantly.

Foreign Exchange Policy

In recent years, the Bank has been subject to increasingly complex policy interventions by the CBN aimed at stabilising foreign currency flows and market liquidity, in an effort to protect the Naira from depreciatory pressures. In recent years, the CBN has implemented a suite of policies to this end, seeking to prevent dollarisation in the Nigerian economy. These include introducing restrictions on FX forward transactions, and the prohibition on granting foreign currency loans to firms earning their revenue in local currency. Most notably, in February 2017, the CBN released a circular on the "Review of the Limit on Foreign Borrowing by Banks", which stated that:

- the aggregate foreign currency borrowing of banks (excluding inter group and inter-bank) should not exceed 125 per cent. of shareholders' funds;
- the net open position (long or short) of the overall foreign currency assets and liabilities taking into consideration both on-and off-balance sheet items should not exceed 10 per cent. of shareholders' funds unimpaired by losses using the gross aggregate method;

- all foreign currency borrowings must be subordinated with prepayments allowable only at the instance of the bank and subject to the prior approval of the CBN; and

- all debts with the exception of trade lines should have a minimum fixed tenor of five years.

As of June 2018, all deposit money banks ("**DMBs**") had pledged a collateral of ₦1 billion worth of Government/CBN securities in order to participate in the over-the-counter trade settlement. As of 31 December 2020, authorised dealers are required to maintain a maximum foreign currency trading position of between +0.50 per cent. (long position) and -10.00 per cent. (short position) of total shareholders' equity.

Prudential guidelines

As part of its initiative of enhancing the quality of banks in Nigeria and with a view to adhering to international best practices, the CBN issued revised prudential guidelines (the "**CBN Prudential Guidelines**") which came into effect on 1 January 2020. The CBN Prudential Guidelines revised the previous guidelines issued in July 2010 and aimed to address several key aspects of banks' operations such as risk management, corporate governance, know-your-customer, anti-money laundering, financing of terrorism and loan loss provisioning. Under the previous guidelines, Tier 2 capital of a DMB may be up to 100 per cent. of Tier 1 capital, but under the current guidelines, Tier 2 capital will be limited to one third (33.33 per cent.) of Tier 1 capital. Furthermore, the new guidelines stipulate that general provisions for credit facilities cannot form part of the Tier 2 capital. Additionally, where exposure to a particular sector is in excess of 20 per cent. of total credit facilities of a bank, the risk weight of the entire portfolio in that sector will be 150 per cent. The CBN Prudential Guidelines are to be regarded as minimum requirements and licenced banks are required to implement more stringent policies and practices to enhance mitigation of risks. In addition to the CBN Prudential Guidelines, the CBN prescribes the following mandatory ratios that must be maintained by Nigerian banks:

Mandatory Ratios	**CBN Maximum/Minimum Mandatory Ratio Requirements**
Cash reserve ratio/requirement......................	27.5 per cent. of public sector deposits to be held at the CBN
Specified liquidity ratio.................................	30.0 per cent. of deposits
Specified capital adequacy ratio	10.0 / 15.0 per cent. of risk-weighted assets(1)
Guaranteed BAS/CPS to shareholders funds ..	150.0 per cent. of shareholder's funds
Statutory minimum capital base.....................	Minimum capital base (inclusive of reserves) of ₦25.0 billion
Long term equity investments	25.0 per cent. of paid up capital and statutory reserves
Single exposure limit	20.0 per cent. of shareholders' funds unimpaired by losses
Statutory limit to a single obligor	33 1/3 per cent. of a bank's off-balance sheet engagement
Large exposure limit.....................................	Total of all exposures cannot exceed eight times shareholders' funds unimpaired by losses
Total outstanding exposure to all tiers of government and their agencies................	10.00 per cent. of total credit portfolio.

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(1) A minimum regulatory capital adequacy ratio (CAR) of 15 per cent. and 16 per cent. will be applicable to banks with international authorisation and Domestically Systemically Important Banks (D-SIBs) respectively, whilst a CAR of 10 per cent. will be applicable to other regional and national banks.

The CBN Prudential Guidelines stipulate requirements that must be met by Nigerian banks with regard to classification of assets, disclosure, provisioning and interest accruals. They also set forth the minimum standards that Nigerian banks must meet in this regard, whilst encouraging banks to implement even more stringent requirements.

The CBN Prudential Guidelines also require licenced banks to review their credit portfolios at least once every quarter, and to provide in their audited financial statements an analysis of whether their credit facilities are performing or non-performing. Under the CBN Prudential Guidelines, a credit facility is deemed to be performing if payments of both the principal amount and interest sums are up-to-date in accordance with the agreed terms. A credit facility is considered to be non-performing if: (i) interest or principal is due and unpaid for 90 days or more; or (ii) interest payments equal to 90 days interest or more have been capitalised, rescheduled or rolled over into a new loan. A non-performing credit facility is reclassified as performing only when the borrower pays the outstanding unpaid interest within 90 days. They also provide for a classification of non-performing credit facilities into sub-standard, doubtful and lost, depending on the number of days for which the principal amount and/or interest sums have remained outstanding. Assessment parameters in this regard include repayment performance and net value of collateral that can be realised.

The CBN Prudential Guidelines further specify that off-balance sheet engagements such as letters of credit, bonds and guarantees, indemnities and protracted litigation must also be properly appraised to determine the extent of any likely loss arising from them. The factors to be taken into consideration in recognising losses on off-balance sheet engagements include the date on which the liability was incurred, expiration date, security pledge, performance of other facilities provided to the customer and perceived risk.

The CBN Prudential Guidelines prescribe a maximum tenure of ten years for the chief executive officer of every bank. Under the CBN Prudential Guidelines, the chief executive officer shall not qualify for appointment in his former bank or subsidiaries in any capacity until after three years following the expiration of his tenure as chief executive officer. Non-executive directors may serve a maximum of 12 years on the board of directors of a bank under the CBN Prudential Guidelines.

Additionally, the CBN Prudential Guidelines require banks to rotate their firm of external auditors after the expiration of ten years following the auditors' appointment. The auditors shall not be reappointed until an additional ten-year period has passed.

Capital Adequacy Ratio

In Nigeria, the Bank is designated as a Domestically Systemically Important Bank ("**D-SIB**") by the CBN, and is thus required to maintain a minimum capital adequacy ratio of 15 per cent. (in contrast to 10 per cent. for other national and regional banks) and no more than 25 per cent. of a D-SIB's qualifying capital can be constituted by Tier 2 capital. In addition, the CBN requires D-SIBs to set aside an additional 1 per cent. of capital as a higher loss absorbency charge. As a result, the Bank is required to maintain a minimum capital adequacy ratio of 16 per cent. In January 2018, the CBN introduced certain restrictions on banks' dividend payout ratios, stating that any bank that does not meet the applicable minimum capital adequacy ratio shall not pay a dividend to its shareholders.

Capital Reserve Requirement

The CRR is the minimum amount of total deposits from customers that the CBN requires commercial banks to hold as reserves in the form of cash or deposits with the CBN. In September 2015, the CRR was reduced from an all-time high of 31 per cent. to 25 per cent. This was further revised downwards to 20 per cent. in November 2015, and raised to 22.5 in March 2016. The CRR remained at this level until 24 January 2020, when the Monetary Policy Committee of the CBN voted to increase the CRR to 27.5 per cent. in order to address the rising rate of inflation in the last four months of 2019.

Loan to Deposit Ratio

The minimum loan-to-deposit ratio, expressing the relationship between a banks' total loans and total deposits, is set by the CBN and adjusted according to the prevailing market conditions. As of 31 December 2019, the minimum loan-to-deposit ratio for Nigerian banks was raised to 65 per cent. in an effort to increase economic growth by increasing the overall level of lending in the banking sector.

Cashless Policy

The CBN introduced the cashless policy, which stipulates a cash handling charge on daily cash withdrawals or cash deposits that exceed ₦500,000 for individuals and ₦3,000,000 for corporate entities. This policy is aimed at reducing the amount of physical cash circulating within the economy and encouraging more electronic-based transactions. The policy was first implemented on 30 March 2012 in Lagos, and was later introduced in the Ogun, Kano, Abia, Anambra and Rivers States, and the FCT. By June 2020, nationwide implementation of the policy was achieved. The results include:

- a modernisation of payment systems;
- faster access to capital, reduced revenue leakage and reduced cash handling costs;
- a reduction in the cost of banking services; and
- improvements in the effectiveness of monetary policy in managing inflation and driving economic growth.

Bank Verification Number Scheme

The absence of a unique identifier in the Nigerian banking industry has been a major challenge inhibiting the effectiveness of the know-your-customer principle, with negative consequences on the growth of credit cards and other credit-related products. To complement the existing means of identification of customers (which include Drivers' Licences, Passports, National Identity Cards, and Permanent Voters' Cards) the CBN, in collaboration with the Bankers' Committee on 14 February 2014, launched a centralised biometric identification system for the banking industry, known as the tagged Bank Verification Number ("**BVN**"). The BVN project is an initiative aimed at protecting bank customers and further strengthening the Nigerian banking system. The CBN introduced BVN to all banks' customers to address the absence of unique identifiers across the Nigerian Banking Industry. The BVN is a number that enables a bank customer to have a single identity in the banking system.

Over 2,000 BVN machines were deployed in 2014 to facilitate the enrolment process. An initial deadline of 30 June 2015 was set by the CBN for the completion of the BVN enrolment exercise but was extended to 31 October 2015. According to the CBN, the extension was expected to facilitate a smooth completion of the registration exercise.

The CBN stipulated a purportedly final deadline of 31 December 2017 for the customers of other financial institutions to enrol and/or submit their BVN details. Following this, the CBN issued a directive in January 2018 mandating other financial institutions to place all accounts without BVN on a "post no debit status". However, credit lodgements may be received into such accounts. According to NIBSS, there are over 42 million BVN-linked accounts as at 5 July 2020, and the CBN plans to increase this number to 100 million by 2025 with the launch of the BVN 2.0 classification scheme, which will help promote financial inclusion.

Revised Guide to Bank Charges

On 20 December 2019, the CBN released the Revised Guide to Bank Charges, which provides a standard for the application of charges in the banking industry, which came into effect from 1 January 2020. The Revised Guide to Bank Charges provides that banks must pay interest on savings deposits in Nigeria at a minimum rate equal to 30 per cent. of the MPR established by the CBN. Subsequently, the CBN issued a letter to all banks on 1 September 2020, revising the interest rate on savings account downwards to a minimum rate equal to 10 per cent. of the MPR. At the current MPR of 11.5 per cent., this translates to a minimum of 1.15 per cent. per annum, though this minimum rate is inapplicable in the case of accounts which exceed the monthly withdrawal limit, as is the case with most of the Bank's accounts.

The Asset Management Corporation of Nigeria

The Group is required to contribute to a sinking fund called the Banking Sector Resolution Cost Fund to cover any net deficits incurred by AMCON. In the wake of the global financial crisis, AMCON was established as a stabilising tool to revive the financial system by resolving the NPLs of banks operating in Nigeria. As a result of AMCON's intervention, all commercial banks in Nigeria are statutorily required to contribute 0.5 per cent. of their audited total assets and contingents as at 31 December of each year to the sinking fund established to repay AMCON's debt to the CBN. Although section 47 of the Asset Management Corporation of Nigeria Act No. 4, 2010 contemplates that AMCON will eventually be dissolved and wound up, there is no clear provision as to its lifespan or its dissolution date. The sinking fund created for the redemption of debt securities issued by AMCON has a tenor of

10 years "from the calendar year 2010", which may be extended by the National Assembly for a further period of no more than five years. The possibilities are that when the corporation is dissolved, it may be (i) completely shut down, (ii) shut down and a new statutory body created to inherit its remaining assets, or (iii) its assets would be sold to private sector funds. As at 31 December 2019, AMCON's outstanding debt to the CBN totaled N4.7 trillion. In August 2019, the Asset Management Corporation of Nigeria (Amendment) Act, 2019 was enacted, empowering AMCON to access the financial details of any of its debtors.

Risk Management

Following is a summary of the Group's asset, liability and risk management policies. Further details of the Group's financial risk management policies are contained in Note 4 of the 2020 Financial Statements, 2019 Financial Statements and 2018 Financial Statements, incorporated into this Prospectus by reference as set forth in Part XIV ("*Documents Incorporated by Reference*").

The principal risks inherent in the Group's business include credit risk, operational risk, information technology risk, and market and liquidity risk. The Bank's Risk Management Framework aims to identify, analyse, manage and monitor these various risks, in order to maintain a moderate risk appetite whilst further promoting the profitability of the Group. These policies are subject to review at least once a year. More frequent reviews may, however, be conducted when necessary due to changes in laws, market conditions or the Group's activities.

Governance and Enterprise Risk Management Framework

The Bank's Risk Management Framework is built on a well-defined organisational structure and established policies which supports 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 Bank's strategic objectives. The Bank, through its trainings and management standards and procedures, aims to develop a disciplined, engaging and controlled environment, in which all employees understand their roles and obligations.

The Bank's Board of Directors (the "**Board**") have the overall responsibility for the establishment and oversight of the Group's risk management framework through some of its committees which include: the Board Risk Committee, the Board Credit Committee, and the Board Audit Committee. These committees are responsible for developing and monitoring risk policies and report regularly to the Bank's Board. All Board committees have both executive and non-executive members.

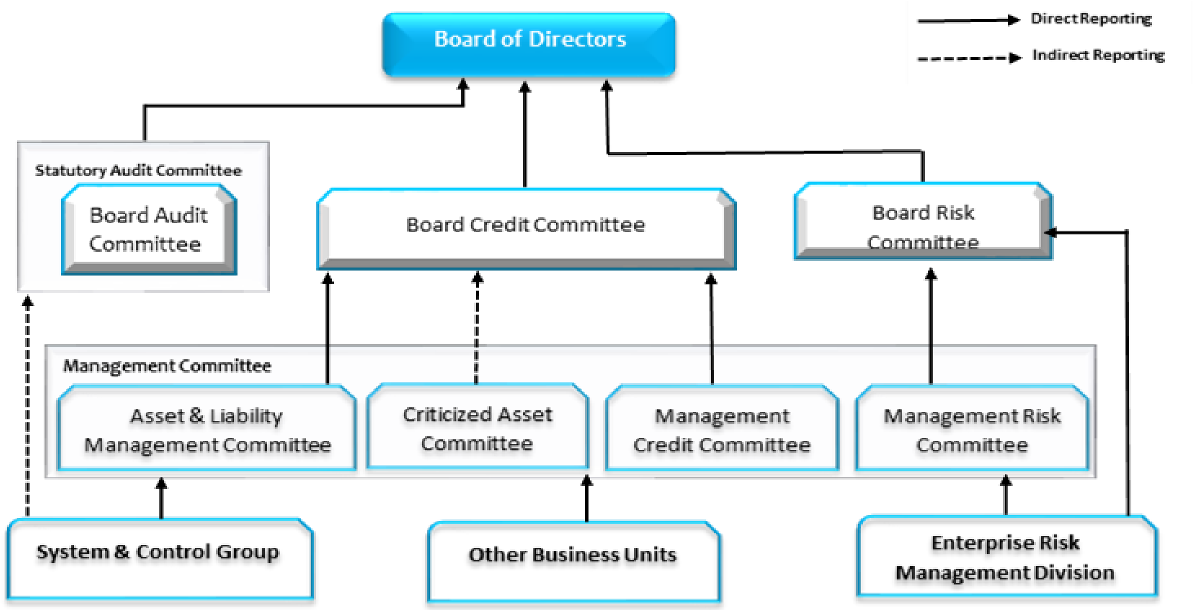
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day-to-day activities of the Group. These committees include:

- Management Credit Committee;
- Criticised Assets Committee;
- ALMAC;
- Management Risk Committee; and
- IT Steering Committee.

These committees meet on a regular basis whilst others are set up on an ad hoc basis as dictated by circumstances.

For a description of the committees, see Note 4 of the 2020 Financial Statements, 2019 Financial Statements and 2018 Financial Statements, incorporated into this Prospectus by reference as set forth in Part XIV ("*Documents Incorporated by Reference*").

The following chart illustrates an overview of the Group's risk governance structure:



Enterprise Risk Management System

The Bank operates an integrated Enterprise Risk Management System ("**ERM**") headed by the Chief Risk Officer, who reports directly to the Managing Director/Chief Executive Officer of the Bank. This system aligns various components, including strategy, people, knowledge and technology, to effectively identify, evaluate and manage risks and opportunities relevant to the Group.

The Bank also maintains an effective risk governance structure through the following three lines of defence model:

First Line of Defence: Includes business units that own 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 Defence: Includes the 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 Defence: 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 objective of the ERM is to continually implement the international best practices to enhance stakeholders' value by creating and maintaining a culture of intelligent risk-taking. Some of the risks identified and managed include credit risk, operational risk, market risk, liquidity risk, environment & social risk, information security risk and trading risk, etc.

Credit Risk

Credit Risk Management

Credit risk is the risk of the Group facing economic loss because the Group's counterparties cannot fulfil their contractual obligations. The Board has delegated the responsibility for the management of credit risk to its Board Credit Committee. A separate committee, the Management Credit Committee, which reports to the Board Credit Committee, is responsible for oversight of the Group's credit risk. The business units are required to implement credit policies and procedures in line with the credit approval authorities, as granted by the Board. They are also responsible for reviewing the quality and performance of their credit portfolio and conducting periodic assessments of the quality of risk assets.

Lending and other financial activities form the core business of the Group. The Group recognises the inherent risk and has placed strong emphasis on effective management of its exposure to credit risk. Credit risk emanates from lending, trading, settlement and other financial transactions. It arises anytime 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;
- institutionalisation of a sound credit culture;
- maximisation of returns by keeping credit risk exposures within acceptable parameters;
- adoption of international best practices in credit risk management; and
- development of credit risk management professionals.

Credit Risk Mitigation Policies

The Group applies limits to control credit risk concentration and ensure proper diversification of its risk assets portfolio. Credit exposure limits are maintained for individual borrowers and groups of related borrowers, as well as for industries and economic sectors, to guide against concentration risk from exposures to certain counterparties operating in a particular industry.

The limits set for each industry or economic sector depends on the historical performance of the sector, as well as intelligence reports on the outlook of the sector. Limits are periodically reassessed to reflect competitive advantage under the obligor, industry/sector, business lines, rating grade and geographic parameters, and can be realigned during a review period, by way of outright removal, reduction or increase, to meet the exigencies of prevailing macroeconomic events. These limits are typically recommended by the Bank's ERM Division.

Obligor limits are also set by the CBN under the CBN Prudential Guidelines as follows:

- Single obligor limit (i.e. total outstanding exposure by a bank to any single person or group of related borrowers) shall not at any time exceed 20 per cent. of a bank's shareholder funds unimpaired by losses. The obligor limit covers exposures to counterparties and related parties.
- Aggregate exposure to large borrowers (CBN regulations define a large borrower as any credit equal to 10.0 per cent. or more of shareholders' funds) cannot exceed eight times shareholders' funds.
- As of 31 December 2020, the Bank's limit for permitted exposure to one borrower was ₦140.5 billion, and the total permitted large borrower exposure limit was ₦5.6 trillion. As of 31 December 2020, the Bank's actual exposure to one borrower was ₦150.8 billion. The excess

over the single obligor limit was duly approved by the CBN. Furthermore, the facility is cash-backed.

Credit facilities are categorised according to their size and the approval procedures for such credits, and are determined accordingly, with the most substantial credits requiring the approval of the Board Credit Committee as detailed below. The Board Credit Committee has overall authority for determining the relevant approval limits.

Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently set at 20.0 per cent. of shareholders' funds (total equity)
Management Credit Committee	Up to ₦2 billion
Managing Director	Up to ₦500 million
Deputy Managing Director	Up to ₦300 million
Other Approving Officers	As delegated by the Managing Director but in any event for amount less than ₦ 300 million

The above limits are subject to the following overriding approvals:

- The deposit required for all on-balance sheet cash collateralised facilities must be 125 per cent. of the facility amount to provide a cushion for interest and other charges.

- The deposit required for all off-balance sheet (bonds, guarantees and indemnities) cash collaterised facilities is dependent on the customer credit rating.

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

In addition, borrowings or credit to any one director or shareholder of the Bank and their related interests may not exceed 10 per cent. of the Bank's paid up capital, save with the prior approval of the CBN. As of 31 December 2020, the Bank's maximum permitted exposure to one director or shareholder, as the case may be, was ₦13.8 billion, and the Bank's maximum actual exposure was ₦67.9 million, which was equal to 0.03 per cent. of its paid-up capital (including share premium).

Credit Risk Measurement

In line with IFRS 9, the Group has adopted the Expected Credit Loss ("**ECL**") approach to determine the extent of future losses associated with risk exposures in its loan portfolio. A key aspect of the ECL approach is the incorporation of macroeconomic indicators into the computation of future credit loss. Credit impairment under IFRS 9 is determined using a forward-looking method of impairment evaluation by assuming that every risk exposure entails inherent credit loss. IFRS 9 adopts a dual measurement approach for determining the ECL. The dual impairment model reflects the present value of all cash shortfalls related to default events, either over the following 12 months or over the expected life of a financial instrument, depending on credit deterioration from inception. The 12-month ECL is applicable to credit exposure in Stage 1 where this is no significant deterioration in credit quality, whilst the lifetime ECL is the loss allowance computed for credit exposures in Stages 2 and 3. Stage 2 exposure is when a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, whilst Stage 3 exposure is when a financial instrument is considered to be in default.

The 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 risks inherent in its business segments and, as a result, applies different parameters to adequately measure the risks. The Bank's rating grades reflect the range of parameters internally developed to predict the default probabilities of each rating class in line with international best practices and in compliance with BASEL II requirements. The rating validation assessment is conducted by account officers and relationship managers with further oversight by the Credit Risk Management Group.

The Rating Grid is as follows:

Rating Grade	Description
1 (AAA)	Exceptional credit
2 (AA)	Superior Credit
3 (A)	Minimal Risk
4 (BBB)	Above Average
5 (BB)	Average
6 (B)	Acceptable Risk
7 (CCC)	Watch-list
8 (CC)	Substandard Risk
9 (C)	Doubtful Risk
10 (D)	Lost

The Group's risk ratings models form the building blocks for the determination of default risk and are back-tested to ascertain their predictive capabilities and to highlight any amendments required to enhance the effectiveness of the models.

Facilities within ratings grades 1 to 6 will be in Stage 1, where the risk category ranges from exceptional to acceptable, with facilities in rating grade 7 sitting in Stage 2 (the watch-list), where the asset is demonstrating signs of deterioration as a result of well-defined weaknesses that may impair repayment. An obligor within rating grades 8 to 10 will be in Stage 3, with this band covering risks that are substandard through to those defined as 'lost' in rating grade 10.

In computing the ECL, the Group considers the four components listed below:

- Probability of Default. This is an estimate of the likelihood of default over a given time period, calculated using internal rating tools tailored to the various categories of counterparty and combining both qualitative and quantitative factors.

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

- Loss Given Default. This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the 'Exposure at Default' figure. The methodology involves prediction of the future cash flows that can be recovered from a company, after it has defaulted on its payment.

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

Credit collateral

The Group considers collateral as an essential means of credit risk mitigation. The Group accepts cash, treasury bills, Government bonds, guarantees issued by other banks, shares of companies quoted on the exchange, real estate and mortgage debentures, belonging to the borrower or to third-party guarantors as collateral. Collateral eligibility is determined by taking into account the form of ownership of the borrower, its credit history, financial performance, rating and the term of the loan being considered.

Loans to individuals and non-individuals are to be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer acceptable to the Group. The pledged collateral must have good title and should be appreciating in value or at least stable and easy to value, transfer or sell. The collateral documents must also be in the possession of, or pledged to, the Group.

All collateral are further protected by insurance issued by an insurer acceptable to the Group. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where interest is general (for instance in a negative pledge). All cash collateralised facilities must have a 20 per cent. margin to provide cushion for interest and other charges.

The Group may, however, encounter difficulty in recovering the full value of the loan that is fully collateralised due to the difficulty of enforcing judgments upon default through the inefficient judicial systems in Nigeria.

The estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally revalidated annually except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is usually not held against investment securities, and no such collateral was held at 31 December 2020.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The Group's Operational Risk Management Framework aligns with industry best practice, as recommended by the Basel II Accord's 'Sound Practices for the Management and Supervision of Operational Risk', the Committee of Sponsoring Organisations and the International Organisation for Standardisation. The Bank's Management Risk Committee monitors and ensures the implementation of the Operational Risk Management Framework within the Group, and considers and approves key decisions relating to operational risk before presentation to the Bank's Board. The Bank's Operational Risk Management Committee ensures that all areas of the Group are fully aware of the risks inherent in business activities and certain processes. However, the primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. Compliance with these standards is supported by periodic reviews undertaken by the internal audit function of the Bank. The internal audit function of the Bank conducts independent reviews on the implementation and observance of operational risk policies and procedures on a Group-wide basis.

Information and Technology Risk

Information technology and the impact of potential systems failures or data breaches have become increasingly significant with the growth in the volume of transactions involving computers and telecommunications networks and the importance of online management information systems. Accordingly, the Group has devoted substantial resources to ensure the development and reliability of its computer and related systems. The Group's Information Technology Risk Management Committee is responsible for establishing and developing standardised, effective and cost-efficient IT risk management practices and ensuring compliance with the same. The Group's IT service management follows the international standards of ISO 20000.

To ensure prompt and effective response in the event of a cybersecurity breach, a robust incident management programme has been developed and implemented to ensure that cyber risk remains well managed across the Group. The information and cyber risk management programme of the Group is designed to align with extant regulations and best practices whilst taking into consideration the Bank's unique requirements. The Bank has also developed a set of measures, which range from governance and administrative controls, that set the expectations and guide employee behaviour and technical controls and allows the Group to identify, detect, protect, respond and recover from cyber-attacks.

Settlement Risk

The Group's treasury 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. to deliver cash, securities or other assets as contractually agreed. In order to ensure that these risks are mitigated and controlled, the Bank's Market & Liquidity Risk Management Group has put in place settlement limits. Settlement limits form part of the credit approval/limit monitoring process. For instance, the FX settlement limits are approved at the Management Credit Committee meeting and/or Board level, depending on the limit of each counterparty.

Market Risk

Market risk is the risk that the value of the Group's on- and off-balance sheet positions will be adversely affected by movements in market prices (e.g. interest rates, foreign exchange rates, equity prices, and commodity prices) and, in turn, result in a loss to its earnings and capital. The Bank's Market and Liquidity Risk Management Group is tasked with responsibility of identifying, managing and controlling market risk exposures within acceptable parameters, whilst optimising returns on risk. The Market and Liquidity Risk Management Group separates the Bank's trading and banking books, when assessing overall market risk exposure.

The principal tools used by the Market and Liquidity Risk Management Group to measure and control market risk exposure are open position limits, marked-to-market valuation, value-at-risk analysis, duration analysis, sensitivity/scenario analyses, gap analysis and earnings-at-risk analysis. Specific limits in this regard have been clearly defined, in line with the Bank's overall risk appetite. These set limits are used to prevent undue exposure in the event of abrupt market volatility.

Different Market Risks to which the Group is exposed

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. Interest rate sensitivity is the relationship between market interest rates and net interest income resulting from the repricing characteristics of assets and liabilities. The principal risk to which non-trading portfolios are exposed 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 through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALMAC is the monitoring body for compliance with these limits and is assisted by the Risk Management Group in its day-to-day monitoring activities. The management of interest rate risk against interest rate gap limits is supplemented by 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 the Group's Management Risk Committee, but is not currently significant in relation to the overall results and financial position of the Group.

At 31 December 2020, if interest rates on floating rate assets and liabilities held at amortised cost and assets and liabilities accounted at fair value through profit or loss had increased or decreased by 100 basis points with all other variables held constant, the impact on profit or loss would have been as set out in the table below:

	Dec 20 Pre-tax	Dec 20 Post-tax
	Naira thousands,	
Decrease	**(17,833,572)**	**(15,058,668)**
Asset	(27,769,414)	(23,448,493)
Liabilities	9,935,843	8,389,826
Increase	**17,833,572**	**15,058,668**
Asset	27,769,414	23,448,493
Liabilities	9,935,843	8,389,826

Foreign Currency Risk

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 and various foreign exchange derivative instruments whose values fluctuate with changes in the level or volatility of currency exchange rates or foreign interest rates. The Group deploys foreign derivative instruments whose values hedge currency debts to foreign currency loans and advances to eliminate exchange exposures on such borrowings.

Liquidity Risk

Liquidity risk is the current and future risk to the Group's earnings and capital arising from its inability to meet its financial obligations and commitments as and when due, and at a reasonable cost. The risk typically arises from mismatches in the timing of inflows and outflows of cash, in respect of the Bank's assets and liabilities. The Group seeks to balance the objective of ensuring that all foreseeable funding commitments can be met when due, and that access to wholesale markets is controlled and cost effective, whilst at the same time maintaining an efficient balance sheet. The ALMAC is responsible for managing and monitoring mismatches between the Bank's assets and liabilities and setting limits in this regard, with such limits being independently verified by the Market and Liquidity Risk Management Group. The ALMAC is responsible for ensuring the ongoing compliance with these limits.

The Bank's liquidity management processes include the following:

- maintenance of minimum levels of liquid and marketable assets above the regulatory requirement of 30 per cent. and the Bank's in house limit of 33 per cent. and regular monitoring of the Bank's liquidity position in line with these and other metrics;
- monitoring of the Bank's cash flow and financial position trends. The Bank also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Bank;
- regular monitoring of non-earning assets;
- monitoring of deposit concentration;
- ensuring diversification of funding sources;
- monitoring the level of undrawn commitments;
- maintaining a contingency funding plan; and
- conducting regular liquidity stress tests including testing of contingency funding plan.

One of the key measures used by the Group for managing liquidity risk is the ratio of liquid assets to short-term liabilities. For this purpose, liquid assets include but are not limited to cash and cash equivalents and investment grade debt securities for which there is an active and liquid market.

Short-term liabilities include local currency deposits from banks and customers. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the CBN. As at 31 December 2019, the Group's liquidity ratio was 49.3 per cent., well above the regulatory requirement of 30.0 per cent. as set by the CBN. As of 31 December 2020, the Group's liquidity ratio was 38.91 per cent.

In the event of a strain on the Group's liquidity position, the Group has established contingency measures to manage liquidity. These contingency measures would require the Group to slow the granting of loans, progressively sell off excess liquid and marketable securities, raise short-term financing in the inter-bank market (with borrowings from the CBN or other Nigerian banks with which the Group has an agreement for the provision of short-term borrowings), identify the least profitable credits and take appropriate measures to recall such credits and raise fresh deposits from the Group's branches, emphasising term deposits.

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

The Bank has implemented a framework for Anti-Money Laundering and Combating the Financing of Terrorism (the "**AML/CFT Framework**" or "the **Framework**"). This Framework assures adherence to the AML and CFT legislation and regulations (the "**AML/CFT**") in Nigeria, and is in line with best practice including, but not limited to, the Financial Action Task Force (FATF) 40 Recommendations and Wolfsberg Principles. The Framework is regularly reviewed and revised as necessary to ensure compliance with applicable AML/CFT legislation, regulations, and guidance, as well as industry best practice. The Bank identifies money laundering/terrorist financing risks ("**ML/FT**") from a proactive stance and allocates the requisite resources which include systems and controls to manage such risks. A compliance culture is embedded in the Bank and thus all members of staff understand that AML/CFT compliance is a Group-wide responsibility.

The Bank's AML/CFT Framework requires the Bank to properly identify each new customer and accurately verify the information and documents provided by such customer. An AML/CFT risk assessment is conducted before engaging in any banking relationship with a customer. This includes, at a minimum, verifying identity, biometric verification numbers, and addresses provided, as well as ascertaining the source of income and wealth of the customer. Where appropriate, this will include confirming ultimate beneficial ownership, as well as relationships with legal representatives and/or trustees. Sanction screening is also conducted prior to entering into any new relationship as well as prior to effecting any transaction. Customers identified as high risk will require the approval of senior management and the compliance team prior to commencing any banking relationship with the Group.

The Bank also periodically conducts customer updates to ensure that the information the Bank has is up to date. The Bank monitors ongoing transactions and business relationships, combining both manual and automated checks. Where necessary, suspicious activities/reports are rendered to the appropriate regulators. AML/CFT reports are provided to senior management and the Board on a monthly and quarterly basis, enabling them to evaluate the Group's compliance with its obligations, as well as its commitment to best practice.

The internal audit function of the Bank conducts an internal audit at least once a quarter to ensure adherence to, and to test the adequacy of, the AML/CFT function and its procedures. The audit reports are then circulated to various levels of senior management including the Managing Director of the Bank and the heads of each relevant department. The compliance function also undergoes an annual independent audit by an external consultant in accordance with the relevant regulatory requirements. For the year 31 December 2020, all incidents of suspicious or unusual activity identified by the Bank were treated in accordance with the AML/CFT. Overall, the Bank's AML/CFT framework addresses AML/CFT concerns. The Framework is designed to mitigate the possibility of operational, reputational, legal and concentration risks associated with ML/FT.

Information Technology

The Group has made substantial investments in technology with the aim of improving customer service, increasing its operating efficiencies and enhancing its overall competitive position. The Group has been a market leader in the digital transformation of the African banking industry.

The provision of modern technology is central to the Group's vision of customer service, and the Group is a regular recipient of awards for its achievements in this area. In recent years this has included, for example, the development of the Group's mobile banking app, GTWorld, and the expansion of contactless payment technology, as well as a large number of other significant developments and initiatives. See "*—Distribution Channels*". In 2019, the Group fully digitalised its flagship digital lending product, Quick Credit, whilst reducing the monthly interest rate to aid accessibility. Equally, the Group's digital platforms were embedded with a new service, 'My Account Manager', allowing customers instant and on-demand access to experts within the Group. The Group is committed to ensuring that technological services are facilitating, as opposed to replacing, personal relationships with its customers.

The Board's Information Technology Strategy Committee is responsible for providing strategic direction to the management of the Bank on technology issues, as well as advising on the effectiveness and efficiency of the information technology employed by the Group at the relevant time. The Information Technology Steering Committee is responsible for assisting the management of the Bank with the implementation of IT strategy, as approved by the Board. The Information Technology Steering Committee oversees the monitoring and budgeting of the Group's IT strategy, and for reviewing the relevant risk and control frameworks in this area in conjunction with the Information Technology Risk Management Committee. The Group's IT service management follows the international standards of ISO 20000.

In the current financial year, the Group's budget for IT capital expenditure is approximately ₦5.23 billion (U.S.$13.5 million). The Group anticipates that periodic updates and maintenance of its IT system will require ongoing expenditure. The Group's operations have been certified in the areas of IT Service Management (ISO 20000), Information Security Management (ISO 27001) and Business Continuity (ISO 22301) by the British Standards Institute as part of efforts to adopt global best practices and achieve set business objectives.

All of the Bank's Nigerian branches are connected in real time to the Group's main data centre and the backup site, located at separate geographical locations. The Group operates a real time online banking system called BASIS, which uses the Oracle Linux Operating System. BASIS is used for the Group's general ledger accounting and is updated on a real time basis with all of the Group's transactions. BASIS interfaces with the Group's electronic delivery channels, internet, mobile banking, USSD banking, ATMs and other systems that handle the Group's payroll, treasury, fixed asset register and clearing systems. The Group also recently upgraded its core banking system to offer improved delivery, enhanced security and new features for different business areas. The Group maintains customer relationship management software that manages its customer interactions. The Bank believes that its technology is scalable and will continue to support future growth.

The Group maintains continuous and secure communication with its branches and other business locations through various connections, including Local Area Networks ("**LANs**"), Metropolitan Area Networks ("**MANs**") and Wide Area Networks ("**WANs**"). Every branch has a LAN with network points and switches to facilitate interconnectivity within the branch. Each branch is then connected with a main and backup link to the data centres, either through MANs or WANs with fibre-optic communication as the prevalent medium of connectivity. The Group is also cautiously adopting the use of cloud technologies where business benefits are evident and risks are at an acceptable level.

The Group ensures the security of its network through the employment of various encryption, network access control and firewall technologies. In addition, the Group has a business continuity management system in place for business-critical technology that has achieved the ISO 22301:2012 certification. The Group's applications are deployed via infrastructure and platforms that are easily available.

Multiple systems (servers/storage) in the data centres work in parallel to provide real time redundancy of data. The servers work on a switch system of active/active/passive. If one active system fails, it immediately switches to the second active system, and the passive system is then activated to act as a support whilst the initially failing system is corrected. Disaster recovery drills are conducted every quarter to ensure that systems and processes are adequate even during disruptions. The Group has an Uptime Institute certified Tier 3 data centre with capacity to cater for future business growth and to further improve system resilience.

Whilst power interruption is not uncommon in Nigeria, the combination of the Group's active/active/passive system and its independent power generation units have ensured that the Group continues to provide uninterrupted service to the business.

Insurance

The Group has in place self-insurance arrangements for its vehicles and cash as well as fidelity guaranty insurance policies (insurance that protects against fraudulent acts or omissions caused by the Group's employees). In addition, the Group maintains insurance policies through third-party brokers, with insurance companies, for cash and comprehensive motor vehicles insurance, third-party motor vehicle, fidelity guaranty and computer electronics insurance, fire, collective householders, burglary and plant all risk insurance (insurance on machinery and equipment).

Employees

For the year ended 31 December 2020, the Group had an average of 5,118 core employees and 6,561 contract staff working within the Group, of whom approximately 80 per cent. were employed in branches of the Group, compared to an average of 5,304 employees and 8,302 contract staff for the year ended 31 December 2019 and an average of 5,087 employees and 8,092 contract staff for the year ended 31 December 2018.

