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Head Office



# September 2018

## Condensed Unaudited Group Financial Statements

**Introduction**

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

<b>Table of contents</b>	<b>Page</b>
Financial Statements	1
Statement of financial position	2-3
Income statement	4
Statement of other comprehensive income	5
Income statement – 3 months	6
Statement of other comprehensive income – 3 months	7
Consolidated statement of changes in equity	8-9
Statement of changes in equity- Parent	10-11
Statement of cash-flows	12-13
Reporting entity	14
Basis of preparation	14
Other accounting policies	14-44
Notes to the financial statements	45-79
Other Notes	80-84
Restatement of comparative financial information	85
Ratios	86

## Financial statements

## Statements of financial position

As at 30 September 2018

In thousands of Nigerian Naira	Notes	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<b>Assets</b>					
Cash and bank balances	18	827,277,737	641,973,784	631,295,884	455,296,196
Financial assets held for trading	19	18,301,771	23,945,661	8,912,515	16,652,356
Derivative financial assets	20	2,328,270	2,839,078	2,328,270	2,839,078
Investment securities:					
– Fair value through other comprehensive income	21	498,840,049	-	422,267,439	-
– Available for sale	21	-	517,492,733	-	453,089,625
– Held at amortised cost	21	118,710,200	-	2,081,378	-
– Held to maturity	21	-	96,466,598	-	2,007,253
Assets pledged as collateral	22	60,882,941	58,976,175	60,882,941	58,961,722
Loans and advances to banks	23	257,570	750,361	43,373	43,480
Loans and advances to customers	24	1,270,092,895	1,448,533,430	1,081,665,965	1,265,971,688
Restricted deposits & other assets	28	511,056,127	444,946,897	481,523,570	433,528,669
Investment in subsidiaries	25	-	-	46,714,644	46,207,004
Property and equipment	26	109,027,164	98,669,998	94,076,956	84,979,798
Intangible assets	27	16,021,455	14,834,954	5,199,425	4,501,296
Deferred tax assets		400,899	1,666,990	-	-
		3,433,197,078	3,351,096,659	2,836,992,360	2,824,078,165
Assets classified as held for sale	28(b)	-	-	927,756	850,820
<b>Total assets</b>		<b>3,433,197,078</b>	<b>3,351,096,659</b>	<b>2,837,920,116</b>	<b>2,824,928,985</b>
<b>Liabilities</b>					
Deposits from banks	29	96,524,561	85,430,514	31,346	42,360
Deposits from customers	30	2,238,928,164	2,062,047,633	1,835,785,144	1,697,560,947
Financial liabilities held for trading	31	24,795,428	2,647,469	24,795,428	2,647,469
Derivative financial liabilities	20	2,271,982	2,606,586	2,271,982	2,606,586
Other liabilities	33	204,088,259	218,349,244	179,071,728	197,251,819
Current income tax liabilities	16	16,922,808	24,147,356	15,340,522	24,009,770
Debt securities issued	32	100,440,004	92,131,923	100,440,004	92,131,923
Other borrowed funds	35	198,931,895	220,491,914	190,888,622	210,671,384
Deferred tax liabilities		15,997,820	18,076,225	8,998,961	12,814,766
		2,898,900,921	2,725,928,864	2,357,623,737	2,239,737,024
Liabilities included in assets classified as held for sale	28(b)	-	-	924,536	847,600
<b>Total liabilities</b>		<b>2,898,900,921</b>	<b>2,725,928,864</b>	<b>2,358,548,273</b>	<b>2,240,584,624</b>


**Statements of financial position (Continued)**  
**As at 30 September 2018**

In thousands of Nigerian Naira	Notes	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<b>Equity</b>	36				
<b>Capital and reserves attributable to equity holders of the parent entity</b>					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(5,291,245)	(5,291,245)	-	-
Retained earnings		85,342,411	128,386,206	59,526,680	115,361,824
Other components of equity		303,671,635	352,403,527	281,658,459	330,795,833
		<b>521,909,505</b>	<b>613,685,192</b>	<b>479,371,843</b>	<b>584,344,361</b>
<b>Non-controlling interests in equity</b>		12,386,652	11,482,603	-	-
<b>Total equity</b>		<b>534,296,157</b>	<b>625,167,795</b>	<b>479,371,843</b>	<b>584,344,361</b>
<b>Total equity and liabilities</b>		<b>3,433,197,078</b>	<b>3,351,096,659</b>	<b>2,837,920,116</b>	<b>2,824,928,985</b>

**Approved by the Board of Directors on 17 October 2018:**



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



Executive Director  
Haruna Musa  
FRC/2017/CIBN/00000016515



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

*The accompanying notes are an integral part of these financial statements*

## Income statements

For the period ended 30 September 2018

In thousands of Nigerian Naira	Notes	Group Sep-2018	Restated <sup>1</sup> Group Sep-2017	Parent Sep-2018	Restated <sup>1</sup> Parent Sep-2017
Interest income	4	237,545,114	248,270,042	200,840,136	216,457,669
Interest expense	5	(66,903,459)	(58,703,797)	(55,347,341)	(48,288,675)
<b>Net interest income</b>		<b>170,641,655</b>	<b>189,566,245</b>	<b>145,492,795</b>	<b>168,168,994</b>
Loan impairment charges	6	(1,736,574)	(8,356,827)	(2,042,262)	(8,402,158)
<b>Net interest income after loan impairment charges</b>		<b>168,905,081</b>	<b>181,209,418</b>	<b>143,450,533</b>	<b>159,766,836</b>
Fee and commission income	7	40,348,399	33,771,887	28,449,267	24,101,383
Fee and commission expense	8	(2,508,077)	(1,699,771)	(1,585,168)	(1,048,812)
<b>Net fee and commission income</b>		<b>37,840,322</b>	<b>32,072,116</b>	<b>26,864,099</b>	<b>23,052,571</b>
Net gains on financial instruments classified as held for trading	9	20,065,745	9,938,705	14,229,160	5,795,869
Other income	10	39,310,739	17,932,703	37,978,346	20,774,963
Net impairment loss on financial assets	11	(50,618)	(757,968)	-	(757,968)
Personnel expenses	12	(28,121,388)	(24,629,661)	(18,639,328)	(17,172,295)
Operating lease expenses	13	(2,290,960)	(1,450,111)	(479,332)	(494,589)
Depreciation and amortization	14	(12,474,223)	(11,260,956)	(10,369,215)	(9,741,553)
Other operating expenses	15	(58,938,951)	(53,021,605)	(48,328,640)	(42,041,998)
<b>Profit before income tax</b>		<b>164,245,747</b>	<b>150,032,641</b>	<b>144,705,623</b>	<b>139,181,836</b>
Income tax expense	16	(22,022,219)	(24,454,821)	(16,260,103)	(20,877,276)
<b>Profit for the period</b>		<b>142,223,528</b>	<b>125,577,820</b>	<b>128,445,520</b>	<b>118,304,560</b>
<b>Profit attributable to:</b>					
Equity holders of the parent entity		141,455,046	124,745,136	128,445,520	118,304,560
Non-controlling interests		768,482	832,684	-	-
		<b>142,223,528</b>	<b>125,577,820</b>	<b>128,445,520</b>	<b>118,304,560</b>

**Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):**

– Basic	17	5.03	4.44	4.36	4.02
– Diluted	17	5.03	4.44	4.36	4.02

The accompanying notes are an integral part of these financial statements

<sup>1</sup>See Note 40

## Statements of other comprehensive income

For the period ended 30 September 2018

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
<b>Profit for the period</b>		142,223,528	125,577,820	128,445,520	118,304,560
<b>Other comprehensive income:</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Net change in fair value of equity investments FVOCI		38,475	-	38,475	-
Income tax relating to net change in fair value of equity investments FVOCI		-	-	-	-
		38,475	-	38,475	-
Remeasurements of post-employment benefit obligations		(265,419)	649,166	(265,419)	649,166
Income tax relating to remeasurements of post-employment benefit obligations		79,626	(194,750)	79,626	(194,750)
		(185,793)	454,416	(185,793)	454,416
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		4,075,847	(59,676)	-	-
Income tax relating to foreign currency translation differences for foreign operations	16	(1,222,754)	17,903	-	-
Net change in fair value of financial assets FVOCI		(6,640,112)	-	(7,281,064)	-
Income tax relating to Net change in fair value of financial assets FVOCI	16	1,914,532	-	2,106,818	-
Net change in fair value of available for sale financial assets		-	3,253,974	-	2,539,414
Income tax relating to Net change in fair value of available for sale financial assets	16	-	(1,024,889)	-	(810,521)
		(1,872,487)	2,187,312	(5,174,246)	1,728,893
Other comprehensive income for the period, net of tax		(2,019,805)	2,641,728	(5,321,564)	2,183,309
<b>Total comprehensive income for the period</b>		<b>140,203,723</b>	<b>128,219,548</b>	<b>123,123,956</b>	<b>120,487,869</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent entity		138,753,860	127,060,535	123,123,956	120,487,869
Non-controlling interests		1,449,863	1,159,013	-	-
<b>Total comprehensive income for the period</b>		<b>140,203,723</b>	<b>128,219,548</b>	<b>123,123,956</b>	<b>120,487,869</b>

The accompanying notes are an integral part of these financial statements



## Income statements

For 3 months ended 30 September 2018

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
Interest income	75,664,395	82,385,186	63,342,049	71,212,968
Interest expense	(22,952,273)	(22,356,382)	(19,217,514)	(18,758,866)
<b>Net interest income</b>	<b>52,712,122</b>	<b>60,028,804</b>	<b>44,124,535</b>	<b>52,454,102</b>
Loan impairment charges	295,160	(1,144,019)	(41,205)	(1,085,400)
<b>Net interest income after loan impairment charges</b>	<b>53,007,282</b>	<b>58,884,785</b>	<b>44,083,330</b>	<b>51,368,702</b>
Fee and commission income	12,992,079	10,056,881	9,172,701	7,025,088
Fee and commission expense	(1,061,484)	(734,128)	(552,921)	(394,898)
<b>Net fee and commission income</b>	<b>11,930,595</b>	<b>9,322,753</b>	<b>8,619,780</b>	<b>6,630,190</b>
Net gains on financial instruments classified as held for trading	7,416,074	4,275,063	5,210,020	2,691,713
Other income	14,565,388	(901,372)	13,964,220	(401,790)
Net impairment loss on financial assets	(50,618)	(111,788)	-	(111,788)
Personnel expenses	(9,545,141)	(8,261,470)	(6,179,638)	(5,791,557)
Operating lease expenses	(1,489,276)	(700,576)	(170,243)	(167,832)
Depreciation and amortization	(4,243,833)	(3,380,092)	(3,658,053)	(3,197,776)
Other operating expenses	(16,977,341)	(10,195,172)	(13,706,634)	(6,396,446)
<b>Profit before income tax</b>	<b>54,613,130</b>	<b>48,932,131</b>	<b>48,162,782</b>	<b>44,623,416</b>
Income tax expense	(7,971,182)	(7,033,719)	(5,876,615)	(6,753,935)
<b>Profit for the period</b>	<b>46,641,948</b>	<b>41,898,412</b>	<b>42,286,167</b>	<b>37,869,481</b>
<b>Profit attributable to:</b>				
Equity holders of the parent entity	46,412,103	41,625,014	42,286,167	37,869,481
Non-controlling interests	229,845	273,398	-	-
	<b>46,641,948</b>	<b>41,898,412</b>	<b>42,286,167</b>	<b>37,869,481</b>

**Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):**

– Basic	1.66	1.49	1.44	1.29
– Diluted	1.66	1.49	1.44	1.29

## Statements of other comprehensive income

For 3 months ended 30 September 2018

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
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<b>Profit for the period</b>	46,641,948	41,898,412	42,286,167	37,869,481
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### **Other comprehensive income:**

*Other comprehensive income not to be reclassified to profit or loss in subsequent periods:*

Remeasurements of post-employment benefit obligations	-	-	-	-
Income tax relating to remeasurements of post-employment benefit obligations	-	-	-	-
	-	-	-	-

*Other comprehensive income to be reclassified to profit or loss in subsequent periods:*

Foreign currency translation differences for foreign operations	1,598,367	666,087	-	-
Income tax relating to foreign currency translation differences for foreign operations	(479,510)	(199,826)	-	-
Net change in fair value of financial assets FVOCI	(2,764,066)	-	(2,806,974)	-
Income tax relating to Net change in fair value of financial assets FVOCI	829,219	-	842,092	-
Net change in fair value of available for sale financial assets	-	1,506,944	-	2,184,841
Income tax relating to Net change in fair value of available for sale financial assets	-	(500,780)	-	(704,149)
	(815,990)	1,472,425	(1,964,882)	1,480,692
Other comprehensive income for the period, net of tax	(815,990)	1,472,425	(1,964,882)	1,480,692
<b>Total comprehensive income for the period</b>	<b>45,825,958</b>	<b>43,370,837</b>	<b>40,321,285</b>	<b>39,350,173</b>

### **Total comprehensive income attributable to:**

Equity holders of the parent entity	45,383,913	43,753,650	40,321,285	39,350,173
Non-controlling interests	442,045	(382,813)	-	-
<b>Total comprehensive income for the period</b>	<b>45,825,958</b>	<b>43,370,837</b>	<b>40,321,285</b>	<b>39,350,173</b>

**Consolidated Statement of Changes in Equity**  
**September 2018**  
**Group**

<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
<b>Balance at 1 January 2018</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>71,218,191</b>	<b>265,444,886</b>	<b>(5,291,245)</b>	<b>5,234,178</b>	<b>10,506,272</b>	<b>128,386,206</b>	<b>613,685,192</b>	<b>11,482,603</b>	<b>625,167,795</b>
Changes on initial application of IFRS 9 (Note 40)	-	-	(52,324,173)	-	-	258,336	-	(98,999,526)	(151,065,363)	(782,655)	(151,848,018)
Prior year tax											
<b>Restated balance as at 1 January 2018</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>18,894,018</b>	<b>265,444,886</b>	<b>(5,291,245)</b>	<b>5,492,514</b>	<b>10,506,272</b>	<b>29,386,680</b>	<b>462,619,829</b>	<b>10,699,948</b>	<b>473,319,777</b>
<b>Total comprehensive income for the period:</b>											
Profit for the period	-	-	-	-	-	-	-	141,455,046	141,455,046	768,482	142,223,528
<b>Other comprehensive income, net of tax</b>											
Foreign currency translation difference	-	-	-	-	-	-	2,510,568	-	2,510,568	342,525	2,853,093
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	(185,793)	(185,793)	-	(185,793)
Fair value adjustment	-	-	-	-	-	(5,025,961)	-	-	(5,025,961)	338,856	(4,687,105)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,025,961)</b>	<b>2,510,568</b>	<b>(185,793)</b>	<b>(2,701,186)</b>	<b>681,381</b>	<b>(2,019,805)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,025,961)</b>	<b>2,510,568</b>	<b>141,269,253</b>	<b>138,753,860</b>	<b>1,449,863</b>	<b>140,203,723</b>
<b>Transactions with equity holders, recorded directly in equity:</b>											
Transfers for the period	-	-	-	5,849,338	-	-	-	(5,849,338)	-	-	-
Inflow from NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	236,841	236,841
Dividend to equity holders	-	-	-	-	-	-	-	(79,464,184)	(79,464,184)	-	(79,464,184)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,849,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85,313,522)</b>	<b>(79,464,184)</b>	<b>236,841</b>	<b>(79,227,343)</b>
<b>Balance at 30 September 2018</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>18,894,018</b>	<b>271,294,224</b>	<b>(5,291,245)</b>	<b>466,553</b>	<b>13,016,840</b>	<b>85,342,411</b>	<b>521,909,505</b>	<b>12,386,652</b>	<b>534,296,157</b>

**Consolidated Statement of Changes in Equity**  
**Sep-2017**  
**Group**

<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
<b>Balance at 1 January 2017</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>55,734,605</b>	<b>209,185,386</b>	<b>(5,291,245)</b>	<b>(663,687)</b>	<b>8,634,790</b>	<b>90,273,587</b>	<b>496,060,140</b>	<b>8,842,695</b>	<b>504,902,835</b>
<b>Total comprehensive income for the period:</b>											
Profit for the period	-	-	-	-	-	-	-	124,745,136	124,745,136	832,684	125,577,820
<b>Other comprehensive income, net of tax</b>											
Foreign currency translation difference	-	-	-	-	-	-	(28,495)	-	(28,495)	(13,278)	(41,773)
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	454,416	454,416	-	454,416
Fair value adjustment	-	-	-	-	-	1,889,478	-	-	1,889,478	339,607	2,229,085
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,889,478</b>	<b>(28,495)</b>	<b>454,416</b>	<b>2,315,399</b>	<b>326,329</b>	<b>2,641,728</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,889,478</b>	<b>(28,495)</b>	<b>125,199,552</b>	<b>127,060,535</b>	<b>1,159,013</b>	<b>128,219,548</b>
<b>Transactions with equity holders, recorded directly in equity:</b>											
Transfers for the period	-	-	519,126	36,903,721	-	-	-	(37,422,847)	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	(51,504,564)	(51,504,564)	290,866	(51,213,698)
	<b>-</b>	<b>-</b>	<b>519,126</b>	<b>36,903,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(88,927,411)</b>	<b>(51,504,564)</b>	<b>290,866</b>	<b>(51,213,698)</b>
<b>Balance at 30 September 2017</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>56,253,731</b>	<b>246,089,107</b>	<b>(5,291,245)</b>	<b>1,225,791</b>	<b>8,606,295</b>	<b>126,545,728</b>	<b>571,616,111</b>	<b>10,292,574</b>	<b>581,908,685</b>

**Statement of Changes in Equity**  
**September 2018**  
**Parent**

<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves <sup>1</sup>	Fair value reserve	Retained earnings	Total equity
<b>Balance at 1 January 2018</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>67,762,679</b>	<b>258,145,396</b>	<b>4,887,758</b>	<b>115,361,824</b>	<b>584,344,361</b>
Changes on initial application of IFRS 9 (Note 40)	-	-	(52,324,173)	-	258,336	(96,566,453)	(148,632,290)
<b>Restated balance as at 1 January 2018</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>15,438,506</b>	<b>258,145,396</b>	<b>5,146,094</b>	<b>18,795,371</b>	<b>435,712,071</b>
<b>Total comprehensive income for the period:</b>							
Profit for the period	-	-	-	-	-	128,445,520	128,445,520
<b>Other comprehensive income, net of tax</b>							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	(185,793)	(185,793)
Fair value adjustment	-	-	-	-	(5,135,771)	-	(5,135,771)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,135,771)</b>	<b>(185,793)</b>	<b>(5,321,564)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,135,771)</b>	<b>128,259,727</b>	<b>123,123,956</b>
<b>Transactions with equity holders, recorded directly in equity:</b>							
Transfers for the period	-	-	-	8,064,234	-	(8,064,234)	-
Dividend to equity holders	-	-	-	-	-	(79,464,184)	(79,464,184)
	-	-	-	<b>8,064,234</b>	-	<b>(87,528,418)</b>	<b>(79,464,184)</b>
<b>Balance at 30 September 2018</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>15,438,506</b>	<b>266,209,630</b>	<b>10,323</b>	<b>59,526,680</b>	<b>479,371,843</b>