In the year ended 31 December 2019, the Group paid N33.3 billion in wages to its employees, as compared with ₦32.7 billion in 2018, with total expenses in respect of personnel amounting to ₦37.3 billion in 2019, as compared to ₦36.9 billion in 2018. For the year ended 31 December 2020, the Group paid ₦33.5 billion in wages to its employees, with total expenses in respect of personnel amounting to ₦37.6 billion.

Property

As of 31 December 2020 , the total net book value of the Group's property and equipment was ₦148,783 billion (U.S.$362.7 million). The Group leases approximately 44.8 per cent. of its branches from third parties pursuant to long-term renewable leases and owns the remaining branches. In the year ended 31 December 2020, the Group paid a total amount of approximately ₦2,109 billion (U.S.$5.1 million) under its leases.

Legal proceedings

From time to time and in the ordinary course of business, the Group is subject to legal actions and complaints. As of 31 December 2020, the Group was involved in 507 cases as a defendant in which claimants claimed a total of ₦440.8 billion in Naira denominated claims and U.S.$32.6 million in U.S. dollar-denominated claims. However, the Bank believes the probable liability arising from the cases pending against the Bank is not likely to exceed ₦190.2 million. These existing legal actions and complaints are not considered to be material to the Group.

The Group had recorded provisions in respect of legal proceedings of ₦251.0 million as of 31 December 2020. The Bank believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition and the results of future operations of the Group. In addition, insofar as is known to Guaranty Trust, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Guaranty Trust is aware) during the 12 months preceding the date of this

Prospectus, which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

Related party transactions

From time to time, the Bank grants various credit facilities to related parties at rates and terms comparable to other facilities in the Bank's portfolio. As at 31 December 2020, an aggregate of ₦67.9 million (U.S.$165.6 thousand) was outstanding under such facilities, ₦155.6 million as of 31 December 2019 and ₦179.3 million as of 31 December 2018. Further details of transactions with related parties are set out in Note 46 of the 2019 Financial Statements and 2018 Financial Statements.

There are no other outstanding loans or guarantees granted by the Bank to any member of the Board or of the senior management team or to any parties related to them. All loans to members of the Board and the senior management team set out above have been approved by the Board as related party transactions and bear interest at prevailing market rates.

As at 31 December 2020, the Bank had deposits from related parties of ₦2,338.1 million, as compared with ₦1,748.1 million as of 30 June 2020, ₦1,430.3 million as of 31 December 2019 and ₦935.1 million as of 31 December 2018.

The related party transactions accounted for -0.049 per cent. of the Bank's profit before income tax for the year ended 31 December 2020 and represented -0.057 per cent. of the Bank's profit before income tax for the year ended 31 December 2019 and compared to 0.143 per cent. for the year ended 31 December 2018.

PART VII

OPERATING AND FINANCIAL REVIEW

The following discussion should be read in conjunction with the rest of the Prospectus, the Group's annual reports and audited consolidated financial statements for the years ended 31 December 2020 , 2019 and 2018, together with their respective related notes, which are incorporated by reference into this Prospectus in accordance with Part XIV ("Documents Incorporated by Reference") of this Prospectus.

Some of the information in the review set forth below and elsewhere in this Prospectus includes forward-looking statements based on current expectations that involve risks and uncertainties. The Group's actual results may differ materially from those expressed or implied in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, including under "Risk Factors" and "Forward-Looking Statements".

The discussion and financial information in this Part VII has been extracted without material adjustment from the Financial Statements incorporated by reference into this Prospectus, which has been prepared in accordance with the IFRS. Guaranty Trust has neither traded since its date of incorporation nor entered into any obligation other than in connection with the Scheme and as such, there is no historical key financial information on Guaranty Trust. The operating and financial review set out below relates to Bank and the Group as at the date of this Prospectus.

Overview

The Group is a leading African banking group, which offers a wide range of financial services to individuals, businesses and institutions, both private and public, across Africa and the United Kingdom. The Group's principal business is conducted in Nigeria, through the Bank. The Group also has operations in nine further countries on the African continent, as well as in the United Kingdom, such operations being carried out by the Bank's ten international subsidiaries.

The Group's business includes bilateral and syndicated lending and the provision of deposit services to institutions and individual clients, as well as corporate finance and advisory services, money market activities and related services, foreign exchange operations and digital banking services. The Group's business is primarily focused on large- and medium-sized corporate clients.

The Group's core banking operations are conducted through five core business operating segments (Corporate Banking, Commercial Banking, SME Banking, Public Sector Banking and Retail Banking), whereas its activities are driven by three distinct business divisions (i.e. Digital Banking, Wholesale Banking, and International Banking). Digital Banking and Wholesale Banking are divisions under the Corporate Banking segment, while the International Banking division oversees the operations of the Bank's banking subsidiaries.

Further information on the business of the Group and a description of the Group's strategy is set out in Part VI (*"Business Description of the Group").*

Recent Developments

The Scheme was conditional upon final regulatory approvals, the formal sanctioning of the Scheme by the Federal High Court of Nigeria and the delivery for registration of the certified true copy of the court order sanctioning the Scheme to the Corporate Affairs Commission ("**CAC**").

Final regulatory approvals in respect of the Scheme were received from the CBN, the Bank's primary regulator, on 14 April 2021 and from the SEC on 17 May 2021. The Scheme was sanctioned by the Federal High Court of Nigeria on 16 June 2021 and the certified true copy of the relevant court order was delivered to the CAC for registration on 17 June 2021. Accordingly, the Scheme became effective on 17 June 2021.

The Bank released its unaudited financial results for the period ended 31 March 2021 to the Nigerian and London Stock Exchanges, which show the Group performed well across all key financial metrics considering the operating environment and continued impact the Covid-19 pandemic has had on many economies, including Nigeria where the Group generates most of its revenues and where it's greatest cost base is located. The Group reported profit before tax of ₦53.7 billion, representing a drop of 7.8 per cent. from ₦58.2 billion recorded in the corresponding period of March 2020. Deposit liabilities increased by 3.0 per cent. from ₦3.611 trillion in December 2020 to ₦3.717 trillion in March 2021, whilst the Group's net loan book reduced by 1.4 per cent. from ₦1.663 trillion recorded as at December 2020 to ₦1.639 trillion in March 2021. Total assets and shareholders' funds were ₦4.993 trillion and ₦837.2 billion respectively. Return on equity was 26.0 per cent., return on assets 4.3 per cent., and the Group's cost to income ratio was 42.6 per cent.

Key factors affecting results of operations

COVID-19

To date, the COVID-19 pandemic has negatively affected the global and Nigerian economies through the disruption of global supply chains and lowered equity market valuations. It has created significant volatility and disruption in financial markets, and increased unemployment levels. Measures implemented to slow the spread of COVID-19 have resulted in significant reductions in economic activity globally. Whilst a number of restrictive measures were reduced across numerous countries in recent months, it is currently unclear how long the remaining restrictions will be in place and what their ultimate impact will be on global and local economies. However, at this stage, COVID-19 has had an unintended adverse effect on revenues of the Federal Government, oil sector operators, hospitality, airlines, tourism, entertainment, education and transportation and other service sectors in Nigeria, resulting in significant implications for international trade, the value of the Naira and economic growth. More specifically, COVID-19's impact on the Nigerian economy in 2020 has resulted in the devaluation of the Naira, a material decline in the Nigeria's economic activity and a reduction in the ability of customers from certain industries highly impacted by the COVID-19 pandemic to pay their debt. In the long- run, the negative effects from the COVID-19 pandemic is expected to have an unprecedented adverse impact on the macro-economic considerations in Nigeria and result in further devaluation of the Naira.

In 2020, the Group's efficient balance sheet optimisation, effective risk management strategy, robust business model, as well as varied services and product offerings and geographic diversification to an extent curtailed the impact of the pandemic on the Group's performance and earnings, yet there remains downside risks arising from the COVID-19 outbreak. The full impact or the degree to which COVID-19 may affect the Group's results of operations, liquidity, access to funding and financial position in the future will depend on certain developments, which, as of the date of this Prospectus, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus, the extent and effectiveness of economic stimulus taken in response to COVID-19 and how quickly and to what extent normal economic and business activity can resume. Although the impact of COVID-19 on the Group and its stakeholders is being continually assessed, ongoing uncertainties mean the full extent of the implications, including financial and business impact, cannot currently be evaluated with a high degree of certainty.

The following presents the initial impact (up to the date as at 31 December 2020) of COVID-19 on the results of operations and financial condition of the Group:

Impact on Capital and Liquidity

The Group carried out a stress test to assess the impact of the COVID-19 pandemic on its capital and liquidity positions. As per the results, the capital and liquidity ratios of the Group continued to remain well above the regulatory threshold of 16 per cent. and 30 per cent. respectively. The results indicate that under normal and stressed conditions, the Group has adequate capital buffers to mitigate against risks posed by COVID-19, along with ample liquidity to meet current and future commitments. As at

31 December 2020, the Group was well capitalised with normal capital adequacy ratio ("**CAR**") and stressed CAR closing at 24.87 per cent. and 21.89 per cent., respectively.

Impact on Revenue

The COVID-19 pandemic has affected all sectors of the economy in Nigeria. However, the level of impact varies depending on the nature of the industry. Considering that some clients may be more vulnerable than others may, the Group offered its credit customers, based on the assessment of their liquidity and operational cash flow needs, different relief measures such as credit restructuring, limiting the amount available for drawdown for retail credits and granting of moratoriums for customers experiencing financial difficulty in meeting their repayment obligations. In addition, the Group carried out a re-assessment of risk exposures on its entire loan portfolio with major focus on vulnerable sectors and their performance risk. As for intervention facilities which accounted for 5.5 per cent. of the Group's gross loan book as of 31 December 2020, the CBN introduced some palliatives such as repricing of the interest rate on the facilities downward from 9 per cent. to 5 per cent. in order to support businesses experiencing cash flow challenges and granting of further moratorium of one year on principal repayments of such intervention facilities.

The containment measures implemented against the COVID-19 pandemic such as lockdown measures, travel restrictions, closure of non-essential businesses, skeletal service operations, and recent changes in the interest rate environment resulted in limited/reduced economic activity which, in turn, had consequent negative impact on transaction volumes and the Group's earnings. However, the efficient balance sheet structure of the Group, which deploys low cost deposits into high yielding asset classes, shielded the Group's interest related earnings from the impact of COVID-19, which increased marginally by 1.5 per cent. compared to last year. The commission and fee income line, however, was heavily impacted during this period, decreasing by 14.8 per cent. in comparison with 2019. Despite the impact of COVID, the Group's operating income in the year ended 31 December 2020 improved by 6.3 per cent. when compared to 2019. In addition, the COVID-19 pandemic emanated during the time that CBN released a Revised Guide to Bank Charges, which together significantly affected the Bank's fees and commission line. The Bank's e-business income reported under the fee and commission line was the most affected owing to the implementation of the revised CBN guidelines on NIP charges, as a result of a decrease of 24.8 per cent. in 2020 in comparison with 2019.

Impact on Loan Impairment Charges

The Group's impairment charges on credit losses increased by ₦14.6 billion, or 298.5 per cent. to ₦19.57 billion in the year ended 31 December 2020, compared to an impairment charge for credit losses of ₦4.91 billion in 2019. The increase was primarily due to (i) worsening macro-economic conditions due to the impact of the global COVID-19 Pandemic (ii) the Group's increased provisioning following a review of a certain customer's ability to pay their loans due to the economic impact of the COVID-19 pandemic, (iii) the impact of the devaluation of Naira on foreign currency denominated NPLs.

Considering the disruption to economic conditions, market activities, and the resultant heightened probabilities of default occasioned by the pandemic, the Group has put in place measures to mitigate the impact of the pandemic on the impairment numbers as a result of worsening macro-economic variables. These macro-economic variables have been incorporated and factored into the forward-looking information (FLIs) within the ECL model used in determining impairment charges. Increased probabilities of default have a direct correlation with worsening macro-economic conditions, and therefore the Group has instituted measures, which include obtaining adequate collateral in support of loan exposures, institution of hedges specifically for oil and gas exposures and application of the monetary value of the underlying collateral. These measures, along with the improvement in one-year oil prices forecast (i.e. greater than USD 40 per barrel), helped to douse the effect of heightened probabilities of default on the impairment charges. However, the Group's NPL increased by 8.8 per cent. from ₦102.4 billion as at 31 December 2019 to ₦111.5 billion as at 31 December 2020.

Low Interest Rate Environment

The COVID-19 pandemic has resulted in a decline in interest rates creating a lower interest rate environment in Nigeria. The average rate of interest earned on interest-earning assets decreased by 722.87 basis points to 11.1 per cent. in the year ended 31 December 2020 from 11.9 per cent. in the year ended 31 December 2019. The average rate of interest accrued on interest-bearing liabilities decreased by 4801.77 basis points, to 1.2 per cent. in the year ended 31 December 2020 from 2.3 per cent. in the year ended 30 December 2019. As a result, net interest spread (defined as the difference between the average rate of interest earned on interest earning assets and the average rate of interest accrued on interest-bearing liabilities) increased by 251.23 basis points to 9.86 per cent. in the year ended 31 December 2020 from 9.62 per cent. in the year ended 31 December 2019.

The Forbearance Programme

In response to the COVID-19 pandemic and its impact on the Nigerian economy, the Federal Government and CBN have introduced financial forbearance and other palliative measures to support businesses and individuals through COVID-19. In May 2020, the CBN, with the support of the Federal Government, implemented a forbearance programme (the "**Forbearance Programme**"), requiring all Nigerian banks to allow a moratorium on the payment of principal and to temporarily reduce interest rates on loans to customers in certain sectors of the economy significantly impacted by the COVID-19 pandemic, including but not limited to customer in the oil and gas, agriculture, and manufacturing sectors. Those eligible for the Forbearance Programme must apply for the programme and be approved by the Group in accordance with guidelines issued by CBN. The Forbearance Programme is currently envisaged to end in March 2021. As of 31 December 2020, approximately 5.5 per cent. of the Group's loan portfolio benefitted from the Forbearance Programme. Substantially all of the Group's customers that benefitted from the Forbearance Programme continued to make timely payments of the interest on their loans. Loans approved for the Forbearance Programme are not treated as NPLs. However, it is possible that loans currently eligible for the Forbearance Programme may become NPLs in the future. The Group does not expect a significant increase in NPLs arising from loans under the Forbearance Programme and is taking proactive steps to restructure certain of these loans to make them more consistent with the customers' cash flow capacity. Certain of these loans will also benefit from other Federal Government and CBN programs available to support businesses.

Impact on Financial Instruments measured at Fair Value through Other Comprehensive Income

The impact of COVID-19, coupled with the low yield environment and the consequent increase in market prices of fixed income securities, resulted in recognition of fair value gain in the sum of ₦2.17 billion under the other comprehensive income in the year ended 31 December 2020, compared to a gain of ₦4.80 billion in the year ended 31 December 2019.

Impact on Operating Expense

The Group was able to manage its cost prudently even though it incurred some unexpected COVID-19-related costs. Some of which included additional investment in technology to enable its staff to work from home and cost associated with implementing enhanced safety procedures and other COVID-19 protocols. In addition, the impact of inflation was also pronounced in 2020. Overall, the operating expense grew by ₦16.5 billion, or 12.6 per cent., from ₦130.97 billion in December 2019 to ₦147.44 billion in December 2020.

Impact on Subsidiary Operations

As of the date of this Prospectus, the Group continues to operate in all ten countries where it has presence, and the Bank is confident that there will be no partial or complete cessation of any of its business operations despite the impact of the COVID-19 pandemic.

Outbreaks of communicable diseases or pandemics (such as COVID-19), as with other large–scale, fast moving global events, may, in the future, have a negative impact on the Group's businesses, prospects, financial performance and financial condition. There continues to be significant uncertainties associated with the COVID-19 pandemic, including with respect to the severity of the disease, the duration of the pandemic, actions that may be taken by governmental authorities and private businesses to attempt to contain the COVID-19 pandemic or to mitigate its impact and the potential for the COVID-19 pandemic to have longer term and lasting impacts on the Group's customers, businesses and operations. Moreover, it remains uncertain how the macroeconomic environment, societal and business norms will be impacted following the COVID-19 pandemic. The post-COVID-19 environment may undergo unexpected developments or changes in financial markets, the fiscal, tax and regulatory environments, and consumer behaviour. These developments and changes, and to the extent that the Group is not able to adapt or compete effectively, could adversely impact the Group's operations, businesses, prospects, financial performance and financial condition.

At present, the breadth and depth of the impact of COVID-19 on the global economy and financial markets continues to evolve with disruptive effects in countries in which the Group operates and the global economy. It should be noted that the impact of COVID-19, including actions taken to contain it, might heighten many of the other risks described under "*Risk Factors*", including through increasing both the probability of negative impacts as well as the severity of such impacts. The Bank continues to proactively monitor the situation and assess further possible implications stemming from the COVID-19 pandemic, as it is an evolving situation. See "*Risk Factors—Risks Related to the Bank and the Group — The outbreak of COVID-19 pandemic around the world has caused, and is likely to continue to cause, significant disruption to the world economy and key markets in which the Group operates, which may materially and adversely affect the Group's business, financial condition and results of operations*".

Economic conditions in Nigeria

The majority of the Group's assets and customers are located in Lagos, Akwa-Ibom, Ogun, Oyo and Osun states, and have businesses related to oil & gas, manufacturing, information technology, telecommunication, transportation, real estate and construction sectors of Nigeria. As a result, the Group's financial condition is substantially affected by Nigerian economic conditions. In particular, the Group is substantially affected by regulatory developments in the Nigerian banking sector, as well as the domestic political landscape and the state of the Nigerian energy sector, as it affects economic growth generally. In addition, since the Group is reliant on customer deposits for a significant portion of its funding, the Group's performance is affected by changes in wages, consumer spending and GDP growth in Nigeria. More specifically, the Bank's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on consumer confidence, employment trends and the state of the Nigerian economy and market interest rates at the time.

The following table sets forth certain Nigerian economic indicators as of and for the periods indicated.

Economic Indicators[(1)]	As at and for the years ended 31 December		
	2020	2019	2018
Nominal GDP at 2010 basic prices at market exchange rates (₦ trillions)	152.32	144.2	127.8
Average Official exchange rate across the period	356.23	306.4	305.6
Nominal GDP at 2010 basic prices at market exchange rates (U.S.$ billions)	371.30	470.6	418.1
Real GDP growth at 2010 constant basic prices (%)	(1.92)	2.3	1.9
GDP per capita (U.S.$ at purchasing power parity ("PPP") market exchange rates)	5,066	5,348	5,276
Inflation (all items, year on year change, as at December in each year) (%)	15.8	11.9	11.4
Population (millions)	206.0	201.0	195.9
Total external debt (U.S.$ billions)	32.0	27.7	25.3
Government net lending (% of GDP)	(6.7)	(4.8)	(4.3)
Exchange rate ₦/U.S.$ (average)	380.0	306.5	306.5

(1) Except for average ₦/U.S.$ exchange rate, data as at or for the year ended 31 December 2019 and as at and for the period ended 31 December 2020 are provisional.

Sources: NBS, CBN, DMO, IMF, World Bank

As demonstrated in the table above, the state of the Nigerian economy improved steadily over the period 2018 to 2020, although the real GDP growth remained tepid. Real GDP growth averaged to 1.9 per cent. in 2018, remained stable at 2.3 per cent. in 2019, and declined to -1.92 per cent. in 2020. However, Nigeria's economy is currently experiencing contraction and fluctuations in the value of the Naira, with the weakening of oil prices and COVID-19 pandemic weighing negatively on the Nigerian economy. The global financial crisis induced by COVID-19 has severely impacted Nigeria, particularly through the consequent fluctuations in oil prices and limited availability of capital. According to the IMF, these recent shocks may thrust the Nigerian economy into recession. Subdued foreign demand, sharp capital outflows, weak hydrocarbon prices, supply chain disruptions and containment measures domestically, have adversely affected household spending, investment activity and export performance in Nigeria. As a result, whilst the real GDP grew by 1.87 per cent. in the first quarter of 2020, it contracted by 6.1 per cent. and 3.6 per cent. in the second and third quarters of 2020, respectively. By the fourth quarter of 2020, the real GDP increased marginally by 0.11 per cent. *(source: NBS)*.

The Nigerian economy is highly influenced by global oil prices and Nigeria's level of oil and gas production. In 2020, the oil sector accounted for 8.16 per cent. of GDP, as compared to 8.78 per cent. in 2019 and 8.59 per cent. in 2018 *(source: NBS)*. Since the beginning of 2020, oil prices have been on a continuous decline. The OPEC reference basket prices fell significantly from U.S.$48.35 on 6 March 2020 to U.S.$34.72 on 9 March 2020, a decrease of 28.2 per cent. In April 2020, the OPEC reference basket price fell further to U.S.$12.41 per barrel, an 18-year low. As a result of the COVID-19 outbreak weakening the demand for oil, the OPEC reference basket price fell significantly to U.S.$16.52 per barrel on 1 May 2020, before partially recovering to U.S.$38.22 as at 30 June 2020 and U.S.$50.24 as at 31 December 2020.

Oil production in Nigeria has also fluctuated in recent years. Average daily production of crude oil was 1.78 mbpd, 2.01 mbpd and 1.92 mbpd in 2020, 2019 and 2018, respectively. In the first quarter of 2020, oil production levels in Nigeria increased slightly to an average of 2.07 mbpd, the highest since the last 13 quarters. However, according to the ~~CBN~~ National Bureau of Statistics, oil production in the second quarter of 2020 declined to ~~1.51~~ 1.81 mbpd (1.81 million barrels) to 1.67 mbpd (1.67 million barrels) by third quarter of 2020 and further declined to 1.56 mbpd (1.56 million barrels) by fourth quarter of 2020 due to new OPEC quota in place, pursuant to which Nigeria is required to reduce its production levels to 1.41 mbpd until June 2020 (and thereafter produce 1.495 mbpd between 1 July and 31 December 2020). According to the NBS, the quarterly contribution of the oil sector to Nigeria's GDP declined from 9.50 per cent. in the first quarter of 2020 to 8.93 per cent., 8.73 per cent. and 5.87 per cent. in the second, third and fourth quarters of 2020, respectively. Declining oil prices and reduced production levels continued to hamper output in the oil and gas industry and consequently reduced the oil sector's contribution to the GDP as well as slowed the growth of the oil sector in the second and third quarters of 2020.

In 2018, Nigeria's external reserves were affected by oil price appreciation and increased oil production on one hand and on the other hand from capital flow reversals owing to increased yields in other developed and emerging economies. In the first half of 2018, external reserves rose by U.S.$9.0 billion, reaching a five-year high at U.S.$48.0 billion in July 2018, largely supported by stable crude oil production, the issuance of the U.S.$2.5 billion sovereign Eurobond and the global increase in crude oil price. Falling oil prices and a drop in Nigeria's oil production allocation by OPEC led to a month-on-month decline in external reserves in the second half of 2018. As at 31 December 2018, the reserves were U.S.$43.0 billion compared to U.S.$39.4 billion as at 31 December 2017. The increase in foreign reserves enabled the CBN to maintain foreign exchange stability by intervening in the markets in 2019 via dollar injections. However, these gains were doused by headwinds in the global economy. The mounting fears of a global recession, which emanated from the heightened US-Sino trade feud and the escalation of Brexit-related uncertainties, were ignited as factory activities slowed down in the U.S., Europe and Asia. The weakening of manufacturing activities impacted the demand for crude oil, which exerted downward pressures on international crude oil prices. Crude oil (Brent) declined to an average of U.S.$65.9 pbl in 2019 from U.S.$72.7 pbl in 2018. Weakening of oil prices, continued instability in the foreign exchange market and the repatriation of investment by foreign portfolio investors led to a considerable depreciation of Nigeria's external reserves over the course of 2019. External reserves were U.S.$38.6 billion as at 31 December 2019.

Given Nigeria's dependence on oil exports for foreign exchange earnings and government revenue, the country's gross foreign exchange reserves, the Naira/U.S. dollar exchange rate and government revenues declined by 8.3 per cent., 23.8 per cent. and 8.4 per cent., respectively, due to more than a 23.6 per cent. decline in prices of crude oil (Brent) since the beginning of 2020. As a result, the reduced oil revenue, triggered a sharp decline in external reserves (i.e. U.S.$35.4 billion as of 31 December 2020), which was further worsened by speculative currency trading. The reduction of external reserves, which triggered speculative currency trading, coupled with the reduction in oil prices, led to the devaluation of the Naira against the U.S. Dollar to ₦360 and eventually to ₦380 at the end of 2020. This exchange rate is obtained from the CBN official website**.**

Dependence on oil makes the Nigerian economy vulnerable to oil price fluctuations, as many economic sectors in Nigeria depend on public spending, which in turn is significantly dependent on oil and gas revenues. Due to the significant link between the oil and gas sector and the performance of the Nigerian economy as a whole, many of the Groups' clients in the manufacturing, construction and real estate sectors in Nigeria, in particular, may adversely be affected by the decrease in oil prices and declining oil production (as demand in these sectors is linked with the oil sector). These sectors, together with the oil and gas sector, account for a significant proportion of the Group's business. The Group's business, results of operations, financial condition and/or prospects are therefore exposed to the risk of a continued downturn in the oil and gas sector, and specifically to any continued weak oil production and oil prices. Consequently, the global oil industry impacts the Nigerian banking sector and the Group at a macro level as Nigerian federal revenues and expenditures are tied to revenues from crude oil. As at 31 December 2020, 44 per cent. of the Group's total loans and advances to customers were concentrated in the oil and gas sector, compared to 44.0 per cent. as at 31 December 2019 and 37.45 per cent. as at 31 December 2018. As such, the Group's loan portfolio is highly concentrated in the oil and gas sector.

Inflation levels increased to 11.98 per cent. in 2019, compared to 11.44 per cent. in 2018. The inflation rate rose steadily in 2020 to a peak of 15.75 per cent. in December 2020 (year-on-year), primarily as a result of the decline in the value of Naira, a surge in food prices and the continual global oil crisis as well as the impact of the COVID-19 pandemic on the economy more broadly. The generally high levels of inflation have reduced private consumption and domestic demand.

These developments, particularly deterioration of global oil prices or oil supply in Nigeria, have affected, and may in the future affect, the Nigerian banking sector and the Group's results of operations. A critical piece of forward looking information used in the determination of ECL under IFRS 9 is the price of crude oil. A reduction in the price of crude oil below U.S.$40 per barrel could ultimately lead to a significant increase in the Group's impairment charge, thereby negatively affecting the Group's result of operations. As at 31 December 2020, the price of crude oil remained above the U.S.$40 per barrel mark, and, as such, there was no significant impact on the Group's earnings arising as a result of crude oil price movement. (See "*Risk Factors — Risks Related to the Bank and the Group — The Group's business is highly dependent on the health of the Nigerian economy, and is therefore significantly exposed to the Nigerian oil industry in particular*", "*Risk Factors—Risks Related to the Bank and the Group — The outbreak of COVID-19 pandemic around the world has caused, and is likely to continue to cause, significant disruption to the world economy and key markets in which the Group operates, which may materially and adversely affect the Group's business, financial condition and results of operations*" and "*Risk Factors—Risks Related to the Bank and the Group — The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies, as well as risks due to US dollar shortages in Nigeria, all of which have worsened due to the COVID-19 pandemic*".)

Interest rate environment and funding

One of the most significant factors affecting the Group's profitability is the level of, and fluctuations in, interest rates in Nigeria over time, which in turn (along with the volume of loans and deposits) influences the interest income generated by the Group's assets (primarily loans and advances to customers) and the interest expense associated with its liabilities (primarily deposits). Due to the fact that the Group's funding base is predominantly made up of deposits from customers, which tend to have relatively low interest rates, increases in interest rates have tended to increase the Bank's net interest margin as its lending rates reprice in line with market fluctuations whereas decreases in interest rates, to an extent, have tended to have a negative impact on net interest margins. Movements in short- and long-term interest rates could also affect the Group's level of gains and losses on its investment and trading portfolio.

The CBN determines the MPR (which is the anchor rate for pricing of the Group's loan and deposit products) based on the developments in the economy. The MPR was held constant at 14.0 per cent. throughout 2018 but was decreased to 13.5 per cent in March 2019 and 12.5 per cent. in May 2020. In September 2020, the MPR was further reduced to 11.5 per cent., where it remains as of the date of this Prospectus. The decision to decrease the MPR was taken to ease monetary policy in response to the increasing COVID-19 induced economic pressures. Despite the decreases in 2019 and 2020, the MPR is still higher than its historic levels. Historically, high MPR has resulted in increasing pressure on the Group's net interest margins.

The Group generates the majority of its interest income from loans and advances to customers. The Group's net interest income was ₦253.7 billion for the year ended 31 December 2020, as compared to ₦231.4 billion for the year ended 31 December 2019 and ₦222.4 billion for the year ended 31 December 2018. The average interest rate on the Group's loans and advances to customers was 11.0 per cent. for the year ended 31 December 2020, 12.9 per cent. for the year ended 31 December 2019 and 13.4 per cent. for the year ended 31 December 2018. The slight decrease in the average interest rate in the first nine months of 2020 was due to a combination of the low interest rate environment and the need to remain competitive. Following the 65 per cent. LDR directive issued by the CBN, banks in Nigeria needed to increase lending activities. This led to an industry-wide effort to find industry grade names and reduce interest rates to remain competitive.

The Group also generates a significant amount of interest income from its investment securities, which represented 36.7 per cent. of total interest income for the year ended 31 December 2020. The average interest rate on the Bank's investment securities was 12.8 per cent. in the year ended 31 December 2020, 15.2 per cent. in the year ended 31 December 2019 and 15.6 per cent. in the year ended 31 December 2018. The reduction in the average interest rate on investment securities in 2020 was primarily due to the Government's effort to reduce its cost of borrowing. The incredibly low interest rates in Nigeria, made these investments less attractive to banks, thus reshaping the industry's investment pattern and re-directing focus towards lending activities which stimulate economic activity. As a result of the low interest rates offered on newly issued securities, and the Bank's decision to hold increased volumes of government securities, the Bank's interest income earned from investment securities increased by ₦6.75 billion, or 6.5 per cent., in the year ended 31 December 2020 in comparison to the corresponding period in 2019.

The average interest rate on the Group's interest bearing liabilities was 1.2 per cent. during the year ended 31 December 2020, 2.3 per cent. for the year ended 31 December 2019 and 3.0 per cent. for the year ended 31 December 2018. As a result, the Group's average net interest margin amounted to 9.26 per cent., 9.28 per cent. and 9.23 per cent. for the years ended 31 December 2020, 31 December 2019 and 2018, respectively.

Effect of exchange rate movements

The Group's functional and reporting currency is the Naira. As at 31 December 2020, 32.7 per cent. and 27.2 per cent. of the Group's financial assets and liabilities, respectively, were denominated in foreign currencies, primarily U.S. dollar. Consequently, the Group's results are affected by changes in foreign exchange rates. Adverse movements in exchange rates could expose the Group to foreign exchange risk primarily through its foreign currency-denominated loan and deposit portfolios, and through its activities as an intermediary in foreign exchange transactions between central and commercial banks, as well as customers. As at 31 December 2020, 51.0 per cent. of the Group's loans and advances to customers were denominated in U.S. dollars. If there is a decline in value of the Naira against the U.S. dollar, loans and borrowings denominated in U.S. dollars will increase in size within the Group's portfolio when the amounts are translated into Naira even though the actual U.S. dollar amount of the loan or borrowings may not have increased. If the Naira were to depreciate further, particularly against the U.S. dollar, it could cause loans and borrowings to show an additional increase although there is no actual organic growth. Furthermore, the Group may experience material declines in asset quality following a Naira depreciation, reflecting decreased capacity of borrowers to meet their obligations under their loan agreements with the Group. Moreover, there are multiple national exchange rates in Nigeria. See "*Important Information — Exchange Controls*" for further information. While the Group primarily uses the I&E FX Window rate, its borrowers may choose or, due to a currency shortage at a particular rate, be forced to use, any of the other exchange rates to obtain the necessary currency to pay their debts. As the rates differ materially, the foreign exchange cost to the Group's borrowers could also vary significantly each time they translate their loan payments.

The average exchange rate (as reflected by the Nigerian Autonomous Foreign Exchange Fixings of "**NAFEX**") was ₦361.66:U.S.$1.00 for the year ended 31 December 2019 and ₦361.77:U.S.$1.00 for the year ended 31 December 2018. Responding to the falling oil prices that resulted in a significant decline in the Naira's value in the first nine months of 2020, and in an effort to curb demand for foreign exchange, the CBN officially devalued the Naira against the U.S. Dollar to ₦360 and eventually to ₦380 in a move to converge the growing disparity between the exchange rate systems for inter-bank and parallel markets in Nigeria. Under the NAFEX, the Naira was valued at ₦400.33 as at 31 December 2020.

The Group's presentation currency and its functional currency is the Naira, which gives rise to translation risk with respect to assets and liabilities in foreign currencies. The impact of the devaluation of the Naira against the USD between December 2019 and December 2020, resulted in an additional ₦171.34 billion increase in the value of total assets and total liabilities, with loans and cash and cash equivalents accounting for ₦160.5 billion (93.7 per cent.) on the asset side and deposit liabilities and other liabilities accounting for ₦167.3 billion (97.7 per cent.) on the liability side. The CAR was also impacted as it reduced by 1.42 per cent. due to the additional capital requirement arising from the devaluation induced increase in loans and advances. See "*Risk Factors—Risks Related to the Bank and the Group — The Group is subject to foreign exchange risk and is affected by changes in the value of* *the Naira against other currencies, as well as risks due to US dollar shortages in Nigeria, all of which have worsened due to the COVID-19 pandemic*".

Nigeria's banking regulatory environment

The Group's results of operations and financial position are affected by the banking regulatory regimes of the jurisdictions in which it operates, particularly CBN regulations affecting reserve requirements and/or market liquidity. Since 2017, the Group has been subject to increasingly complex policy interventions by the CBN aimed at stabilising foreign currency and market liquidity and encouraging foreign investment.

In Nigeria, the Bank is a Domestically Systemically Important Bank (D-SIB) and is thus required to maintain a minimum capital adequacy ratio of 15 per cent. (in contrast to 10 per cent. for other national and regional banks) and no more than 25 per cent. of its qualifying capital can be constituted by Tier 2 capital. In addition, CBN requires D-SIBs (including the Bank) to set aside an additional 1 per cent. of capital as higher loss absorbency charge. As a result, the Bank is required to maintain a minimum capital adequacy ratio of 16 per cent. as of the date of this Prospectus. Furthermore, the Bank must comply with the CRR, which is the minimum amount of Naira deposits from customers that the CBN requires commercial banks to hold as reserves in the form of cash or deposits with the CBN. In September 2015, the CRR was reduced from an all-time high of 31 per cent. to 25 per cent. This was further revised downwards to 20 per cent. in November 2015, and raised to 22.5 in March 2016. The CRR remained at this level until 24 January 2020, when the Monetary Policy Committee of the CBN voted to increase the CRR to 27.5 per cent. in order to address the rising rate of inflation in the last four months of 2019. Increases in the CRR tend to decrease the Group's lending levels and increase the amount of restricted cash on its balance sheet whilst also affecting the liquidity of the Nigerian banking sector generally, thus potentially adversely affecting the Group's results of operations. Furthermore, the Group is also affected by increases in the CRR because it is a net depositor of funds in the industry, meaning it usually places its excess liquidity with other Nigerian banks at a premium above the treasury bills rate.

The Group is also affected by changes in the general liquidity levels of the Nigerian economy, which is largely determined by CBN policy. Naira liquidity levels in the Nigerian economy remained high in 2019 as several treasury bills and open market operation bills reached maturity during the fourth quarter of 2019. In a departure from past practice, the CBN opted not to roll over maturing open market operation ("**OMO**") bills and passed a regulation excluding individuals and domestic corporate investors (asides financial institutions) from the primary and secondary OMO markets. The policy changes aimed to drive domestic interest rates lower whilst, simultaneously, OMO rates were maintained at a high level in order to attract foreign inflows. The CBN also increased the overall yield on OMO bills with the one-year OMO bill printing at 15.5 per cent. The increased yield on OMO securities helped to support the Naira, which came under some pressure due to the exit of foreign investors. This resulted in excess liquidity in the Nigerian economy and the cost of borrowing trended downwards consequently. Increases in the general liquidity levels in the Nigerian economy generally lead to an increase in lending across the Nigerian-banking sector and to a decrease in average interest rates. In 2020, the CBN is expecting a medium-term liquidity surplus due to maturing treasury bills held by local private and institutional investors.

The CBN also announced new measures to increase lending to the private sector by directing deposit money banks to maintain a minimum LDR of 60 per cent. with effect from 30 September 2019. This minimum was further increased to 65 per cent. effective 31 December 2019. The Group has not relaxed its credit approval standards in response to these changes but has instead directed resources toward the mobilisation of further deposits. However, the increased LDR has exerted pressure on the net interest margin.

On 20 December 2019, the CBN released the Revised Guide to Bank Charges, which provides a standard for the application of charges in the banking industry, and took effect from 1 January 2020. The Revised Guide to Bank Charges provides that banks must pay interest on savings deposits in

Nigeria at a minimum rate equal to 30 per cent. of the MPR established by the CBN. The savings account deposit interest rate and MPR were further revised to 10 per cent. and 11.5 per cent. effective from 1 September 2020 and 22 September 2020, respectively. At the current MPR of 11.5 per cent., this translates to a minimum of 1.15 per cent. per annum. For the years ended 31 December 2020, 2019 and 2018, the average interest rate paid by the Group on its average balance of savings account deposits (calculated in accordance with IFRS) was 1.3 per cent., 1.8 per cent. and 1.9 per cent., respectively. Savings account deposits accounted for 32.6 per cent., 26.7 per cent. and 25.1 per cent. of the Bank's total deposits from customers as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively. In the short term, this regulatory change has not affected the Group's cost of funds as most of the Bank's savings accounts regularly exceed the maximum monthly withdrawal limit, thus rendering the minimum interest rate inapplicable. However, compared to its peers, the Group has historically relied heavily on savings deposits as a low cost source of funds. Therefore, any increase in interest payable on savings account could disproportionately impact the Group more than other banks in Nigeria, particularly if the monthly withdrawal limit is increased or removed.

In addition, the Group is required to contribute to a sinking fund to cover any net deficits incurred by AMCON. In the wake of the global financial crisis, AMCON was established as a stabilising tool to revive the financial system by resolving the NPLs of banks operating in Nigeria. As a result of AMCON's intervention, all commercial banks in Nigeria are statutorily required to contribute 0.5 per cent. of their audited total assets as at 31 December of each year to the sinking fund established to repay AMCON's debt to the CBN. In 2015, the CBN amended its definition of "total assets" to include off-balance sheet items. However, AMCON continued to erroneously apply a definition of "total assets" that excluded off-balance sheet items, leading to an assessment that banks across the Nigerian banking sector had underpaid their contributions in 2016 and 2017. In 2018, the CBN notified the banks of the resultant shortfall for those years. Accordingly, an additional charge of 0.5 per cent. of each bank's off-balance sheet liabilities was imposed. The Group has had to make provisions for this payment and amortise it over five years between 2019 and 2023, leading to an increase in regulatory cost during the periods under review. However, any further increase in such charge would have a negative impact on the Group's profitability.

See "*Risk Factors—Risks Related to the Bank and the Group—The Group operates in an uncertain regulatory environment and recent changes by the CBN are having a material adverse effect on the Group*".

Demand for the Group's products and the Group's lending strategy

The Group generates a significant portion of its interest income from loans and advances and investment securities. In addition, a significant portion of the Group's fee and commission income is associated with the volume of loans extended by the Group. Demand for the Group's loans and other products, and the Group's ability to continue to create loans, affect the size of the Group's loan portfolio and, in turn, the Group's results of operations. Demand for the Group's loans and other products depends on several factors, which include economic and political conditions in Nigeria and elsewhere in Africa, conditions prevailing in the Nigerian banking sector, the Group's competitive environment and the Group's ability to take advantage of growth opportunities.

Loans and advances to customers was ₦1,662.7 billion for the year ended 31 December 2020, as compared to ₦1,500.6 billion for the year ended 31 December 2019 and ₦1,259.0 billion for the year ended 31 December 2018. The increase in loans and advances to customers from 31 December 2018 to 31 December 2020 was primarily due to the Group's capacity to grow its loan portfolio on account of its relatively low loan-to-deposit ratio during this period and the emergence of more lending opportunities, which together allowed the Group to make more loans to new and existing customers. Furthermore, this growth has been driven in part by the increased lending in the corporate and retail-banking segment of the Group and, to a lesser extent, by the lending in the commercial banking segments. However, the Group has total assets that incorporate a high proportion of loans and advances to corporate entities and other organisations. Loans to retail customers comprised 10.0 per cent. of the Group's loan portfolio as of 31 December 2020, whilst loans and advances to corporate entities and other organisations constituted approximately 75.9 per cent. As in the past, the Group is focused on improving its loan book mix and as such, its business model is oriented toward maintaining a well-balanced loan portfolio with a mix of corporate, commercial and retail customers. The Group believes that, as it develops its relationship with its corporate clients, it will be able, over time, to benefit from increased business along the value chain of these corporate clients, such as its suppliers, distributors, customers, employees and shareholders of such corporate clients. Whilst the Bank has grown its retail, corporate and commercial segment lending, it has also experienced a degree of competition from other banking entities in Nigeria. This competition may continue in the future. Accordingly, any future growth in the retail, corporate and commercial segment lending, as in previous years, may continue to depend, amongst other things, on the macroeconomic and competitive environment in Nigeria and the ability of the Group to increase its customer bases, as well as its ability to continue to develop specialised products and services to meet the financial needs of its customers within these segments.

Impact of non-performing loans and the overall quality of the Group's risk assets

The Group's NPLs as a percentage of total loans was 7.3 per cent. as at 31 December 2018, 6.5 per cent. as at 31 December 2019 and 6.4 per cent. as at 31 December 2020. Moreover the Group's impairment allowance for credit losses increased from ₦67.8 billion in 2017 to ₦100.1 billion in 2018 before decreasing to ₦67.3 billion in 2019 and ended at ₦81.1 billion as at 31 December 2020. The increase in NPL levels recorded in 2020 largely reflected the weakened macroeconomic environment as a result of the COVID-19 pandemic, the decrease in oil prices and the devaluation of the Naira. The reduction in the Group's NPLs and NPL ratio over the period between 2018 to 2020 was largely achieved through its risk management framework and credit approval policies. See "*Description of the Group—Risk Management—Credit Risk*".

As of 31 December 2020, 5.5 per cent. of the Group's loan portfolio benefitted from the Forbearance Programme. Loans approved for the Forbearance Programme are not treated as NPLs. However, it is possible that loans currently eligible for the Forbearance Programme may become NPLs in the future. The Group does not expect a significant increase in NPLs arising from loans under the Forbearance Programme and is taking proactive steps to restructure certain of these loans to make them more consistent with the customers' cash flow capacity.

NPLs directly impact the capital and profitability of the Group by impairing the value of its balance sheet assets. As in the past, the Group aims to improve its overall asset quality year-on-year and measure the quality of its risk assets through an assessment of NPL ratio, the ratio of loan loss expenses to total loan revenue and the ratio of loan loss provision to gross NPLs. The Group follows a prudent credit risk approach whilst managing its asset quality, which is underpinned by strong underwriting standards. The Group aims to selectively grow its loan portfolio by observing a prudent risk appetite (supported by its risk management systems) and taking advantage of lending opportunities in its operational segments (mainly corporate, retail and commercial sub segments) whilst maintaining rigorous credit standards. The Bank plans to maintain this approach, which is embedded throughout the Group, to help support further growth.

Levels of deposits

Similar to other banks in Nigeria, the Group has historically relied heavily on deposits to meet its funding needs, largely due to their low cost and available supply. As at 31 December 2020, corporate and retail depositors accounted for 22.0 per cent. and 54.0 per cent., respectively, of the Group's total funding. The Bank is required to pay interest on its savings accounts at a CBN mandated rate of 10.0 per cent. of the MPR, or 1.15 per cent., as at the date of this Prospectus. This requirement is subject to a monthly withdrawal limit, however, above which the Bank is no longer required to pay the minimum rate. Nigerian companies and individuals withdraw their deposits on a frequent basis and as a result, this requirement has not had a significant impact on the Group's interest expense. The Group's deposits from customers increased to ₦3,509.3 billion as at 31 December 2020 from ₦2,532.5 billion as at 31 December 2019 and ₦2,273.9 billion as at 31 December 2018. These constituted 85.0 per cent., 82.5 per cent. and 83.9 per cent. of the Group's total liabilities as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively. The increase in deposit in 2020 was largely due to the imposed OMO ban by the CBN, which resulted in retail investors seeking alternate investment outlets, particularly savings accounts. This contributed significantly to the growth in total deposits. For the years ended 31 December 2020, 2019 and 2018, the average interest rate paid by the Group on its average balance of customer deposits was 1.07 per cent., 2.04 per cent. and 2.71 per cent., respectively.

Nigerian companies usually withdraw their deposits on a frequent basis and are not typically in a position to place significant funds in deposits on a long-term basis. Whilst frequent withdrawals from savings accounts tend to reduce interest expense (by disqualifying the account from mandatory minimum interest payments), decreases in corporate deposits generally and/or unexpected withdrawals of retail deposits can increase the Group's costs of funding when other sources of funding are not available on commercially reasonable terms or in time to meet the Group's funding requirements. In addition, the CBN requires Nigerian banks to maintain a 30.0 per cent. minimum liquidity ratio, which is the ratio of net liquid assets (defined as cash, money market placements, unrestricted balances with CBN and marketable government securities) to local currency deposits from customers, to meet short-term liquidity needs. This requirement results in certain constraints on the Group's ability to lend, which in turn affects the size and growth of its loan portfolio. As at 31 December 2020, the Group's liquidity ratio was 38.9 per cent.

During the period under review, there has been an increase in the competition amongst Nigerian banks for customers' deposits, particularly savings and current account deposits, as these accounts bear a lower rate of interest compared to term deposits. The Group expects its interest expense on customer deposits to rise in future periods due to the expected growth in deposits as part of its strategic intent and, to some extent, based on the effect of increasing competitive pressure on its average rates of interest offered. See "— *Competition*".

Competition

The banking industry in Nigeria has become increasingly competitive, which has resulted in exerting pressure on the loan rates chargeable by the Group, particularly in the corporate segment where Nigerian banks also face increasing competition from foreign banks. As a result, the Group has focused on efficiently managing interest on its deposits to maintain its net interest margin level.

However, the Group's net interest margin continues to be susceptible to, and is negatively affected by, increased competitive pressure. The Group's net interest margin was 9.26 per cent. for the year ended 31 December 2020, 9.28 per cent. for the year ended 31 December 2019 and 9.23 per cent. for the year ended 31 December 2018.

In 2018, the CBN published a new licencing framework applicable to all payment service providers and financial technology companies, permitting these entities to offer certain banking services subject to meeting specific requirements including minimum capitalisation levels. The Group believes that the introduction of these financial service providers into the market, as well as the general trend toward consolidation in the Nigerian banking sector, may further increase competition as larger banks and financial services providers seek to take advantage of economies of scale and greater capacity to undertake larger loans and other operations. See "*Business Description of the Group—Market Position and Competition*" and "*Risk Factors—Risks related to the Bank and the Group—the Bank faces increased levels of competition in the Nigerian banking industry*".

The Group expects the Nigerian corporate and commercial banking market, as well as the banking markets outside of Nigeria in which the Group operates, to become even more competitive, which is likely to result in a further narrowing of spreads between deposit and loan rates, all or any of which may have an adverse impact on the Group's profitability.

Operating Results and Financial Condition

Interest Income

The Group's interest income for the year ended 31 December 2020 was ₦300.7 billion compared to ₦296.2 billion for 2019, an increase of ₦4.5 billion, or 1.5 per cent. This increase in interest income was primarily attributable to a 2.2 per cent., or ₦3.9 billion, increase in interest income on loans and advances resulting from a 11.1 per cent. growth in gross loan and advances from ₦1.57 trillion in December 2019 to ₦1.74 trillion in December 2020 with growth partly curtailed by the low yield environment.

The Group's interest income decreased by ₦10.8 billion, or 3.5 per cent., to ₦296.2 billion for the year ended 31 December 2019 from ₦307.0 billion for the year ended 31 December 2018. The decrease in interest income from 2018 to 2019 was primarily as a result of declining yield environment in the year ended 31 December 2019 relative to year ended 31 December 2018. Earning asset yield declined by 41 basis points from 12.33 per cent. in the year ended 31 December 2018 to 11.92 per cent. in the year ended 31 December 2019.

The Group's interest income decreased by ₦20.4 billion, or 6.6 per cent., to ₦307.0 billion for the year ended 31 December 2018 from ₦327.3 billion for the year ended 31 December 2017. The decrease in 2018 primarily stemmed from a decline in asset yield by 200 basis points from 14.3 per cent. in the year ended 31 December 2017 to 12.3 per cent. in the year ended 31 December 2018 as a result of a decrease in market yield.

Interest Expense

The Group's interest expense was ₦47.1 billion for the year ended 31 December 2020 compared to ₦64.8 billion for the year ended 31 December 2019, a decrease of ₦17.8 billion, or 27.4 per cent. This decrease was primarily attributable to decline in cost of funds from 2.3 per cent. for the year ended 31 December 2019 to 1. 2 per cent. for the year ended 31 December 2020, which stemmed from improved liquidity and resultant cut in MPR from 13.5 per cent. to 11.5 per cent.

The Group's interest expense decreased by ₦19.7 billion, or 23.3 per cent., to ₦64.8 billion for the year ended 31 December 2019 from ₦84.5 billion for the year ended 31 December 2018. This decrease was primarily attributable to a decrease in cost of funds from 3.0 per cent. for the year ended 31 December 2018 to 2.3 per cent. for the year ended 31 December 2019, which resulted from downward repricing of interest paid on time deposits and cost savings recorded upon redemption of the Group's Eurobond liability in November 2018 and scheduled repayments of IFC's maturing obligations.

The Group's interest expense increased by ₦3.9 billion, or 4.8 per cent., to ₦84.5 billion for the year ended 31 December 2018 from ₦80.7 billion for the year ended 31 December 2017. This increase was primarily attributable to intense competition for deposits amongst banks and other financial institutions on the back of customers' increased appetite for treasury bill investments due to elevated fixed income securities yields.

Loan Impairment Charges

The Group's loan impairment charges on loans and advances were ₦19.6 billion for the year ended 31 December 2020 compared to ₦4.9 billion for the year ended 31 December 2019, an increase of ₦14.7 billion, or 298.5 per cent. This increase largely corresponded to the heightened probability of default stemming from the COVID-19 pandemic, which weakened the macro-economic variables of countries where the Group operates.

Loan impairment charges increased by ₦5.2 million, or 0.1 per cent., to ₦4.912 billion for the year ended 31 December 2019 from ₦4.906 billion for the year ended 31 December 2018. The overall increase in loan impairment charges was largely driven by an increase in expected credit losses resulting from a heightened probability of default, which was caused by negative forward-looking information in terms of the macro-economic indices profiled in the ECL model. Loan impairment charges decreased by ₦7.3 billion, or 59.7 per cent., to ₦4.9 billion for the year ended 31 December 2018 from ₦12.2 billion for the year ended 31 December 2017. The overall decrease in loan impairment charges was largely driven by early recognition of expected credit losses due to migration from IAS 39 to IFRS 9 as at 1 January 2018.

Fee and Commission Income

The Group's fee and commission income amounted to ₦53.2 billion for the year ended 31 December 2020 compared to ₦62.4 billion for the year ended 31 December 2019, amounting to a decrease of ₦9.2 billion, or 14.8 per cent. The overall decrease was primarily attributable to (i) the introduction of the Revised Guide to Bank Charges by CBN, which weighed negatively on credit-related fees and e-business income and (ii) the impact of lockdown caused by the COVID-19 pandemic across the jurisdiction where the Group operates.

The Group's fee and commission income increased by ₦10.1 billion, or 19.2 per cent., to ₦62.4 billion for the year ended 31 December 2019 from ₦52.4 billion for the year ended 31 December 2018, primarily due to increase in e-business income and credit-related fees. The growth in e-business income resulted from increased volume of transactions across the Bank's digital banking channels whilst credit-related fees increased on the back of 15.2 per cent. growth in loan book from ₦1.362 trillion for the year ended 31 December 2018 to ₦1.569 trillion for the year ended 31 December 2019.

The Group's fees and commission income increased by ₦9.4 billion, or 22 per cent., to ₦52.4 billion for the year ended 31 December 2018 from ₦42.9 billion for the year ended 31 December 2017, primarily due to strengthened transactional base and increased traction recorded on the Group's alternative channels and digital banking space.

Fee and Commission Expense

The Group's fee and commission expense increased by ₦3.3 billion, or 109.9 per cent. to ₦6.24 billion for the year ended 31 December 2020 from ₦2.98 billion for the year ended 31 December 2019. This increase was primarily due to the impact of FX devaluation on correspondent bank charges, upward revision of the CBN's charges on cash deposits and increased cost of cash movements from regions with surplus to regions with shortage as a result of the COVID-19 pandemic.

The Group's fee and commission expense increased by ₦1.1 billion, or 56.8 per cent. to ₦3.0 billion for the year ended 31 December 2019 from ₦1.9 billion for the year ended 31 December 2018. The increase was primarily attributable to increased transaction volume, impact of FX devaluation on correspondent bank charges and growth in loan recovery expenses on the back of increased loan recoveries.

The Group's fee and commission expense decreased by ₦292.1 million, or 13.3 per cent. to ₦1.9 billion for the year ended 31 December 2018 from ₦2.2 billion for the year ended 31 December 2017, primarily due to reduction in loan recovery expenses following renegotiation of payments with loan recovery agents.

Net gains on financial instruments classified as held for trading

Net gains on financial instruments classified as held for trading comprises the Group's income from fixed income securities, treasury bills, equities and foreign exchange trading. Net gains on financial instruments classified as held for trading increased by ₦3.6 billion, or 17.2 per cent. to ₦24.5 billion for the year ended 31 December 2020 from ₦20.9 billion for the year ended 31 December 2019. This increase was primarily due to a combination of growth in volumes of third currency FX trades and increase in treasury bills trading income on the back of maintenance of a high yielding trading book relative to the low yield offerings in the market following the CBN's cut in interest rate that resulted in uptrend in market prices.

Net gains on financial instruments classified as held for trading decreased by ₦3.7 billion, or 15.0 per cent. to ₦20.9 billion for the year ended 31 December 2019 from ₦24.6 billion for the year ended 31 December 2018, largely as a result of lower market yields, reduction in volume of fixed income trading deals, stable exchange rate, less volatility and reduction in FX transactions volume consummated in 2019 relative to 2018.

Net gains on financial instruments classified as held for trading increased by ₦13.2 billion, or 116.8 per cent., to ₦24.6 billion for the year ended 31 December 2018 from ₦11.3 billion for the year ended 31 December 2017. This was largely as a result of efficient deployment of Naira and foreign currency liquidity and maintenance of appropriate trading positions in fixed income securities and foreign exchange.

Other Income

The Group's other income increased by ₦21.0 billion, or 37.7 per cent., to ₦76.8 billion for the year ended 31 December 2020 from ₦55.8 billion for the year ended 31 December 2019. This increase largely resulted from growth in foreign exchange income pursuant to Naira devaluation, optimisation of the Bank's foreign exchange liquidity and maintenance of fixed income book in a declining yield environment, which weighed positively on the Bank's mark to market gains on trading investments.

The Group's other income increased by ₦5.0 billion, or 9.9 per cent., from ₦50.8 billion in the year ended 31 December 2018 to ₦55.8 billion in the year ended 31 December 2019. This increase was primarily attributable to improved earnings from recoveries, gains from investment in foreign currency notes, growth in cross border card transaction volumes and improved discounts from transfers business.

The Group's other income increased by ₦13.2 billion, or 34.9 per cent., from ₦37.6 billion in the year ended 31 December 2017 to ₦50.8 billion in the year ended 31 December 2018. This increase was primarily attributable to loan recoveries and foreign exchange gains on the long FX banking book culminating from the Naira devaluation from ₦331.13/U.S.$1 for the year ended 31 December 2017 to ₦358.79/U.S.$1 for the year ended 31 December 2018.

Profit before Income Tax

The Group's profit before income tax decreased by ₦6.4 billion, or 2.8 per cent., to ₦238.1 billion for the year ended 31 December 2020 from ₦231.7 billion for the year ended 31 December 2019. This increase was primarily attributable to (i) the decrease in interest expense which largely stemmed from the reduction in the savings account deposit interest rate from 30 per cent. to 10 per cent. of MPR and the resultant reduction in cost of funds for the Group (ii) the marginal increase in volume of transactions in the fourth quarter of 2020 due to a relaxation of the COVID19 restrictions (iii) devaluation of Naira which led to a growth in the Group's foreign exchange income, (iv) the Group's ability to optimise its foreign exchange liquidity and (v) maintenance of a high yielding fixed income securities portfolio amidst a declining yield environment.

The Group's profit before income tax increased by ₦16.1 billion, or 7.5 per cent, from ₦215.6 billion in the year ended 31 December 2018 to ₦231.7 billion in the year ended 31 December 2019. This increase was primarily attributable to growth in volume of transactions across the Bank's digital channels, improved loan recoveries, optimisation of the Bank's foreign currency liquidity via investment in credit-linked FVPL notes, improved cost of funds from 3.0 per cent. for the year ended 31 December 2018 to 2.3 per cent. for the year ended 31 December 2019 and moderate growth of 3 per cent. in operating expenses.

The Group's profit before income tax increased by ₦17.9 billion, or 9.1 per cent., from ₦197.7 billion in the year ended 31 December 2017 to ₦215.6 billion in the year ended 31 December 2018. This increase was primarily attributable to strengthened transactional base due to increased traction on the Bank's alternative channels, improved loan recoveries, growth in foreign exchange gains on the long FX banking book resulting from Naira devaluation and moderate growth in operating expenses.

Total Assets

The Group's total assets increased by ₦1,185.7 billion, or 31.5 per cent., to ₦4,944.7 billion as of 31 December 2020 from ₦3,758.9 billion as of 31 December 2019. This was largely as a result of increase in loans and advances, financial assets held for trading, money market placements and cash reserve requirement on the back of growth in customers' deposits and other liabilities.

The Group's total assets as at 31 December 2019 was ₦3,758.9 billion, which was a 14.4 per cent. increase compared to ₦3,287.3 billion as at 31 December 2018, itself a 1.9 per cent. decrease from ₦3,351.1 billion as at 31 December 2017. The increase from 31 December 2018 to 31 December 2019 was principally due to growth in loans and advances to customers, investment securities and cash reserve requirement bolstered by growth in customers' deposits and other liabilities. The decrease in total assets from 31 December 2017 to 31 December 2018 was primarily due to the impact of IFRS 9 implementation and contraction in the loan book as a result of the scheduled pay-downs by some foreign exchange loan customers on account of improved FX liquidity in the market.

Total Liabilities

The Group's total liabilities increased by ₦1,058.7 billion, or 34.5 per cent., to ₦4,130.3 billion as at 31 December 2020 from ₦3,071.6 billion as at 31 December 2019. This increase was primarily due to the growth in customer deposits as a result of the Bank's continuous customer acquisition underpinned by provision of digitally-focused retail solutions.

The Group's total liabilities as at 31 December 2019 was ₦3,071.6 billion, which was a 13.3 per cent. increase compared to ₦2,711.1 billion as at 31 December 2018, itself a 0.7 per cent. decrease from N2,731.1 billion as at 31 December 2017. The increase from 31 December 2018 to 31 December 2019 was principally due to growth in low cost deposits on account of increased customer acquisition and increased customers' escrow funds pursuant to growth in pledged transactional balances. The decrease in total liabilities from 31 December 2017 to 31 December 2018 was primarily due to redemption of the Bank's Eurobond liability in November 2018 and pay-downs of the Bank's borrowings from ADB and DEG in the year ended 31 December 2018.

Significant recent trends affecting the Group

Significant trends affecting the Group include the following:

- on 1 September 2020, the Central Bank reduced the savings account deposit interest rate from 30 per cent. to 10 per cent. of MPR, translating into a ₦12.6 billion net savings in interest expense for the Bank;
- on 22 September 2020, MPR was reduced from 12.5 per cent. to 11.5 per cent., resulting in banks having to reprice their loans and deposits downwards in order to remain competitive; and
- during the first nine months of 2020, yields on fixed income securities reduced to 1 per cent.; and were trending at 0.4 per cent as at October 2020**.** This has affected the interest income earned on investments in fixed income securities in general. The Bank currently has an investment securities portfolio with a high yield. However, as these securities mature, the Bank may experience a fall in interest income from investments in fixed income securities as the available re-investment opportunities in the fixed income securities market are being offered at 1 per cent. levels. However, this impact would be seen from the second quarter of 2021.

Funding and liquidity

Over the years, the management of assets and liabilities have allowed the Group to maintain prudent levels of liquidity. Additionally, the CBN Prudential Guidelines require the Group to maintain 30.0 per cent. of its deposits in liquid assets, which further boosts liquidity. See "*Business Description of the Group–Risk Management–Liquidity Risks*" for further information on how the Group manages its liquidity risk. In the periods under review, the liquidity ratio of the Group was higher than the regulatory minimum requirement (i.e. 38.9 per cent. for the period ended 31 December 2020, 49.33 per cent. for the year ended 31 December 2019 and 41.44 per cent. for the year ended 31 December 2018). In addition, the Group's loan-to-deposit ratio as of 31 December 2020 was 46.1 per cent., as compared to 56.90 per cent. as of 31 December 2019 and 53.55 per cent. as of 31 December 2018.

The Group's funding needs arise primarily from the extension of loans and advances to customers. The funding policy of the Group is to seek stable funding at a low cost, which provides the Group with a competitive advantage in the Nigerian banking market to service its corporate and retail customers. As of 31 December 2020, the Group's funding base consisted primarily of demand, time and savings deposits from customers (71.7 per cent.), deposits from banks (2.1 per cent.), other borrowed funds (2.3 per cent.), other liabilities (7.3 per cent.) and equity (16.6 per cent.). Historically, the Group's long-term funding sources consisted primarily of equity and medium-to-long term borrowings from international financial institutions and multilateral agencies. Please see "*—Borrowed Funds*" below for more information on the Group's medium-to-long term funding sources.

The Group's principal source of funding are deposits from customers. Deposits from customers increased by ₦976.8 billion, or 38.6 per cent., to 71.7 per cent. of total funding (defined as deposits from banks, deposits from customers, borrowings, other liabilities, debt securities issued and shareholders' funds) as at 31 December 2020, from 68.0 per cent. as at 31 December 2019 and 69.9 per cent. as at 31 December 2018. Other borrowed funds made up 2.3 per cent. of total funding as at 31 December 2020, as compared to 4.4 per cent. as at 31 December 2019 and 5.5 per cent. as at 31 December. Other liabilities which consist of customers' escrow balances, customers' deposits for foreign trade and payables, amongst other things, made up 7.3 per cent. of total funding as at 31 December 2020, as compared to 6.3 per cent. as at 31 December 2019 and 4.3 per cent. as at 31 December 2018. The Group is focused on maintaining a large deposit base originated from its customers. Deposits are expected to continue to form the core of the Group's funding profile in the future. However, there are external factors that might affect the Group's deposit base in the short to medium term, such as the increased availability of other investment opportunities for investors who currently hold deposits with the Group. Moreover, Nigerian companies usually withdraw their deposits on a frequent basis and are not typically in a position to place significant funds within the banking sector on a long-term basis. See "*Risk Factors—Risks Related to the Bank and the Group —The Group relies on short-term deposits as a primary source of funding and is further exposed to liquidity risks due to maturity mismatches, which may result in the Group being unable to meet its liabilities as they fall due*".

The following table sets out the composition of the Group's deposits from customers as of the dates indicated.

	As of 31 December					
	2020	**% of total**	**2019**	**% of total**	**2018**	**% of total**
	(Naira thousands, except %)					
Retail customers:						
Term deposits...............	145,450,983	4.0	170,607,419	6.7	171,715,702	7.6
Current deposits............	552,738,516	15.8	426,371,243	16.8	358,612,519	15.8
Savings deposits............	1,144,660,473	32.6	676,354,756	26.7	571,714,465	25.1
Corporate customers:						
Term deposits...............	247,704,593	7.1	211,770,999	8.4	195,263,989	8.6
Current deposits............	1,422,764,672	40.5	1,047,435,697	41.4	976,596,468	42.9
Total deposits...........	**3,509,319,237**	**100**	**2,532,540,384**	**100**	**2,273,903,143**	**100**

The Group's deposits from customers amounted to ₦3,509.3 billion as of 31 December 2020 and ₦2,532.5 billion and ₦2,273.9 billion as of 31 December 2019 and 2018, respectively. From 31 December 2018 through 31 December 2020, the Group's deposits from retail customers increased significantly, as a result of growth of customer bases in the Group's existing branches and increase in savings account balances due to the declining yields offered by alternative investment outlets.

Furthermore, the CBN restriction that precludes individuals from investing in OMO treasury bills also contributed significantly to the increase in the level of deposit liabilities as of 31 December 2020.

Investors should note that the classification of deposits to retail customers in the Group's IFRS financial statements do not correspond directly to the classifications used by the Group in connection with its Retail Banking segment, and therefore deposit volumes attributable to "retail customers" in the IFRS financial statements will be different from the deposit volumes the Group attributes to its Retail Banking segment. Deposits to retail customers in the Group's IFRS financial statements include deposits in the Retail Banking segment, SME Banking segment, and other deposits from individual customers.

In addition to deposits, the Group's funding sources consist of other borrowed funds. The Group's other borrowed funds amounted to ₦113.9 billion as of 31 December 2020 and ₦163.0 billion and ₦178.6 billion as of 31 December 2019 and 2018, respectively. Please see "*—Borrowed Funds*" below for more information.

The following table sets out certain liquidity ratios for the Group as of the dates indicated:

	As of 31 December		
	2020	**2019**	**2018**
		(%)	
Liquid assets/total assets	18.11	18.58	17.10
Liquid assets/total deposits	24.80	26.46	23.86
Liquid assets/liabilities up to one month	24.88	26.04	25.34
Loans to customers, net/total assets	33.63	39.96	38.39
Loans to customers, net/customer accounts	46.05	56.90	53.55
Loans to customers, net/total equity	204.18	218.54	218.99

Cash flow analysis

The following table sets out details of the Group's cash and cash equivalents as of the dates indicated:

	As of 31-December		
	2020	2019	2018[(1)]
	(Naira thousands)		
Net cash from operating activities	406,161,646	267,127,947	261,061,518
Net cash from (used in) investing activities	(225,136,914)	(199,494,607)	(57,700,931)
Net cash used in financing activities	(139,124,802)	(98,622,044)	(229,733,562)
Net increase (decrease) in cash and cash equivalents	41,899,930	(30,988,704)	(26,372,975)
Cash and cash equivalents at beginning of the period	585,156,021	614,963,180	609,174,897
Effect of exchange rate changes on cash and cash equivalents	84,373,468	1,181,545	32,161,258
Total cash and cash equivalents	**711,429,419**	**585,156,021**	**614,963,180**

(1) Certain balances were reclassified in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, to reflect change in accounting estimate.

Cash and cash equivalents amounted to ₦711.4 billion as at 31 December 2020, and ₦585.2 billion as at 31 December 2019, compared to ₦615.0 billion as at 31 December 2018.

Net cash from operating activities

Net cash generated from operating activities for the year ended 31 December 2020 and 2019 was ₦406.2 billion and ₦267.1 billion, respectively. The ₦139.0 billion, or 52.0 per cent., increase in cash flow from operating activities was principally as a result of a net cash inflow of ₦856.2 billion arising from customer deposits generated during the year. The increase in deposits in 2020 was largely due to the imposed OMO ban by the CBN, which resulted in retail investors seeking alternate investment outlets, particularly savings accounts. This contributed significantly to the growth in total deposits. The effect of this growth was stemmed however by the increase in CRR and corresponding debits by the CBN, which resulted in net cash outflow in the sum of ₦661.1 bn, a 1,228.5 per cent. increase compared to ₦49.8 bn for the year ended 31 December 2019.

Net cash generated from operating activities decreased by ₦96.1 billion, or 26.9 per cent., to ₦261.1 billion for the year ended 31 December 2018 from ₦357.2 billion for the year ended 31 December 2017. The decrease was primarily due to net cash outflow of ₦90.4 billion on 'other liabilities' following release of pledged escrow balances of the sum of ₦92.4 billion upon completion of transaction cycle. Customers' escrow balances warehoused in 'other liabilities' decreased from ₦156.6 billion as at 31 December 2017 to ₦64.1 billion as at 31 December 2018.

Net cash from (used in) investing activities

Net cash generated/(used) in investing activities for the years ended 31 December 2020 and 2019 was (₦225.1) billion and (₦199.5) billion, respectively. The (₦25.6) billion, or 12.9 per cent., increase in net cash flow used in investing activities was principally as a result of the increase in net purchase of investment securities (i.e. purchase less amount redeemed) by ₦61.8 billion from ₦128.8 billion for the year ended 31 December 2019 to ₦190.6 billion for the year ended 31 December 2020. This increase was partially offset by a saving of ₦36.7 billion arising from a reduction in the additional amount invested in the acquisition of property, plant and equipment and intangible assets for the year ended 31 December 2020.

Net cash generated/(used) in investing activities for the years ended 31 December 2019 and 2018 was (₦199.5) billion and (₦57.7) billion, respectively. The ₦141.8 billion, or 245.7 per cent., increase in net cash flow used in investing activities was principally a result of increase in net purchase of investment securities (i.e. purchase less amount redeemed) from ₦26.5 billion for the year ended 31 December 2018 to ₦128.8 billion for the year ended 31 December 2019.

Net cash generated/(used) in investing activities decreased by ₦35.2 billion, or 37.9 per cent., to (₦57.7) billion for the year ended 31 December 2018 from (₦92.9) billion for the year ended

31 December 2017. The decrease was primarily due to the decline in net purchase of investment securities (i.e. purchase less amount redeemed) from ₦72.0 billion for the year ended 31 December 2017 to ₦26.5 billion for the year ended 31 December 2018.

Net cash used in financing activities

Net cash used by financing activities for the year ended 31 December 2020 and 2019 was ₦139.1 billion and ₦98.6 billion, respectively. The ₦40.5 billion, or 41.1 per cent., increase in cash used by financing activities was principally a result of non-recurrence in 2020 of the sum of ₦20.5 billion, which was borrowed from Development Bank of Nigeria as of 30 June 2019 and fully repaid before the due maturity date.

Net cash used by financing activities decreased by ₦131.1 billion, or 57.1 per cent., to (₦98.6) billion for the year ended 31 December 2019 from (₦229.7) billion for the year ended 31 December 2018. The decrease was primarily due to repayment of Eurobond liability of ₦99.0 billion, which occurred during the year ended 31 December 2018 but did not recur in 2019.

Net cash used by financing activities increased by ₦112.8 billion, or 96.4 per cent., to (₦229.7) billion for the year ended 31 December 2018 from (₦117.0) billion for the year ended 31 December 2017. The increase was primarily due to repayment of Eurobond liability of ₦99.0 billion during the year ended 31 December 2018.

Capital expenditure

Capital expenditure for the year ended 31 December 2020 was ₦34.7 billion (U.S.$84.7 million) and ₦71.4 billion (U.S.$195.9 million) for the year ended 31 December 2019, compared with ₦32.1 billion (U.S.$89.4 million) for the year ended 31 December 2018. In the period under review, the Group's capital expenditure related principally to items of property, plant and equipment, IT infrastructure and software development expenses. The Group did not have any material commitments related to capital expenditures as of 31 December 2020.

Borrowed funds

The following table sets out details of the Group's borrowed funds as of the dates indicated.

	As of 31 December		
	2020	**2019**	**2018**
		(Naira thousands)	
Due to IFC	30,234,461	43,883,237	59,940,225
Due to BOI	23,905,694	32,104,591	38,396,728
Due to ADB	—	—	—
Due to FMO Netherlands	—	—	450,290
Due to CACS	12,178,889	16,003,270	25,172,146
Due to Proparco	5,636,476	8,631,603	12,308,296
MSME Development Fund	22,862	47,391	121,393
Excess Crude Account-Secured Loans Funds	13,812,844	13,860,702	14,219,713
Due to DEG	—	—	—
RSSF on lending	22,575,144	25,313,433	25,292,215
SANEF Intervention Fund	865,752	1,005,100	1,000,000
NESF Fund	1,241,570	1,658,801	1,665,794
Due to DBN Intervention Fund	—	20,491,781	—
Due to Anchor Borrower's Fund	2,997,061	—	—
Economic Stimulus Fund	424,015	—	—
Total	**113,894,768**	**162,999,909**	**178,566,800**

The Group has both international and domestic borrowings. The Group's borrowings from international financial institutions include borrowings from the International Finance Corporation ("**IFC**") and

Proparco, the private sector financing subsidiary of the Agence Française de Développement, ("**Proparco**"), whilst the Group's domestic borrowings comprise Government intervention funds.

U.S. dollar-denominated loans

As at 31 December 2020, U.S.$73.7 million (₦30.2 billion) was outstanding on the U.S.$345 million facility provided to the Bank by the IFC in two tranches (Tranches 4 & 5). The Tranche 4 loan of U.S.$170 million at 5.5 per cent. was drawn by the Bank in December 2011 with an arrangement for principal repayment to be made over an eight-year period commencing after a two-year moratorium from the date of disbursement, whilst the Tranche 5 loan of U.S.$175 million was drawn by the Bank in December 2014 for a period of eight years at a rate of 4 per cent. above LIBOR. Interest and principal is paid semi-annually on the two tranches, following the expiration of interest-only payment periods ending in December 2013 and December 2016 for Tranches 4 and 5 respectively.

As at 31 December 2020, U.S.$13.7 million (₦5.64 billion) was outstanding on the U.S.$100 million facility provided to the Bank by Proparco. The facility was provided in two tranches, the first tranche of U.S.$50 million was drawn by the Bank in December 2011 at an interest rate of 4.46 per cent., and matured in January 2016. The outstanding tranche of U.S.$50 million was drawn by the Bank in January 2015 and matures in April 2022. Interest is paid semi-annually at a rate of 4.26 per cent. above LIBOR. Principal is repaid semi-annually following the expiration of an interest-only payment period in April 2017.

The U.S. dollar-denominated credit lines discussed above are used to provide credit facilities to customers who earn foreign currency from their business operations in Nigeria. These customers operate in oil and gas, exports, hospitality and service sub-sectors of the economy. The Group's policy is only to make term loans in U.S. dollars from matching U.S. dollar funding sources to customers that generate predominantly U.S. dollars. In this way, the Group limits the likelihood of exchange rate risk negatively affecting its operations. All U.S. dollar loans granted to customers have been satisfactorily operated with interest and principal serviced on a timely basis since the commencement of foreign currency lending in 2001.

Naira-denominated loans

During the last decade, the CBN introduced several specific initiatives to stimulate the economy by providing banks with low cost Naira-denominated liquidity to on-lend at reduced interest rates to selected sectors and businesses.