<sup>1</sup> Please refer to Note 36b(ix) for further breakdown

**Statement of Changes in Equity**  
**Sep-2017**  
**Parent**

*In thousands of Nigerian Naira*

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
<b>Balance at 1 January 2017</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>52,324,178</b>	<b>203,418,152</b>	<b>(1,000,680)</b>	<b>83,989,499</b>	<b>476,917,853</b>
<b>Total comprehensive income for the period:</b>							
Profit for the period	-	-	-	-	-	118,304,560	118,304,560
Other comprehensive income, net of tax							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	454,416	454,416
Fair value adjustment	-	-	-	-	1,728,893	-	<b>1,728,893</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,728,893</b>	<b>454,416</b>	<b>2,183,309</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,728,893</b>	<b>118,758,976</b>	<b>120,487,869</b>
<b>Transactions with equity holders, recorded directly in equity:</b>							
Transfers for the period	-	-	-	35,491,368	-	(35,491,368)	-
Dividend to equity holders	-	-	-	-	-	(51,504,564)	(51,504,564)
	-	-	-	<b>35,491,368</b>	-	<b>(86,995,932)</b>	<b>(51,504,564)</b>
<b>Balance at 30 September 2017</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>52,324,178</b>	<b>238,909,520</b>	<b>728,213</b>	<b>115,752,543</b>	<b>545,901,158</b>

## Statements of cash flows

For the period ended 30 September 2018

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
<b>Cash flows from operating activities</b>					
Profit for the period		142,223,528	125,577,820	128,445,520	118,304,560
Adjustments for:					
Depreciation of property and equipment	14, 26	10,860,328	9,903,090	9,070,103	8,582,288
Amortisation of Intangibles		1,613,895	1,357,866	1,299,112	1,159,265
Gain on disposal of property and equipment		(113,125)	(62,862)	(60,051)	(26,799)
Impairment on financial assets		3,264,178	13,663,535	2,042,262	12,921,933
Net interest income		(170,641,655)	(189,566,245)	(145,492,795)	(168,168,994)
Foreign exchange gains	10	(25,686,807)	(11,669,646)	(25,473,683)	(11,189,814)
Fair value changes for FVTPL		(966,677)	(115,808)	(5,958)	(94,441)
Derivatives fair value changes		176,204	9,465	176,204	9,465
Dividend income		(224,631)	(179,310)	(224,631)	(3,558,832)
Income tax expense	16, 28(b)	22,022,219	24,454,821	16,260,103	20,877,276
Other non-cash items		(1,894,851)	(3,347,980)	(1,894,851)	(3,347,980)
		(19,367,394)	(29,975,254)	(15,858,665)	(24,532,073)
Net changes in:					
Financial assets held for trading		6,530,745	(4,931,873)	7,745,799	(3,467,399)
Assets pledged as collateral		(1,906,229)	(7,936,347)	(1,921,219)	(7,948,813)
Loans and advances to banks and placements with banks		(84,922,932)	(14,779,802)	(89,368,837)	(15,499,115)
Loans and advances to customers		80,069,981	174,867,474	81,217,337	185,323,986
Restricted deposits and other assets		(70,971,402)	(64,113,579)	(53,555,689)	(51,004,628)
Deposits from banks		6,286,980	(60,601,894)	(11,014)	2,783
Deposits from customers		134,765,485	(103,506,150)	108,616,869	(142,715,253)
Financial liabilities held for trading		22,147,959	13,788,935	22,147,959	13,788,935
Other liabilities		(20,964,430)	141,213,330	(24,640,942)	139,299,849
		71,036,157	74,000,094	50,230,263	117,780,345
Interest received		244,881,488	245,748,678	208,176,509	213,936,305
Interest paid		(64,596,327)	(55,962,024)	(53,040,208)	(45,546,903)
		180,285,161	189,786,654	155,136,301	168,389,402
		231,953,924	233,811,494	189,507,899	261,637,674
Income tax paid		(30,110,192)	(20,779,093)	(26,558,711)	(18,047,636)
<b>Net cash provided by operating activities</b>		<b>201,843,732</b>	<b>213,032,401</b>	<b>162,949,188</b>	<b>243,590,038</b>

## Statements of cash flows

For the period ended 30 September 2018

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
<b>Cash flows from investing activities</b>					
Redemption of investment securities		761,676,827	484,122,940	791,335,106	484,122,940
Purchase of investment securities		(767,371,600)	(513,627,860)	(767,371,600)	(501,518,044)
Dividends received		224,631	179,310	224,631	3,558,832
Purchase of property and equipment	26	(21,879,625)	(11,938,743)	(18,610,233)	(10,024,124)
Proceeds from the sale of property and equipment		1,316,122	414,852	503,023	80,497
Purchase of intangible assets	27	(2,669,567)	(2,311,577)	(1,997,242)	(2,226,803)
Additional investment in subsidiary	25	-	-	(507,640)	-
<b>Net cash used in investing activities</b>		<b>(28,703,212)</b>	<b>(43,161,078)</b>	<b>3,576,045</b>	<b>(26,006,702)</b>
<b>Cash flows from financing activities</b>					
Repayment of long term borrowings		(50,652,594)	(26,625,769)	(48,191,769)	(20,782,808)
Increase in long term borrowings		14,450,000	21,451,557	14,450,000	21,451,557
Finance lease repayments		(281,107)	(1,086,570)	(281,107)	(1,086,570)
Dividends paid to owners	37	(79,464,184)	(51,504,564)	(79,464,184)	(51,504,564)
Dividends paid to non-controlling interest		-	290,866	-	-
Increase in non-controlling interest	25	236,841	-	-	-
<b>Net cash used in financing activities</b>		<b>(115,711,044)</b>	<b>(55,570,110)</b>	<b>(113,487,060)</b>	<b>(51,922,385)</b>
<b>Net increase in cash and cash equivalents</b>		<b>57,429,476</b>	<b>114,301,213</b>	<b>53,038,173</b>	<b>165,660,951</b>
Cash and cash equivalents at beginning of the year		609,174,899	455,863,305	426,425,495	233,847,233
Effect of exchange rate fluctuations on cash held		42,739,227	16,448,266	33,898,079	7,766,593
<b>Cash and cash equivalents at end of the period</b>	18(b)	<b>709,343,602</b>	<b>586,612,784</b>	<b>513,361,747</b>	<b>407,274,777</b>

The accompanying notes are an integral part of these financial statements



## 1. Reporting entity

Guaranty Trust Bank Plc (“the Bank” or “the Parent”) is a company domiciled in Nigeria. The address of the Bank’s registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the period ended 30 September 2018, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as “Group entities”) respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

## 2. Basis of preparation

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

These financial statements were authorised for issue by the directors on 17 of October 2018.

## 3. (a) Significant Accounting Policies

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

### (a) Functional and presentation currency

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

### (b) Basis of measurement

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

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

### (c) Use of Estimates and Judgements

The preparation of the financial statements in conformity with IAS 34 requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported

amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

**(d) Changes to accounting policies**

**New and amended standards and interpretations**

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

**Standards and interpretations effective during the reporting period**

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

**IFRS 15 - Revenue from Contracts with Customers**

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

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

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

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

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

This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting

conditions and market non-vesting conditions. These amendments do not have any material impact on the Group.

### **IFRS 9 - Financial instruments**

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

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

### **Classification and Measurement**

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

The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases.

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

### **Impairment Methodology**

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

objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

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

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

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

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

## **Standards and interpretations issued/amended but not yet effective**

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

Standard	Content	Effective Date
<b>IFRS 16</b>	Leases	1-Jan-19
<b>IFRS 17</b>	Insurance Contracts	1-Jan-21

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

## **IFRS 16 – Leases**

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

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

#### **IFRS 17 - Insurance Contracts**

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

### **3. (b) Other Accounting Policies**

Other accounting policies that have been applied are:

#### **(a) Consolidation**

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

#### **(i) Subsidiaries**

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

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

#### **Acquisition of subsidiaries**

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

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

**(ii) Structured entity**

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

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

**(iii) Accounting method of consolidation**

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

**(iv) Transactions eliminated on consolidation**

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

**(v) Non-controlling interest**

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

**(b) Foreign currency translation****(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

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

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

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

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

### **(iii) Group Entities**

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

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

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

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

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

**(c) Interest**

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

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

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

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

Interest income and expense presented in the Income statement include:

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

**(d) Fees and commission**

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

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

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

Net trading income comprises gains less losses related to trading assets and liabilities, and it



includes all fair value changes, dividends and foreign exchange differences.

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

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

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

**(g) Dividend income**

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

**(h) Leases**

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

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

**(i) Operating lease**

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

**(ii) Finance lease**

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

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

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

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

**(l) Income Tax****(a) Current income tax**

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

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

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

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

**(b) Deferred income tax**

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

However, the deferred income tax is not recognised for:

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

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

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

## **(j) Financial assets and liabilities**

### **I. Recognition**

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

### **II. Classification and Measurement**

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

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

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

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

#### **Business Model Assessment**

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

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

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

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

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

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

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

### **Cash flow characteristics assessment**

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

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

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

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

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

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

**a) Financial assets measured at amortised cost**

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

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

**b) Financial assets measured at FVOCI**

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

**c) Financial assets measured at FVTPL**

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

**d) Equity Instruments**

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

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

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

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

**e) Financial Liabilities at fair value through profit or loss**

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

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

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

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

**f) Financial Liabilities at amortised cost**

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

**III. Reclassifications**

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

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

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

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

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

**IV. Modification of financial assets and liabilities****a. Financial assets**

When the contractual terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition



is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

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

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

#### **Quantitative criteria**

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

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

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

#### **Qualitative criteria**

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

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

#### **Other factor to be considered:**

- Extension of maturity dates

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

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

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

**b. Financial Liabilities**

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

**De-recognition of financial instruments**

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

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

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

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

**V. Impairment of Financial Assets**

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

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

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

**Expected Credit Loss Impairment Model**

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

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

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

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

**Measurement of Expected expected credit losses**

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

Details of these statistical parameters/inputs are as follows:

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

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

- **EAD** – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD** – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

### **Forward-looking information**

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

### **Macroeconomic factors**

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

### **Multiple forward-looking scenarios**

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

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

### **Assessment of significant increase in credit risk (SICR)**

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

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

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

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

### **Definition of Default and Credit Impaired Financial Assets**

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

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

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

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

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

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

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

#### **Presentation of allowance for ECL in the statement of financial position**

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

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

#### **VI. Write-off**

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

following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

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

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

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

## VII. Embedded derivatives

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

## VIII. Offsetting financial instruments

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

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

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

### (k) Investment securities

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

**(l) Derivatives held for risk management purposes**

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

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

**(m) Repossessed Collateral**

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

**(n) Investment in subsidiaries**

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

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

**(o) Property and equipment****(i) Recognition and measurement**

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

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

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



**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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

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

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

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

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

**(iv) De-recognition**

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

**(p) Intangible assets**

**(i) Goodwill**

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

***Subsequent measurement***

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

**(ii) Software**

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

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

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

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

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

**q) Impairment of Non financial assets**

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

amount is estimated each year.

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

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

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

**(r) Deposits, debt securities issued**

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

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

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

**(s) Provisions**

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

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of

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

**(t) Financial guarantees and loan commitments**

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

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

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

**(u) Employee benefits**

**(i) Defined contribution plans**

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

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

**(ii) Defined benefit plans**

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

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

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

**(iii) Termination Benefits**

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

**(iv) Short-term employee benefits**

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

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

**(v) Share-based payment transactions**

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

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

**(v) Discontinued operations**

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

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

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

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

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

**(w) Share capital and reseves**

**(i) Share issue costs**

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

**(ii) Dividend on the Bank's ordinary shares**

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

**(iii) Treasury shares**

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

**(x) Earnings per share**

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

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

**(y) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed

regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect cost are allocated based on the benefits derived from such costs.

### **(z) Levies**

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

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

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

**4 Interest income**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
Loans and advances to banks	102,144	115,863	5,768	1,909
Loans and advances to customers	143,462,508	153,688,970	125,408,836	136,070,071
	143,564,652	153,804,833	125,414,604	136,071,980
Cash and cash equivalents	8,521,293	7,141,630	5,924,972	4,883,365
Investment securities FVPL	3,814,451	-	1,648,991	-
Financial assets held for trading	-	3,272,227	-	1,389,325
Investment securities:				
– Investment Securities FVOCI	61,459,511	-	60,157,795	-
– Available for sale	-	66,357,754	-	65,297,237
– Investment securities at amortised cost	12,738,255	-	246,822	-
– Held to maturity	-	9,437,937	-	560,101
Pledged Investment Securities FVOCI	7,446,952	-	7,446,952	-
Assets pledged as collateral	-	8,255,661	-	8,255,661
	237,545,114	248,270,042	200,840,136	216,457,669

**5 Interest expense**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
Deposit from banks	621,689	435,478	175,880	19,247
Deposit from customers	53,933,948	44,140,323	43,264,469	34,547,182
	54,555,637	44,575,801	43,440,349	34,566,429
Financial liabilities held for trading	1,378,400	1,524,057	1,343,987	1,477,696
Other borrowed funds	6,632,493	6,811,907	6,226,076	6,452,518
Debt securities	4,336,929	5,792,032	4,336,929	5,792,032
Total interest expense	66,903,459	58,703,797	55,347,341	48,288,675

**6 Loan impairment charges**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
12-month ECL	(6,984,444)	-	(7,706,331)	-
Increase/(reversal) in collective impairment	-	(1,535,823)	-	(1,944,384)
Lifetime ECL credit impaired	10,198,004	-	9,748,593	-
Increase in specific impairment	-	14,441,390	-	14,108,349
Recovery of loan amounts previously written off	(1,476,986)	(4,548,740)	-	(3,761,807)
	<b>1,736,574</b>	<b>8,356,827</b>	<b>2,042,262</b>	<b>8,402,158</b>



**7 Fee and commission income**

	Group	Group	Parent	Parent
<i>In thousands of Nigerian Naira</i>	Sep-2018	Restated <sup>1</sup> Sep-2017	Sep-2018	Restated <sup>1</sup> Sep-2017
Credit related fees and commissions	5,894,244	7,030,728	3,776,136	4,718,338
Account Maintenance Charges	8,396,382	7,542,154	6,687,993	6,095,957
Corporate finance fees	4,778,730	3,082,846	4,778,730	3,082,846
E-business Income	6,772,550	5,627,849	5,737,072	4,812,144
Commission on foreign exchange deals	4,675,983	2,664,543	3,559,892	2,042,945
Commission On Touch Points	914,873	556,515	911,652	556,515
Income from financial guarantee contracts issued	3,033,787	2,235,047	1,778,840	1,561,967
Account services, maintenance and ancillary banking charges	3,772,291	3,752,524	1,218,952	1,230,671
Transfers related charges	2,109,559	1,279,681	-	-
	<b>40,348,399</b>	<b>33,771,887</b>	<b>28,449,267</b>	<b>24,101,383</b>

<sup>1</sup>Non-vatable items have been appropriately reclassified from Fee and Commission to Other Income from (see Note 40)

**8 Fee and commission expense**

	Group	Group	Parent	Parent
<i>In thousands of Nigerian Naira</i>	Sep-2018	Sep-2017	Sep-2018	Sep-2017
Bank charges	1,406,243	958,266	962,494	591,658
Loan recovery expenses	1,101,834	741,505	622,674	457,154
	<b>2,508,077</b>	<b>1,699,771</b>	<b>1,585,168</b>	<b>1,048,812</b>

**9 Net gains on financial instruments classified as held for trading**

	Group	Group	Parent	Parent
<i>In thousands of Nigerian Naira</i>	Sep-2018	Sep-2017	Sep-2018	Sep-2017
Bonds FVPL	787,912	-	221,683	-
Bonds trading	-	426,402	-	86,361
Treasury bills FVPL	2,411,672	-	2,249,581	-
Treasury bills trading	-	2,265,602	-	2,265,602
Foreign exchange trading gain	16,866,161	7,246,701	11,757,896	3,443,906
<b>Net trading income</b>	<b>20,065,745</b>	<b>9,938,705</b>	<b>14,229,160</b>	<b>5,795,869</b>

**10 Other income**

	Group	Group	Parent	Parent
	Sep-2018	Restated <sup>1</sup> Sep-2017	Sep-2018	Restated <sup>1</sup> Sep-2017
<i>In thousands of Nigerian Naira</i>				
Mark to market gains on trading investments	966,677	115,808	5,958	94,441
Foreign exchange revaluation gain	25,686,807	11,669,646	25,473,683	11,189,814
Gain on disposal of fixed assets	113,125	62,862	60,051	26,799
Discounts And Recoverables (FX)	5,328,639	4,699,537	5,223,163	4,699,537
Mark - Up Exchange Income	1,118,856	1,205,540	1,118,856	1,205,540
Dividend income and recoveries	6,096,635	179,310	6,096,635	3,558,832
	<b>39,310,739</b>	<b>17,932,703</b>	<b>37,978,346</b>	<b>20,774,963</b>

<sup>1</sup>Non-vatable items have been appropriately reclassified to Other Income from Fee and Commission (see Note 40)

**11 Net impairment on other financial assets**

	Group	Group	Parent	Parent
	Sep-2018	Sep-2017	Sep-2018	Sep-2017
<i>In thousands of Nigerian Naira</i>				
Other assets balances written off during the period as uncollectible	-	757,968	-	757,968
Impairment charges on contingents assets	50,618	-	-	-
	<b>50,618</b>	<b>757,968</b>	<b>-</b>	<b>757,968</b>

**12 Personnel expenses**

	Group	Group	Parent	Parent
	Sep-2018	Sep-2017	Sep-2018	Sep-2017
<i>In thousands of Nigerian Naira</i>				
Wages and salaries	26,393,932	23,699,193	17,140,184	16,439,172
Contributions to defined contribution plans	855,829	835,974	627,517	638,629
Defined benefit costs	546,800	(765,586)	546,800	(765,586)
Cash-settled share-based payments	324,827	735,902	324,827	735,902
Staff welfare expenses	-	124,178	-	124,178
	<b>28,121,388</b>	<b>24,629,661</b>	<b>18,639,328</b>	<b>17,172,295</b>

**13 Operating lease expense**

	Group	Group	Parent	Parent
	Sep-2018	Sep-2017	Sep-2018	Sep-2017
<i>In thousands of Nigerian Naira</i>				
Operating lease expense	2,290,960	1,450,111	479,332	494,589
	<b>2,290,960</b>	<b>1,450,111</b>	<b>479,332</b>	<b>494,589</b>

This expense relates to amortised portion of lease rentals on branches leased by the Bank. The unamortised portion is classified as prepayments under Other Assets (please refer to Note 28(ii)). Lease rentals are fully paid in advance with the effect that there are no future minimum lease payments to be made in respect of the leases.