As of 31 December 2020, the Bank had an outstanding balance of ₦23.9 billion under the on-lending facility granted to the Bank through the Small and Medium Enterprise Refinancing Restructuring Fund ("**SMERRF**") and the Power and Airline Intervention Fund ("**PAIF**") by the Bank of Industry. The Bank pays interest of 1 per cent. on these facilities, with the Bank of Industry also entitled to a 1 per cent. management fee from the Bank. The end-creditors pay an interest rate of 5 per cent. to the Bank, with the tenor of the facilities as at 31 December 2020 ranging between 1 year and 5 years.

The Bank also has access to the on-lending facilities granted by the CBN under the Commercial Agricultural Credit Scheme ("**CACS**") and the Micro Small and Medium Enterprise Development Fund. As of 31 December 2020, the Bank had an outstanding balance of ₦12.2 billion and ₦22.9 million under these facilities respectively. The Bank pays interest on both schemes at a rate of 1 per cent., with the maximum rate payable by the eligible end-creditors to the Bank set at 5 per cent.

As of 31 December 2020, the Bank had an outstanding balance of ₦13.8 billion on an on-lending facility granted for the execution of developmental and infrastructure projects by State Governments in Nigeria. The facility is secured by the balance due to State Governments from the Excess Crude Account and has a tenor of 20 years. The Bank pays interest under the facility at 1 per cent., with the State Government's paying interest of 5 per cent. to the Bank.

As of 31 December 2020, the Bank had an outstanding balance of ₦22.6 billion on funds borrowed under the Real Sector Support Facility ("**RSSF**"). The RSSF is an on -lending facility targeted at enterprises in the manufacturing, agricultural value -chain and selected service sub-sectors. The Bank pays interest of 1 per cent., with the eligible end -creditors paying interest of 5 per cent. to the Bank.

As of 31 December 2020, the Bank had an outstanding balance of ₦0.87 billion under the Shared Agent Network Facility ("**SANEF**"). The fund provides ten -year loans to CBN licenced and prequalified mobile money and super -agent operators, with the ultimate purpose of deepening financial inclusion in the country. The facility is for a tenor of ten years with an interest rate of 1 per cent. payable by the Bank with the eligible end -creditors paying interest of 5 per cent. to the Bank.

As of 31 December 2020, the Bank had an outstanding balance of ₦1.24 billion under the Non-Oil Export Stimulation Facility, an on-lending facility established with the purpose of developing the non-oil export sector of the Nigerian economy. The Bank pays interest of 1 per cent. on the facility with the eligible end-creditors paying interest of 5 per cent. to the Bank. Funds borrowed under the facility have a maturity of up to 10 years, not exceeding 31 December 2027, with the principal amount repayable quarterly over the lifetime of the loan.

As of 31 December 2020, the Bank had no outstanding balance ₦ under the DBN intervention fund, an on-lending facility with a maximum tenor of three years, intended to meet the financing needs of Micro, Small and Medium Enterprises. The Bank paid interest of 7.6 per cent. on the facility, with the eligible-end creditors paying interest at the market rate to the Bank. This facility has however been fully repaid before the due maturity date.

As of 31 December 2020, the Bank had an outstanding balance of ₦3.0 billion under the Anchor Borrowers Fund, an on lending facility with a maximum tenor of 24 months, intended to provide loans to smallholder farmers to boost their agricultural production, create jobs, and reduce food import costs. The programme will be funded by the MSME development fund. The Bank pays interest of 1.0 per cent. on the facility, with eligible end creditors paying interest at the rate of 5 per cent. to the Bank. The tenor of the loans are based on gestation period of the commodity, but will not exceed 24 months. For gestation periods spanning more than 24 months, the prior approval of the CBN is sought.

As of 31 December 2020, the Group has an outstanding balance of ₦0.4 billion under the Economic Recovery Fund, an on-lending facility introduced by the Government of Rwanda with the objective of supporting the recovery of businesses in sectors that were severely impacted by COVID19, to enable them survive, resume operations and safeguard employment.

Operating leases

The following table summarises the future minimum lease payments under the Group's operating leases as at 31 December 2020.

	31 December 2020
	N'000
Less than three months	145,774
Three to six months	516,858
Six to twelve months	904,900
One to five years	995,325
More than five years	5,524,256
Total	8,087,113

Lease payments mainly represent rents payable for properties. Some of the Group's lease arrangements have renewal options and rental escalation clauses. No arrangements have been entered into for contingent rental payments.

Capitalisation and indebtedness

The following table sets out the consolidated capitalisation and indebtedness of the Group as of 31 December 2020, on historical basis. The capitalisation and indebtedness of the Group have been extracted without material adjustment from the Group's Unaudited Interim Financial Statements, which are incorporated by reference as described in Part XIV ("*Documents Incorporated by Reference*") of this Prospectus. Prospective investors should read this table together with the Financial Statements.

	As of 31 December 2020	
Liabilities:	*(U.S.$ millions)*	*(Naira millions)*
Deposits from banks	247.4	101,509.6
Deposits from customers	8,554.1	3,509,319.2
Financial liabilities at fair value through profit or loss	-	-
Derivative financial liabilities	6.7	2,758.7
Other liabilities	868.3	356,222.6
Current income tax liabilities	52.6	21,592.0
Other borrowed funds	277.6	113,894.8
Deferred tax liabilities	60.8	24,960.8
Other	-	-
Total liabilities	**10,067.7**	**4,130,257.6**
Equity:		
Share capital	35.9	14,715.6
Share premium	301.0	123,471.1
Treasury shares	(16.9)	(6,928.1)
Retained earnings	472.7	193,921.8
Other components of equity	1,154.0	473,434.5
Total equity attributable to owners of the Bank	**1,946.7**	**798,614.9**
Non-controlling interests in equity	38.5	15,780.8
Total equity	**1,985.1**	**814,395.7**
Total equity and liabilities	**12,052.8**	**4,944,653.3**

Except as described in "*—Recent Developments*", "*—Key Factors affecting Results of Operations*" and "*—Significant recent trends affecting the Group*", there has been no material change in the Group's consolidated capitalisation and indebtedness since 31 December 2020.

Off-balance sheet arrangements

In the normal course of its activity, the Group enters into certain financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, which include guarantees and performance bonds, letters of credit, commercial paper and bankers acceptances, involve varying degrees of credit risk and are not reflected in the balance sheet of the Group. As of 31 December 2020, the Group had outstanding transactions related to bonds and guarantees totalling ₦365.8 billion, clean line facilities and letters of credit totalling ₦44.1 billion and other commitments totalling ₦8.9 billion.

The following table set forth the changes in the off-balance sheet arrangements for the periods indicated:

	31 December			**Change between 31 December 2020 and 31 December 2019**	**Change between 2019 and 2018**
	2020	**2019**	**2018**		

	(Naira thousands)			(%)	
Financial Guarantees	365,827,380	351,764,791	386,386,612	4.00	(9.0)
Contingent Liabilities:					
Transaction related bonds and guarantees.	365,827,380	351,764,791	386,386,612	4.00	(9.0)
Commitments:					
Clean line facilities and letters of credit	44,121,453	57,673,046	46,922,591	(23.50)	22.9
Other commitments	8,873,968	3,903,752	7,742,322	127.32	(49.6)
Total..	418,822,801	413,341,589	441,051,525	1.33	(6.3)

The Group's total off-balance sheet assets were ₦418.8 billion as at 31 December 2020, ₦413.3 billion as at 31 December 2019 and ₦441.1 billion as at 31 December 2018. The Group's maximum exposure to credit losses for off-balance sheet arrangements is reflected in the contractual amounts of these transactions.

In line with IFRS 9, the Group assesses its off-balance sheet assets and liabilities for impairment and recognises appropriate provisions. It does this using the Credit Conversion Factor, which is a modelled parameter that converts an off-balance sheet exposure to its credit exposure equivalent before applying the ECL impairment model to determine the forward-looking impairment. As of 31 December 2020, the Group had recognised the sum of ₦3.7 billion as impairment charge on off-balance sheet contingent liabilities compared with the ₦6.5 billion recognised as of 31 December 2019.

Contingencies and Contractual commitments

The following table sets out the commitments and contingent liabilities of the Group in Naira, by contractual maturity, as of 31 December 2020.

	Less than three months(1)	**Three to six months**	**Six to twelve months**	**One to five years**	**More than five years**	**Total**
			(Naira millions)			
Transaction related bonds and guarantees	60,252.2	34,797.7	22,956.0	36,885.2	210,936.3	365,827.4
Guaranteed facilities..........................	-	-	-	-	-	-
Clean line facilities and letters of credit..	36,692.6	3,791.5	2,011.3	1,626.1	-	44,121.5
Other commitments	7,454.6	748.9	670.5	-	-	8,874.0
Total..	**104,399.4**	**39,338.1**	**25,637.8**	**38,511.2**	**210,936.3**	**418,822.8**

Note:
(1) Includes balances with no specific contractual maturities.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance sheet operations.

Capital adequacy

The Bank is regulated by the CBN and must meet the CBN's capital adequacy requirements. In accordance with CBN Prudential Guidelines, a minimum capital adequacy ratio of 16.0 per cent. must be maintained by D-SIBs (including the Bank). This requirement includes the additional 1 per cent. of capital which D-SIBs are required to maintain as higher loss absorbency. The Group, as an internal policy, works to maintain adequate capital cover for its trading activities, with a minimum internal target of 17 per cent.

In 2018, the CBN introduced a four-year transitional arrangement to spread the effect of the adoption of IFRS 9 on Tier 1 regulatory capital. During this period, banks are required to compute their capital adequacy ratio under the 'Transitional Arrangement' and 'Full Impact Assessment'.

The following table sets forth the Bank's capital adequacy under the 'Transitional Arrangement' as at the dates indicated:

	As at 31 December		
	2020	**2019**	**2018**
		(Naira millions, except %)	
Tier 1 capital			
Share capital	14,716	14,716	14,716
Share premium	123,471	123,471	123,471
Retained profits	120,355	95,111	79,669
Statutory reserve	310,863	298,878	272,609
SMEEIS and AGSMEIS reserves[(1)]	35,741	26,985	18,639
IFRS 9 transitional adjustment	33,360	33,360	50,040
RRR applied for IFRS 9 Impact	-	-	-
Non-Controlling Interest	-	-	-
Total Tier 1 capital	**638,506**	**592,520**	**559,143**
Less Regulatory Deductions			
Non-Controlling Interest	**(75,283)**	**(76,429)**	**(72,389)**
Net Total Tier 1 capital	**563,223**	**516,091**	**486,754**
Tier 2 capital			
Fair Exchange Adjustments	-	-	-
Fair Value Reserves	3,499	1,412	(1,623)
Net Total tier 2 capital	**3,499**	**1,412**	**(1,623)**
Total qualifying capital	**566,722**	**517,503**	**485,131**
Composition of Risk-weighted Assets			
Credit risk	1,966,558	1,631,274	1,393,083
Operational risk	485,249	454,625	423,793
Market risk	6,887	5,994	14,560
Total risk-weighted assets	**2,458,693**	**2,091,893**	**1,831,435**
Total Risk weighted Capital Ratio (%)	23.05%	24.74%	26.49%
Tier 1 Risk Based Capital Ratio (%)	22.91%	24.67%	26.58%

The Bank computes its capital adequacy ratio in line with the CBN's guidance on Regulatory Capital, Credit Risk, Market Risk and Operational Risk under the Basel II framework. The Bank throughout the review period, operated above its targeted capitalisation range and well over the CBN-mandated regulatory minimum of 16 per cent. for D-SIBs with a CAR of 23.05 per cent. under the CBN Transitional Arrangement as indicated in the table above. Under the Full Impact Assessment, which bears the full impact of IFRS 9 impairment, the Bank's capital adequacy ratio was 19.55 per cent. as at 31 December 2020 (with 20.66 per cent. as at 31 December 2019, compared to 20.93 per cent. as at 31 December 2018). The table above captures the capital adequacy ratio under the Transitional Arrangement.

The following table sets forth the Group's capital adequacy as at the dates indicated:

	As at 31 December		
	2020	2019	2018
	(Naira millions, except %)		
Tier 1 capital			
Share capital..	14,716	14,716	14,716
Share premium	123,471	123,471	123,471
Retained profits...	172,620	136,248	106,539
Statutory reserve.......................................	331,954	318,117	283,918
SMEEIS and AGSMEIS reserves(1)...........	35,759	27,003	18,639
IFRS 9 transitional adjustment	34,555	34,555	51,833
RRR applied for IFRS 9 Impact..................	-	-	-
Non-Controlling Interest............................	14,621	13,730	12,433
Total Tier 1 capital	**772,697**	**667,840**	**611,549**
Less Regulatory Deductions			
Non-Controlling Interest......................	**(31,517)**	**(29,034)**	**(24,516)**
Net Total Tier 1 capital............................	**696,180**	**638,806**	**587,393**
Tier 2 capital..			
Fair Exchange Adjustments........................	14,581	13,410	18,268
Fair Value Reserves	4,017	1,980	(1,262)
Net Total tier 2 capital.............................	**18,598**	**15,390**	**17,006**
Total qualifying capital............................	**714,778**	**654,196**	**604,399**
Composition of Risk-weighted Assets......			
Credit risk	2,272,857	1,979,578	1,625,280
Operational risk...	589,712	538,464	487,938
Market risk..	10,998	8,522	34,327
Total risk-weighted assets........................	**2,873,567**	**2,527,564**	**2,147,545**
Total Risk weighted Capital Ratio (%)........	**24.87%**	**25.88%**	**28.14%**
Tier 1 Risk Based Capital Ratio (%)...........	**24.23%**	**25.27%**	**27.35%**

The CAR of 24.87 per cent. indicated in the table above was determined under the CBN Transitional Arrangement Under the Full Impact Assessment, which bears the full impact of IFRS 9 impairment, the Group's capital adequacy ratio was 21.89 per cent. as at 31 December 2020 (with 22.51 per cent. as at 31 December 2019 and compared to 23.39 per cent. as at 31 December 2018).

Critical accounting policies and estimates

Critical accounting policies are those policies that require the application of the Bank management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in a subsequent period. Critical accounting policies involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. For detailed information on the critical accounting policies that are used for the preparation of the Group's Financial Statements, see Note 6 of 2020 Financial Statements, 2019 Financial Statements and 2018 Financial Statements, incorporated into this Prospectus by reference as set forth in Part XIV ("*Documents Incorporated by Reference*").

Changes to Accounting Standards

The accounting standards adopted by the Group are consistent with those of the previous financial period. Amendments to the following standard(s) became effective in the annual period starting from 1 January 2020. 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 3 (*Business Combinations*)

IFRS 3 outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). In October 2018, after the implementation review of IFRS 3, the IASB issued an amendment to IFRS 3, which came into effect for annual periods beginning on or after 1 January 2020. The amendment centers mainly on the definition of a "business". This amendment is not expected to have any impact on the Group's financial position and results of operations.

Amendment to IAS 1 (*Presentation of Financial Statements*) and IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors)*

In October 2018, the IASB issued the definition of 'material'. This amendment, which came into effect in the annual reporting period starting from 1 January 2020, is intended to clarify, modify and ensure that the definition of 'material' is consistent across all IFRS. Under IAS 1 (*Presentation of Financial Statements*) and IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors)*, the revised definition of 'material' is quoted as below:

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

The Group has taken into consideration the new definition in the preparation of its financial statements.

PART VIII

TERMS AND CONDITIONS OF THE NEW GLOBAL DEPOSITARY RECEIPTS

The following terms and conditions (subject to completion and amendment) will apply to the Global Depositary Receipts, and will be endorsed on each Global Depositary Receipt Certificate.

The Global Depositary Receipts ("**GDRs**") represented by this certificate are issued in respect of ordinary shares of nominal value 50 Kobo each (the "**Shares**") in Guaranty Trust Holding Company PLC (the "**Company**"), with each GDR issued in respect of fifty Shares, pursuant to and subject to an agreement dated on or around 24 June 2021, and made between the Company and JPMorgan Chase Bank, N.A. as depositary (the "**Depositary**") for the "Regulation S Facility" and the "Rule 144A Facility" (such agreement, as amended from time to time, being hereinafter referred to as the "**Deposit Agreement**"). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed Citibank Nigeria Limited as Custodian (as defined below) to receive and hold on its behalf the Share certificates in respect of certain Shares (the "**Deposited Shares**") and all rights, interest, securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the "**Deposited Property**"). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee in proportion to their holding of GDRs. In these terms and conditions (the "**Conditions**"), references to the "**Depositary**" are to JPMorgan Chase Bank, N.A. and/or any other Depositary which may from time to time be appointed under the Deposit Agreement, references to the "**Custodian**" are to Citibank Nigeria Limited or any other Custodian from time to time appointed under the Deposit Agreement and references to the "**Main Office**" mean, in relation to the Custodian, its office at 27, Kofo Abayomi Street, Victoria Island, Lagos, Nigeria (or such other office as from time to time may be designated by the Custodian with the approval of the Depositary). Deposited Shares are subject to the law or market practice of a jurisdiction outside the United Kingdom and therefore may be registered or recorded in the name of the Depositary or the Custodian where the Depositary takes reasonable steps to determine that it is in the best interests of the Holders to register or record the Deposited Shares in this way, or it is not feasible to do otherwise, because of the nature of the applicable law or market practice. Each Holder is hereby notified that any deposit of cash in the name of the Depositary may mean that the cash is not segregated from the assets of the Depositary and in the event of the insolvency of the Depositary, the Holder's claim may not be as well protected from claims made on behalf of the general creditors of the Depositary.

References in these Conditions to the "Holder" of any GDR shall mean the person registered as Holder on the books of the Depositary maintained for such purpose (the "**Register**") and references to a "Beneficial Owner" of any GDRs means any person or entity having a beneficial ownership interest in such GDRs. A Beneficial Owner of a GDR need not be the Holder of a GDR. If a Beneficial Owner of a GDR is not a Holder, it must rely on the Holder of such GDR in order to assert any rights or receive any benefits under the Deposit Agreement. The arrangements between a Beneficial Owner of GDRs and the Holder of such GDRs may affect the Beneficial Owner's ability to exercise any rights it may have. A Beneficial Owner of GDRs shall only be able to exercise any right or receive any benefit hereunder or under the Deposit Agreement solely through the Holder of such GDRs. A Holder shall be deemed to have all requisite authority to act on behalf of any and all Beneficial Owners of the GDRs registered in such Holder's name. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the Certificate in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and any agent appointed by the Depositary for such purpose and at the Main Office of the Custodian. Holders and Beneficial Owners are deemed to have notice of and be bound by all of the provisions of the Deposit Agreement, and shall become bound by these Conditions and the Deposit Agreement upon becoming a Holder or a Beneficial Owner of GDRs, as applicable. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. Holders and Beneficial Owners of GDRs are not party to the Deposit Agreement which specifically disallows application of the Contracts (Rights of Third Parties) Act 1999 and thus, under English Law, have no contractual rights against, or obligations to, the

Company or the Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the "Depositary" in respect of that number of Deposited Shares to which the GDRs of which he is the Holder relate. For the avoidance of doubt, a Beneficial Owner shall only be able to exercise any right or receive any benefit under the Deposit Agreement, the GDRs, the Conditions or the Deed Poll solely through the Holder of the GDRs owned by such Beneficial Owner.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares are duly authorized, validly issued, fully paid and non-assessable and were legally obtained by such person, (ii) all pre-emptive rights, if any, with respect to such Shares have been validly disapplied, waived or exercised, (iii) the person making such deposit is duly authorised to do so, and (iv) such Shares are free and clear of any liens, encumbrances or other security, have not been stripped of any rights or entitlements, and are not subject to any unfulfilled requirements of applicable law or regulation. Such representations and warranties shall survive the deposit of Shares and the issue of GDRs in respect thereof. If any of the representations or warranties are incorrect in any way, the Company and the Depositary may, at the cost of the breaching Holder and/or Beneficial Owner, and each of them, take any and all actions necessary to correct the consequences of such misrepresentation.

1. Deposit of shares and other securities

(A) After the initial deposit of Shares in connection with the Scheme GDRs, unless otherwise agreed by the Depositary and the Company and permitted by applicable law, and subject to the provisions of Clause 3 of the Deposit Agreement, only the following may be deposited under the Deposit Agreement in respect of such GDR:

(i) Shares issued as a dividend or free distribution on Deposited Shares pursuant to Condition 5;

(ii) Shares subscribed for or acquired by Holders from the Company through the exercise of rights distributed by the Company to such persons in respect of Deposited Shares pursuant to Condition 7;

(iii) securities issued by the Company to the Holders in respect of Deposited Shares as a result of any change in the nominal value, sub-division, consolidation or other reclassification of Deposited Shares or otherwise pursuant to Condition 10. References in these Conditions to "Deposited Shares" or "Shares" shall include any such securities, where the context permits; and

(iv) (to the extent not prohibited by applicable law and regulation) any other Shares in issue from time to time.

In connection with, or in any way related to, the initial deposit of Shares hereunder by the Company or the handling of said Shares by the Custodian, the Company agrees to remain liable for, and to pay, such stamp duty or other governmental charge.

Any person delivering Shares for deposit may be required by the Depositary or the Custodian to furnish it with such proof, certificates and representations and warranties as to matters of fact, including without limitation the citizenship and residence (including tax residence) of the depositor, absence of restrictions on ownership of Shares, the authenticity and validity of the certificate or certificates or other instruments of title to such Shares (and such information relating to the registration in the Share Register) and the identity and genuineness of any signature on any of the supporting instruments or other documents, and with such further documents and information as the Depositary may deem necessary or reasonably appropriate for the administration or implementation of the Deposit Agreement in accordance with applicable laws and regulations. The Depositary or the Custodian may withhold acceptance of Shares for deposit, withhold delivery of GDRs and/or withhold adjustment of the Master GDR to reflect increases in Shares represented thereby until such items are so furnished or otherwise provided in accordance with these Conditions. Shares are not deemed accepted for deposit until such time as they have been re-registered in the name of the Depositary for the benefit of Holders of GDRs or in such other name as the Depositary may direct. Furthermore, if for any reason the Depositary or the Custodian is legally required to comply with any formalities prior to the time when Shares may be accepted for deposit, the Depositary or the Custodian may withhold acceptance of Shares for deposit until such formalities have been complied with. The depositor shall be solely liable for any costs, claims, losses, taxes, duties, governmental charges, damage or liability resulting from any Shares or other instruments submitted to the Depositary pursuant to the Deposit Agreement not ranking *pari passu* in all respects with other Deposited Shares or resulting from any other shortcoming in, imperfection in title to, or dissimilarity of, the Shares or other securities deposited.

(B) The Depositary will issue GDRs in respect of Shares accepted for deposit under this Condition. Under the Deposit Agreement, the Company must inform the Depositary if any Shares issued by it which may be deposited under this Condition do not, by reason of the date of issue or otherwise, rank *pari passu* in all respects with the other Deposited Shares. Subject to the provisions of Conditions 5, 7 and 10, if the Depositary accepts such Shares for deposit it will arrange for the issue of temporary GDRs in respect of such Shares which will form a different class of GDRs from the other GDRs until such time as the Shares which they represent become fully fungible with the other Deposited Shares.

(C) The Depositary will refuse to accept Shares for deposit whenever it is notified in writing by the Company that the Company has restricted the transfer of such Shares to comply with ownership restrictions under applicable Nigerian law or that such deposit would result in any violation of any applicable Nigerian laws or governmental or stock exchange regulations. The Company may, following receipt from the relevant Nigerian authority or regulator of formal approval given in anticipation of a further issue of Shares and GDRs to increase the number of Shares that may be deposited in the Regulation S Facility or the Rule 144A Facility, as applicable, instruct the Depositary to refuse to accept for deposit any Shares that would not have been permitted to be so deposited had such formal approval not been obtained, for a period ending no later than the relevant issue date of such further Shares and GDRs and the Depositary will refuse to accept such Shares. The Depositary may also refuse to accept Shares for deposit if notified in writing by the Company that the Shares are required to be registered under the Securities Act and have not been so registered or if such action is considered reasonably necessary or advisable by the Depositary, in good faith, at any time or from time to time because of any requirement of law or of any government or governmental authority, body, commission or stock exchange, or under any provision of the Deposit Agreement or for any other reason. The Depositary shall have no liability for any such refusal to accept Shares for deposit in accordance with this Condition 1(C).

(D) No Share shall be accepted for deposit unless accompanied by certifications and agreements and other evidence (which may include an opinion of counsel satisfactory to the Depositary (acting reasonably) provided at the expense of the person seeking to deposit Shares), if and to the extent required by the Depositary, that is satisfactory to the Depositary (acting reasonably) and the Custodian that all conditions to the making and acceptance (as the case may be) of such deposit and the issuance of GDRs against such deposit have been satisfied under the laws and regulations of Nigeria, and that any currency control requirement has been complied with and that any necessary registration, filing, notification, permit, license and approval has been made with or granted by any relevant governmental body in Nigeria, including, but not limited to, any governmental body which is then performing the function of the regulator of currency exchange.

(E) Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement (a) any Shares or other Deposited Property required to be registered pursuant to the provisions of the Securities Act, unless a registration statement under the Securities Act is in effect as to such Shares or other Deposited Property, (b) any Shares or Deposited Property which, if accepted for deposit under the Deposit Agreement, shall make the total number of Shares accepted for deposit under the Deposit Agreement exceed the maximum number of Shares allowed for circulation outside Nigeria pursuant to applicable Nigerian law or (c) any Shares or Deposited Property the deposit of which would violate any provisions of the Constitutional Documents, or (d) any Shares or Deposited Property which, if accepted for deposit under the Deposit Agreement, shall exceed such number as may be communicated to the Depositary by the Company from time to time in writing; provided that neither the Company nor the Depositary nor any of their Affiliates shall have any liability to any Holder or Beneficial Owner in the event that the Depositary shall fail to comply with the requirements of these sub-paragraphs (a), (b), (c) and (d). For purposes of the foregoing sentence, the Depositary shall be entitled to rely upon representations and warranties made or deemed made pursuant to the Deposit Agreement and shall not be required to make any further investigation. The Depositary will comply with written instructions of the Company (received by the Depositary reasonably in advance) not to accept for deposit under the Deposit Agreement any Shares identified in such instructions at such times and under such circumstances as may be specified in such instructions in order to facilitate the Company's compliance with the securities laws of the United States or any other jurisdiction. The Depositary shall have no liability for any actions taken in accordance with such instructions.

(F) Holders and Beneficial Owners shall make all necessary notifications or filings and shall obtain, maintain, extend or renew all necessary approvals to, with or from state authorities in Nigeria, and shall take all such other actions, as may be required to remain at all times in compliance with applicable rules and regulations of Nigeria.

(G) Notwithstanding anything herein to the contrary, if at any time the Depositary believes that the Shares deposited with it against issuance of GDRs, together with any other securities of the Company which shall have been deposited with the Depositary against issuance of GDRs, represent (or, upon accepting any additional Shares for deposit, would represent) such percentage as exceeds any threshold or limit (whether in aggregate or in respect of an individual Holder or Beneficial Owner) established by the Constitutional Documents or any applicable law, directive, regulation or permit, or satisfies any condition for making any offer, filing, application, notification or registration or obtaining any approval, license or permit or taking any other action required by the Constitutional Documents or any applicable law, directive or regulation, including without limitation any of the Conditions (as the same may be amended from time to time), the Depositary may (i) close its books to deposits of additional Shares in order to prevent such thresholds or limits being exceeded or conditions being satisfied, or (ii) take such steps as are, in its opinion, reasonably necessary or desirable to remedy the consequences of such thresholds or limits being exceeded or conditions being satisfied and to comply with any such law, directive or regulation, including, without limitation, causing pro rata cancellation of GDRs and withdrawal of Shares or other Deposited Property to the extent necessary or reasonably desirable to so comply.

(H) Subject to the limitations set forth in the Deposit Agreement, the Depositary may (but is not required to) issue GDRs prior to the delivery to it of Shares in respect of which such GDRs are to be issued.

2. Withdrawal of Deposited Property

(A) Deposited Property may not be withdrawn until the Depositary has received a written confirmation from the Company that the Shares are listed on the Nigerian Stock Exchange. The Depositary shall notify the Holders of such listing in accordance with Condition 23 as soon as is practically possible after receiving such written confirmation. Subject as set out in this Condition 2, any Holder may request withdrawal of, and the Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence that such person is the Holder of, and entitled to, the relative GDR as the Depositary may reasonably require at the specified office of the Depositary or any agent appointed by the Depositary for such purpose accompanied by:

(i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Main Office of the Custodian, or (at the request, risk and expense of the Holder and only if permitted by applicable law from time to time) at the specified office from time to time of the Depositary or any agent appointed by the Depositary for such purpose to, or to the order in writing of, the person or persons designated in such order and a duly executed and completed certificate substantially in the form set out in Part B of SCHEDULE 4 to the Deposit Agreement (or an electronic certification through the applicable clearing system in lieu of such executed certification), if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs, or in Part B of SCHEDULE 3 to the Deposit Agreement (or an electronic certification through the applicable clearing system in lieu of such executed certification) in respect of surrendered Regulation S GDRs;

(ii) the payment of such fees, taxes, duties, charges and expenses as may be required under these Conditions or the Deposit Agreement; and

(iii) the surrender (if appropriate) of GDR Certificates in definitive registered form to which the Deposited Property being withdrawn is attributable.

(B) Certificates for withdrawn Deposited Shares will contain such legends, including the legends described under “Transfer Restrictions”, and withdrawals of Deposited Shares may be subject to such transfer restrictions or certifications, as the Company or the Depositary may from time to time determine to be necessary for compliance with applicable laws.

(C) Upon production of such documentation and the making of such payment as aforesaid in accordance with paragraph (A) of this Condition, the Depositary will direct the Custodian by tested telex, or SWIFT message, within a reasonable time after receiving such direction from such Holder, to deliver at its Main Office to, or to the order in writing of, the person or persons designated in the accompanying order:

(i) a certificate for, or other appropriate instrument of title to, the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and

(ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof as aforesaid;

provided that the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

(a) will direct the Custodian to deliver the certificates for, or other instruments of title to, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraph (C)(i) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or an agent appointed by the Depositary for such purpose and is attributable to such Deposited Shares); and/or

(b) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied by such instruments of transfer in blank or to the person or persons specified in such order and such other documents, if any, as are required by law for the transfer thereto),

in each case to the specified office from time to time of the Depositary or, if any, any agent appointed by the Depositary for such purpose as designated by the surrendering Holder in such accompanying order as aforesaid.

(D) Delivery by the Depositary, any agent appointed by the Depositary for such purpose and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

(E) Subject as set out above, upon request by any Holder in accordance with Condition 2 for withdrawal of Deposited Property and upon compliance therewith including provision to the Depositary of a duly executed and completed certificate substantially in the form set out in Part B of SCHEDULE 4 (or an electronic certification through the applicable clearing system in lieu of such executed certification) by or on behalf of each person who will be the Beneficial Owner of the Deposited Property to be delivered in respect of Rule 144A GDRs, or a duly executed and completed certificate substantially in the form set out in Part B of SCHEDULE 3 (or an electronic certification through the applicable clearing system in lieu of such executed certification) by or on behalf of each person who will be the Beneficial Owner of the Deposited Property to be delivered in respect of the Regulation S GDRs, as applicable (in each such case, Part B of SCHEDULE 3 and SCHEDULE 4 may be modified in a manner not inconsistent with the provisions of the Deposit Agreement as may be reasonably required by the Depositary in order for the Depositary to perform its duties under the Deposit Agreement or to comply with any applicable law or with the rules and regulations of any securities exchange, market or automated quotation system upon which the GDRs issued hereunder may be listed or to conform with any usage with respect thereto or any book-entry system by which GDRs issued hereunder may be transferred, or to indicate any special limitations or restrictions to which any particular GDRs are subject by reason of the date of issuance of the underlying Deposited Property or otherwise) the Depositary shall make (and forthwith notify the Custodian and the Company in writing of) such arrangements for delivery or collection thereof as soon as reasonably practicable to, or to the order in writing of, the person or persons specified in the order for withdrawal, provided that the Depositary shall not (except on the instruction of the Company) make arrangements for such delivery or collection (i) during any period when the transfer of Shares has been blocked on the account due to participation in any shareholders' meeting of the Company when notified by the Company in writing that such suspension is necessary, or (ii) if the Depositary is notified by the Company in writing that delivery of Deposited Property will not comply generally, or in one or more localities, with any applicable law or governmental or stock exchange regulations, or the delivery of Deposited Property is blocked by any applicable court order, or (iii) if the Depositary is notified by the Company in writing that delivery of Deposited Property will result in ownership of such Shares exceeding any limit under applicable Nigerian or UK law or government resolution or the Constitutional Documents, or for any other regulatory reason in Nigeria or the UK, as notified to the Depositary by the Company from time to time. For the avoidance of doubt, in the absence of any such notification from the Company, the Depositary is not under any obligation to ascertain or determine whether or not any such delivery should be refused (including monitoring ownership levels amongst Beneficial Owners) and the Depositary shall not be liable for any loss, damage or other consequences arising from any such delivery. In addition, for the avoidance of doubt, provided that it is complying with a written notification from the Company pursuant to this Condition 2(E), the Depositary shall not be liable for any loss, damage or other consequences arising from its refusal or delivery. The Depositary shall only be obliged to deliver Shares or other Deposited Property to the extent that Shares or such other Deposited Property are then held by the Custodian or the Depositary or by their respective agents pursuant to the provisions of the Deposit Agreement.

(F) Neither the Depositary nor the Custodian shall deliver Shares, by physical delivery, book entry or otherwise (other than to the Company or its agent as contemplated by Condition 1), or otherwise permit Shares to be withdrawn from the Regulation S Facility or from the Rule 144A Facility, except upon the receipt and cancellation of Regulation S GDRs or Rule 144A GDRs, respectively or as set out in Condition 2(H) below. Notwithstanding the foregoing, each Holder, Beneficial Owner and owner of Rule 144A GDRs acknowledges that, and each of the Depositary and the Custodian agrees that, at any time (a) the Company maintains an unrestricted depositary receipt facility with respect to the Shares in the United States (including, without limitation, the Regulation S Facility) and (b) any of the Rule 144A Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, neither the Custodian nor the Depositary will make any actual delivery of Rule 144A Shares to any Holder or Beneficial Owner at an address within the United States. In addition, as necessary to reflect the special limitations or restrictions as to which any Regulation S GDRs may be subject, similar restrictions on the delivery of Regulation S Shares to any Holder or Beneficial Owner at an address within the United States may be imposed by the Depositary for specific issuances of Regulation S GDRs for specific periods.

(G) The Depositary may refuse to deliver Deposited Property generally, or in one or more localities, if such refusal is deemed reasonably necessary or desirable by the Depositary, in good faith, at any time or from time to time because of any requirement of law or of any government or governmental authority, body, commission or stock exchange or under any provision of the Deposit Agreement or for any other reason. The Depositary will ensure that the Deposited Property comprises at least one Share until such time as all the GDRs are cancelled.

(H) No surrender of GDR Certificates for the purpose of withdrawal of Deposited Property shall be accepted unless accompanied by evidence satisfactory to the Depositary (acting reasonably) that all necessary filings applicable to the Holder(s) or Beneficial Owner(s) of the GDRs surrendered (if any) have been made and approvals have been obtained (or in each case, have been properly waived) under the laws of Nigeria or the UK as applicable.

3. Transfer and Ownership

The GDRs are in registered form, with each GDR issued in respect of fifty Shares. Title to the GDRs passes by registration in the Register and, accordingly, transfer of title to a GDR is effective only upon such registration in the records of the Depositary. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in a violation of any applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated by the Depositary, the Custodian and their respective agents and the Company as its absolute owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, any certificate issued in respect of it) and no person will be liable for so treating the Holder.

So long as Rule 144A GDRs are "restricted securities" within the meaning of Rule 144 under the Securities Act, interests in such Rule 144A GDRs corresponding to the Rule 144A Master GDR may be transferred to a person whose interest in such Rule 144A GDRs is to be represented by the Regulation S Master GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule

904 of Regulation S under the Securities Act. Prior to the expiration of the Distribution Compliance Period (as such term is defined in Regulation S under the Securities Act), no owner of Regulation S GDRs may transfer Regulation S GDRs or Regulation S Shares represented thereby except in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or to, or for the account of, a qualified institutional buyer as defined in Rule 144A under the Securities Act (each a "**QIB**") in a transaction meeting the requirements of such Rule 144A. There shall be no transfer of Regulation S GDRs by an owner thereof to a QIB except as aforesaid and unless such owner (i) withdraws Regulation S Shares from the Regulation S Facility in accordance with Clause 3.14 of the Deposit Agreement and (ii) instructs the Depositary to deliver the Regulation S Shares so withdrawn to the account of the Custodian to be deposited into the Rule 144A Facility for issuance thereunder of Rule 144A GDRs to, or for the account of, such QIB. Issuance of Rule 144A GDRs, including in connection with the transfer of an interest in Regulation S GDRs to a person whose interest is to be represented by the Rule 144A Master GDR, shall be subject to the terms and conditions of the Deposit Agreement, including with respect to the deposit of Rule 144A Shares and the issuance of Rule 144A GDRs, delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the Beneficial Owner of such Rule 144A GDRs certifying that such person is a QIB and agreeing that it will comply with the restrictions on transfer set forth therein and to payment of the fees, charges and taxes provided therein.

4. Cash Distributions

Whenever the Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property in a currency other than United States dollars, the Depositary, any agent appointed by the Depositary for such purpose or the Custodian shall as soon as practicable convert the same into United States dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the date, determined by the Depositary, for transmission of such payment to Holders and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 11, provided that:

(a) in the event that the Depositary is aware that any Deposited Shares are not entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly; and

(b) the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16(A)(iv).

If a cash distribution would represent a return of all or substantially all the value of the Deposited Property underlying the GDRs, the Depositary may require Holders to surrender their GDRs for cancellation and may require payment of or deduct the fee for cancellation of GDRs (whether or not it is also requiring cancellation of GDRs) as a condition of making that cash distribution.

5. Distributions of Shares

Whenever the Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend in, or free distribution or bonus issue of, Shares, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such dividend or distribution by an increase in the number of GDRs evidenced by the Master GDR or by an issue of Certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; provided that, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, owing to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall sell such Shares so received (either by public or private sale and otherwise at its discretion, subject to all applicable laws, rules and regulations) and distribute the resulting net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. Distributions Other than in Cash or Shares

Whenever the Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; provided that, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof in such manner as the Depositary may determine to be equitable and practicable, including, without limitation, by way of sale of the securities or property so received, or any part thereof (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations), and shall (in the case of a sale) distribute the resulting net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

If a distribution under this Condition 6 would represent a return of all or substantially all the value of the Deposited Property underlying the GDRs, the Depositary may require Holders to surrender their GDRs for cancellation and may require payment of or deduct the fee for cancellation of GDRs (whether or not it is also requiring cancellation of GDRs) as a condition of making that distribution.

7. Rights Issues

If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Company shall subject to applicable laws, give timely notice thereof to the Depositary and, thereafter, the Depositary shall as soon as practicable give notice to the Holders in accordance with Condition 23 of such offer or invitation specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, give details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:

(i) if, at its discretion and subject to any additional agreements the Depositary may require, the Depositary shall be satisfied that it is lawful and reasonably practicable and, to the extent that it is so satisfied, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in United States Dollars or other relevant currency determined by the Depositary in each case along with any premium determined by the Depositary to take into account currency fluctuations together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and in the case of Shares, securities or other assets so subscribed or acquired to distribute them to the Holders entitled thereto by an increase in the numbers of GDRs evidenced by the Master GDRs or an issue of Certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or

(ii) if, at its discretion and subject to any additional agreements the Depositary may require, the Depositary shall be satisfied that it is lawful and reasonably practicable and to the extent that it is so satisfied, the Depositary shall distribute such securities or other assets by way of rights or the rights themselves to the Holders entitled thereto in proportion to the number of Deposited Shares represented by the GDRs held by them respectively in such manner as the Depositary may at its discretion determine; or

(iii) if and in so far as the Depositary is not satisfied that any such arrangement and distribution to all or any Holders is lawful and reasonably practicable (including, without limitation, owing to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or is so satisfied that it is unlawful, the Depositary (a) will, provided that Holders have not taken up rights through the Depositary as provided in (i) above, endeavour to sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws, rules and regulations) and (b) may, if such rights are not transferable, in its discretion, arrange for such rights to be exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto except to the extent prohibited by applicable law.

If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in (i), (ii) or (iii) above the Depositary shall permit the rights to lapse. In the absence of its own wilful default, gross negligence or bad faith the Depositary will not be responsible for any failure to determine that it may be lawful or practicable to make rights available to Holders, Beneficial Owners or owners of GDRs in general or to any Holder, Beneficial Owner or owner of GDRs in particular.

The Company has agreed in the Deposit Agreement that it will, unless prohibited by any applicable law, rule or regulation, give its consent to, and, if requested, use all reasonable endeavours (subject to the next paragraph) to facilitate any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Conditions 5, 6, 7 or 10.

If the Company notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Conditions 5, 6, 7 or 10 or the securities to which such rights relate, in order for the Depositary to offer such rights or distribute such securities or other property to the Holders, Beneficial Owners or owners of GDRs and to sell the securities represented by such rights, the Depositary will not offer such rights or distribute such securities or other property to Holders, Beneficial Owners or owners of GDRs or sell such rights unless and until the Company procures at the Company's expense, the receipt by the Depositary of an opinion from counsel reasonably satisfactory to the Depositary that the necessary registration has been effected or that the offer and sale of such rights, securities or property to Holders, Beneficial Owners or owners of GDRs are exempt from registration under the provisions of such law. Neither the Company nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and neither the Company nor the Depositary shall be liable for any losses, damages or expenses resulting from any failure to do so.

8. Conversion of Foreign Currency

Whenever the Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgement of the Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the Depositary shall as soon as practicable itself convert or cause to be converted, by sale or in any other manner that it may determine, the currency so received into United States dollars in accordance with Clause 12.4 of the Deposit Agreement. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary, with the assistance of the Company, may make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may consider desirable. If at any time the Depositary shall determine that in its judgement any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency (without liability to any person for interest thereon) for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the Depositary may in its absolute discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance on non-interest bearing accounts for the account of, the Holders entitled thereto and notify the Holders accordingly.

9. Distribution of any Payments

(A) Any distribution of cash under Conditions 4, 5, 6, 7 or 10 will be made by the Depositary to those Holders who are Holders of record on the record date established by the Depositary for that purpose (which, if applicable, shall be the same date as the corresponding record date set by the Company or as near as reasonably practicable to any record date set by the Company for that purpose) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in accordance with Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the Depositary and Clearstream Banking, societe anonyme ("Clearstream, Luxembourg"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or DTC, as the case may be. The Depositary or an agent appointed by the Depositary for such purpose, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law in respect of such GDR or the relevant Deposited Property.

(B) Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the entitled Holder on the record date established by the Depositary for that purpose (which, if applicable, shall be the same date as the corresponding record date set by the Company or as near as reasonably practicable thereto), subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited Property and received by the Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Deposit Agreement, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Depositary shall (except for any distribution upon the liquidation of the Company when the Depositary shall retain the same) return the same to the Company for its own use and benefit and the Depositary shall have no obligation therefore or liability with respect thereto after such payment to the Company.

10. Capital Reorganisation

Upon any change in the nominal value, sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital or upon any takeover, reorganisation, amalgamation, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders in accordance with Condition 23 and, at its discretion, may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto or may execute and deliver additional GDRs in respect of Shares or may call for the surrender of outstanding GDRs to be exchanged for new GDRs which reflect the effect of such change or to be stamped in the appropriate manner so as to indicate the new number of Shares and/or the new securities evidenced by such outstanding GDRs or may adopt more than one of these courses of action.

11. Taxation and Applicable Laws

(A) Payments to Holders of dividends or other distributions made to Holders on or in respect of the Deposited Shares may be subject to deduction of Nigerian and other withholding taxes (including any taxes imposed pursuant to FATCA), if any, at the applicable rates.

(B) If any governmental or administrative authorisation, consent, registration or permit or any report or notification to any governmental or administrative authority is required under any applicable law in Nigeria in order for the Depositary to receive from the Company Shares or other rights, securities, property and cash to be deposited under these Conditions or in order for Shares, rights, other securities or other property and cash to be distributed or otherwise dealt with under Conditions 4, 5, 6 or 10 or to be subscribed under Condition 7, or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company, to the extent permitted by applicable law, shall apply for such authorisation, consent, registration or permit or file such report on behalf of the Depositary within the time required under such law. In this connection, the Company has undertaken in the Deposit Agreement, to the extent reasonably practicable and that it does not involve unreasonable expense on behalf of the Company, to take such action as may be required in obtaining or filing the same. The Depositary shall not distribute GDRs, Shares, rights, other securities or other property or cash to be deposited under these Conditions or make any offer of any such rights or sell any securities represented by any such rights with respect to which it has been informed in writing that such authorisation, consent, registration or permit or such report or notification has not been obtained or filed, as the case may be, and shall have no duty to obtain (but shall, where assistance is reasonably required by the Company and such assistance does not require the Depositary to take any action in conflict with market practice or any applicable laws or in a capacity other than in its capacity as Depositary, at the expense of the Company make reasonable endeavours to assist the Company to obtain) any such authorisation, consent, registration or permit or to file any such report or notification except in circumstances where the same may only be obtained or filed by the Depositary without, in the opinion of the Depositary, unreasonable burden or expense.

12. Voting Rights

(A) Subject to the next sentence, as soon as reasonably practicable after receipt from the Company of notice of any meeting at which the holders of Shares or other Deposited Properties are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Properties, the Depositary shall fix the record date in respect of such meeting or solicitation of consent or proxy. The Depositary shall, if requested by the Company in writing in a timely manner being at least ten (10) business days' notice prior to the date of such meeting, solicitation or consent or proxy) (the Depositary having no obligation to take any further action if the request shall not have been received by it in a timely manner) and at the Company's expense and provided no U.S. legal prohibitions, English legal prohibitions (including, without limitation, the listing rules and prospectus rules of the Financial Conduct Authority and the Admission and Disclosure Standards of the London Stock Exchange) or Nigerian legal prohibitions (including without limitation the rules of the Nigerian Stock Exchange(s) on which the Shares are listed), exist, distribute to Holders as of the record date: (a) such notice of meeting or solicitation of consent or proxy, (b) a statement that the Holders at the close of business in New York City on the specified record date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Constitutional Documents and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Property represented by such Holder's GDRs, and (c) a brief statement as to the manner in which such voting instructions may be given. Voting instructions may be given only in respect of a number of GDRs representing an integral number of Shares or other Deposited Property, in respect of which the requirements and conditions for voting as may be set forth in applicable law have been complied with by the Holders and/or Beneficial Owners, as the case may be. Upon the timely receipt from a Holder of GDRs as of the GDR record date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavour, insofar as reasonably practicable and permitted under applicable law, the provisions of the Deposit Agreement, the Constitutional Documents and the provisions of the Deposited Property, to vote or cause the Custodian to vote the Shares and/or other Deposited Property (in person or by proxy) represented by such Holder's GDRs in accordance with such instructions. Each Holder shall be solely responsible for the forwarding of voting materials to the Beneficial Owners of GDRs registered in such Holder's name. There is no guarantee that Holders and Beneficial Owners generally or any Holder or Beneficial Owner in particular will receive voting materials with sufficient time to enable such Holder or Beneficial Owner to return any voting instructions to the Depositary in a timely manner. Voting instructions will not be deemed received until such time during normal business hours on a business day as the GDR department of the Depositary responsible for proxies and voting may receive such instructions, or if so received after normal business hours, on the next business days, notwithstanding that such instructions may have been physically received by JPMorgan Chase Bank, N.A., as Depositary, prior to such time.

(B) Neither the Depositary nor the Custodian shall, under any circumstances, exercise any discretion as to voting, vote any number of Shares other than an integral number thereof or vote Shares in a manner that would be inconsistent with any applicable law or regulation, and neither the Depositary nor the Custodian shall vote or attempt to exercise the right to vote, or in any way make use of for purposes of establishing a quorum or otherwise, the Shares or other Deposited Property represented by GDRs except pursuant to and in accordance with timely instructions received from Holders and in accordance with applicable law. Moreover, neither the Depositary nor the Custodian shall, on behalf of, or at the initiative of, a Holder, introduce proposals for the agenda of the Company's shareholders meeting or nominate candidates for the Company's Board of Directors without first receiving, or otherwise exercise the rights under the Shares, unless specifically provided for in the applicable law and strictly upon receipt of written consent from the Company to do so. Notwithstanding the timely receipt from a Holder of GDRs as of the GDR record date of voting instructions, if such voting instructions fail to specify the manner in which the Depositary is to vote the Deposited Property represented by such Holder's GDRs, the Depositary will deem such Holder to have instructed the Depositary not to vote the Deposited Property with respect to the items for which the Holder has failed to specify the manner in which the Depositary is to vote. Deposited Property represented by GDRs for which no specific voting instructions are received by the Depositary from the Holder shall not be voted. The Company agrees to provide timely notice to the Depositary which will enable the timely notification of Holders as to any change in its Constitutional Documents resulting in limitations on the ability of the Depositary to vote a particular GDR according to the voting instructions received in regard to such GDR. Without prejudice to the foregoing, the Depositary and its agents will not be responsible for the manner in which any vote is cast or for the effect of any such vote.

(C) Notwithstanding anything else contained in the Deposit Agreement, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Property if (a) the taking of such action would violate U.S. legal prohibitions, English legal prohibitions (including, without limitation, the listing rules and prospectus rules of the Financial Conduct Authority and the Admission and Disclosure Standards of the London Stock Exchange) or Nigerian legal prohibitions (including without limitation the rules of the Nigerian Stock Exchange(s) on which the Shares are listed) or (b) it is not reasonably practicable to do so. The Company agrees that it shall not establish internal procedures that would prevent the Depositary from complying with, or that are inconsistent with, the terms and conditions of clause 7 of the Deposit Agreement. If the Depositary is advised that it is not permissible under Nigerian law or the Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Property in accordance herewith, the Depositary shall not vote or cause to be voted such Deposited Property.

(D) By continuing to hold GDRs, all Holders and Beneficial Owners shall be deemed to have agreed to the provisions of clause 7 of the Deposit Agreement and this Condition as they may be amended from time to time in order to comply with applicable law and the Constitutional Documents.

13. Documents to be Furnished, Recovery of Taxes, Duties and Other Charges

The Depositary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR (the "**Charges**") shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. In default thereof, the Depositary may, for the account of the Holder, discharge the same out of the proceeds of sale on any stock exchange on which the Shares may from time to time be listed and subject to Nigerian laws, rules and regulations, of an appropriate number of Deposited Shares (being an integral multiple of the number of Shares in respect of which a single GDR is issued) or other Deposited Property and subsequently pay any surplus to the Holder. Any such request by the Depositary for the payment of Charges shall be made by giving notice pursuant to Condition 23.

14. Liability

(A) In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders, Beneficial Owners or the owners of GDRs except that any funds received by the Depositary for the payment of any amount due, in accordance with these Conditions, on the GDRs shall be held by it or on its behalf in trust for the relevant Holder until duly paid thereto.

(B) Neither the Depositary, the Custodian, the Company nor any of their respective directors, officers, employees, agents and Affiliates shall incur any liability to any other of them or to any Holder, any Beneficial Owner or any owner of GDRs or any other person with an interest in any GDRs:

(a) *if it is prevented from complying with any of its obligations under the Deposit Agreement, these Conditions, the Deed Poll and/or a GDR as a result of:*

(i) *any present or future law, rule, regulation, fiat, order or decree of the United States, the Nigeria, the European Union, any European Union member state, the United Kingdom, or any other country or jurisdiction, or of any relevant governmental or regulatory authority or any securities exchange or market or automated quotation system or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control;*

(ii) *any economic or financial sanctions or trade embargoes imposed, administered, or enforced from time to time by (x) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (y) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom;*

(iii) *any provision of or governing any Deposited Property or any present or future provision of the Constitutional Documents; or*

(iv) *any event or circumstance, whether natural or caused by a person or persons, that is beyond the ability of the Depositary or the Company, as the case may be (including but not limited to any act of God, war, terrorism, nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure, epidemic, pandemic or other circumstance beyond its direct and immediate control);*

(b) *if it fails to comply with any of its obligations under, or it exercises or fails to exercise any discretion granted to it under, the Deposit Agreement, these Conditions, the Deed Poll and/or a GDR, except to the extent:*

(i) *such obligations or discretions are specifically set out in the Deposit Agreement, these Conditions, the Deed Poll and/or a GDR; and*

(ii) *such failure to comply, or such exercise or failure to exercise, constitutes its wilful default, gross negligence or bad faith; and*

(c) *as a result of any action or inaction taken by it in reliance upon the advice of, or information from, legal counsel, accountants, any person presenting Shares for* *deposit, any Holder, any Beneficial Owner, any owner of GDRs, the Company, the Depositary, the Custodian, as the case may be, or any other person believed by it to be competent to give such advice or information. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).*

(C) Neither the Company nor any of its agents, directors, officers, employees and Affiliates shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or GDRs, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required.

(D) Neither the Depositary, nor the Custodian nor any of their respective directors, employees, officers, agents and Affiliates shall be liable (except for its own wilful default, gross negligence or bad faith or that of any of its agents, directors, officers, employees and Affiliates) to the Company or any Holder or Beneficial Owner of a GDR or any other person, by reason of having accepted as valid, or not having rejected, any document relating to Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic.

(E) The Depositary, the Custodian and each of their respective directors, officers, agents and Affiliates, may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or Affiliates or in relation to the Deposited Property (including, without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank or in any other capacity, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to the Holders, Beneficial Owners or owners of GDRs or a person with an interest in a GDR or any other person for any profit arising therefrom.

(F) To facilitate the administration of various depositary receipt transactions, including disbursement of dividends or other cash distributions and other corporate actions, the Depositary may engage the foreign exchange desk within JPMorgan Chase Bank, N.A. (the "**Bank**") and/or its Affiliates in order to enter into spot foreign exchange transactions to convert foreign currency into U.S. dollars ("**FX Transactions**"). For certain currencies, FX Transactions are entered into with the Bank or an Affiliate, as the case may be, acting in a principal capacity. For other currencies, FX Transactions are routed directly to and managed by an unaffiliated local custodian (or other third party local liquidity provider), and neither the Bank nor any of its Affiliates is a party to such FX Transactions. The foreign exchange rate applied to an FX Transaction will be either (a) a published benchmark rate, or (b) a rate determined by a third party local liquidity provider, in each case plus or minus a spread, as applicable. The Depositary will disclose which foreign exchange rate and spread, if any, will apply to such currency on the "Disclosure" page (or successor page) of www.adr.com (as updated by the Depositary from time to time, "**ADR.com**"). Such applicable foreign exchange rate and spread may (and neither the Depositary, the Bank nor any of their Affiliates is under any obligation to ensure that such rate does not) differ from rates and spreads at which comparable transactions are entered into with other customers or the range of foreign exchange rates and spreads at which the Bank or any of its Affiliates enters into foreign exchange transactions in the relevant currency pair on the date of the FX Transaction. Additionally, the timing of execution of an FX Transaction varies according to local market dynamics, which may include regulatory requirements, market hours and liquidity in the foreign exchange market or other factors. Furthermore, the Bank and its Affiliates may manage the associated risks of their position in the market in a manner they deem appropriate without regard to the impact of such activities on the Company, the Depositary, Holders, Beneficial Owners or owners of GDRs. The spread applied does not reflect any gains or losses that may be earned or incurred by the Bank and its Affiliates as a result of risk management or other hedging related activity. Notwithstanding the foregoing, to the extent the Company provides U.S. dollars to the Depositary, neither the Bank nor any of its Affiliates will execute an FX Transaction as set forth herein. In such case, the Depositary will distribute the U.S. dollars received from the Company. Further details relating to the applicable foreign exchange rate, the applicable spread and the execution of FX Transactions will be provided by the Depositary on ADR.com. The Company, Holders, Beneficial Owners and owners of GDRs each acknowledge and agree that the terms applicable to FX Transactions disclosed from time to time on ADR.com will apply to any FX Transaction executed pursuant to the Deposit Agreement.

(G) The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures, but shall have no liability (in the absence of its own wilful default, gross negligence or bad faith or that of its agents, officers, directors, Affiliates or employees, in each case appointed by and acting on behalf of the Depositary) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable. In the absence of its own wilful default, gross negligence or bad faith the Depositary will not be responsible for any failure to determine that it may be lawful or practicable to make rights available to Holders in general or to any Holder in particular pursuant to Condition 7.

(H) The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions nor shall the Depositary be obligated to inform any person (including, without limitation, Holders and Beneficial Owners of GDRs) about the requirements of any laws, rules or regulations or any changes therein or thereto.

(I) Neither the Company nor the Depositary shall, subject to all applicable laws, have any responsibility whatsoever to the other party hereto, any Holder, Beneficial Owner or owner of GDRs or a person with an interest in a GDR as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof, including for any tax imposed pursuant to FATCA. The Depositary and the Company shall not be liable for the inability or failure of a Holder, Beneficial Owner or owner of GDRs to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

(J) In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement or these Conditions, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or Beneficial Owners of GDRs or a person with an interest in a GDR or any other person.

(K) Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its reasonable opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.

(L) Unless specifically required by Nigerian law and regulations and then to the extent practicable, the Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Nigerian law as the same may be amended from time to time. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issue of GDRs if notified by the Company, or if the Depositary becomes aware of the fact, that such transfer or issue would be in violation of the limitations set forth above or any other applicable laws.

(M) Notwithstanding any other provision of the Deposit Agreement, the Constitutional Documents and applicable law, each Holder and Beneficial Owner agrees to (a) provide such information as the Company or the Depositary may request which relate to the requirement of any law (including, without limitation, relevant Nigerian law, any applicable law of the United States, the Constitutional Documents, any resolutions of the Company's Board of Directors or shareholders in general meeting adopted pursuant to such Constitutional Documents, the requirements of any markets or exchanges upon which the Shares or GDRs are listed or traded, or to any requirements of any electronic book-entry system by which the Shares or GDRs may be transferred) and (b) be bound by and subject to applicable provisions of the laws of Nigeria, the Constitutional Documents and the requirements of any markets or exchanges upon which the Shares or GDRs are listed or traded, or pursuant to any requirements of any electronic book-entry system by which the Shares or GDRs may be transferred, to the same extent as if such Holder and Beneficial Owner held Shares directly, in each case irrespective of whether or not they are Holders or Beneficial Owners at the time such request is made. Each Holder and Beneficial Owner further agrees to furnish the Company with any such notification made in accordance with this Condition and to comply with requests from the Company pursuant to the laws of Nigeria, the rules and requirements of the Nigerian Stock Exchange(s) and any other stock exchange on which the Shares are, or will be registered, traded or listed, and the Constitutional Documents, whether or not they are Holders and/or Beneficial Owners at the time of such request. The Depositary agrees to use its reasonable efforts to forward upon the written request of the Company, and at the Company's expense, any such request from the Company to the Holders and to forward to the Company such responses to such requests received by the Depositary, provided that the Depositary shall not be responsible or liable for any information contained in or omitted from such responses by other persons.

(N) The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any legal counsel, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the Depositary or otherwise and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfer thereof. Any such advice, opinion, certificate or information may be sent or obtained by letter, facsimile transmission or electronic communication (at the discretion of the Depositary), and the Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be conveyed by any such letter, telex or facsimile transmission although (without the Depositary's actual knowledge) the same shall contain some error or shall not be authenticated.

(O) The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated (including by means of electronic communications such as electronic mail and others) on behalf of the Company by the Board of Directors of the Company or by a person reasonably believed to have been duly authorised by the Board of Directors of the Company or such other certificate from persons specified in Condition 14(N) which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence of or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate. The Depositary shall not be responsible for the contents of any materials forwarded to Holders on the Company's behalf or for the investment risks associated with investing in Shares, for the validity of the worth of the Shares or for the creditworthiness of any third party.

(P) Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Deed Poll and the GDRs, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with the performance or non-performance of or the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under the Deposit Agreement, these Conditions, the Deed Poll and the GDRs, except to the extent that such loss or damage arises from its own wilful default, gross negligence or bad faith or that of any of its agents, directors, officers, employees or Affiliates.

(Q) No provision of the Deposit Agreement or these Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured.

(R) The Depositary may, in the performance of its obligations under the Deposit Agreement and these Conditions, instead of acting personally, employ and pay an agent, whether a lawyer or other person, including obtaining an opinion of legal advisers in form and substance reasonably satisfactory to it (such opinion to be obtained at the expense of the Company where agreed in the Deposit Agreement), to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money. Subject to applicable law, the Depositary will not be liable to anyone for the misconduct or omission by any such agent so employed by it with due care or be bound to supervise the proceedings or acts of any such agent.

(S) The Depositary may, subject to applicable law, having given prior notification to the Company, delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint Depositary of the Deposit Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may in the interest of the Holders think fit provided that no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the Depositary's ultimate holding company. Provided that the Depositary shall exercise reasonable care in the selection of any delegate, any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Company in making such delegation. The terms of any such delegation by the Depositary shall include a requirement that if the delegate sub-delegates all or any of the powers, authorities or discretions which have been delegated by the Depositary, it will exercise reasonable care in the selection of such sub-delegate. The Company shall not in any circumstances and the Depositary shall not (provided that it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the Depositary shall, if practicable, and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate, arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Condition, which includes the power to sub-delegate, shall provide that the delegate or sub-delegate, as the case may be, shall be required to provide the services delegated or sub-delegated to it in substantially the same manner as such services are required to be provided under the Deposit Agreement and the delegate or the sub-delegate, as the case may be, shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice to the Company and the Depositary.

(T) The Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute and the Depositary shall not (in the case of deposit with itself, in the absence of gross negligence, bad faith or wilful default or that of its agents, directors, officers, employees or Affiliates) be responsible for any losses, liabilities or expenses incurred in connection with any such deposit.

(U) No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement or these Conditions.

(V) The Depositary shall not be liable to any person if incorrect, false or misleading information derives from an inspection of the records of the Nigerian Share Registrar.

(W) Where Deposited Property is held in a jurisdiction outside the United Kingdom, there may be settlement, legal and regulatory requirements in such jurisdiction which are different from those applying in the United Kingdom, and there may be different practices for the separate identification of assets held by a custodian for its clients.

(X) Each of the Company and the Depositary shall under no circumstances have any liability arising from or in respect of the Deposit Agreement, these Conditions, the Deed Poll or any GDR, including, but not limited to, obligations in tort, whether as a matter of contract, tort, negligence or otherwise, for any indirect, special, punitive or consequential loss or damages (including, legal fees and expenses), loss of profits, reputation or goodwill, or trading loss, in each case of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

(Y) Nothing in these Conditions or the Deposit Agreement shall exclude any liability for loss or damage caused by fraud on the part of the Depositary, or for death or personal injury arising from any failure on the part of the Depositary to take reasonable care or exercise reasonable skill.

(Z) For the purposes of this Condition 14(X):

(a) "consequential loss or damage" means loss or damage of a kind or extent which was not reasonably foreseeable at the time the Deposit Agreement was entered into as a serious possibility in the event of the breach of obligation in question.

(b) "special loss or damage" means loss or damage of a kind or extent which arises from circumstances special to the person suffering the loss and not from the ordinary course of things, whether or not those circumstances were known to the Depositary either at the time the Deposit Agreement was entered into or later.

(AA) The Depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any Custodian that is not a branch or Affiliate of the Depositary. Notwithstanding anything to the contrary contained in the Deposit Agreement (including the GDRs), the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the Custodian except to the extent that the Custodian has committed fraud, gross negligence or wilful misconduct or acted in bad faith in the provision of custodial services to the Depositary.

(BB) The Depositary shall not, to the extent permitted by law, have any liability to any Holder, Beneficial Owner or owner of GDRs or otherwise for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale. Further, the Depositary and its agents disclaim to the maximum extent permitted by law any and all liability for the price received in connection with any sale of securities or the timing thereof. The Depositary reserves the right to utilize a division, branch or Affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities under the Deposit Agreement. Such division, branch and/or Affiliate may charge the Depositary a fee in connection with such sales, which fee is considered an expense of the Depositary contemplated in Condition 16(A).

(CC) The Depositary shall have no liability under the Deposit Agreement, these Conditions, the GDRs or the Deed Poll to any Beneficial Owner, unless such Beneficial Owner is also a Holder.

(DD) The Depositary shall not be a fiduciary or have any fiduciary duty to any Holder, Beneficial Owner or owner of GDRs.

(EE) Neither the Depositary, the Custodian nor any of their respective agents shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or GDRs on behalf of any Holder, Beneficial Owner or owner of GDRs.

(FF) The Depositary and the Custodian may use third party delivery services and providers of information regarding matters such as pricing, proxy voting, corporate actions, class action litigation and other services in connection with the Deposit Agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders. Although the Depositary and the Custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services.

15. Issue and Delivery of Replacement GDRs and Exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or in replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of destruction, loss or theft) at the specified office of the Depositary or (at the request, risk and expense of the Holder) at the specified office of any agent appointed by the Depositary for such purpose.

16. Depositary's Fees, Costs and Expenses

(A) The Depositary shall be entitled to charge the following remuneration and receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from Beneficial Owners or owners of GDRs via the Holders in respect of its services under the Deposit Agreement:

(i) for the issue of GDRs or for the cancellation of GDRs upon the withdrawal of Deposited Property U.S.$ 0.05 or less per GDR issued or cancelled;

(ii) for issuing GDR Certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR Certificates: a sum per GDR Certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;

(iii) for issuing GDR Certificates in definitive registered form (other than pursuant to (ii) above): a sum per GDR Certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs (including, but not limited to, printing costs) and expenses involved;

(iv) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.$ 0.05 or less per GDR per annum;

(v) for services performed in administering the GDRs: a fee of U.S.$ 0.05 or less per GDR per annum;

(vi) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution (except where converted to cash): U.S.$ 0.05 or less per outstanding GDR for each such issue of rights, dividend or distribution; and

(vii) for the issue of GDRs pursuant to a change for any reason in the number of Shares represented by each GDR, regardless of whether or not there has been a deposit of Shares to the Custodian or the Depositary for such issuance: a fee of U.S.$ 0.05 or less per GDR (or portion thereof);

together with all expenses, transfer and registration fees, taxes, duties and charges payable by the Depositary, any agent of the Depositary or the Custodian in connection with any of the above including, but not limited to, charges imposed by a central depositary and such customary expenses as are incurred by the Depositary in the conversion of currencies other than U.S. dollars into U.S. dollars and fees imposed by any relevant regulatory authority.

(B) The Depositary is entitled to receive from the Company such fees, taxes, duties, charges, costs, expenses and other payments as agreed between them in the Deposit Agreement or as specified in a separate agreement between the Company and the Depositary concerning such fees, taxes, duties, charges, costs, expenses and other payments.

(C) The right of the Depositary to receive payment of fees, charges and expenses as provided above shall survive the termination of the Deposit Agreement in respect of those fees, charges and expenses incurred prior to the date of the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

17. Agents

The Depositary shall be entitled to appoint one or more agents for the purpose, inter alia, of making distributions to the Holders as well as for any other reason under the Deposit Agreement or these Conditions.

Notice of appointment or removal of any agent providing services outside of the ordinary course of business or of any change in the specified office of the Depositary will be duly given by the Depositary to the Company.

18. Listing

The Company has undertaken in the Deposit Agreement to use it best endeavours to obtain and thereafter maintain, so long as any GDR is outstanding, a listing for the GDRs on the Official List of the Financial Conduct Authority and admission to trading on the regulated market for listed securities of the London Stock Exchange and a listing of the Shares on at least one Nigerian Stock Exchange. In the event the Company can no longer maintain a listing for the GDRs on the Official List of the Financial Conduct Authority and admission to trading on the regulated market for listed securities of the London Stock Exchange or it becomes unreasonably burdensome or impracticable to do so, the Company has undertaken in the Deposit Agreement to use its best endeavours (with the reasonable assistance of the Depositary) to obtain and maintain the quotation for, or listing of, the GDRs on such other EEA Regulated Market as it may decide.

19. The Custodian

The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement, which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian provided that the Custodian shall not be obliged physically to segregate cash comprised in the Deposited Property from cash otherwise held by the Custodian. The Custodian shall be subject at all times and in all respects to the direction of the Depositary and shall be responsible solely to the Depositary; provided that, if at any time the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Company. The

Custodian may resign by giving written notice to the Depositary and the Depositary may remove and discharge the Custodian from its duties by giving a written notice of such removal and discharge to the Custodian. Upon the removal of or receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian approved by the relevant authority in Nigeria, if applicable, which shall upon acceptance of such appointment and the expiry of any applicable notice period, become the Custodian and the retiring Custodian shall take all practicable steps to promptly vest the Deposited Property and the relevant records in the successor Custodian. Notice of any change of Custodian shall be given to the Holders by the Depositary as soon as reasonably practicable after such change has taken effect in accordance with Condition 23. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited Property in a manner or a place other than as herein specified; provided that, in the case of such temporary deposit in another place, the Company shall have consented to such deposit and such consent of the Company shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Company if, and to the extent that, the obtaining of such insurance is reasonably practicable and the premiums payable are, in the opinion of the Depositary, of a reasonable amount.

20. Resignation and Termination of Appointment of the Depositary

(A) Unless otherwise agreed to in writing between the Company and Depositary from time to time, the Company may terminate the appointment of the Depositary under the Deposit Agreement by giving at least 90 days' prior notice in writing to the Depositary and the Custodian, and the Depositary may resign as Depositary by giving 90 days' prior notice in writing to the Company and the Custodian. In addition, the Depositary and the Company agree to consult and attempt to resolve in good faith any matters (including, without limitation, any disputes) in relation to the services provided by the Depositary to the Company under the Deposit Agreement. Within 30 days after the giving of such either notice, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and to the Financial Conduct Authority and the London Stock Exchange. The Depositary may resign as Depositary and appoint one of its affiliates as its successor depositary hereunder by giving written notice to the Company and notice to the Holders in accordance with Condition 23.

(B) The termination of the appointment or the resignation of the Depositary shall take effect on the date specified in the relevant notice provided that no such termination of appointment or resignation shall take effect until the appointment by the Company of a successor depositary (other than in the case of any appointment by the Depositary of one of its affiliates as its successor, which shall take effect at such time set by the Depositary), the grant of such approvals as may be necessary to comply with applicable laws and with the Constitutional Documents for the transfer of the Deposited Property to such successor depositary, the acceptance of such appointment to act in accordance with the terms of the Deposit Agreement and of these Conditions by the successor depositary and the payment to the Depositary of all fees, taxes, duties, charges, costs, expenses and other payments as agreed by the Depositary and the Company in any agreement concerning such fees, taxes, duties, charges, costs, expenses and other payments. The Company has undertaken in the Deposit Agreement to use its best endeavours to procure the appointment of a successor depositary with effect from the date of termination or resignation specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the successor depositary to the Holders in accordance with Condition 23 and to the Financial Conduct Authority and the London Stock Exchange.

(C) Upon the date when such termination of appointment or resignation of the Depositary takes effect, the Depositary shall, subject to payment of all fees, expenses and charges owing to it by the Company under the Deposit Agreement and any other agreement executed between the Company and the Depositary, deliver to its successor depositary such information and records relating to the Company which are in its possession to enable such successor depositary efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor depositary all Deposited Property held by it under the Deposit Agreement. Upon the date when such termination of appointment or resignation takes effect, the Deposit Agreement provides that the Custodian shall be deemed to be the Custodian thereunder for such successor depositary and shall hold the Deposited Property for such successor depositary and the Depositary shall thereafter have no obligations under the Deposit Agreement. For the avoidance of doubt, this Condition will be without prejudice to any liabilities of the Depositary which have arisen prior to the date of the termination of appointment or resignation of the Depositary or any liabilities of the Depositary stipulated in relevant laws or regulations which have arisen prior to such date.

(D) The Company will be obligated, prior to such termination, to reimburse to the Depositary all amounts owed to the Depositary as set out in the Deposit Agreement or in any agreement between the Depositary and the Company, save that, in the event that the appointment is terminated due to the wilful default, gross negligence, bad faith or fraud of the Depositary in the performance of its obligations under the Deposit Agreement, these Conditions, the Deed Poll and/or the GDRs or under any other agreement between the Depositary and the Company (as the same may be amended, modified or supplemented from time to time in accordance therewith), the Company shall not be obligated to make any such payments. This Condition 20(D) shall apply, *inter* alia, to (a) the termination of the appointment of the Depositary; (b) the termination of the Deposit Agreement under Conditions 20 or 21; (c) any event relating to the Company, within or outside the control of the Company, that has a material effect upon the depositary facility (as a whole) established pursuant to the Deposit Agreement, and/or (d) the resignation by the Depositary due to the wilful default, gross negligence or fraud of the Company in the performance of its obligations under the Deposit Agreement or any other agreement between the Depositary and the Company.

(E) The Company has agreed not to appoint any other depositary in respect of the GDRs issued or to be issued under the depositary facility established pursuant to the Deposit Agreement so long as JPMorgan Chase Bank, N.A. is acting as Depositary under the Deposit Agreement.

21. Termination of Deposit Agreement

(A) Subject as set out below, either the Company or the Depositary but, in the case of the Depositary, only if the Company has failed to appoint a replacement Depositary within 90 days of the date on which the Depositary has given notice pursuant to Condition 20 that it wishes to resign, may terminate the Deposit Agreement by giving 90 days' prior written notice to the other and to the Custodian. Within 30 days after the giving of such notice, notice of such termination shall be duly given by the Depositary to Holders of all GDRs then outstanding in accordance with Condition 23. Notwithstanding anything to the contrary herein, the Depositary may terminate the Deposit Agreement without notice to the Company, but subject to giving 30 calendar days' notice to the Holders, under the following circumstances: (i) in the event of the Company's bankruptcy or insolvency or (ii) if the Company effects (or will effect) a redemption of all or substantially all of the Deposited Shares, or a cash or share distribution representing a return of all or substantially all of the value of the Deposited Shares,.

If the Company terminates the Deposit Agreement, it will (unless the termination is due to the wilful default, gross negligence, bad faith or fraud of the Depositary under the Deposit Agreement, these Conditions, the Deed Poll and/or the GDRs or under any other agreement between the Depositary and the Company) be obligated, prior to such termination, to reimburse to the Depositary all amounts owed to the Depositary as set out in the Deposit Agreement and in any agreement between the Depositary and the Company.

(B) During the period beginning on the date of the giving of such notice by the Depositary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to and upon compliance with Condition 2, and further upon payment by the Holder of any sums payable to the Depositary and the Custodian in connection therewith for such delivery and surrender in accordance with Condition 16(A) (i) and as otherwise in accordance with the Deposit Agreement.

(C) If any GDRs remain outstanding after the date of termination, the Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, pass on dividends or distributions or take any other action except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they are Holders. After making such sale and delivering the net proceeds of such sale together with any other cash then held by it under the Deposit Agreement for the benefit of any Holders, the Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligations to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest. For the avoidance of doubt, this Condition will be without prejudice to any liabilities of the Depositary which have arisen prior to the date of the termination of this Agreement or any liabilities of the Depositary stipulated in relevant laws or regulations which have arisen prior to such date.