**14 Depreciation and amortisation**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
Amortisation of intangible assets (see note 27)	1,613,895	1,357,866	1,299,112	1,159,265
Depreciation of property, plant and equipment (see note 26)	10,860,328	9,903,090	9,070,103	8,582,288
	<b>12,474,223</b>	<b>11,260,956</b>	<b>10,369,215</b>	<b>9,741,553</b>

**15 Other operating expenses**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
Finance costs	2,310	63,886	2,310	63,886
Deposit insurance premium	6,030,039	5,826,581	5,920,950	5,744,077
Other insurance premium	1,120,120	566,275	849,102	379,207
Auditors' remuneration	582,605	442,778	378,000	300,100
Professional fees and other consulting costs	1,138,476	849,162	603,524	732,990
AMCON expenses	16,307,643	13,066,700	16,307,643	13,066,700
Stationery and postage	1,066,304	1,353,966	735,573	887,941
Business travel expenses	531,637	545,774	301,701	332,399
Advert, promotion and corporate gifts	4,352,711	3,194,419	3,371,733	2,370,193
Repairs and maintenance	3,237,171	4,734,777	2,368,846	3,685,037
Occupancy costs <sup>1</sup>	6,174,078	4,517,119	5,175,887	3,648,977
Directors' emoluments	538,266	710,680	248,050	238,584
Outsourcing services	6,964,533	6,323,589	5,759,425	5,261,711
Administrative expense	4,598,375	4,223,212	2,553,602	1,887,502
Communications and sponsorship related expense	3,316,999	3,205,030	1,567,950	1,642,491
Human capital related expenses	1,743,929	2,433,531	1,660,998	1,520,278
Customer service related expenses	1,233,755	964,126	523,346	279,925
	<b>58,938,951</b>	<b>53,021,605</b>	<b>48,328,640</b>	<b>42,041,998</b>

<sup>1</sup> This relates to diesel, fuel, and electricity cost as well as ground rates and water cost

**16 Income tax expense recognised in the Income statement**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Sep-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Sep-2017</b>
<b>Current tax expense:</b>				
Company income tax	18,812,393	27,990,189	13,748,174	24,412,644
Education Tax	690,934	824,218	690,934	824,218
NITDA Levy	965,428	945,584	965,428	945,584
	20,468,755	29,759,991	15,404,536	26,182,446
Prior period's under provision	2,484,927	137,114	2,484,927	137,114
<b>Deferred tax expense:</b>				
Origination of temporary differences	(931,463)	(5,442,284)	(1,629,360)	(5,442,284)
	<b>22,022,219</b>	<b>24,454,821</b>	<b>16,260,103</b>	<b>20,877,276</b>

**Income tax recognised in other comprehensive income**

In thousands of Nigerian Naira	Group Sep-2018	Group Sep-2017	Parent Sep-2018	Parent Sep-2017
Income tax relating to remeasurements of post-employment benefit obligations	(79,626)	194,750	(79,626)	194,750
Income tax relating to Foreign currency translation differences for foreign operations	1,222,754	(17,903)	-	-
Income tax relating to Net change in fair value through other comprehensive income financial assets	(1,914,532)	-	(2,106,818)	-
Income tax relating to Net change in fair value of financial assets FVOCI	-	1,024,889	-	810,521
	<b>(771,404)</b>	<b>1,201,736</b>	<b>(2,186,444)</b>	<b>1,005,271</b>

**Current income tax payable**

The movement on the current income tax payable account during the period was as follows:

In thousands of Nigerian Naira	Group Sep-2018	Group Sep-2017	Parent Sep-2018	Parent Sep-2017
Balance, beginning of the period	24,147,356	17,928,279	24,009,770	17,819,039
Exchange difference on translation	(68,038)	121,717	-	-
Charge for the period	20,468,755	16,058,977	15,404,536	11,847,180
Payments during the period	(30,110,192)	(25,001,610)	(26,558,711)	(20,696,442)
Prior year's under provision	2,484,927	228,595	2,484,927	228,595
Dividend Tax	-	14,811,398	-	14,811,398
<b>Balance, end of the period</b>	<b>16,922,808</b>	<b>24,147,356</b>	<b>15,340,522</b>	<b>24,009,770</b>

**17 Basic and Diluted earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit attributable to ordinary shareholders of N141,455,047,000 and a weighted average number of ordinary shares outstanding of 28,112,933,000 (after adjusting for Treasury shares) and it is calculated as follows:

**Profit attributable to ordinary shareholders**

In thousands of Nigerian Naira	Group Sep-2018	Group Sep-2017	Parent Sep-2018	Parent Sep-2017
Net profit attributable to equity holders of the Company	141,455,046	124,745,136	128,445,520	118,304,560
Net profit used to determine diluted earnings per share	141,455,046	124,745,136	128,445,520	118,304,560

**Number of ordinary shares**

In thousands of shares	Group Sep-2018	Group Sep-2017	Parent Sep-2018	Parent Sep-2017
Weighted average number of ordinary shares in issue	28,112,933	28,112,933	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	5.03	4.44	4.36	4.02

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

## 18 Cash and bank balances

	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<i>In thousands of Nigerian Naira</i>				
Cash in hand	74,322,793	67,303,684	43,937,907	42,123,376
Balances held with other banks	198,485,045	224,804,904	82,704,168	113,342,767
Unrestricted balances with central banks	101,848,276	83,203,161	81,666,190	54,379,661
Money market placements	452,927,131	266,662,035	423,293,127	245,450,392
	<b>827,583,245</b>	<b>641,973,784</b>	<b>631,601,392</b>	<b>455,296,196</b>
Impairment on Placements	(305,508)	-	(305,508)	-
	<b>827,277,737</b>	<b>641,973,784</b>	<b>631,295,884</b>	<b>455,296,196</b>

Cash and cash equivalents in statement of cash flows includes:

	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<i>In thousands of Nigerian Naira</i>				
Cash and bank balances	827,277,737	641,973,784	631,295,884	455,296,196
Cash and bank balances above three months	(117,934,135)	(32,798,887)	(117,934,137)	(28,870,700)
	<b>709,343,602</b>	<b>609,174,897</b>	<b>513,361,747</b>	<b>426,425,496</b>

## 19 Financial assets held for trading

	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<i>In thousands of Nigerian Naira</i>				
<b>Financial assets Fair Value through Profit or Loss:</b>				
Bonds - FVPL (see note 24(b) below)	-	-	-	-
Treasury Bills - FVPL (see note 24(c) below)	18,301,771	-	8,912,515	-
	<b>18,301,771</b>	<b>-</b>	<b>8,912,515</b>	<b>-</b>
<b>Financial assets held for trading:</b>				
Trading bonds (see note 24(b) below)	-	6,940,582	-	4,124,124
Trading treasury bills (see note 24(c) below)	-	17,005,079	-	12,528,232
	<b>-</b>	<b>23,945,661</b>	<b>-</b>	<b>16,652,356</b>
<b>Total trading assets</b>	<b>18,301,771</b>	<b>23,945,661</b>	<b>8,912,515</b>	<b>16,652,356</b>

## 20 Derivative financial instruments

## Group

## Sep-2018

*In thousands of Nigerian Naira*

	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	40,250,350	2,328,270	(2,271,982)
<b>Derivative assets/(liabilities)</b>	<b>40,250,350</b>	<b>2,328,270</b>	<b>(2,271,982)</b>

## Group

## Dec-2017

*In thousands of Nigerian Naira*

	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	30,688,033	638,261	(592,320)
Put and Call options	33,346,156	2,200,817	(2,014,266)
<b>Derivative assets/(liabilities)</b>	<b>64,034,189</b>	<b>2,839,078</b>	<b>(2,606,586)</b>

**Parent****Sep-2018***In thousands of Nigerian Naira*

	<b>Notional Contract Amount</b>	<b>Fair Value Assets</b>	<b>Fair Value Liability</b>
Foreign Exchange Derivatives:			
Foreign exchange forward	40,250,350	2,328,270	(2,271,982)
<b>Derivative assets/(liabilities)</b>	<b>40,250,350</b>	<b>2,328,270</b>	<b>(2,271,982)</b>

**Parent****Dec-2017***In thousands of Nigerian Naira*

	<b>Notional Contract Amount</b>	<b>Fair Value Assets</b>	<b>Fair Value Liability</b>
Foreign Exchange Derivatives:			
Foreign exchange forward	30,688,033	638,261	(592,320)
Put and Call options	33,346,156	2,200,817	(2,014,266)
<b>Derivative assets/(liabilities)</b>	<b>64,034,189</b>	<b>2,839,078</b>	<b>(2,606,586)</b>

All derivatives are settled in less than one year.

**Foreign exchange derivatives and Options**

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading.

The Forwards transactions of the Bank are purely FX purchases from counterparties on behalf of customers for trade finance

The Bank has delivered Naira but yet to receive FX. Therefore they are not typical Forward transactions with the Sovereign.

A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. Additionally the Group offers its customers derivatives in connection with their risk management objectives to transfer or reduce market risk (commodity price) for their own trading purpose. The hedge transaction with the customer is backed by visible trade transaction. The foreign currency forward and option contracts are subject to the same risk management policies.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in Net gains/(losses) 'on financial instruments classified as held for trading'.

## 21 Investment securities

*In thousands of Nigerian Naira*

	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
(i) <b>Investment securities at FVOCI:</b>				
Investment securities measured at FVOCI -				
Treasury bills	475,086,232	-	401,161,009	-
Investment securities measured at FVOCI -				
Bonds	13,573,203	-	10,935,200	-
Investment securities measured at FVOCI -				
Corporate bond	7,384,910	-	7,384,910	-
Equity securities at fair value (See note 21(a)(ii) below)	3,059,507	-	3,050,123	-
	499,103,852	-	422,531,242	-
Impairment on Bond - FVOCI	(1,398)	-	(1,398)	-
Impairment on Treasury Bills - FVOCI	(58,468)	-	(58,468)	-
Impairment on corporate bond - FVOCI	(203,937)	-	(203,937)	-
<b>Total investment securities at FVOCI</b>	<b>498,840,049</b>	<b>-</b>	<b>422,267,439</b>	<b>-</b>
<b>Available for sale investment securities:</b>				
Treasury bills	-	492,469,374	-	433,094,854
Bonds	-	15,375,680	-	10,356,140
Corporate bond	-	6,626,983	-	6,626,983
Equity securities at fair value (See note 21(a)(ii) below)	-	3,011,648	-	3,011,648
Unquoted equity securities at cost (see note 21(b) below)	-	4,160,706	-	4,151,658
	-	521,644,391	-	457,241,283
Specific impairment for equities (see note 21(c) below)	-	(4,151,658)	-	(4,151,658)
<b>Total available for sale investment securities</b>	<b>-</b>	<b>517,492,733</b>	<b>-</b>	<b>453,089,625</b>
<b>Investment securities at amortised cost:</b>				
Investment securities measured at amortised cost - Bonds	47,861,605	-	2,090,411	-
Investment securities measured at amortised cost - Treasury bills	70,857,628	-	-	-
Investment securities measured at amortised cost - Corporate bond	-	-	-	-
	118,719,233	-	2,090,411	-
Impairment on Bonds - Amortised Cost	(9,033)	-	(9,033)	-
<b>Total Investment securities at amortised cost</b>	<b>118,710,200</b>	<b>-</b>	<b>2,081,378</b>	<b>-</b>
<b>Held to maturity investment securities:</b>				
Bonds	-	38,179,228	-	2,007,253
Treasury bills	-	57,931,373	-	-
Corporate bond	-	355,997	-	-
	-	96,466,598	-	2,007,253
Impairment on investments held to maturity	-	-	-	-
<b>Total held to maturity investment securities</b>	<b>-</b>	<b>96,466,598</b>	<b>-</b>	<b>2,007,253</b>
<b>Total investment securities</b>	<b>617,550,249</b>	<b>613,959,331</b>	<b>424,348,817</b>	<b>455,096,878</b>

(ii) Unquoted equity securities at FVOCI is analysed below:

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
- GIM UEMOA	9,384	-	-	-
- Unified Payment Services Limited <sup>1</sup>	254,432	212,342	254,432	212,342
- Nigeria Automated Clearing Systems	713,608	700,406	713,608	700,406
- Afrexim	80,310	84,674	80,310	84,674
- Africa Finance Corporation	2,001,773	2,014,226	2,001,773	2,014,226
	<b>3,059,507</b>	<b>3,011,648</b>	<b>3,050,123</b>	<b>3,011,648</b>
	<b>3,059,507</b>	<b>3,011,648</b>	<b>3,050,123</b>	<b>3,011,648</b>

<sup>1</sup> Unified Payment Services Limited was formerly known as Valucard Nigeria Plc.

**Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:**

Unquoted equity securities is analysed below:

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
<b><i>SMEEIS investment:</i></b>				
- Forrilon Translantic Ltd	-	1,080,851	-	1,080,851
- Iscare Nigeria Ltd	-	40,000	-	40,000
- Ruqayya Integrated Farms	-	40,500	-	40,500
- National E-Government Strategy	-	25,000	-	25,000
- Central Securities Clearing System	-	10,500	-	10,500
- Bookcraft Ltd	-	20,000	-	20,000
- 3 Peat Investment Ltd	-	1,016,032	-	1,016,032
- Shonga F.H. Nigeria Ltd	-	200,000	-	200,000
- Safe Nigeria Ltd	-	350,000	-	350,000
- CRC Credit Bureau	-	61,111	-	61,111
- Cards Technology Limited	-	265,000	-	265,000
- Thisday Events Center	-	500,000	-	500,000
- HITV Limited	-	500,000	-	500,000
- SCC Algon Ltd	-	42,664	-	42,664
<b>Cost of SMIEES investment</b>	-	<b>4,151,658</b>	-	<b>4,151,658</b>
Less specific impairment for equities	-	(4,151,658)	-	(4,151,658)
<b>Carrying value of SMIEES investment</b>	-	-	-	-
<b><i>Other unquoted equity investment:</i></b>				
- GIM UEMOA	-	9,048	-	-
<b>Cost of other unquoted equity investment</b>	-	<b>9,048</b>	-	-
<b>Carrying value of other unquoted equity investment</b>	-	<b>9,048</b>	-	-
<b>Total cost of unquoted equity investment</b>	-	<b>4,160,706</b>	-	<b>4,151,658</b>
Total impairment of unquoted equity investment	-	(4,151,658)	-	(4,151,658)
<b>Total carrying value of unquoted equity investment</b>	-	<b>9,048</b>	-	-



**Movement in unquoted equities at cost:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Balance at 1 January	9,048	145,576	-	138,164
- Exchange difference	-	1,636	-	-
- Disposal	-	(61,288)	-	(61,288)
- Additional impairment on equity investment	-	(696,680)	-	(696,680)
- Transfer to equity investments at fair value	(9,048)	1,127,820	-	1,127,820
- Impairment charge previously taken on equity investments at fair value		(508,016)		(508,016)
<b>Balance, end of the period</b>	<b>-</b>	<b>9,048</b>	<b>-</b>	<b>-</b>

None of the Bank's equity investments is held for trading and the Bank has made an irrevocable election to classify all of them at FVOCI.

None of the equity investments is disposed during the period and the Bank received dividend income of N224,631,000 (Sep 2017: N3,558,832) from the equity investments during the period.

**Specific impairment for equities**

Movement in specific impairment for equities for the prior period is as shown below:

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Balance at 1 January	-	3,454,978	-	3,454,978
- Charge for the period	-	696,680	-	696,680
<b>Balance, end of the period</b>	<b>-</b>	<b>4,151,658</b>	<b>-</b>	<b>4,151,658</b>

Specific impairment for equities is further analysed by classification below:

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Specific impairment on equity securities at cost	-	4,151,658	-	4,151,658
	<b>-</b>	<b>4,151,658</b>	<b>-</b>	<b>4,151,658</b>

## 22 Assets pledged as collateral

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
<b>Financial assets held for trading</b>	<b>7,960</b>	<b>14,453</b>	<b>7,960</b>	<b>-</b>
- Treasury bills	7,960	14,453	7,960	-
<b>Investment Securities - FVOCI (See note (c) below):</b>				
- Treasury bills	60,882,941	-	60,882,941	-
	<b>60,882,941</b>	<b>-</b>	<b>60,882,941</b>	<b>-</b>
Impairment On Pledged Assets	(7,960)	-	(7,960)	-
<b>Total investment securities FVOCI</b>	<b>60,874,981</b>	<b>-</b>	<b>60,874,981</b>	<b>-</b>
<b>Investment Securities - available for sale (See note (c) below):</b>	<b>-</b>	<b>58,961,722</b>	<b>-</b>	<b>58,961,722</b>
- Treasury bills	-	58,961,722	-	58,961,722
<b>Total Assets Pledged as Collateral</b>	<b>60,882,941</b>	<b>58,976,175</b>	<b>60,882,941</b>	<b>58,961,722</b>

Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions.

Gross Treasury Bills pledged as collateral of N60,882,941,000 (December 2017: N58,961,722,000) have been reclassified from treasury bills FVOCI.

Assets pledged as collateral are based on prices in an active market.