22. Amendment of Deposit Agreement and Conditions

All and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 22 and clause 16 of the Deposit Agreement) may at any time and from time to time be amended by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary and any amendment (except as aforesaid) which shall increase or impose fees or charges payable by Holders (other than charges in connection with foreign exchange control regulations and taxes and other governmental charges, delivery expenses or other such expenses) or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders of the outstanding GDRs until the expiration of 30 days after such notice shall have been given. During such period of 30 days, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it upon surrender thereof, subject to and upon compliance with Condition 2, and further upon payment of the charge specified in Condition 16 (A) (i) for such delivery and surrender and as otherwise in accordance with the Deposit Agreement and these Conditions. Each Holder and Beneficial Owner at the time when any such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 2, the Deposited Property attributable to the relevant GDR. The Company and the Depositary may at any time amend and supplement the Deposit Agreement or these Conditions in order to comply with mandatory provisions of applicable laws, rules and regulations and such amendments or supplements to the Deposit Agreement and these Conditions may become effective before notice thereof is given to Holders or within any other period required to comply with such laws, rules or regulations. Notice of any amendment to the Deposit Agreement or form of GDRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the Holders identifies a means for Holders to retrieve or receive the text of such amendment (e.g. upon retrieval from the Depositary's or the Company's website or upon request from the Depositary).

For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders or Beneficial Owners if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares provided that temporary GDRs will represent such Shares until they are so consolidated.

23. Notices

All notices to Holders shall be validly given if mailed to them at their respective addresses in the Register of Holders maintained by the Depositary or furnished to them by electronic transmission as agreed between the Company and the Depositary and, so long as the GDRs are listed on the Official List of the Financial Conduct Authority and admitted to trading on the market for listed securities of the London Stock Exchange and if and to the extent that the rules of the Financial Conduct Authority or the London Stock Exchange so require, all notices to be given to Holders generally may also be published by the Company in a leading daily newspaper having general circulation in the UK. Any such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the Beneficial Owners of GDRs held by such other Holders.

All notices required to be given by the Company to the Holders pursuant to any applicable laws, regulations or other agreements shall be given by the Company to the Depositary and upon receipt of any such notices, the Depositary shall forward such notices to the Holders. The Depositary shall not be liable for any notices required to be given by the Company which the Depositary has not received from the Company, nor shall the Depositary be liable to monitor the obligations of the Company to provide such notices to the Holders. The Depositary's only notification obligations under the Deposit Agreement, these Conditions and the GDRs shall be to Holders. Notice to a Holder shall be deemed, for all purposes of the Deposit Agreement, these Conditions and the GDRs, to constitute notice to any and all Beneficial Owners of the GDRs evidenced by such Holder's GDRs.

All formal complaints to the Depositary should be made in writing to the compliance officer of the Depositary at the address set out in clause 17 of the Deposit Agreement.

24. Reports and Information on the Company

(A) The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with six copies in the English language by mail, or one copy in English language by facsimile or electronic transmission as agreed between the Company and the Depositary (and to make available to the Depositary, the Custodian and any agent appointed by the Depositary for such purpose as many further copies as they may reasonably require to satisfy requests from Holders) of any financial statements or accounts that it makes generally available to its shareholders, including but not limited to any financial statements or accounts that may be required by law or regulation or in order to maintain a listing for the GDRs on the Official List of the Financial Conduct Authority and admission to trading on the regulated market for listed securities of the London Stock Exchange, or any other stock exchange, in accordance with Condition 18, as soon as practicable following the publication or availability of such communications. If such communication is not furnished to the Depositary in English, the Depositary shall, at the Company's expense, arrange for an English translation thereof to be prepared.

(B) The Depositary shall, upon receipt thereof, give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any agent appointed by the Depositary for the purpose thereof.

(C) For so long as any Rule 144A GDRs or Shares represented thereby are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which it is neither a reporting company under, and in compliance with the requirements of, Section 13 or 15(d) of the Exchange Act nor exempt from the reporting requirements of the Exchange Act by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement and the Deed Poll to provide, at its expense, to any Holder, owner of Rule 144A GDRs or of the Rule 144A Master GDRs or the Beneficial Owner of an interest in such GDRs, and to any prospective purchaser of Rule 144A GDRs or Shares represented thereby designated by such person, upon request of such owner, Beneficial Owner, Holder or prospective purchaser, the information required by Rule 144A(d)(4)(i) and otherwise to comply with Rule 144A(d)(4) under the Securities Act. If at any time the Company is not subject to and in compliance with Section 13 or 15(d) of the Exchange Act or is not exempt pursuant to Rule 12g3-2(b) under the Exchange Act, the Company shall immediately so notify the Depositary and the Depositary may so notify Holders in writing at the Company's expense. The Company has authorised the Depositary to deliver such information as furnished by the Company to the Depositary during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144A(d)(4) under the Securities Act to any such Holder, owner of Rule 144A GDRs, Beneficial Owner of an interest in Rule 144A GDRs or Shares represented thereby or prospective purchaser at the request of such person. The Company has agreed to reimburse the Depositary for its reasonable expenses in connection with such deliveries and to provide the Depositary with such information in such quantities as the Depositary may from time to time reasonably request. Subject to receipt, the Depositary will deliver such information, during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144A(d)(4) under the Securities Act, to any such Holder, Beneficial Owner or prospective purchaser but in no event shall the Depositary have any liability for the contents of any such information.

(D) The Company has undertaken in the Deposit Agreement in connection with any new offering of Shares or GDRs by the Company after the date of the Deposit Agreement, to provide to the Depositary, at least five business days prior to the offering of such Shares or GDRs thereunder, either (i) a certificate in such form as shall be reasonably satisfactory to the Depositary referencing such distribution and confirming that there is no "substantial U.S. market interest" in either the Shares or the GDRs at such time or (ii) written notification confirming that there is a "substantial U.S. market interest" (as such term is defined in Regulation S) in either the Shares or the GDRs at such time (a "**SUSMI Notice**"). If the Depositary receives a SUSMI Notice under the Deposit Agreement, it shall be entitled to require from the Holders, during the applicable Distribution Compliance Period (as such term is defined in Regulation S), such certifications as the Depositary shall deem necessary or reasonably desirable in connection with deposits of Shares and withdrawals of Deposited Shares.

(E) The Company has undertaken in the Deposit Agreement to provide the Depositary with sufficient information, as may be reasonably requested by the Depositary, so as to enable the Depositary to determine whether or not the Depositary is obliged, in respect of any payments to be made by it pursuant to the Deposit Agreement, to make any withholding or deduction pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**", and such withholding or deduction, "**FATCA Withholding Tax**"). If applicable, the Depositary shall be entitled to deduct FATCA Withholding Tax to the extent required under FATCA and shall have no obligation to gross-up any payment thereunder or to pay any additional amount as a result of such applicable FATCA Withholding Tax.

25. Copies of Company Notices

The Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary as soon as it is lawful and practical to give such notification such number of copies of any notice to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, and any other material in English (which in the opinion of the Company contains information having a material bearing on the interests of the Holders) furnished to such holders by the Company in connection therewith as the Depositary may reasonably request. If such notice is not furnished to the Depositary in English, either by the Company or the Custodian, the Depositary shall, at the Company's expense, arrange for an English translation thereof (which may be in such summarised form as the Depositary may deem reasonably adequate to provide sufficient information) to be prepared. The Depositary shall, as soon as reasonably practicable after receiving notice of such transmission or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to paragraph (A) of Condition 9, and shall make the same available to Holders in such manner as it may determine.

26. Moneys Held by the Depositary

The Depositary will hold moneys received by it, in respect of or in connection with the Deposited Property in an account with itself as banker and not as trustee, will not hold such moneys in accordance with the Financial Conduct Authority's client money rules, shall be entitled to deal with such moneys in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest on any moneys paid to it by the Company for the purposes of the Deposit Agreement, except as otherwise agreed.

27. Severability

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

28. Disclosure of Beneficial Ownership, Other Information and Ownership Restrictions

(A) Notwithstanding any other provision of the Deposit Agreement to the contrary, each Holder and Beneficial Owner agrees to promptly comply with requests from the Company or the Depositary which relate to requirements of Nigerian law, the rules and requirements of the Nigerian Stock Exchanges, any other stock exchange on which the Shares or GDRs are, or may be, registered, traded or listed, or the Constitutional Documents, to provide information, inter alia, regarding (i) name, state registration details (including, with respect to legal entities only, country of registration, registration number, date of registration or formation and registered and (or) principal business address) and (with respect to individuals only) citizenship; (ii) the capacity in which such Holder or Beneficial Owner holds or owns GDRs (and Shares, as the case may be) and (iii) the identity of any other person interested in such GDRs, the nature of such interest and various related matters, whether or not they are Holders and/or Beneficial Owners at the time of such request. The Depositary agrees to use its reasonable efforts to, upon the request of the Company, forward any such request from the Company to the Holders. The Depositary shall forward to the Company any such information received from such Holders and Beneficial Owners and any such responses to such requests received by the Depositary as soon as reasonably practicable at the Company's expense, provided that the Depositary shall not be responsible or liable for any information contained in or omitted from such responses by other persons.

(B) Failure by a Holder or Beneficial Owner to provide in a timely fashion the information requested by the Company or required pursuant to the Deposit Agreement, the Constitutional Documents or any applicable law may, in the Company's sole discretion, result in the withholding of certain rights in respect of such Holder or Beneficial Owner's GDRs (including voting rights and certain rights as to dividends in respect of the Shares represented by such GDRs).

(C) In the event that the Company determines that there has been a failure by a Holder or Beneficial Owner to comply with the applicable reporting requirements with respect to any Deposited Property and that sanctions are to be imposed against such Deposited Property pursuant to Nigerian law by a court of competent jurisdiction or the Constitutional Documents, the Company shall notify the Depositary, giving details thereof, and shall instruct the Depositary in writing as to the application of such sanctions to the Deposited Property. The Depositary shall have no liability for any actions taken in accordance with such instructions.

(D) Notwithstanding any other provision in the Deposit Agreement or these Conditions, the Company may restrict transfers of the Shares and Deposited Property where such transfer might result in ownership of Shares exceeding the limits applicable to the Shares under applicable law, regulations and stock exchange rules, including those of the state authorities in Nigeria and the Nigerian Stock Exchanges, or the Constitutional Documents. The Company may also restrict, subject to applicable law, regulations and stock exchange rules, in such manner as it deems appropriate, and in such manner as the Depositary deems reasonably practicable, transfers of the GDRs where such transfer may result in the total number of Shares represented by the GDRs owned by a single Holder or Beneficial Owner to exceed any such limits. The Company may, subject to the Constitutional Documents, applicable law, regulations and stock exchange rules and further subject to what the Depositary may deem to be reasonably practicable, instruct the Depositary to take action with respect to the ownership interest of any Holder or Beneficial Owner in excess of the limits referenced in the preceding sentence, including but not limited to, the imposition of restrictions on the transfer of GDRs, the removal or limitation of voting rights or the mandatory sale or disposition on behalf of a Holder or Beneficial Owner of the Shares represented by the GDRs held by such Holder or Beneficial Owner in excess of such limitations, if and to the extent such disposition is permitted by applicable law and the Constitutional Documents. The Depositary shall have no liability for any actions taken in accordance with such instructions. Alternatively, the Company reserves the right to instruct a Holder or Beneficial Owner who has provided such notices to deliver their GDRs for cancellation and withdrawal of the Deposited Shares so as to permit the Company to deal directly with them as holders of Shares and Holders and Beneficial Owners agree to comply with such instructions.

(E) Applicable laws, regulations and stock exchange rules, including those of the state authorities in Nigeria and the Nigerian Stock Exchanges, or the Constitutional Documents, may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of GDRs, to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of GDRs are solely responsible for complying with such reporting requirements and obtaining such approvals. Each Holder and each Beneficial Owner hereby agrees to file such reports and obtain such approvals to the extent and in the form required by applicable laws, regulations and stock exchange rules as in effect from time to time. Neither the Depositary, the Custodian, the Company or any of their respective agents or Affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws, regulations and stock exchange rules.

(F) The Depositary shall have no obligations with respect to any such obligations of Holders and Beneficial Owners.

(G) The Company agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to maintain the appointment of a Nigerian Share Registrar, in full force and effect for so long as any GDRs remain outstanding or the Deposit Agreement remains in force.

(H) The Company agrees that it shall, at any time and from time to time: (i) take any and all action as is necessary to ensure the accuracy and completeness of all information set forth in the Share Register maintained by the Nigerian Share Registrar in respect of the Shares; (ii) use its best efforts to cause the Nigerian Share Registrar, subject to mandatory provisions of Nigerian law and the Nigerian Share Registrar's internal regulations, to provide to the Depositary, the Custodian or their respective agents unrestricted access to the Share Register during ordinary business hours in Lagos, Nigeria, in such manner and upon such terms and conditions as the Depositary, in its reasonable discretion, may deem appropriate, to permit the Depositary, the Custodian or their respective agents to regularly (and in any event not less than monthly) reconcile the number of Deposited Shares registered in the name of the Depositary, the Custodian or their respective nominees, as applicable, pursuant to the terms of the Deposit Agreement and, in connection therewith, to provide the Depositary, the Custodian or their respective agents, upon request, with a duplicate extract from the Share Register duly certified by the Nigerian Share Registrar (or some other evidence of verification which the Depositary, in its reasonable discretion, deems sufficient, except to the extent restricted by applicable law); (iii) use its best efforts to cause the Nigerian Share Registrar promptly (and, in any event, within three (3) business days in Lagos, Nigeria, of the Nigerian Share Registrar's receipt of such documentation as may be required by applicable law and regulation and the reasonable and customary internal regulations of the Nigerian Share Registrar, or as soon as practicable thereafter) to effect the re-registration of ownership of Deposited Shares in the Share Register in connection with any deposit or withdrawal of Shares or Deposited Property under the Deposit Agreement; (iv) permit and use its best efforts to cause the Nigerian Share Registrar to permit the Depositary or the Custodian to register any Shares held under the Deposit Agreement in the name of the Depositary, the Custodian or their respective nominees or successors (which may, but need not be, a non-resident of Nigeria); and (v) use its best efforts to cause the Nigerian Share Registrar promptly to notify the Depositary in writing at any time that the Nigerian Share Registrar (A) eliminates the name of a shareholder of the Company from the Share Register or otherwise alters a shareholder's interest in the Shares and such shareholder alleges to the Company or the Nigerian Share Registrar or publicly that such elimination or alternation is unlawful; (B) no longer will be able materially to comply with, or has engaged in conduct that indicates it will not materially comply with, applicable law relating to its obligations and responsibilities as a registrar and/or the provisions of the Deposit Agreement relating to it (including, without limitation, Clause 8(b)); (C) refuses to re-register Shares in the name of a particular purchaser and such purchaser (or its respective seller) alleges that such non-registration or refusal is unlawful; (D) holds Shares of the Company for its own account; or (E) has materially breached the provisions of the Deposit Agreement relating to it (including, without limitation, Clause 8(b)) and has failed to cure such breach within a reasonable time.

(I) In connection with the Deposit Agreement, the Company agrees that it shall be solely liable for any act or failure to act on the part of the Nigerian Share Registrar (other than such act or failure to act on the part of the Nigerian Share Registrar arising in connection with any act or failure to act of the Depositary or the Custodian, or their respective directors, officers, employees, agents or Affiliates) and that the Company shall be solely liable for the unavailability of Deposited Shares or for the failure of the Depositary to make any distribution of cash or other distributions with respect thereto as a result of any one or more of the following: (i) any act or failure to act of the Company or its agents, the Nigerian Share Registrar (other than such act or failure to act on the part of the Nigerian Share Registrar arising in connection with any act or failure to act of the Depositary or the Custodian, or their respective directors, officers employees, agents or Affiliates), or their respective directors, employees, agents or Affiliates, (ii) any provision of any present or future law, rule or regulation of the United States, Nigeria or any other country, regulatory authority or stock exchange (save for provisions mandated by applicable law) (iii) any provision of any present or future Constitutional Documents or any other instrument of the Company governing the Deposited Shares, or (iv) any provision of any securities issued or distributed by the Company or any offering or distribution thereof (save for provisions mandated by applicable law).

(J) The Depositary agrees for the benefit of the Holders and Beneficial Owners that the Depositary shall instruct the Custodian to reconcile regularly the number of Shares or other Deposited Property registered in the name of the Depositary, the Custodian or their respective nominees, as applicable, pursuant to the terms of the Deposit Agreement. The Company and the Depositary agree that, for the purposes of the rights and obligations under the Deposit Agreement of the parties thereto, the records of the Depositary and the Custodian shall be controlling for all purposes with respect to the number of Shares or other Deposited Property which should be registered in the name of the Depositary, the Custodian or their respective nominees, as applicable, pursuant to the terms of the Deposit Agreement; provided, however, that the Depositary agrees that it shall, and shall cause the Custodian to, at any time and from time to time take any and all action necessary to ensure the accuracy and completeness of all information set forth in the records of the Depositary, the Custodian or their respective nominees, as applicable, pursuant to the Deposit Agreement with respect to the Shares or other Deposited Property registered in the name of any of them. The Depositary agrees that it will instruct the Custodian to maintain custody of all duplicate share extracts (or other evidence of verification) provided to the Depositary, the Custodian or their respective agents. In the event of any material discrepancy between the records of the Depositary or the Custodian and the Share Register, then, if the Depositary has the knowledge of such discrepancy, the Depositary shall notify the Company promptly. In the event of discrepancy between the records of the Depositary or the Custodian and the Share Register the Company agrees that (whether or not it has received any notification from the Depositary) it will (i) use its reasonable efforts to cause the Nigerian Share Registrar to reconcile its records to the records of the Depositary or the Custodian and to make such corrections or revisions in the Share Register as may be necessary in connection therewith, and (ii) to the extent the Company is unable to so reconcile such records, and the number of Shares reflected in the records of the Nigerian Share Registrar differs by more than one-half of one per cent from the number of Shares reflected in the records of the Depositary or the Custodian, promptly instruct the Depositary to notify the Holders of the existence of such discrepancy. Upon receipt of the Company’s instructions to notify the Holders of such discrepancy, the Depositary shall give such notification promptly to the Holders (it being understood that the Depositary at any time may give such notification to the Holders, whether or not it has received instructions from the Company) and shall promptly cease issuing GDRs until such time as, in the opinion of the Depositary, such records have been appropriately reconciled.

29. Governing Law

(A) The Deposit Agreement, including these Conditions, and the GDRs, and any non-contractual obligations arising from or connected thereto, are governed by, and shall be construed in accordance with, English law, except that the certification set forth in Schedule 3 and Schedule 4 of the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The rights and obligations attaching to the Deposited Shares will be governed by Nigerian law. The Company has submitted in respect of the Deposit Agreement and the Deed Poll to the jurisdiction of the English courts. The Company has also agreed in the Deposit Agreement and the Deed Poll to allow, respectively, the Depositary and the Holders to elect that Disputes (as defined respectively in the Deposit Agreement and the Deed Poll) be referred to, and finally resolved by, binding arbitration in accordance with the rules of the London Court of International Arbitration.

(B) Subject to clause 21 of the Deposit Agreement and clause 5 of the Deed Poll, the courts of England shall have exclusive jurisdiction to hear, determine and settle any Dispute (as defined respectively in the Deposit Agreement and the Deed Poll) and, accordingly, any suit, legal action or proceedings arising out of or related to any Dispute(s) ("**Proceedings**") may be brought in such courts. This submission is made for the benefit of the Depository and each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(C) The Company irrevocably appoints Guaranty Trust Bank (UK) Limited at its registered office for the time being, being at the date hereof at 60-62 Margaret Street, London W1W 8TF, United Kingdom as its authorised agent for service of process in England. If for any reason the Company does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(D) The Depositary irrevocably appoints JPMorgan Chase Bank, National Association, currently situated at 25 Bank Street, London, Canary Wharf, E14 5JP as its authorised agent for service of process in England. Any correspondence addressed to JPMorgan Chase Bank, National Association, in its capacity as the Depositary's agent for service of process in England, should be addressed for the attention of the ADR Department. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Company of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

30. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce these terms and conditions under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that these terms and conditions expressly provide for such Act to apply.

PART IX

SUMMARY OF PROVISIONS RELATING TO THE NEW GDRS WHILST IN MASTER FORM

The New GDRs will initially be evidenced by (i) a single Regulation S Master GDR in registered form and (ii) a single Rule l44A Master GDR in registered form. The Regulation S Master GDR and the Rule 144A Master GDR will each be registered in the name of Cede & Co., as nominee for DTC and will be held by the Depositary as Custodian for DTC. The Master GDRs contain provisions that apply to the New GDRs while they are in master form, some of which modify the effect of the terms and conditions of the New GDRs (the "**Conditions**") set out in this Prospectus. The following is a summary of certain of those provisions. Unless otherwise defined herein, the terms defined in the Conditions shall have the same meaning herein.

Any increase or decrease in the number of New GDRs evidenced thereby from that initially notified to the Holder, as defined in the Conditions, will be promptly notified to the Holder by the Depositary in accordance with the Conditions.

For risks related to potential future limitations on the exercise of voting and/or dividends rights by a New GDR holder, see "*Risk Factors—Risks Related to the New Shares and the New GDRs*".

Exchange

The Master GDRs will only be exchanged for certificates in definitive registered form evidencing New GDRs in the circumstances described in (a), (b), (c) or (d) below in whole but not, except in the case of (d) below, in part. The Depositary will irrevocably undertake in the Master GDRs to deliver certificates evidencing New GDRs in definitive registered form in exchange for the relevant Master GDR, to persons entitled to interests in the relevant Master GDR within 60 days in the event that:

(a) Euroclear or Clearstream, Luxembourg, in the case of the Master Regulation S GDR, or DTC (or any successor to DTC), in the case of either Master GDR advises Guaranty Trust in writing that it is unwilling or unable to continue as depositary and a successor depositary is not appointed within 90 calendar days; or

(b) Euroclear or Clearstream, Luxembourg, in the case of the Master Regulation S GDR, or DTC, in the case of either Master GDR, is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depositary is available within 45 days; or

(c) DTC or any successor ceases to be a "clearing agency" registered under the Exchange Act; or or

(d) the Depositary has determined that, on the occasion of the next payment in respect of the GDRs, Guaranty Trust, the Depositary or its agent would be required to make any deduction or withholding from any payment in respect of the New GDRs which would not be required were the New GDRs in definitive form.

Any such exchange shall be at the expense (including printing costs) of the relevant Holder in the case of such appropriate part or at the expense of the Holders in case of exchange of the whole of the Master GDR for the definitive GDRs.

A New GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through Euroclear, Clearstream, Luxembourg; or DTC.

Upon any exchange of a part of a Master GDR for a certificate evidencing a New GDR or New GDRs in definitive form, or any exchange of interests between a Master GDR pursuant to Clause 5 of the New Deposit Agreement, or any distribution of New GDRs pursuant to Conditions 3, 5, 6, 7 or 10, or any reduction in the number of New GDRs evidenced thereby following any withdrawal of any Deposited Property pursuant to Condition 2, or any increase in the number of New GDRs following the deposit of additional New Shares pursuant to Condition 1, the relevant details shall be entered on the register of the Depositary, whereupon the number of New GDRs represented by a Master GDR shall be reduced or increased (as the case may be) for all purposes by the amount so exchanged and entered on the register, provided always that if the number of New GDRs evidenced by a Master GDR is reduced to zero such Master GDR shall continue in existence until the obligations of Guaranty Trust under the New Deposit Agreement and the obligations of the Depositary pursuant to the New Deposit Agreement and the Conditions have terminated.

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) will be made by the Depositary through DTC, on behalf of persons entitled thereto upon receipt of funds therefor from Guaranty Trust. A free distribution or rights issue of New Shares to the Depositary on behalf of the Holders will result in the record maintained by the Depositary being marked up to reflect the enlarged number of New GDRs represented by the relevant Master GDR.

Holders of New GDRs will have voting rights as set out in the Conditions.

Surrender of New GDRs

Any requirement in the Conditions of the New GDRs relating to the surrender of a New GDR to the Depositary shall be satisfied by the production of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by DTC. The delivery or production of any such evidence shall be sufficient evidence, in favour of the Depositary, any agent of the Depositary, and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property (as defined in the Conditions) represented by such New GDRs.

Notices

Notices to Holders may be given by the Depositary by delivery of the relevant notice to DTC with respect to the Master GDRs for communication to persons entitled thereto in substitution for delivery of notices in accordance with Condition 23, except that so long as the New GDRs are listed on the Official List maintained by the FCA and admitted for trading on the market for listed securities of the London Stock Exchange and the rules of the FCA or the London Stock Exchange so require, notices shall also be published in a leading newspaper having general circulation in the United Kingdom.

Information

For so long as any of the Rule 144A GDRs or New Shares represented thereby are “restricted securities” within the meaning of Rule 144(a) (3) under the Securities Act, if at any time Guaranty Trust is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from such reporting requirements of the Exchange Act by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, Guaranty Trust has agreed to supply to any Holder, owner of Rule 144A GDRs or of rule 144A Master GDRs or Beneficial Owner (as defined in the Conditions) of an interest in such Rule 144A GDRs, and to any prospective purchaser of Rule 144A GDRs or New Shares represented thereby designated by such person pursuant to a Deed Poll executed by Guaranty Trust in favour of such persons, the information required by Rule 144A(d)(4)(i) under the Securities Act, as amended, to permit compliance with Rule 144A in connection with resales of Rule 144A GDRs or New Shares or interests therein in reliance on Rule 144A under the Securities Act and otherwise to comply with the requirements of Rule 144A(d)(4) under the Securities Act.

Governing Law

The Master GDRs, and all non-contractual obligations arising from or connected with the Master GDRs, shall be governed by and construed in accordance with English law.

PART X

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE NEW GDRS

Information relating to the Depositary

The Depositary is supervised and regulated by the Office of the Comptroller of the Currency ("**OCC**") and, with respect to certain matters, by the U.S. Federal Deposit Insurance Corporation (the "**FDIC**").

Rights of Holders of New GDRs

Relationship of Holders of New GDRs with the Depositary: The rights of Holders against the Depositary are governed by the Conditions and the New Deposit Agreement, which are governed by English law (except that the certifications to be given upon deposit or withdrawal (in Schedules 3 and 4 of the New Deposit Agreement) are governed by the laws of the State of New York). The Depositary and Guaranty Trust are parties to the New Deposit Agreement. Holders of New GDRs have contractual rights against the Depositary under the Conditions in relation to cash held by the Depositary, and rights against the Depositary under the Conditions under a bare trust in respect of Deposited Property other than cash (including Deposited Shares, which are New Shares of Guaranty Trust represented by the New GDRs) deposited with the Depositary under the New Deposit Agreement, and certain limited rights against Guaranty Trust by virtue of the Deed Poll.

Voting: With respect to voting of Deposited Shares and other Deposited Property represented by the New GDRs, the Conditions and the New Deposit Agreement provide that, if notified by Guaranty Trust and provided with relevant information in relation to any meeting at which the holders of New Shares or other Deposited Property are entitled to vote, or of a solicitation of consent or proxy from holders of New Shares or Deposited Property, and if so requested in writing by Guaranty Trust, the Depositary shall, provided that no relevant legal prohibitions exist, send to any person who is a Holder on the record date established by the Depositary for that purpose such notice of meeting or solicitation of consent or proxy, along with a brief statement on the manner in which such Holders may provide the Depositary with voting instructions for matters to be considered. The New Deposit Agreement and the Conditions provide that the Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to the Deposited Shares in accordance with the voting instructions it has received from Holders, subject to applicable law. Each Holder of New GDRs is entitled to give instructions to the Depositary to vote for or against each resolution specified in the agenda for the meeting. Each voting instruction from a Holder of New GDRs must be in the form required by the Depositary. Exercise of voting rights from Holders of New GDRs will be subject in each case to applicable law and the Depositary's determination of what is reasonably practicable, which may mean that in some cases the Depositary cannot procure the exercise of any votes. See Condition 12 ("*Terms and Conditions of the New Global Depositary Receipts*") for more information on the voting rights of Holders of New GDRs.

Delivery of New Shares: The New Deposit Agreement and the Conditions provide that the Deposited Shares can only be delivered out of the Regulation S and Rule 144A GDR facilities (i) to, or to the order of, a Holder of related New GDRs upon surrender and cancellation of such New GDRs or (ii) in connection with a sale to pay taxes or certain other charges due to the Depositary or (iii) following termination of the New Deposit Agreement.

Rights of Guaranty Trust

Guaranty Trust has broad rights to remove the Depositary under the terms of the New Deposit Agreement, but no specific rights under the New Deposit Agreement which are triggered in the event of the insolvency of the Depositary.

Insolvency of the Depositary

Applicable insolvency law

If the Depositary becomes insolvent, the insolvency proceedings will be governed by U.S. law applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash

The Conditions state that any cash held by the Depositary for Holders is held by the Depositary as banker. Under current U.S. law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim for such cash in the event of the Depositary's insolvency, and that such cash would also be available to satisfy claims of other general creditors of the Depositary or the FDIC.

Effect of applicable insolvency law in relation to non-cash assets

The New Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's liquidator to deliver to them such Depositary Shares and other non-cash assets, and such Depositary Shares and other non-cash assets would be unavailable to general creditors of the Depositary or the FDIC.

Default of the Depositary

If the Depositary fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the Conditions or otherwise engages in a default for which it would be liable under the Conditions, the Depositary will be in breach of its contractual obligations under the Conditions. In such case, Holders will have a claim under English law against the Depositary to the extent that the Depositary is in breach of its contractual obligations under the Conditions.

The Custodian

The Custodian, Citibank Nigeria Limited, is an entity established under the laws of Nigeria. The Custodian holds securities for the Depositary subject to a custody agreement between the Custodian and the Depositary which is governed by New York law. The Custodian may resign or be discharged from its duties by prior notice. Notice of any change of Custodian shall be given to Holders by the Depositary, following such change. The Depositary shall promptly appoint a successor Custodian approved by the relevant authority in Nigeria (to the extent required under Nigerian law) which shall upon acceptance of such appointment and the expiry of any applicable notice period become the Custodian and the retiring Custodian shall vest the Deposited Property and the relevant records in the successor Custodian.

Relationship of Holders of New GDRs with the Custodian

The Holders do not have any contractual relationship with, or rights enforceable against, the Custodian.

Default of the Custodian

Failure to deliver cash

Cash payments from Guaranty Trust (which are expected to be denominated in Naira) will initially be received by the Depositary in an account held by the Custodian in the Depositary's name. Subject to Nigerian legislation, amounts received from Guaranty Trust by the Depositary will then be exchanged for U.S. Dollars in accordance with the Conditions and the U.S. Dollars will be received by the Depositary in New York. After deduction of any fees and expenses of the Depositary, the U.S. Dollars will then be paid by the Depositary to the Holders in accordance with the Conditions. If the Custodian fails to deliver cash to the Depositary as required under the custody agreement or otherwise engages in a default for which it would be liable under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations under the custody agreement. In such case, the Depositary would have a claim under New York law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

Failure to deliver non-cash assets

If the Custodian fails to deliver Deposited Shares or other non-cash assets held for the Depositary as required by the Depositary, the Custodian will be in breach of its obligations to the Depositary. In such case, the Depositary will have a claim under New York law against the Custodian for the Custodian's breach of its obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

The Depositary's obligations

The Depositary has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of Holders. The Depositary is not responsible for, and shall incur no liability in connection with, or arising from, any act or omission to act on the part of the Custodian except to the extent that the Custodian has committed fraud, gross negligence or wilful misconduct or acted in bad faith in the provision of custodial services to the Depositary.

Insolvency of the Custodian

Applicable law

If the Custodian becomes bankrupt, the bankruptcy proceedings will be governed by the provisions of the Nigerian Bankruptcy Act.

Effect of applicable bankruptcy law in relation to non-cash assets

Under the New Deposit Agreement, all Deposited Shares are registered in the name of the Depositary and are held by the Custodian, for the account and to the order of the Depositary and must be identified as being held to the account of the Depositary and segregated from all other property held by the Custodian. The Custodian must maintain records of all Deposited Shares held by it for the account and to the order of the Depositary and make such records available to the Depositary. The same principle of segregation of assets is provided for in the applicable laws of the Nigeria, according to which all account managers (including the Custodian) have obligations as to the separate management of accounting of their own financial instruments and financial instruments of their clients. Under the applicable Nigerian law, in the event the Custodian becomes insolvent, the Deposited Shares would not be deemed to form part of the assets of the Custodian.

Effect of applicable insolvency law in relation to cash

The same principle of segregation of assets, as described above with respect to the accounting of financial instruments also applies to cash under applicable Nigerian law.

The Depositary's liability

The Depositary shall incur no liability in connection with or arising from, the insolvency of any Custodian that is not a branch or affiliate of the Depositary.

The Depositary's obligations

The Depositary has no obligation to pursue a claim in the Custodian's insolvency on behalf of the Holders. The Depositary has no responsibility for, and will incur no liability in connection with or arising from, the insolvency of the Custodian. In the event of the insolvency of the Custodian, the Holders have no direct recourse to the Custodian under the New Deposit Agreement or the Depositary's agreement with the Custodian, though the Depositary can remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

PERSONS HOLDING BENEFICIAL TITLE TO NEW GDRs OR INTERESTS THEREIN ARE REMINDED THAT THE ABOVE DOES NOT CONSTITUTE LEGAL ADVICE AND IN THE EVENT OF ANY DOUBT REGARDING THE EFFECT OF THE DEFAULT OR INSOLVENCY OF THE DEPOSITARY OR THE CUSTODIAN, SUCH PERSONS SHOULD CONSULT THEIR OWN ADVISORS IN MAKING A DETERMINATION.

PART XI

UNITED KINGDOM TAXATION

The comments below are of a general nature and are based on current UK law and published HM Revenue & Customs practice as at the date of this Prospectus, both of which are subject to change, possibly with retroactive effect. They do not purport to be a comprehensive description of all the tax considerations which may be relevant to the acquisition, holding or disposing of the New GDRs. This summary only covers the principal UK tax consequences for the absolute beneficial owners of New GDRs and any dividends paid in respect of them, in circumstances where the dividends paid are regarded for UK tax purposes as those persons' own income, and not the income of some other person, and who are resident (and, in the case of individuals only, domiciled) in the UK for UK tax purposes and who are not resident in any other jurisdiction and do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of New GDRs is connected ("**UK holders**"). In addition, this summary: (a) only addresses the tax consequences for UK holders who hold the New GDRs as capital assets or investments (other than in an individual savings account or a self-invested personal pension) and does not address the tax consequences which may be relevant to certain other categories of UK holders, for example, dealers; (b) does not address the tax consequences for UK holders that are banks, financial institutions, insurance companies, collective investment schemes or persons connected (other than by reason of holding the New GDRs) with Guaranty Trust; (c) assumes that the UK holder does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 10% or more of the New Shares or voting power, rights to profit or capital of Guaranty Trust; (d) assumes that the UK holder of New GDRs is, for UK tax purposes, beneficially entitled to the underlying New Shares and to dividends on those New Shares; and (e) assumes that the UK holder has not (and is not deemed to have) acquired the New GDRs by virtue of an office or employment.

Investors should consult their own tax advisors as to which countries' tax laws could be relevant to acquiring, holding and disposing of the New GDRs and as to the tax consequences of the receipt of dividends in connection with the New GDRs and of the sale of the New GDRs under the tax laws of those countries. Tax legislation of an investor's jurisdiction and of Nigeria may have an impact on the income received from the New GDRs. Any person who is in any doubt as to its tax position, or who is subject to taxation in any jurisdiction, should seek professional advice immediately.

THE FOLLOWING IS INTENDED ONLY AS A GENERAL GUIDE AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR UK HOLDER. INVESTORS SHOULD SATISFY THEMSELVES AS TO THE OVERALL TAX CONSEQUENCES, INCLUDING, SPECIFICALLY, THE CONSEQUENCES UNDER UK LAW AND HM REVENUE & CUSTOMS PRACTICE, OF ACQUISITION, OWNERSHIP AND DISPOSITION OF NEW GDRS IN THEIR OWN PARTICULAR CIRCUMSTANCES, BY CONSULTING THEIR OWN PROFESSIONAL TAX ADVISORS.

Taxation of Dividends

Withholding Tax

Dividend payments in respect of the New GDRs should not be subject to UK withholding tax.

Individual UK Holders of New GDRs

An individual UK holder who receives a dividend in respect of the New GDRs will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the UK holder in the same tax year) that dividend falls below the yearly dividend allowance of £2,000 ("**nil rate band**").

To the extent that (taking account of any other dividend income received by the UK holder in the same tax year) the dividend exceeds the allowance, it will be subject to income tax at 7.5 per cent. to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received in the same tax year) it falls above the threshold for higher rate income tax, then the dividend will be taxed at 32.5 per cent. to the extent that it is within the higher rate band, or 38.1 per cent. to the extent that it is within the additional rate band (each such rate as applicable in the 2020/2021 tax year). For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a UK holder's income. In addition, dividends within the nil rate band which (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

Corporate UK Holders of New GDRs

Where a corporate UK holder is within the charge to UK corporation tax, it will be subject to UK corporation tax on the actual amount of any dividend paid on the New GDRs (at a rate of 19 per cent. as applicable in 2020/2021 tax year), unless (subject to special rules for such UK holders that are "small" companies within the meaning of section 931S of the Corporation Tax Act 2009) the dividend falls within an exempt class (and the UK holder does not elect for an otherwise exempt dividend to be taxable) and certain other conditions are met. Although it is likely that most dividends paid in respect of the New GDRs to UK holders within the charge to UK corporation tax would fall within one or more of the classes of dividend qualifying for exemption from UK corporation tax, the exemptions are not comprehensive and are also subject to anti-avoidance rules.

Taxation of Disposals

The disposal or deemed disposal of New GDRs by a UK holder may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains or, in the case of a corporate UK holder, UK corporation tax on chargeable gains (depending, in each case, on the UK holder's circumstances and subject to any available exemption or relief).

An individual UK holder is currently entitled to an annual exemption from UK taxation of chargeable gains up to £12,300 (in the 2020/2021 tax year). In the case of an individual UK holder, indexation allowance is not available and chargeable gains are generally liable to capital gains tax at the applicable rate.

After allowable deductions, a taxable capital gain accruing on an individual UK holder's disposal (or deemed disposal) of New GDRs will be taxed at 10 per cent. to the extent that it is below the higher threshold and 20 per cent. to the extent that it is above the higher threshold (in each case when treated as received on top of any income and other chargeable gains in that tax year, and in each case such rates are as applicable in the 2020/2021tax year).

In addition, UK holders who are individuals and who dispose of their New GDRs while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK if (broadly speaking) the period of non-residence is five years or less.

UK holders within the charge to corporation tax on chargeable gains will be subject to UK corporation tax (at a rate of 19 per cent. as applicable in the 2020/2021 tax year) on the proceeds received on a disposal of New GDRs less the sum of the base cost of their New GDRs plus incidental selling expenses.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT should be payable on: (i) the issue of the New GDRs or (ii) the delivery of the New GDRs into DTC, Euroclear or Clearstream, Luxembourg or (iii) any dealings in the New GDRs once they are delivered into such clearance systems, where such dealings are effected in book-entry form in accordance with the procedures of DTC, Euroclear or Clearstream, Luxembourg (as applicable) and not by written instrument of transfer.

No SDRT should be payable in respect of any agreement to transfer the New GDRs.

Assuming that any document effecting a transfer of the New GDRs, or containing an agreement to transfer an equitable interest in the New GDRs is neither: (i) executed in the UK; nor (ii) relates to any property situated, or to any matter or thing done or to be done, in the UK (the term "matter or thing done or to be done" is very wide and may include involvement of UK bank accounts in payment mechanics), then no UK stamp duty should be payable on such document.

PART XII

SETTLEMENT AND TRANSFER

New GDRs

Guaranty Trust is proposing to issue up to 77 million New GDRs in replacement of the Existing GDRs pursuant to the Scheme. As part of the Scheme, holders of Existing GDRs will receive, as consideration for each Existing GDR held, one New GDR. Each New GDR represents an interest in 50 New Shares on deposit with the Custodian on behalf of the Depositary. The New GDRs will be issued by the Depositary pursuant to the New Deposit Agreement in registered form. The New GDRs will be evidenced initially by Master GDRs, issued by the Depositary pursuant to the New Deposit Agreement. Except in the limited circumstances described in this Prospectus, definitive certificates will not be issued to New GDR holders in exchange for interests in the New GDRs represented by the Master GDRs. See "*Terms and Conditions of the New Global Depositary Receipts*". The New GDRs will be denominated in United States Dollars and will be quoted and traded in United States Dollars.

Upon admission to the standard segment of the official list of the UK Listing Authority and to trading on the London Stock Exchange's main market, the New GDRs will be freely transferable subject to: (i) the clearing and transferability settlement rules of DTC and, in the case of the New GDRs represented from time to time by the Regulation S Master GDR, the settlement requirements of Euroclear and Clearstream (ii) the terms and conditions of the New GDRs; and (iii) certain resale, selling and transfer restrictions under the relevant laws in certain jurisdictions, as may be applicable to the relevant transferor or transferee. The Depositary shall refuse to accept a transfer of any New GDRs if it believes that such transfer would result in a violation of any applicable laws. See "*Terms and Conditions of the New Global Depositary Receipts*".

Clearing and Settlement of New GDRs

Custodial and depositary links will be established with DTC to facilitate the initial issue of the New GDRs and cross-market transfers of the New GDRs associated with secondary market trading.

The Clearing Systems

DTC

DTC has advised Guaranty Trust as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the United States Securities Exchange Act of 1934, as amended. DTC holds securities for DTC participants (including Euroclear and Clearstream, Luxembourg) and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the New GDRs holding through DTC will receive, to the extent received by the Depositary, all distributions of dividends or other payments with respect to book-entry interests in the New GDRs from the Depositary through DTC and DTC participants. Distributions in the United States will be subject to relevant US tax laws and regulations.

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book-entry interests in the New GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book-entry interests in the New GDRs, may be limited.

Clearance and Settlement Procedures

Ownership of interests in the New GDRs evidenced by the Master GDRs will be limited to DTC participants or persons who hold interests through DTC participants (including Euroclear and Clearstream). Ownership of such interests will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee, Cede & Co (with respect to interests of DTC participants) and the records of DTC participants (with respect to interests of persons other than DTC participants).

So long as Cede & Co. as nominee of DTC, is the registered owner or holder of the Master GDRs, Cede & Co., will be considered the sole legal owner of the New GDRs evidenced by such security for all purposes under the New Deposit Agreement and the New GDRs. In addition, no owner of an interest in the New GDRs evidenced by the Master GDRs will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the New Deposit Agreement, and, if applicable, those of Euroclear and Clearstream).

Transfers between DTC participants will be effected through DTC. Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in the New GDRs evidenced by the Master GDRs to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take action in respect of such interest, may be affected by the lack of physical individual definitive securities in respect of such interest. Transfers between account holders in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the New GDRs described above, cross-market transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected through DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the New GDRs, as the case may be, and making or receiving payment in accordance with normal procedures for settlement applicable to DTC. Euroclear and Clearstream accountholders may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of the time zone differences, the securities of a Euroclear or Clearstream accountholder purchasing an interest in a security from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in such securities settled during such processing day will be reported to the relevant Euroclear or Clearstream accountholder on such day. Cash received in Euroclear or Clearstream as a result of sales of interest in securities by or through a Euroclear or Clearstream accountholder to a DTC participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised Guaranty Trust that it will take any action permitted to be taken by a holder of the New GDRs only at the direction of one or more DTC participants to whose account or accounts with DTC interests in the New GDRs evidenced by the Master GDRs are credited and only in respect of such portion of the number of New GDRs, as to which such DTC participant or DTC participants has or have given such direction. Holders of indirect interests in securities evidenced by the Master GDRs through DTC participants have no direct rights to enforce such interests while the securities are in global form.

General

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the New GDRs amongst participants of Euroclear, Clearstream, Luxembourg and DTC, none of Euroclear, Clearstream, Luxembourg or DTC are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of Guaranty Trust, the Depositary or, the Custodian or their respective agents will have any responsibility for the performance by DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

PART XIII

ADDITIONAL INFORMATION

Responsibility

Guaranty Trust accepts responsibility for the information contained in this Prospectus and to the best of Guaranty Trust's knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Incorporation and registered office of Guaranty Trust

Guaranty Trust is a public limited company incorporated in Nigeria. Its registered office is located at Plot 635, Akin Adesola Street, Victoria Island, Lagos, Nigeria. Its telephone number is +01-44807409 and its legal entity identifier is 0292004488G9K8Y1I649.

The principal legislation under which Guaranty Trust operates, and under which the New Shares have been or will be created, is the CAMA and the regulations made thereunder.

Share capital of Guaranty Trust

Share Capital before or after the Effective Date

Guaranty Trust was incorporated on 24 July 2020 with an authorised share capital of ₦26,835,000,000, comprising of 53,670,000,000 ordinary share(s) of 50 kobo each. As at 16 June 2021 (i.e. the business day immediately preceding the Effective Date), the issued share capital of Guaranty Trust was as follows:

Class	Authorised New Shares	Aggregate nominal value (Naira)	Issued (but unpaid) New Shares	Aggregate Nominal Value (Naira)
Ordinary Shares	53,670,000,000	₦26,835,000,000	0	0

As at 16 June 2021 (i.e. the business day immediately preceding the Effective Date), Messrs. Osaretin Demuren and Segun Agbaje (i.e. subscribers to the Memorandum and Articles of Association of Guaranty Trust) held the above issued (but unpaid) ordinary shares of Guaranty Trust. On the Effective Date, the above subscribers surrendered their shares in Guaranty Trust and these shares subsequently formed part of the un-issued share capital of Guaranty Trust.

Under the Scheme, Guaranty Trust will issue New Shares, credited as fully paid, to the shareholders of the Bank on the basis of one New Share for every existing ordinary share of the Bank held at the terminal date (i.e. the business day immediately preceding the Effective Date), and the issued and fully paid share capital of Guaranty Trust immediately following implementation of the Scheme will be as follows:

Class	Authorised New Shares	Aggregate nominal value (Naira)	Issued and Paid-Up New Shares	Aggregate Nominal Value (Naira)
Ordinary Shares	53,670,000,000	₦26,835,000,000	29,431,179,224	14,715,589,612

Within five (5) business days from the Effective Date (being 17 June 2021), Datamax Registrars Limited (i.e. the registrar of the Bank) shall credit the CSCS accounts of the shareholders of the Bank as at the terminal date (i.e. the business day immediately preceding the Effective Date) with the New Shares. The currency of the New Shares will be Naira and the New Shares will be listed, quoted and traded in Naira on the NSE.

Existing resolutions and authorities

On 4 December 2020, it was resolved by the shareholders of Guaranty Trust in issue at that date that the Directors of Guaranty Trust be authorised (in accordance with the provisions of section 149(3) of CAMA and Article 6) to exercise all of the powers of Guaranty Trust to allot shares up to an aggregate nominal amount of ₦26,835,000,000 for the purposes of the Scheme.

On 12 April 2021, it was resolved by the shareholders of Guaranty Trust in issue at that date that E&Y Nigeria be appointed as auditor of Guaranty Trust pursuant to Section 401 of CAMA to audit the financial statements of Guaranty Trust and to hold office until the conclusion of the next annual general meeting.

Other

Save as disclosed in this Part XIII ("*Additional Information*"), as at the date of this Prospectus:

- no share or loan capital of Guaranty Trust has been issued fully or partly paid, either for cash or for a consideration other than cash;
- Guaranty Trust has not created or issued any preference shares;
- Guaranty Trust has not issued any securities with warrants, convertible securities or exchangeable securities, and there are no acquisition rights and/or obligations over unissued share capital or any undertaking to increase the share capital of Guaranty Trust;
- no share or loan capital of Guaranty Trust is under option or agreed, conditionally or unconditionally, to be put under option; and
- no share or loan capital of any subsidiary of Guaranty Trust is under option or agreed, conditionally or unconditionally, to be put under option.

Form of the New Shares

The New Shares will be issued in registered form, with all necessary entries made in Guaranty Trust's register of members, maintained by its registrar, Datamax Registrars Limited. Ownership of the New Shares will be evidenced by statements issued in respect of uncertificated shares with the Central Securities and Clearing System Limited of the NSE. The New Shares will rank *pari passu* in all respects with each other, including for voting purposes and in full for all dividends and distributions on the New Shares declared, made or paid after their issue and for any distributions made on a winding up of Guaranty Trust.

The New Shares are freely transferable and there are no restrictions on transfer. However, the New Shares may not be offered or sold, directly or indirectly, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Moreover, there are certain regulatory compliances relating to the ownership and transfer of shares which need to be met. These include (i) the requirement to cross the transferred shares on the floor of the NSE; (ii) the requirement to notify the NSE where the shares proposed to be transferred represent up to 5 per cent. of Guaranty Trust's issued share capital; and (iii) the requirement to notify the CBN within 5 days of the transfer, where the shares proposed to be transferred through the secondary market represent up to five per cent. of Guaranty Trust issued share capital, and to obtain the prior approval of the CBN where the transfer is not effected through the secondary market.

Summary of Guaranty Trust's Memorandum of Association

The objects that Guaranty Trust can undertake are set out in Clause 3 of its Articles of Association ("**Guaranty Trust's Articles**"), with its principal object being to carry on business as a financial holding company. Other objects of Guaranty Trust include investing in and holding controlling shares as well as managing equity investments in its subsidiary companies.

The objects for which Guaranty Trust is established are subject to the overriding restriction that Guaranty Trust shall not at any time and in any manner or in any place within Nigeria, act in contravention of the BOFIA or any statutory re-enactment or modification for the time being in force.

Guaranty Trust's Articles were subscribed to by its initial subscribers at incorporation.

Summary of Guaranty Trust's Articles

Overview of Nigerian Company Law

The CAMA governs the affairs of companies in Nigeria. Under Nigerian law, a company acts directly through its shareholders or its board of directors or indirectly through officers or agents appointed by, or under the authority derived from, the shareholders or the board of directors. Every company is required to register a copy of its memorandum and articles of association with the Corporate Affairs Commission. Once registered, the memorandum and articles of association have the effect of a contract under seal between the company and its shareholders and officers and between the shareholders and officers themselves. The memorandum and articles of association, amongst other things, states the nature of the business of the company and any restrictions on its powers. The respective powers of the shareholders and the board of directors are also contained in the memorandum and articles of association of the company. Except as otherwise contained in the articles of association, the business of a company is to be managed by the board of directors, which may in turn delegate its powers to board committees and/or the managing director. The articles of association prescribe the regulations of the company.

Overview of Guaranty Trust's Articles

Copies of Guaranty Trust's Articles are available for inspection as detailed in this Part XIII ("*Additional Information*") of this Prospectus. The following summary of certain provisions of Guaranty Trust's Articles does not purport to be complete and is qualified in its entirety by the full terms of Guaranty Trust's Articles.

Guaranty Trust's Articles include provisions to the following effect:

Share Rights

Guaranty Trust may from time to time issue classes of shares. Any share in Guaranty Trust may be issued with preferred, deferred or other special rights or such restriction whether in regard to dividend, voting, return or share capital or otherwise as may from time to time be determined by an ordinary resolution.

However, as at the date of this Prospectus, all the shares of Guaranty Trust are ordinary shares.

Voting Rights

Members may vote either in person or through their proxy. On a show of hands every member present in person or in proxy shall have one vote. On a poll every member present in person or by proxy shall have one vote for each share held by such member.

Under Nigerian law, no company can by its articles or otherwise authorise the issue of shares which carry more than one vote in respect of each share or which do not carry any right to vote. However, in accordance with Section 168 of the CAMA, preference shares can carry more than one vote per share in certain specified circumstances.

Dividends and Other Distributions

Subject to the provisions of Guaranty Trust's Articles and to any rights or privileges attached to any shares in Guaranty Trust having preferential or special rights in regard to dividends, the profits of Guaranty Trust shall be applied in payment of dividends upon the shares of Guaranty Trust in proportion to the amounts paid thereon respectively otherwise than in advance of calls. All dividends are apportioned and paid *pro-rata* according to the amounts paid up or credited as paid up on the shares and are payable out of the profits of Guaranty Trust.

Guaranty Trust may, from time to time, by ordinary resolution declare a dividend to be paid to the members according to their rights and interest in the profits, and may fix the time for payment of such dividend. The declaration of the directors as to the amount of the profits of Guaranty Trust at any time available for payment as dividends shall be conclusive.

No larger dividend shall be declared than is recommended by the directors, but Guaranty Trust may by ordinary resolution declare a smaller dividend.

The directors may, if they think fit, and if in their opinion the position of Guaranty Trust justifies such payment from time to time declare and pay an interim dividend. All unclaimed dividends may be invested or otherwise made use of by the directors until claimed, subject to a statutory time limit of 12 years, as specified in Section 432 of the CAMA.

Distribution of Assets in case of Winding Up

Subject to the provisions of CAMA, in the event of winding up of Guaranty Trust, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the shares held by them, respectively. If such surplus assets is insufficient to repay the whole of the paid-up capital, such surplus assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up.

If Guaranty Trust shall be wound-up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by CAMA, divide amongst the members, the whole or any part of the assets of Guaranty Trust (whether they consist of property of the same kind or not) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such divisions shall be carried out as between the members or different classes of members.

The liquidator may, with such sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members or any of them as the liquidator, shall think fit, but so that no member shall be compelled to accept any shares or other securities in which there is any liability.

Variation of Rights

In accordance with the provisions of CAMA and Guaranty Trust's Articles, Guaranty Trust may issue classes of shares. Any share in Guaranty Trust may be issued with preferred, deferred or other special rights or such restriction whether in regard to dividend, voting, return or share capital or otherwise as Guaranty Trust may from time to time determine by ordinary resolution.

However, as at the date of this Prospectus, all the shares of Guaranty Trust are ordinary shares.

Calls on Unpaid Shares

The directors may, from time to time, make calls upon the members in respect of all moneys unpaid on the shares (whether on account of the nominal amount of the shares or by way of premium) provided that no call shall be made payable within three months after the date when the last instalment of the last preceding call shall have been made payable.

Each member shall, subject to receiving 14 days' notice at least, specifying the time and place for payment, pay the amount called on his shares to the persons and at the times and places appointed by the directors. A call may be made payable by installments. A call may also be revoked or postponed as the directors may determine.

Transfer of Shares

Transfer of shares in Guaranty Trust is by an instrument in writing in any usual or common form or any other form which the directors may approve. Unless expressly stated in Guaranty Trust's Articles, transfer of shares will be without restrictions.

The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in Guaranty Trust's register of members.

Guaranty Trust may refuse to register the transfer of a share where: (i) it has a lien on the share; (ii) there has been default in compliance by the transferor with any provisions of Guaranty Trust's Articles; and (iii) the proposed transferee is indebted or under any liability to Guaranty Trust.

Under Nigerian law, a company is also entitled to refuse to recognise any instrument of transfer if (i) any prerequisite fees for the instrument is unpaid; or (ii) if the instrument is not accompanied with the share certificate of the transferor; or (iii) if one instrument is executed in respect of more than one class of shares.

There are certain regulatory requirements to be met regarding the transfer of shares in Guaranty Trust, including: (i) notification to the Nigerian SEC if an individual's shareholding in a public company is 5.0 per cent. or over; (ii) transfer of the shares has to be crossed on the floor of the NSE through a duly licensed stockbroker in Nigeria; and (iii) upon transfer, the definitive share certificate in relation to the shares must be delivered to the Central Clearing Securities System so that the certificate may be dematerialised.

Alteration of Share Capital

Guaranty Trust at its general meeting may by a special resolution increase its share capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts and rights and privileges as the resolution shall prescribe. Guaranty Trust may also reduce, sub-divide, consolidate and/or cancel its share capital by a special resolution.

Further, Guaranty Trust may by an ordinary resolution convert all or any of its paid-up shares into stock and may reconvert such stock into paid-up shares of any denomination.

Purchase of Own Shares

According to the provisions of CAMA and as may be permitted by Guaranty Trust's Articles, Guaranty Trust shall by a special resolution, acquire its fully paid up shares:

- from its existing shareholders or security holders on a proportionate basis;
- from its existing shareholders in a manner permitted pursuant to a scheme of arrangement sanctioned by the court;
- from the open market; and
- by purchasing the securities issued to its employees pursuant to a scheme of stock option or any other similar scheme.

Guaranty Trust can purchase its own shares only out of its distributable profits.

Authority to Issue Shares

Pursuant to the provisions of CAMA and subject to any limitation in Guaranty Trust's Articles with respect to the number of shares which may be issued and any pre-emption rights attached to the shares, Guaranty Trust is vested with the power to issue shares up to the total number authorised in Guaranty Trust's Articles.

Pre-emption Rights

Guaranty Trust's shareholders do not presently have any pre-emption rights in respect of newly created shares.

General Meeting

Annual General Meeting

Guaranty Trust shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one Annual General Meeting of Guaranty Trust and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

Extra-Ordinary General Meeting

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Proceedings at General Meeting

All business shall be deemed special that is, transacted at an Extraordinary General Meeting, and all businesses that is transacted at an Annual General Meeting shall also be deemed special, with exception of declaring a dividend, the consideration of the Accounts and Balance Sheet and the Reports of the Directors and Auditors, and other documents required to be annexed to the Balance Sheet, the fixing of the remuneration of the Auditors, the fixing of remuneration or extra remuneration to the Directors and the election of Directors and other officers in place of those retiring by rotation.

Vote of Members

Voting Right

On a show of hands, every member present in person or in proxy shall have one vote. On a poll every member present in person or by proxy shall have one vote for each share held by him.

Votes by Proxy

Votes may be given either personally or by proxy. Any adult of sound mind can act as proxy for any person or corporation. The instrument appointing a proxy shall be in writing under the hand of the appointer, or his attorney, duly authorised in writing. Where such appointer is a corporation, it shall be under its common seal (if any) or under the hand of some officer or attorney duly authorised on behalf of the corporation.

Directors

Guaranty Trust's Articles stipulate that the directors shall not, unless otherwise determined by an ordinary resolution, be less than 7 or more than 12.

The quorum necessary for the meeting of the board of directors may be fixed by the directors and unless so fixed shall be 3. An alternate appointed by a director shall be counted in a quorum at a meeting at which the director appointing him is not present.

Questions arising at any meeting shall be determined by a majority of votes. The chairman of the board of directors shall not have a second or casting vote in the event of an equality of votes, but the matter may be adjourned to the next meeting until a tie is broken.

The board of directors shall have the power to determine the following matters, among others:

- the establishment and maintenance of a pension scheme;
- the allotment of shares at par or at such premium, as may be agreed, at a future date;
- the establishment of branches;
- the settlement of claims or compound debts made against Guaranty Trust.

Remuneration of Directors

The directors of Guaranty Trust shall be paid out of the funds of the company by way of remuneration for their services as directors such sum as the directors may by ordinary resolution determine from time to time and such remuneration shall be divided among them in such proportion and manner as the directors may agree, or failing agreement, equally.

Permitted Interests of Directors

A director who is in any way, whether directly or indirectly interested in a contract or proposed contract with Guaranty Trust shall declare the nature of his interest at a meeting of directors. A director shall not vote in respect of any contract or arrangement in which he is interested and if he shall do so, his vote shall not be counted nor shall he be counted in the quorum present at the meeting.

However, a director of Guaranty Trust may hold an office of profit (other than the office of auditor) in conjunction with his office of director, and or enter into a contract with Guaranty Trust. A director may also act by himself or his firm in a professional capacity for Guaranty Trust (other than as an auditor of Guaranty Trust), and he or his firm shall be entitled to remuneration for professional services as if he were not a director. It is also permissible for a director to hold office in companies in which Guaranty Trust is interested.

Disclosure of Beneficial Ownership

Determination of Guaranty Trust's shareholders who have the right to attend and vote at a general meeting will be arrived at by Guaranty Trust's Registrar, on the basis of information recorded in Guaranty Trust's register of members.

Guaranty Trust shall be entitled to treat the persons whose names appear on the register in respect of any share as the absolute owner of the share and is not under any obligations to recognise any trust or equity or equitable claim to or partial interest in such share whether or not it shall have express or other notice thereof.

By the provisions of Section 120 of CAMA, a substantial shareholder in Guaranty Trust who holds by himself or by his nominee, shares which entitles him to exercise at least 5.0 per cent. of the unrestricted voting rights at any general meeting of Guaranty Trust shall disclose this to Guaranty Trust.

By the provisions of the Nigerian SEC rules made pursuant to the ISA, the principal Nigerian legislation governing securities and investments, and the Rulebook of the NSE, disclosures must be made to the

Nigerian SEC and the NSE respectively, of holdings of at least 5.0 per cent. of Guaranty Trust's issued share capital.

Mandatory Bids and Compulsory Acquisition Rules and Squeeze-out Rules relating to New Shares

Guaranty Trust's Articles do not contain any provisions in respect of mandatory bids.

However, provisions relating to the lodging or making of mandatory bids in connection with a contract, a scheme of arrangement, compromise or otherwise, are specified in the ISA.

Under Nigerian securities law, the acquisition of majority shares in a target company may, in certain limited circumstances, trigger a mandatory bid for the remaining shares of the target company. Specifically, where any person either (a) acquires shares carrying 30 per cent. or more of the voting rights of a company or (b) holds between 30 per cent. to 50 per cent. of the voting rights of a company and subsequently seeks to acquire additional shares (which increases his percentage of voting rights), such person is required to make a mandatory takeover offer to the shareholders of the company for the outstanding shares of the company. Where the takeover offer is accepted, a person or an offeror who makes the mandatory takeover bid is required to issue a notice (a squeeze-out notice), within one month of the acceptance, to any dissenting shareholder who has not accepted the takeover offer. Upon receipt of the squeeze-out notice, dissenting shareholders may, within twenty days, elect to either transfer their respective shares to the offeror on the same terms on which the offeror acquired the shares of shareholders who had accepted the take-over bid; or demand payment of the fair value of their shares as may be determined by a court. Dissenting shareholders who fail to make an election within the twenty-day period, would be deemed to have made an election to transfer their shares to the offeror on the same terms on which the offeror acquired the shares of the shareholders who accepted the takeover bid.

In the case of a mandatory takeover bid, shareholders of Guaranty Trust will have the following rights and obligations in respect of the New Shares:

- the right to be issued a copy of the takeover bid and any amendment made to such bid;
- the right to be issued the director's circular at least seven days before the date on which the take-over bid is to take effect;
- the right to dissent and demand the fair value of their respective shares;
- the right to withdraw deposited shares, where the takeover bid is for all the shares in Guaranty Trust and the shares deposited in pursuance of such bid is not taken up within sixty days from the date of the takeover bid;
- the right to withdraw deposited shares at any time within ten days after the date of the takeover bid, where the takeover bid is for all or less than all the shares of any class in Guaranty Trust;
- in the case of dissenting shareholders, right to apply to court in order to fix the fair value of their shares, where an offeror fails to apply to the court for the same purpose;
- where there is an amendment to the takeover bid by increasing the consideration offered for the shares, shareholders whose shares were taken up pursuant to the bid will be entitled to be paid the increased consideration, whether or not their shares had been taken up before the amendment; and
- dissenting shareholders will be required to deposit their share certificates within twenty days after a notice from an offeror of the takeover bid.

Major Shareholders

Guaranty Trust is not aware of any person who, directly or indirectly will be beneficially interested in 5.0 per cent. or more of the issued ordinary share capital of Guaranty Trust upon implementation of the Scheme and on Admission.

As far as Guaranty Trust is aware, immediately on implementation of the Scheme, no person or persons directly or indirectly, jointly or severally, will exercise or could exercise control over Guaranty Trust.

Except in respect of the Scheme, neither Guaranty Trust nor the Directors of Guaranty Trust are aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Bank and/or Group.

Directors of Guaranty Trust

Directors

The Board of Directors of Guaranty Trust comprises 5 Non-Executive Directors (including the Chairman) of whom 3 are independent, and 2 Executive Directors (together, the "**Directors**"). Their names and principal functions are as follows:

Name	Position	Date of Appointment	Date of Expiration	Years with the Group
Adesola Oyinlola	Non-Executive Director, Chairman	29 October 2020	1 July 2025	7
Segun Agbaje	Managing Director/Chief Executive Officer	29 October 2020	1 July 2026	30
Cathy Echeozo	Non-Executive Director	29 October 2020	1 July 2025	24
Suleiman Barau OON	Independent Non-Executive Director	29 October 2020	1 July 2025	1
Babatunde Soyoye	Independent Non-Executive Director	29 October 2020	1 July 2025	5
Helen Lee Bouygues	Independent Non-Executive Director	29 October 2020	1 July 2025	1
Adebanji Adeniyi	Executive Director	29 October 2020	1 July 2026	15

There are no family relationships between any members of the Board.

The usual business address of each of the Directors is Plot 635, Akin Adesola Street Victoria Island, Lagos State, Nigeria**.**

Directors' Biographies

Hezekiah Oyinlola (Non-Executive Director- Chairman)

Mr. Oyinlola holds a Bachelor of Science degree (B.Sc) in Accounting (First Class Hons.) from University of Ghana, Legon (1979) and a Master of Business Administration (MBA) degree from Stanford University, Graduate School of Business, Stanford, United States of America (U.S.A). He is a seasoned professional with over thirty (30) years' work experience in the Oil and Gas industry, having worked with Schlumberger Group from 1984 to June 2016. He has at various times served in a management capacity, including being the first Nigerian Managing Director of Schlumberger Group in Nigeria and rose through the ranks to Vice President, Group Treasurer and Chairman Africa, Schlumberger Group, a position he held from 2011 until his retirement in June 2016.

He is a member of the Advisory Board, Sustainability Accounting Standards Board; the Executive Committee, African Diaspora Health Initiative; the Board of Trustees, Nigerian American Multicultural Council; and President and Member of the Board of the Schlumberger Foundation. He is also a Fellow of the Institute of Petroleum Studies, University of Port Harcourt, Nigeria.

Mr. Oyinlola is an alumnus of several local and international training programs on Infrastructure and Energy Finance, Reservoir Engineering, Petroleum Fiscal Systems and Economics, Project Finance, International Tax Management, Crisis Management and Management, Banking, Finance, Trade and

Investment at institutions such as the Oxford University Institute for Energy Studies, Institute for Management Development, (IMD), Switzerland. He joined the Board on 24 April 2014.

Segun Agbaje (Managing Director/Chief Executive Officer)

With over 29 years of investment and international banking experience, Mr. Agbaje is involved in the general management of the Bank's day-to-day operations and has earned a reputation as an accomplished and highly respected professional across Africa, given his diverse experience in the financial services industry.

Prior to joining the Bank, he worked with Ernst & Young, San Francisco, United States of America (USA). He subsequently joined the Bank as a pioneer staff in 1991 and rose through the ranks to become an Executive Director in January 2000, and Deputy Managing Director in August 2002, in light of his diverse background and experience in almost all areas of the Bank's activities including Commercial Banking, Investment Banking, Treasury, Corporate Planning and Strategy, Settlements and Operations.

Mr. Agbaje possesses a deep understanding of the Nigerian business environment having initiated and led the execution of large, innovative and complex transactions in Financial Advisory, Structured and Project Finance, Balance Sheet Restructuring and Debt and Equity Capital raising in several sectors of the Nigerian economy notably Oil and Gas, Energy, Telecommunications, Financial Services and Manufacturing industries. In addition, he helped in developing the Interbank Derivatives market amongst dealers in the Nigerian banking industry and introduced the Balance Sheet Management Efficiency system.

He was also very instrumental in putting together the Bank's landmark US$350million Eurobond offering in 2007 and later that year, the listing of its US$862.4 million GDRs following an unprecedented concurrent global offering in the domestic and international capital markets which made the Bank the first Nigerian company and first bank in Sub-Saharan Africa to be listed on the main market of the LSE. In 2011, he led the Bank to launch the first corporate Sub-Saharan Africa financial sector benchmark eurobond issuance when the Bank launched its USD 500 million Eurobond without a sovereign guarantee or credit enhancement from any international financial institution.

Mr. Agbaje was appointed as the Bank's Acting Managing Director in April 2011, and as Managing Director/Chief Executive Officer on 22 June 2011. He also serves on the boards of Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, Guaranty Trust Bank (Kenya) Limited, Guaranty Trust Bank (Uganda) Limited and Guaranty Trust Bank (Tanzania) Limited.

He is also a Director on the MasterCard Advisory Board (Middle East and Africa) and was elected to the Board of Directors of PepsiCo, Inc., USA as an Independent Director and a member of the company's audit committee on 15 July 2020.

He is an alumnus of the Harvard Business School and holds a Bachelor of Science in Accounting and a Master of Business Administration degree from the University of San Francisco, USA.

Catherine Echeozo (Non-Executive Director)

Mrs. Echeozo holds a first degree in Accountancy from the University of Nigeria (1984) and a Masters in Business Administration from the University of Maryland, University College, USA. She is a fellow of the Institute of Chartered Accountants of Nigeria and a Certified Information Systems Auditor, being a member of the international body: Information Systems Audit and Control Association, USA. Prior to joining Guaranty Trust Bank plc, she worked for Continental Merchant Bank and EcoBank Nigeria Plc.

Mrs. Echeozo joined the Bank in 1993. She worked in various units in the Bank such as treasury management, credit management, systems & control and institutional banking group. She was the chairperson to the emerging issues sub-committee, on the committee of chief inspectors of all banks in Nigeria (1999-2000) and pioneered the bank's entry into personal banking.

She was appointed as an Executive Director in March 2005, and Deputy Managing Director of the Bank in October 2011 until her retirement in 2017. She is the Second Vice President of the Council of The Nigerian Stock Exchange.

Suleiman Barau, OON (Independent Non-Executive Director)

Mr. Suleiman Barau, OON holds a Master of Science of Economics (Money and Finance) from University of Jos (1988). Mr. Barau is a seasoned professional with over 39 years' work experience, 23 of which were spent in the finance industry and in regulatory advisory services.

Prior to his retirement from the Central Bank of Nigeria in 2017, Mr. Barau was the Deputy Governor (Corporate Services) (2016 – 2017), Deputy Governor (Operations) (2014 –2016), Deputy Governor (Corporate Services) (2009- 2014), Deputy Governor (Operations) (2007 - 2009), Special Adviser to Governor, Central Bank of Nigeria (2005 -2007).

Mr. Barau played a key role in regulating the financial industry in Nigeria.

Babatunde Soyoye (Independent Non-Executive Director)

Mr. Babatunde Soyoye holds a Bachelor of Engineering degree in Electrical Engineering from Kings College, University of London, London, England (1991) and a Masters in Business Administration from Imperial College London, England (1995).

Mr. Soyoye is a seasoned professional with over 24 years' work experience, 21 of which were spent in investing and financial advisory services.

He is the co-founder and Managing Partner of Helios Investment Partners LLP, a private investment firm with its principal office in the United Kingdom, formed to pursue alternative asset class investments in Sub-Saharan Africa, specialising in investment in companies, growth capital for private enterprises, restructurings, joint ventures, startups and structured investments.

Prior to co-founding Helios Investment Partners, Mr. Soyoye was a principal responsible for Telecoms & Media investments across Europe for TPG Capital. Before that, he served as a senior member of the corporate strategy team at British Telecom, and manager of business development at Singapore Telecom International.

Mr. Soyoye has played a key role in the execution of $3 billion of investments across Africa, Europe, Asia and North America.

He was an Independent Non-Executive Director in Guaranty Trust Bank plc from July 2016 to July 2020.

Helen Lee Bouygues (Independent Non-Executive Director)

Mrs. Bouygues received her Bachelor of Arts, magna cum laude, from Princeton University in Political Science and a Masters of Business Administration from Harvard Business School. She started her career in 1995 at J.P. Morgan in the M&A group in New York and in Hong Kong. From 2000 until 2004, she worked at Cogent Communications Inc. as Chief Operating Officer, Chief Financial Officer and Treasurer. She thereafter became a Partner at Alvarez & Marsal Paris, where she left to launch her own consulting firm specialised in corporate turnaround and transformations in 2010. In 2014, she joined McKinsey & Company in Paris where she was Partner responsible for the Recovery and Transformation Services division. Since June 2017, she has been an active board member for multiple companies including Burelle SA, CGG SA, Neoen SA, Latécoère SA and Steinhoff Europe AG (representing the first and second lien creditors).

Adebanji Adeniyi (Executive Director)

Mr. Adeniyi holds a first degree as a Doctor of Vet Medicine from the University of Ibadan, Nigeria (1995) and a Masters in Business Administration from Ambrose Alli University, Nigeria. He is a fellow of the Institute of Chartered Accountants of Nigeria. Prior to joining the Bank, he worked for Wema Bank, National Bank, Lead Bank, Arthur Andersen (now KPMG Financial Services) and PricewaterhouseCoopers Nigeria.

Mr. Adeniyi has over 24 years of professional experience, 14 of which have been at the Bank, where he rose through the ranks to become the Chief Financial Officer.

Other Directorships/Partnerships

In addition to their directorships of Guaranty Trust and Group companies, the Directors hold, or have held, the following directorships and/or are or were members of the following partnerships during the previous five years prior to the date of this Prospectus:

Director Name	**Position**	**Directorships/Partnerships**	**Position still held (Yes/No)**
Adesola Oyinlola	Non-Executive Director	Guaranty Trust Bank plc	Yes
Segun Agbaje	Managing Director/ Chief Executive Office	Guaranty Trust Bank plc	Yes
Segun Agbaje	Non-Executive Director	MasterCard Advisory Board (Middle East and Africa)	Yes
Segun Agbaje	Non-Executive Director	PepsiCo, Inc. U.S.A.	Yes
Segun Agbaje	Non-Executive Director	Guaranty Trust Bank (Ghana) Limited	Yes
Segun Agbaje	Non-Executive Director	Guaranty Trust Bank (UK) Limited	Yes
Segun Agbaje	Non-Executive Director	Guaranty Trust Bank (Kenya) Limited	Yes
Segun Agbaje	Non-Executive Director	Guaranty Trust Bank (Uganda) Limited	Yes
Segun Agbaje	Non-Executive Director	Guaranty Trust Bank (Tanzania) Limited	Yes
Cathy Echeozo	Executive Director	Guaranty Trust Bank plc	No
Cathy Echeozo	Independent Non-Executive Director	Stanbic IBTC Pension Fund Managers Limited	No
Cathy Echeozo	Board of Trustees	First Cardiology Foundation Limited	Yes
Cathy Echeozo	Board of Trustees	ICAN University	Yes
Cathy Echeozo	Non-Executive Director	NGX Regulation Limited	Yes
Babatunde Soyoye	Independent Non-Executive Director	Guaranty Trust Bank plc	No
Babatunde Soyoye	Director	Helios Partners Limited	Yes
Suleiman Barau	Director	Redstar Express Plc	Yes
Helen Bouygues	Director	Reboot Foundation	Yes
Helen Bouygues	Director	Latecoere SA	Yes
Helen Bouygues	Director	Conforama SA	Yes
Helen Bouygues	Director	CGG SA	Yes
Helen Bouygues	Director	NEOEN SA	Yes
	Director	BURELLE SA	Yes
Helen Bouygues	Director	American Hospital of Paris	Yes
Helen Bouygues	Partner	McKinsey & Company RTS France	No
Helen Bouygues	Partner	Lee Bouygues Partners	No
Helen Bouygues	Partner	Alvarez & Marsal France	No

Conflicts of Interest and Other Matters Relating to the Board

As at the date of this Prospectus, none of the Directors have at any time in the five years preceding the date of this Prospectus:

- save as disclosed in this Part XIII ("*Additional Information*"), been a director or partner of any company or partnership; or

- been convicted in relation to any fraudulent offence; or
- been associated with any bankruptcies, receiverships or liquidations whilst acting in the capacity of a member of the administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies); or
- been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

Save for their capacities as persons legally and beneficially interested in the ordinary shares of Guaranty Trust (whether pursuant to the Scheme or otherwise), none of the Directors have any potential conflicts of interest between their duties to Guaranty Trust and their private interests and/or other duties.

Senior Management Team of the Group

Managing Director/Chief Executive Officer

The Board of Directors of the Bank has delegated the responsibility for the day-to-day management of the Group to the Bank's Managing Director and Chief Executive Officer, who is responsible for leading the executive directors and senior management team of the Bank and for making and implementing operational decisions.

The Managing Director, who is directly responsible to the Board of Directors of the Bank, is also the Bank's Chief Executive Officer and ensures that the Bank complies strictly with regulations and policies of both the board and regulatory authorities. The CBN Prudential Guidelines prescribe a maximum tenure of ten years for the chief executive officer of every bank. Under the CBN Prudential Guidelines, the chief executive officer shall not qualify for appointment in his former bank or subsidiaries in any capacity until after three years following the expiration of his tenure as chief executive officer.

Senior Executives

The senior management of the Group (together, the "**Senior Executives**") is led by the executive leadership team comprised of the following individuals:

Name	Position	Date of Appointment	Years with the Group
Segun Agbaje	Group CEO	2020	30
Adebanji Adeniyi	Chief Financial Officer	2020	14
Olusina Ayegbusi	Head of Information Technology	2020	14
Oyinade Adegite	Head of Corporate Communications	2020	9
Viva Obioha	Head of Talent Management	2020	6 months
Erhi Obebeduo	General Counsel	2020	16
Modupe Olafimihan	Head of Facilities	2020	15
Nadine Lawal	Head of Data Analytics	2020	9

Senior Executives' Biographies

The biographies of Segun Agbaje and Adebanji Adeniyi are set out under "*Part XIII Additional Information - Directors' Biographies*".

Olusina Ayegbusi

Olusina Ayegbusi is a senior IT business executive with over 20 years of experience in the financial services industry. His competencies are in Business Transformation, Digital Transformation, Project

Management, Strategy and Business Process Management, Service Design & Delivery Management, Technical Talent Management, Solutions Architecture, Core Banking Implementation, and Disaster Recovery Planning. In his banking career, he has served in various capacities giving him unique experiences across Nigeria and other African countries.

Olusina has attended executive and leadership programmes such as Leading and Managing People at Wharton University of Pennsylvania, Positive Leadership Program at Michigan Ross School of Business and Executive Leadership Program at Cranfield University. He holds certifications in Governance of Enterprise IT, Information Technology Infrastructure Library (ITIL), Projects in Controlled Environments (PRINCE 2). He is also a fellow of the Institute of Chartered Accountants of Nigeria and holds a Bachelor's degree in Computer Science from the University of Lagos.

Oyinade Adegite

Oyinade Adegite has over 18 years experience in the financial services industry across various functions including treasury, investment management, alternative payment services, brand management and corporate communications.

Prior to joining Guaranty Trust, she held the position of Head of Corporate Communications at Guaranty Trust Bank where she actively managed the brand equity.

Oyinade is a graduate of Zoology from the University of Lagos, and she holds a Masters Degree in Finance and Management from Cranfield University, United Kingdom. She has also attended several leadership trainings including Michigan Ross Leadership Training Programme, Standard Bank-Global Leadership Programme and Fixed Income Trading and Simulation Game.

Viva Obioha

Prior to her employment as Head of Talent Management at Guaranty Trust, Viva accumulated over 15 years of experience implementing operational regulatory and legal risk frameworks for organisations in both the legal and financial services sectors across North America and Europe.

Viva is a graduate of Marymount University, Virginia where she obtained a Bachelor of Arts Degree. She also holds a Juris Doctor Degree from the University of Tulsa, College of Law Oklahoma, United States of America. Viva is a licensed legal practitioner in New York State and in Nigeria.

Erhi Obebeduo

With experience spanning over 21 years, Erhi is well versed in the areas of legal advisory, corporate law and commercial law. Prior to his appointment as General Counsel at Guaranty Trust, he held the role of Head of Legal in Guaranty Trust Bank where he had been instrumental to the success of key transactions.

Erhi obtained his Bachelor of Laws degree from the University of Benin and was subsequently called to the Nigerian Bar. He also holds a Master of Laws in International Commercial Law from the University of Nottingham, United Kingdom.

Modupe Olafimihan

Modupe is a seasoned professional with over 30 years experience in the areas of facilities management, administration, procurement and human resources management.

She attended the Ahmadu Bello University, Zaria where she obtained a degree in International Relations B.Sc (Hons). She also holds a Masters in International Relations & Personnel Management from the University of Lagos.

She has attended several leadership programmes such as the Senior Management Program (SMP) at Lagos Business School, the Positive Leadership - Building Excellence Program at Michigan Ross School of Business, the Advanced Certificate in Project Management at University of Lagos and the

Advanced Certificate in Strategic Procurement (ACSP). Modupe is a member of the Chartered Institute of Purchasing and Supply (CIPS) and Chartered Institute of Personnel Management (CIPMN).

Nadine Lawal

Prior to joining Guaranty Trust, Nadine Lawal headed the Data Analytics division at the Bank. With over 16 years of experience spanning credit risk management, international banking expansion, project management and analytics, Nadine has been instrumental in the execution of several of the Bank's key strategy projects.

She holds a degree in Business Management from École Supérieure de Commerce, Chambéry (now INSEEC) and a Masters degree in Finance from the University of Strathclyde, Glasgow.

Other Directorships/Partnerships of the Senior Executives

Segun Agbaje's other directorships are set out at "*Directors of Guaranty Trust – Other Directorships/Partnerships*".

Conflicts of Interest and Other Matters Related to Senior Executives

There are no conflicts of interest between any duties owed by Senior Executives to Bank and/or Guaranty Trust and their private interests or other duties. Guaranty Trust has procedures in place to identify and manage conflicts that may arise.

During the five years immediately prior to the date of this Prospectus, none of the Senior Executives have:

- save as disclosed in this Part XIII ("*Additional Information*"), been a director or partner of any company or partnership; or
- been convicted in relation to any fraudulent offence; or
- been associated with any bankruptcies, receiverships or liquidations whilst acting in the capacity of a member of the administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies); or
- been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

There are no family relationships between any of the Senior Executives, or between any of the Senior Executives and the Directors of Guaranty Trust.

Directors' and Senior Executives' interest in the Group

Interest in share capital

As of 24 June 2021 (being the latest practicable date prior to the publication of this Prospectus), the Directors, the Senior Executives and their respective immediate families (so far as is known to the Directors and the Senior Executives having made appropriate enquiries) have the following interests in the share capital of the Bank (all of which are beneficial unless otherwise stated) and, upon implementation of the Scheme, the Directors, the Senior Executives and their respective immediate families (so far as is known to the Directors and the Senior Executives having made appropriate enquiries) will have the following interests in Guaranty Trust by virtue of the effect of the Scheme on their holdings of ordinary shares in the Bank.

Name	Number of ordinary shares held in the Bank's issued ordinary share capital immediately before the Effective Date or prior to Admission	Percentage of ordinary shares held in the Bank's issued ordinary share capital immediately before the Effective Date or prior to Admission	Number of New Shares held immediately following implementation of the Scheme or on Admission	Percentage of New Shares held following implementation of the Scheme or on Admission
Adesola Oyinlola	352,900	0.001%	352,900	0.001%
Segun Agbaje	41,628,001	0.141%	41,628,001	0.141%
Cathy Echeozo	2,108,118	0.007%	2,108,118	0.007%
Suleiman Barau	43,553	0.000%	43,553	0.000%
Babatunde Soyoye	-	-	-	-
Helen Lee Bouygues	-	-	-	-
Adebanji Adeniyi	939,357	0.03%	939,357	0.03%

The interests of the Directors and Senior Executives together represent approximately 0.16 per cent. of the issued ordinary share capital of the Bank and are not expected to change following implementation of the Scheme. The Directors and the Senior Executives have the same voting rights as all other shareholders of the Bank and are expected to have the same voting rights as all other shareholders of Guaranty Trust upon implementation of the Scheme.

*The Staff Investment Scheme ("**SIT**")*

In addition to the interests in the issued ordinary share capital of the Bank described above, the Executive Directors and Senior Executives of Guaranty Trust together benefitted from compensatory awards with respect to 0.3 per cent. of the issued share capital of the Bank through the Bank's employee share based compensation scheme, the Staff Investment Trust ("**SIT**") scheme.

The SIT is a cash settled share based compensation scheme managed by Guaranty Trust Bank Staff Investment Trust (the "**SPV**"). The scheme was introduced to enhance employee retention, by offering the shares acquired by the SPV by way of share appreciation rights and stock options (hybrid plan) to qualifying members of staff at prevailing net book value. 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.

In consideration for the transfer of its Existing Shares to Guaranty Trust, the SPV will receive in respect of any Existing Shares held as at the terminal date (i.e. the business day immediately preceding the Effective Date), for each Existing Share transferred, one New Share. Following the Effective Date, participants in the SIT scheme, including the Executive Directors and Senior Executives of Guaranty Trust, will be granted the same interests in the New Shares held by the SIT as they did prior to the Effective Date, and the SIT will continue to operate under the same terms and conditions as it did prior to the Effective Date.

Outstanding loans and guarantees

Save as disclosed in "*Business Description of the Group - Related party transactions*", there are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors or Senior Executives.

No director of Guaranty Trust or the Bank has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

Save as set out in this Part XIII ("*Additional Information*"), it is not expected that any Director will have any interest in the share or loan capital of Guaranty Trust following implementation of the Scheme or on Admission and there is no person to whom any capital of any member of the Group is under option or agreed unconditionally to be put under option.

Board Practices and Remuneration and Benefits

Service Contracts

As at the date of this Prospectus, none of the service contracts of the Executive Directors and Non-Executive Directors (including the Chairman) with Guaranty Trust or any of its subsidiaries include any benefits upon termination of employment.

Remuneration

Remuneration for the Financial Year Ended 31 December 2020

As Guaranty Trust was incorporated on 24 July 2020, the below provides information on the remuneration for the Bank's directors and Senior Executives.

In the year ended 31 December 2020, the Group paid a total of ₦2.7 billion in 2020 and ₦3.0 billion in 2019 as compensation to key management personnel (which includes both directors and Senior Executives of the Bank). This figure includes wages and salaries, post-employment benefits, share-based payments and an account for the increase in the value of key management's interests attaching to shares in the Group.

For further details on the remuneration (including salary and other benefits and any compensation) paid by the Bank to the Bank's directors and Senior Executives for services in all capacities in respect of financial year 2020 and 2019, please see pages 328 to 329 of the 2020 Financial Statements, which is incorporated by reference into this Prospectus.

Remuneration Policy

The Bank ensures that the 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 the SEC (the "**SEC Code**"), the Bank makes the 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

The Bank's policy on remuneration of non-executive directors is guided by the provisions of the CBN's revised Code of Corporate Governance for Banks and Discount Houses in Nigeria (the "**CBN Code**") and the Financial Reporting Council's National Code of Corporate Governance 2018 (the "**FRC Code**"), which stipulate that non-executive directors' remuneration should be limited to sitting allowances, directors' fees and reimbursable travel and hotel expenses.

Following implementation of the Scheme, Guaranty Trust intends to continue in all material respects with the remuneration policy of the Bank, as outlined above in this Part XIII ("*Additional Information*") of the Prospectus.

Other than as described in this paragraph, no benefit, payment or compensation of any kind is payable to any of the Bank's directors or Guaranty Trust's directors upon termination of his or her employment.

Corporate Governance

The Board of Guaranty Trust is firmly committed to high standards of corporate governance and considers such standards to be essential to the future success of the Group. The Bank complied with the SEC Code and the FRC Code, as well as disclosure requirements under UK MAR, the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA (which are applicable to non-UK companies with global depositary receipts listed on the London Stock Exchange) throughout the year ended 31 December 2019 and Guaranty Trust will comply from the date of Admission or following implementation of the Scheme with the SEC Code, the FRC Code, UK MAR, the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA.

Throughout the year ended 31 December 2019, the Bank complied with all of the provisions of the CBN Code. As at the date of this Prospectus, the Bank complies with the CBN Code and the Bank will continue to be subject to, and to comply with, the CBN Code, following implementation of the Scheme. Guaranty Trust, as a financial holding company, will not be required to comply with the provisions of the CBN Code but will instead comply with Guidelines for Licencing and Regulation of Financial Holding Companies in Nigeria, issued by the CBN.

As an overseas company with New GDRs admitted to the Official List, Guaranty Trust will not be required to comply with the provisions of the United Kingdom Corporate Governance Code issued by the United Kingdom Financial Reporting Council.

Board Committees

The Board of Directors of Guaranty Trust has delegated specific responsibilities to four standing committees of the Board and one statutory committee. All committees have clearly defined terms of reference, which set out their roles, responsibilities, functions and scope of authority. The following paragraphs discuss the composition and primary responsibilities of these standing committees:

Statutory Audit Committee

Guaranty Trust's audit committee will be chaired by Sandra Mbagwu-Fagbemi and its other members will be Alhaji M.A. Usman, Aderonke Kuye, Suleiman Barau and Cathy Echeozo. Guaranty Trust's audit committee will be a statutory committee, established pursuant to Section 404 of the CAMA, which requires every public company to have an audit committee.

Its major functions will include the approval of the annual audit plan of the internal auditor, reviewing and making recommendations in respect of the standard operating procedures, reviewing and approving the audit scope and the plan of the external auditors, reviewing the audit report on internal weaknesses, and reviewing and considering any other examination report on the Group.

In accordance with Section 404(3) of the CAMA, the committee will be made up of five members, comprising two Non-Executive Directors and three shareholders of Guaranty Trust, elected at the AGM. The Company Secretary of Guaranty Trust will serve as the secretary to the committee. Members of the Audit Committee will be appointed based on their experience and knowledge of internal control processes. One of the appointed shareholders will serve as the Chairman of the committee. When considering appointments to the Audit Committee, the Board of Directors of Guaranty Trust will consider such candidates with the required financial expertise. Such members of the audit committee will not be entitled to remuneration and are subject to re-election annually. The committee will meet at least semi-annually.

The committee will also review the Group's annual and interim financial statements, including reviewing the effectiveness of the Group's disclosure and internal controls and areas of judgement involved in the compilation of the Group's results. The committee will be responsible for the review of the integrity of the Group's financial reporting and will oversee the independence and objectivity of the external auditors. The committee may regularly invite external auditors to its meetings to seek additional information.

Board Audit & Risk Committee

The Board Audit & Risk Committee will be responsible for oversight of audit functions, without prejudice to the Statutory Audit Committee established in compliance with CAMA, and for setting and reviewing the Group's risk policies.

The Board Audit & Risk Committee will be chaired by Cathy Echeozo and its other members will be Segun Agbaje, Helen Bouygues and Adebanji Adeniyi.

In relation to its oversight of audit functions, the committee will be responsible for preserving the effectiveness of Guaranty Trust's system of accounting, reporting and internal controls under review, and ensuring compliance with legal and agreed ethical requirements. The committee will also be responsible for reviewing the activities, findings, conclusions and recommendations of the external auditors relating to the Group's annual audited financial statements.

In relation to its responsibilities for reviewing the Group's risk policies, the coverage of supervision will include the following: credit risk, reputational risk, operations risk, technology risk, market risk, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time. The terms of reference of the Board Audit & Risk Committee will include: to review and recommend for the approval to the Board of Guaranty Trust's Risk Management Policies including the risk profile and limits; to determine the adequacy and effectiveness of Guaranty Trust'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 Guaranty Trust and its subsidiaries; to conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to Guaranty Trust's risk profile; to handle any other issue referred to the committee from time to time by the Board. The Group Head of Risk & Compliance will present regular briefings to the committee at its meetings. The committee will be required to meet quarterly and additional meetings may be convened as required.

Board Governance & Remuneration Committee

The Board Governance & Remuneration Committee will be chaired by Suleiman Barau and its other members will be Cathy Echeozo and Helen Bouygues. The committee will be required to meet at least once a year and as frequently as required in addition to this. The committee will be responsible for setting the principles and parameters of remuneration policy across the Group. The committee will determine the remuneration of the Chief Executive Officer and other Executive Directors of Guaranty Trust and their specific remuneration packages, as well as approving the policy relating to all remuneration schemes and long-term incentives for employees of the Group. The committee may require the Chief Executive Officer, Group Head of Talent Management and other executives to attend its meetings for certain agenda items. However, no executive officer may take part in decisions relating to his own remuneration.

Board IT Strategy Committee

The Board IT Strategy Committee will be chaired by Helen Bouygues and its other members will be Segun Agbaje and Cathy Echeozo. The committee will be required to meet twice a year and as frequently as required in addition to this. The committee will be responsible for providing advice on the strategic direction of information technology, informing and advising the Board in important information technology issues and monitoring overall technology performance and practices in the Group.

Dividend Policy

Following the implementation of the Scheme, and subject to the approval of the Board of Directors of Guaranty Trust, Guaranty Trust intends to adopt a dividend policy equivalent to the current dividend policy of the Bank.

The dividend policy of the Bank stipulates a dividend payment ratio between 60 per cent. and 65 per cent. of distributable earnings, leaving between 35 per cent. and 40 per cent. of annual profit after tax as retention.

For the year ended 31 December 2020, the Bank declared an interim dividend of 30 kobo per ordinary share and a final dividend of ₦2.70 per ordinary share The Group made total dividend payments to its shareholders of ₦88.3 billion in respect of the financial year ended 31 December 2020, representing a payment of ₦3.00 kobo per ordinary share. This included a final dividend payment of ₦79.5 billion (₦2.70 kobo per ordinary share) and an interim dividend payment of ₦8,829 million (30 kobo per ordinary share).

The Group made total dividend payments to its shareholders of ₦82,407 million in respect of the financial year ended 31 December 2019, representing a payment of ₦2.80 per ordinary share. This included a final dividend payment of ₦73,578 million (₦2.50 per ordinary share) and an interim dividend payment of ₦8,829 million (30 kobo per ordinary share).

The Group made total dividend payments to its shareholders of ₦81,282 million in respect of the financial year ended 31 December 2018, representing a payment of 275 kobo per ordinary share. This included a final dividend payment of ₦72,453 million (245 kobo per ordinary share) and an interim dividend payment of ₦8,829 million (30 kobo per ordinary share).

The Group made total dividend payments to its shareholders of ₦79,464 million in respect of the financial year ended 31 December 2017, representing a payment of 270 kobo per ordinary share. This included a final dividend payment of ₦70,644 million (240 kobo per ordinary share) and an interim dividend payment of ₦8,829 million (30 kobo per ordinary share).

Material contracts

Neither the Bank nor any member of the Group has entered into any material contract, other than in the ordinary course of business during the two years immediately preceding the date of this Prospectus. Guaranty Trust has neither traded nor entered into any obligation (other than in connection with the Scheme) since its date of incorporation**.** However, the New Deposit Agreement is the only contract, not being a contract entered into in the ordinary course of business, that will be entered into by Guaranty Trust since its incorporation and is, or may be, material or that may contain any provision under which Guaranty Trust has any obligation or entitlement which is or may be material to Guaranty Trust as at the date of this Prospectus. Within 10 days of the Effective Date, Guaranty Trust and the Depositary will enter into the New Deposit Agreement for the establishment and maintenance of GDR facility and issuance of the New GDRs thereunder, and pursuant to which Guaranty Trust will executed a deed poll in favour of New GDR holders in the form attached to the New Deposit Agreement. For further information, please see Part VIII ("*Terms and Conditions of the New Global Depositary Receipts*").

Working Capital

Guaranty Trust is of the opinion that the working capital available to Guaranty Trust and the Group is, and will be, sufficient for their present requirements for at least 12 months following the date of this Prospectus.

No significant change

There has been no significant change in the financial performance or financial position of the Group since 31 December 2020, being the latest date at which financial information for the Group has been published.

Application for listing

Application has been made (A) to the FCA in its capacity as competent authority under the FSMA for up to 77,000,000 New GDRs to be issued from time to time against the deposit of New Shares with the Depositary, to be admitted to the Official List and (B) to the London Stock Exchange for such New GDRs to be admitted to trading under the symbol "GTCO" on its market for listed securities through its IOB. It is expected that the New GDRs will be admitted, subject only to the issue of the Master GDRs, to the Official List on or about 1 July 2021. Application has been made for the New GDRs to be traded on the London Stock Exchange's regulated market for listed securities. Prior to the Admission, dealings will be permitted by the London Stock Exchange in accordance with its rules on an if-and-when issued basis. Guaranty Trust expects that conditional trading in the New GDRs through the IOB will commence on an if-and-when issued basis on or about 25 June 2021 and that unconditional trading in the GDRs through the IOB will commence on or about 1 July 2021. All dealings in the GDRs before commencement of unconditional dealings will be of no effect if the expected Admission does not take place and will be at the sole risk of the parties concerned. Transactions in New GDRs will normally be effected for delivery on the third business day after the day of the transaction.

No application has been made or is currently intended to be made for the New Shares to be admitted to listing or trading on any other exchange other than the NSE. No application has been made or is currently intended to be made for the New GDRs to be admitted to listing or trading on any other exchange other than the London Stock Exchange.

International Securities Identification Number (ISIN)

The ISIN for the Rule 144A GDRs is US4012751024 and the CUSIP number for the Rule 144A GDRs is 401275 102.

The ISIN for the Regulation S GDRs is US4012752014 and the CUSIP number for the Regulation S GDRs is 401275 201.

Consents

Guaranty Trust has obtained all consents, approvals and authorisations required under the Nigerian law in connection with (i) the issue of the New GDRs and/or the New Shares and (ii) the admission of the New GDRs to listing on the standard segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

Auditors

PwC Nigeria, a member of the Institute of Chartered Accountants of Nigeria, have audited and issued an unqualified auditor's report for the Group's interim financial statements for each of the six months ended 30 June 2020 and 30 June 2019, and have audited and rendered an unqualified auditor's report for each of the Group's financial statements for the years ended 31 December 2020, 2019 and 2018. PwC Nigeria is an independent auditor in accordance with regulations and guidance issued by the Financial Reporting Council of Nigeria, its interpretation, the rulings of the laws of the Federal Republic of Nigeria and the applicable rules and regulations thereof. The business address of PwC Nigeria is

Landmark Towers 5B, Water Corporation Road Victoria Island, Lagos State, Nigeria. The tenure of PwC Nigeria as the auditor of the Bank expired on 31 December 2020.

The auditors of the Bank and of the Group are Ernst & Young, whose registered address is at 10th Floor, UBA House, 57 Marina Rd, Lagos Island, Lagos, Nigeria. The other Banking subsidiaries are audited by component audit firms in their respective country of operation. On 12 April 2021, it was resolved by the shareholders of the Bank at that date that E&Y Nigeria be appointed as auditor of Guaranty Trust pursuant to Section 401 of CAMA to audit the financial statements of Guaranty Trust as from the 2021 financial year.

Most material conflicts of interest

There are no interests known to Guaranty Trust, including any conflicting interests, which are material to the implementation of Scheme or the issue of New GDRs.

Expenses

Guaranty Trust is not seeking to raise any capital and will not receive any proceeds as a result of the Scheme or Admission as no offer of New GDRs is being made. The total costs, charges and expenses payable in connection with the proposed Admission of the New GDRs are estimated to be approximately ₦150 million (exclusive of value added tax), which have been paid by the Bank on behalf of Guaranty Trust. No expenses will be charged to the shareholders or holders of Existing GDRs/New GDRs of Guaranty Trust or the Bank.

Documents Available for Inspection

Copies of the following documents will be available for inspection on Guaranty Trust's website at www.gtcoplc.com for a period of 12 months following the date of this Prospectus:

- This Prospectus;
- The Memorandum of Association of Guaranty Trust;
- Guaranty Trust's Articles; and
- The documents incorporated by reference into this Prospectus as described in Part XIV ("*Documents Incorporated by Reference*").

Copies of the New Deposit Agreement will be available for inspection for 12 months following the date of this Prospectus at the registered office of Guaranty Trust.

PART XIV

DOCUMENTS INCORPORATED BY REFERENCE

The table below list the information which is incorporated by reference into this Prospectus in compliance with the UK Prospectus Regulation. To the extent that any document or information incorporated by reference or attached to this Prospectus itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Prospectus for the purposes of the UK Prospectus Regulation, except where such information or documents are stated within this Prospectus as specifically being incorporated by reference or where this Prospectus is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus (or in a later document which is incorporated by reference into this Prospectus) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The following documents are incorporated into this Prospectus by reference:

- The Group's annual report for 2020 and its 2020 Financial Statements, together with the audit report in respect thereof;
- The Group's annual report for 2019 and its 2019 Financial Statements, together with the audit report in respect thereof;
- The Group's annual report for 2018 and its 2018 Financial Statements, together with the audit report in respect thereof.

Guaranty Trust has neither traded nor entered into any obligation (other than in connection with the Scheme) since its date of incorporation and has, therefore, not produced any stand-alone unconsolidated financial information. However, since Guaranty Trust is the ultimate parent company of the Group, the financial information of the Group has been incorporated by reference into this Prospectus.

Cross-reference list

The following list is intended to enable readers of this Prospectus to easily identify specific operating and financial reviews and items of information that have been incorporated by reference into this Prospectus.

The page numbers below refer to the relevant pages of the Group's annual report for 2020 and its 2020 Financial Statements.

The page numbers below refer to the relevant pages of the Group's annual report for 2019 and its 2019 Financial Statements.

The page numbers below refer to the relevant pages of the Group's annual report for 2018 and its 2018 Financial Statements.

PART XV

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context requires otherwise. Certain terms which are defined in other parts of this Prospectus and which are only used within discrete sections are not set out below.

- "**2018 Financial Statements**" refers to the Group's audited consolidated financial statements as at and for the year ended 31 December 2018, including the comparative information as at and for the year ended 31 December 2017;
- "**2019 Financial Statements**" refers to the Group's audited consolidated financial statements as at and for the year ended 31 December 2019, including the comparative information as at and for the year ended 31 December 2018;
- "**2020 Financial Statements**" refers to the Group's audited consolidated financial statements as at and for the year ended 31 December 2020, including the comparative information as at and for the year ended 31 December 2019;
- "**Admission**" refers to, together, the application made (1) to the FCA for up to 77,000,000 New GDRs (consisting of (a) 27,209,753 New GDRs to be issued pursuant to the Scheme and (b) any additional New GDRs to be issued from time to time against the deposit of the New Shares with Citibank Nigeria Limited as Custodian for and on behalf of the Depositary) to be admitted to the standard segment of the official list of the UK Listing Authority and (2) to the London Stock Exchange plc for such New GDRs to be admitted to trading on the London Stock Exchange's regulated market for listed securities, which is regulated under Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**") on markets in financial instruments, as amended, through its international order book;
- "**Afrexim**" refers to the African Export Import Bank;
- "**AGM**" refers to Annual General Meeting;
- "**ALM**" refers to Asset and Liability Management Group within the Bank's Wholesale Banking Division;
- "**ALMAC**" refers to the Asset and Liability Management Committee;
- "**AMCON**" refers to the Asset Management Corporation of Nigeria;
- "**AML/CFT**" refers to the Anti Money Laundering and Combating the Financing of Terrorism legislation and regulations;
- "**AML/CFT Framework**" or "**Framework**" refers to a framework for Anti Money Laundering and Combating the Financing of Terrorism implemented by the Bank;
- "**APMs**" refers to Alternate Performance Measures;
- "**Audited Financial Statements**" refers to, together, the 2020 Financial Statements, the 2019 Financial Statements and the 2018 Financial Statements;
- "**Bank**" refers to Guaranty Trust Bank Plc;
- "**Banking Activities Regulation**" refers to the Regulation on the Scope of Banking Activities and Ancillary Matters;
- "**BDC**" refers to the bureaux de change;

- "**BOFIA**" refers to the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004;
- "**BVN**" refers to Bank Verification Number;
- "**CACS** refers to the Commercial Agricultural Credit Scheme;
- "**CAMA**" refers to the Companies and Allied Matters Act 2020, as amended;
- "**CAR**" refers to capital adequacy ratio;
- "**CBN**" refers to the Central Bank of Nigeria;
- "**CBN Code**" refers to the CBN's revised Code of Corporate Governance for Banks and Discount Houses in Nigeria;
- "**CBN Prudential Guidelines**" refers to the revised prudential guidelines issued by the CBN;
- "**CCI**" refers to a Certificate of Capital Importation;
- "**Clearstream, Luxembourg**" refers to Clearstream Banking, *société anonyme*;
- "**Company**" refers to Guaranty Trust Holding Company Plc;
- "**Conditions**" refers to the terms and conditions of the New GDRs as set out in Part VIII ("*Terms and Conditions of the New Global Depositary Receipts*") of this Prospectus;
- "**CRA Regulation**" refers to the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended);
- "**CRR**" refers to cash reserve requirement;
- "**Custodian**" refers to Citibank Nigeria Limited or any other Custodian from time to time appointed under the New Deposit Agreement;
- "**Depositary**" refers to JPMorgan Chase Bank, N.A.;
- "**DMBs**" refers to deposit money banks;
- "**DMO**" refers to the Nigerian Debt Management Office;
- "**DTC**" refers to The Depository Trust Company;
- "**e-CCI**" refers to e-CCI, the CBN's replacement of the hard copy CCI system;
- "**ECL**" refers the Expected Credit Loss approach;
- "**Effective Date**" refers to the date on which the Scheme came into effect, being 17 June 2021;
- "**ERM**" refers to Enterprise Risk Management System;
- "**ERM Framework**" refers to Enterprise Risk Management Framework;
- "**ESMA**" refers to the European Securities and Markets Authority;
- "**EUWA**" refers to the European Union (Withdrawal) Act 2018;
- "**Existing GDRs**" refers to existing global depository receipts in the Bank;
- "**Existing Shares**" refers to existing ordinary shares of the Bank;

- “**FATCA Withholding Tax**” refers to withholding or deduction pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 and any regulations or agreements thereunder or official interpretations thereof;
- “**FCA**” refers to the United Kingdom Financial Conduct Authority;
- “**Fitch**” refers to Fitch Ratings Ltd;
- “**Financial Statements**” refers to, together, the 2020 Financial Statements, the 2019 Financial Statements and the 2018 Financial Statements;
- “**Foreign Exchange Manual**” refers to the Nigerian Foreign Exchange Manual, 2018;
- “**Forex Act**” refers to the Foreign Exchange (Monitoring and Miscellaneous) Provisions Act, No 17, 1995 (Cap F34 LFN 2004);
- “**FRC Code**” refers to the Financial Reporting Council’s National Code of Corporate Governance 2018;
- “**FSMA**” refers to the Financial Services and Markets Act 2000, as amended;
- “**GBP**” or “**£**” refers to the lawful currency of the United Kingdom;
- “**Government**” refers to the government of the Federal Republic of Nigeria;
- “**Group**” refers to, as applicable, the Bank and its consolidated subsidiaries as of the Effective Date, and to Guaranty Trust and its consolidated subsidiaries from time to time (including the Bank) upon the implementation of Scheme or on Admission;
- “**GTB Cote d’Ivoire**” refers to Guaranty Trust Bank (Ivory Coast) Limited;
- “**GTB Finance B.V.**” refers to GTB Finance B.V. Netherlands;
- “**GTB Gambia**” refers to Guaranty Trust Bank (Gambia) Limited;
- “**GTB Ghana**” refers to Guaranty Trust Bank (Ghana) Limited;
- “**GTB Kenya**” refers to Guaranty Trust Bank (Kenya) Limited;
- “**GTB Liberia**” refers to Guaranty Trust Bank (Liberia) Limited;
- “**GTB Rwanda**” refers to Guaranty Trust Bank (Rwanda) Limited;
- “**GTB Sierra Leone**” refers to Guaranty Trust Bank (Sierra Leone) Limited;
- “**GTB Tanzania**” refers to Guaranty Trust Bank (Tanzania) Limited;
- “**GTB U.K.**” refers to Guaranty Trust Bank (United Kingdom) Limited;
- “**GTB Uganda**” refers to Guaranty Trust Bank (Uganda) Limited;
- “**Guaranty Trust**” refers to the new Nigerian-incorporated non-operating financial holding company, Guaranty Trust Holding Company Plc, of Guaranty Trust Bank Plc and its subsidiaries;
- “**IFC**” refers to the International Finance Corporation;
- “**IFRS**” refers to the International Financial Reporting Standards, as promulgated by the International Accounting Standards Board;

- “**IMF**” refers to the International Monetary Fund;
- “**IOB**” refers to the London Stock Exchange’s international order book;
- “**ISA**” refers to the Investments and Securities Act No 29 of 2007;
- “**JPMCB**” refers to JPMorgan Chase Bank, N.A.;
- “**LANs**” refers to Local Area Networks;
- “**LDR**” refers to loan-to-deposit ratio;
- “**London Stock Exchange**” refers to the London Stock Exchange plc;
- “**MANs**” refers to Metropolitan Area Networks;
- “**Minister of Justice**” refers to the Minister of Justice of Nigeria;
- “**ML/FT**” refers to money laundering/terrorist financing;
- “**MPR**” refers to monetary policy rate;
- “**NAFEX**” refers to the Nigerian Autonomous Foreign Exchange Rate Fixing;
- “**Naira**”, “**₦**” or “**N**” refers to the Nigerian Naira, the official currency of Nigeria;
- “**NBS**” refers to the Nigerian National Bureau of Statistics;
- “**NCR**” refers to the National Collateral Registry;
- “**NDIC**” refers to the Nigerian Deposit Insurance Corporation;
- “**New Deposit Agreement**” refers to a deposit agreement between Guaranty Trust and the Depositary to be dated on or about 24 June 2021 and made against the deposit of the New Shares with the Custodian;
- “**New Shares**” refers to ordinary shares with a nominal value of 50 kobo each in Guaranty Trust;
- “**NIBOR**” refers to the Nigerian Interbank Offered Rate;
- “**Nigeria**” refers to the Federal Republic of Nigeria;
- “**NPLs**” refers to non-performing loans;
- “**NSE**” refers to The Nigerian Stock Exchange;
- “**NSS**” refers to the National Statistical System;
- “**Official List**” refers to the official list of the UK Listing Authority;
- “**OMO**” refers to open market operation;
- “**Orange Rules**” refers to the campaign started by the Group in 2006 to highlight its customer service culture;
- “**PAIF**” refers to the Power and Airline Intervention Fund;
- “**PLR**” refers to Prime Lending Rate;

- "**Proparco**" refers to the Société de Promotion et de Participation pour La Cooperation Economique S.A.;
- "**Prospectus**" refers to this prospectus;
- "**Prospectus Regulation Rules**" refers to the Prospectus Regulation Rules of the FCA made under FSMA;
- "**PwC Nigeria**" refers to PricewaterhouseCoopers Chartered Accountants;
- "**QIB**" refers to a qualified institutional buyer as defined in Rule 144A under the Securities Act;
- "**Reciprocal Enforcement Act**" refers to the Foreign Judgments (Reciprocal Enforcement) Act 1961 (Cap F35 Laws of the Federation of Nigeria 2004);
- "**Reciprocal Enforcement Ordinance**" refers to the Reciprocal Enforcement of Judgment Ordinance Cap 175 1922 (Laws of the Federation of Nigeria and Lagos, 1958);
- "**Register**" refers to the books of the Depository;
- "**Regulation S Master GDR**" refers to a Master Regulation S GDR Certificate;
- "**Revised Guide to Bank Charges**" refers to the CBN's Guide to Charges by Banks and other Financial Institutions in Nigeria;
- "**RSSF**" refers to the Real Sector Support Facility;
- "**Rule 144A Master GDR**" refers to a Master Rule 144A GDR Certificate;
- "**S&P**" refers to Standard & Poor's Credit Market Services Europe Limited;
- "**SANEF**" refers to the Shared Agent Network Facility;
- "**Scheme**" refers to the scheme of arrangement under section 715 of the CAMA, pursuant to which Guaranty Trust was introduced as a non-operating financial holding company of Guaranty Trust Bank Plc and its subsidiaries;
- "**SEC**" refers to the Nigerian Securities and Exchange Commission;
- "**SEC Code**" refers to the Code of Corporate Governance for Public Companies as issued by the SEC;
- "**Securities Act**" refers to the U.S. Securities Act 1933, as amended;
- "**Senior Executives**" refers to senior management of the Group;
- "**SMERRF**" refers to the Small and Medium Enterprise Refinancing Restructuring Fund;
- "**SMIS**" refers to the Secondary Market Intervention Sales;
- "**UK MAR**" refers to Regulation (EU) No 596/2014 on market abuse at it forms part of domestic law by virtue of the EUWA;
- "**UK MiFiR"** refers to Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA;
- "**UK Prospectus Regulation**" refers to Article 6 of Regulation (EU) 2017/1129 as it forms part of English law by virtue of the EUWA, as amended;

- "**United States**" or the "**U.S**." refers to the United States of America;
- "**U.S. dollar**", "**U.S.$**" refers to the lawful currency of the United States of America; and
- "**WANs**" refers to Wide Area Networks.

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