## 23 Loans and advances to banks

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Loans and advances to banks	261,186	751,991	46,989	45,110
Less Impairment:				
Stage 1 Loans	(74)	-	(74)	-
Stage 2 Loans	-	-	-	-
Stage 3 Loans	(3,542)	-	(3,542)	-
Less collective allowances for impairment	-	(1,630)	-	(1,630)
	<b>257,570</b>	<b>750,361</b>	<b>43,373</b>	<b>43,480</b>

## Notes to the financial statements

### 24 Loans and advances to Customers

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Parent Sep-2018</b>
Loans	1,134,316,560	989,650,306
Overdraft	137,899,308	90,618,444
Others <sup>1</sup>	41,433,893	41,433,893
<b>Performing Loans</b>	<b>1,313,649,761</b>	<b>1,121,702,643</b>
Non Performing Loans	77,486,831	69,217,242
<b>Gross Loans</b>	<b>1,391,136,592</b>	<b>1,190,919,885</b>
Impairment on Stage 1 Loans	(13,819,408)	(13,377,046)
Impairment on Stage 2 Loans	(30,073,024)	(29,110,382)
Impairment on Stage 3 Loans	(77,151,265)	(66,766,492)
<b>Total Impairment</b>	<b>(121,043,697)</b>	<b>(109,253,920)</b>
<b>Net Loans</b>	<b>1,270,092,895</b>	<b>1,081,665,965</b>

<sup>1</sup> Others include Usance and Usance Settlements

<i>In thousands of Nigerian Naira</i>	<b>Group Dec-2017</b>	<b>Parent Dec-2017</b>
Loans	1,138,743,265	1,055,472,513
Overdraft	214,479,201	132,501,493
Others <sup>1</sup>	46,903,007	35,525,974
<b>Performing Loans</b>	<b>1,400,125,473</b>	<b>1,223,499,980</b>
Non Performing Loans	116,197,667	102,750,415
<b>Gross Loans</b>	<b>1,516,323,140</b>	<b>1,326,250,395</b>
Specific Impairment	(48,914,387)	(42,414,653)
Collective Impairment	(18,875,323)	(17,864,054)
<b>Total Impairment</b>	<b>(67,789,710)</b>	<b>(60,278,707)</b>
<b>Net Loans</b>	<b>1,448,533,430</b>	<b>1,265,971,688</b>

<sup>1</sup> Others include Usance and Usance Settlements

## 25 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Sep-2018 % ownership	Parent Dec-2017 % ownership	Parent Sep-2018 N'000	Parent Dec-2017 N'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	83.74	84.24	594,109	594,109
GTB Ghana	97.97	97.97	9,042,739	9,042,739
GTB Finance B.V.	100.00	100.00	-	-
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	5,077,458
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
GTB Tanzania	70.00	70.00	2,749,390	2,241,750
			46,714,644	46,207,004
Current			-	-
Non-current			46,714,644	46,207,004

(a) (i) The movement in investment in subsidiaries during the period is as follows:

<i>In thousands of Nigerian Naira</i>	Parent Sep-2018	Parent Dec-2017
Balance, beginning of the period	46,207,004	43,968,474
Additions during the period	507,640	2,241,750
Transferred to assets classified as held for sale and discontinued operations	-	(3,220)
<b>Balance, end of the period</b>	<b>46,714,644</b>	<b>46,207,004</b>

Additions during the period relates to additional investment in GTB Tanzania

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 30 September 2018, are as follows:

**Full year profit and loss**

**Sep-2018**

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Operating income	2,545,580	-	16,722,735	5,516,622	4,423,553	4,549,148	2,720,630	1,532,991	7,756,721	71,658
Operating expenses	(2,198,700)	-	(5,796,662)	(2,400,919)	(2,210,769)	(3,569,772)	(1,853,644)	(1,169,680)	(6,476,640)	(530,931)
Loan impairment charges	-	-	1,182,583	(66,052)	(677,055)	-	(6,593)	24,510	(149,665)	(2,038)
<b>Profit before tax</b>	<b>346,880</b>	-	<b>12,108,656</b>	<b>3,049,651</b>	<b>1,535,729</b>	<b>979,376</b>	<b>860,393</b>	<b>387,821</b>	<b>1,130,416</b>	<b>(461,311)</b>
Taxation	-	-	(3,742,040)	(914,895)	(383,932)	(180,914)	(232,306)	-	(308,027)	-
<b>Profit after tax</b>	<b>346,880</b>	-	<b>8,366,616</b>	<b>2,134,756</b>	<b>1,151,797</b>	<b>798,462</b>	<b>628,087</b>	<b>387,821</b>	<b>822,389</b>	<b>(461,311)</b>
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	133,453	-
<b>Total comprehensive income for the period</b>	<b>346,880</b>	-	<b>8,366,616</b>	<b>2,134,756</b>	<b>1,151,797</b>	<b>798,462</b>	<b>628,087</b>	<b>387,821</b>	<b>955,842</b>	<b>(461,311)</b>

**Condensed financial position**  
**Sep-2018**

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
<b>Assets</b>										
Cash and bank balances	184,468	8,508	28,437,337	13,278,872	6,371,681	137,568,492	13,317,496	3,248,100	26,389,877	883,342
Loans and advances to banks	-	-	-	-	-	214,197	-	-	-	-
Loans and advances to customers	-	2,560,833	25,007,212	17,436,825	28,379,461	37,509,007	5,357,401	5,956,737	69,059,281	208,439
Financial assets held for trading	-	-	9,389,256	-	-	-	-	-	-	-
Investment securities:										
– Fair Value through other comprehensive Income	53,718,536	-	-	-	-	36,346,734	20,179,799	12,981	20,033,096	-
– Held at amortised cost	-	-	80,883,223	8,261,421	489,684	-	-	11,581,673	14,255,170	1,157,651
Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	15,300,637	1,508,288	3,045,214	630,287	1,318,981	792,718	6,713,844	282,166
Property and equipment	-	-	2,924,277	1,182,463	2,309,844	823,806	2,687,729	1,196,482	2,325,379	1,500,236
Intangible assets	-	-	151,050	-	59,222	-	114,037	42,668	1,524,005	325,062
Deferred tax assets	-	-	-	-	-	400,899	-	-	-	-
<b>Total assets</b>	<b>53,903,004</b>	<b>2,569,341</b>	<b>162,092,992</b>	<b>41,667,869</b>	<b>40,655,106</b>	<b>213,493,422</b>	<b>42,975,443</b>	<b>22,831,359</b>	<b>140,300,652</b>	<b>4,356,896</b>
<b>Financed by:</b>										
Deposits from banks	-	-	1	214,577	2,304,250	125,142,146	-	8,041	2,475,201	-
Deposits from customers	-	-	125,964,064	29,060,631	26,959,139	68,387,940	34,865,036	14,565,586	102,522,640	864,797
Current income tax liabilities	-	-	439,447	998,898	509,599	-	19,164	-	(384,812)	-
Deferred tax liabilities	-	-	114,386	17,279	-	-	138,277	-	433,855	-
Other liabilities	9,169,232	-	2,002,849	2,298,756	1,410,875	3,554,306	2,853,922	1,847,064	1,801,177	146,442
Other borrowed funds	487,296	-	889,408	-	1,011,052	-	-	-	6,142,813	-
<b>Total liabilities</b>	<b>9,656,528</b>	<b>-</b>	<b>129,410,155</b>	<b>32,590,141</b>	<b>32,194,915</b>	<b>197,084,392</b>	<b>37,876,399</b>	<b>16,420,691</b>	<b>112,990,874</b>	<b>1,011,239</b>
Equity and reserve	44,246,476	2,569,341	32,682,837	9,077,728	8,460,191	16,409,030	5,099,044	6,410,668	27,309,778	3,345,657
	<b>53,903,004</b>	<b>2,569,341</b>	<b>162,092,992</b>	<b>41,667,869</b>	<b>40,655,106</b>	<b>213,493,422</b>	<b>42,975,443</b>	<b>22,831,359</b>	<b>140,300,652</b>	<b>4,356,896</b>

## Condensed cash flow

Sep-2018

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
<b>Net cash flow:</b>										
- from operating activities	(20,722,727)	-	13,668,814	(161,393)	(2,290,497)	3,787,525	8,167,922	4,694,898	2,245,253	787,127
- from investing activities	21,701,075	-	(18,577,533)	(59,982)	2,107,081	(6,374,627)	(3,313,794)	(4,521,029)	(683,325)	(1,092,643)
- from financing activities	(941,209)	-	(1,215,333)	-	(230,868)	-	-	-	(1,065,242)	-
Increase in cash and cash equivalents	37,139	-	(6,124,052)	(221,375)	(414,284)	(2,587,102)	4,854,128	173,869	496,686	(305,516)
Cash balance, beginning of period	147,329	7,948	33,957,550	13,795,410	6,459,540	135,385,632	8,240,527	3,007,428	23,970,384	1,138,938
Effect of exchange difference	-	560	(356,879)	(295,163)	326,426	4,769,962	222,841	66,801	1,922,808	49,920
<b>Cash balance, end of period</b>	<b>184,468</b>	<b>8,508</b>	<b>27,476,619</b>	<b>13,278,872</b>	<b>6,371,682</b>	<b>137,568,492</b>	<b>13,317,496</b>	<b>3,248,098</b>	<b>26,389,878</b>	<b>883,342</b>

Condensed results of the consolidated entities as at 30 September 2017, are as follows:

**Sep-2017**

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya
<b>Condensed profit and loss</b>									
Operating income	678,875	264,372	12,466,044	4,184,718	3,716,469	3,235,652	3,272,402	967,657	7,253,950
Operating expenses	-	(264,372)	(5,450,181)	(2,121,328)	(1,772,860)	(2,636,815)	(1,839,872)	(919,023)	(6,171,821)
Loan impairment charges	-	-	66,868	177,354	(268,451)	-	(191)	-	69,751
<b>Profit before tax</b>	678,875	-	7,082,731	2,240,744	1,675,158	598,837	1,432,339	48,634	1,151,880
Taxation	-	-	(2,143,623)	(672,223)	(418,790)	-	(429,702)	-	(302,608)
<b>Profit after tax</b>	678,875	-	4,939,108	1,568,521	1,256,368	598,837	1,002,637	48,634	849,272
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	46,154
<b>Total comprehensive income for the period</b>	<b>678,875</b>	<b>-</b>	<b>4,939,108</b>	<b>1,568,521</b>	<b>1,256,368</b>	<b>598,837</b>	<b>1,002,637</b>	<b>48,634</b>	<b>895,426</b>



Condensed results of the consolidated entities as at 31 December 2017, are as follows:

**Dec-2017**

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya
<b>Condensed financial position</b>									
<b>Assets</b>									
Cash and bank balances	147,329	7,948	33,957,550	13,795,410	6,459,540	135,385,632	8,240,527	3,007,428	23,970,384
Loans and advances to banks	-	-	-	-	-	706,881	-	-	-
Loans and advances to customers	-	2,392,230	29,743,423	13,869,985	24,565,351	37,988,167	5,004,774	6,923,602	65,895,071
Financial assets held for trading	-	-	7,293,305	-	-	-	-	-	-
Investment securities:									
– Available for sale	53,914,878	-	-	-	-	29,143,939	16,766,463	9,048	18,483,658
– Held to maturity	-	-	64,262,504	8,588,863	2,791,687	-	-	6,837,321	11,978,970
Assets pledged as collateral	-	-	-	-	-	-	-	14,453	-
Other assets	-	-	3,089,533	385,461	739,780	445,432	2,691,691	331,617	3,632,858
Property and equipment	-	-	1,948,612	1,242,819	1,922,441	714,733	2,304,290	1,188,378	2,558,000
Intangible assets	-	-	160,233	-	44,115	-	78,437	37,835	1,407,052
Deferred tax assets	-	-	125,991	-	-	387,188	-	-	1,153,811
<b>Total assets</b>	<b>54,062,207</b>	<b>2,400,178</b>	<b>140,581,151</b>	<b>37,882,538</b>	<b>36,522,914</b>	<b>204,771,972</b>	<b>35,086,182</b>	<b>18,349,682</b>	<b>129,079,804</b>
<b>Financed by:</b>									
Deposits from banks	-	-	1	-	496,740	118,020,085	-	6,164	6,246,352
Deposits from customers	-	-	110,065,633	27,097,040	27,482,857	70,535,360	28,812,264	12,052,735	88,484,758
Debt securities issued	-	-	-	-	-	-	-	-	-
Current income tax liabilities	-	-	103,954	163,791	309,605	-	41,512	-	(481,276)
Deferred tax liabilities	-	-	132,255	14,321	-	-	163,757	-	205,664
Other liabilities	8,537,765	-	3,042,083	3,341,147	1,574,185	1,072,533	1,721,966	456,529	1,276,693
Other borrowed funds	1,428,505	-	2,076,854	-	1,160,153	-	-	-	6,583,523
<b>Total liabilities</b>	<b>9,966,270</b>	<b>-</b>	<b>115,420,780</b>	<b>30,616,299</b>	<b>31,023,540</b>	<b>189,627,978</b>	<b>30,739,499</b>	<b>12,515,428</b>	<b>102,315,714</b>
Equity and reserve	44,095,937	2,400,178	25,160,371	7,266,239	5,499,374	15,143,994	4,346,683	5,834,254	26,764,090
	<b>54,062,207</b>	<b>2,400,178</b>	<b>140,581,151</b>	<b>37,882,538</b>	<b>36,522,914</b>	<b>204,771,972</b>	<b>35,086,182</b>	<b>18,349,682</b>	<b>129,079,804</b>

## Sep-2017

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya
<b>Condensed cash flow</b>									
Net cash flow:									
- from operating activities	(107,946)	128,663,951	16,430,978	3,099,698	362,366	20,174,744	1,842,794	1,949,598	(9,654,738)
- from investing activities	678,875	-	(10,872,420)	(2,654,821)	(778,294)	(5,366,514)	1,024,050	(415,670)	4,758,511
- from financing activities	(546,604)	(128,656,273)	(3,572,265)	(61,431)	60,250	-	(3,724,226)	-	3,346,383
Increase in cash and cash equivalents	24,325	7,678	1,986,293	383,446	(355,678)	14,808,230	(857,382)	1,533,928	(1,549,844)
Cash balance, beginning of period	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681
Effect of exchange difference	-	-	(602,796)	(1,719,347)	231,072	11,349,023	(375,203)	72,144	296,728
<b>Cash balance, end of period</b>	<b>137,554</b>	<b>7,678</b>	<b>29,732,775</b>	<b>11,934,946</b>	<b>11,058,295</b>	<b>127,893,992</b>	<b>11,056,489</b>	<b>3,064,470</b>	<b>21,117,565</b>

26 **Property and equipment**(a) **Group**

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress	Total
<b>Cost</b>							
Balance at 1 January 2018	55,636,100	13,963,300	76,830,826	10,688,278	12,603,126	14,032,714	183,754,344
Exchange difference	305,044	16,372	662,428	88,007	-	132,188	1,204,039
Additions	2,824,492	217,464	9,456,968	2,151,778	145,115	7,083,808	21,879,625
Disposals	-	-	(1,204,542)	(864,559)	-	(719,136)	(2,788,237)
Transfers	2,526,027	121,758	1,235,825	68,002	-	(3,951,612)	-
<b>Balance at 30 September 2018</b>	<b>61,291,663</b>	<b>14,318,894</b>	<b>86,981,505</b>	<b>12,131,506</b>	<b>12,748,241</b>	<b>16,577,962</b>	<b>204,049,771</b>
Balance at 1 January 2017	52,358,464	13,830,084	66,952,716	9,622,070	12,602,476	10,195,212	165,561,022
Exchange difference	288,286	(17,260)	422,057	11,744	-	21,211	726,038
Additions	2,161,128	11,828	9,147,724	1,607,854	650	6,074,334	19,003,518
Disposals	(575,333)	-	(301,563)	(553,390)	-	(105,948)	(1,536,234)
Transfers	1,403,555	138,648	609,892	-	-	(2,152,095)	-
<b>Balance at 31 December 2017</b>	<b>55,636,100</b>	<b>13,963,300</b>	<b>76,830,826</b>	<b>10,688,278</b>	<b>12,603,126</b>	<b>14,032,714</b>	<b>183,754,344</b>

**Property and equipment (continued)****Group****Depreciation***In thousands of Nigerian Naira*

	<b>Leasehold improvement and buildings</b>	<b>Land</b>	<b>Furniture &amp; equipment</b>	<b>Motor vehicle</b>	<b>Aircraft</b>	<b>Capital work-in - progress</b>	<b>Total</b>
Balance at 1 January 2018	12,917,085	1,078,923	57,174,036	7,219,016	6,695,286	-	85,084,346
Exchange difference	94,193	2,986	507,678	58,315	-	-	663,172
Charge for the period	1,545,109	129,652	6,627,197	1,212,066	1,346,305	-	10,860,329
Disposals	-	-	(739,030)	(846,210)	-	-	(1,585,240)
<b>Balance at 30 September 2018</b>	<b>14,556,387</b>	<b>1,211,561</b>	<b>63,569,881</b>	<b>7,643,187</b>	<b>8,041,591</b>	<b>-</b>	<b>95,022,607</b>
Balance at 1 January 2017	11,252,837	910,517	48,768,107	6,218,413	4,923,093	-	72,072,967
Exchange difference	81,808	(2,867)	342,034	6,896	-	-	427,871
Charge for the year	1,629,943	171,273	8,367,607	1,479,607	1,772,193	-	13,420,623
Disposals	(47,503)	-	(303,712)	(485,900)	-	-	(837,115)
<b>Balance at 31 December 2017</b>	<b>12,917,085</b>	<b>1,078,923</b>	<b>57,174,036</b>	<b>7,219,016</b>	<b>6,695,286</b>	<b>-</b>	<b>85,084,346</b>
Carrying amounts:							
<b>Balance at 30 September 2018</b>	<b>46,735,276</b>	<b>13,107,333</b>	<b>23,411,624</b>	<b>4,488,319</b>	<b>4,706,650</b>	<b>16,577,962</b>	<b>109,027,164</b>
<b>Balance at 31 December 2017</b>	<b>42,719,015</b>	<b>12,884,377</b>	<b>19,656,790</b>	<b>3,469,262</b>	<b>5,907,840</b>	<b>14,032,714</b>	<b>98,669,998</b>

**Property and equipment (continued)****(b) Parent**

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress	Total
<b>Cost</b>							
Balance at 1 January 2018	47,090,253	13,071,574	63,179,252	8,018,350	12,603,126	11,490,298	155,452,853
Additions	1,784,803	216,300	7,865,846	1,570,900	145,115	7,027,269	18,610,233
Disposals	-	-	(456,234)	(583,516)	-	(435,244)	(1,474,994)
Transfers	1,194,136	121,758	538,329	-	-	(1,854,223)	-
<b>Balance at 30 September 2018</b>	<b>50,069,192</b>	<b>13,409,632</b>	<b>71,127,193</b>	<b>9,005,734</b>	<b>12,748,241</b>	<b>16,228,100</b>	<b>172,588,092</b>
Balance at 1 January 2017	44,305,594	12,919,926	54,990,812	7,335,418	12,602,476	9,257,593	141,411,819
Additions	1,381,103	13,000	7,985,308	1,213,460	650	4,186,780	14,780,301
Disposals	-	-	(203,809)	(530,528)	-	(4,930)	(739,267)
Transfers	1,403,556	138,648	406,941	-	-	(1,949,145)	-
<b>Balance at 31 December 2017</b>	<b>47,090,253</b>	<b>13,071,574</b>	<b>63,179,252</b>	<b>8,018,350</b>	<b>12,603,126</b>	<b>11,490,298</b>	<b>155,452,853</b>

**Property and equipment (continued)****Parent****Depreciation**

In thousands of Nigerian Naira

	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress	Total
Balance at 1 January 2018	10,223,589	970,173	47,093,776	5,490,231	6,695,286	-	70,473,055
Charge for the period	1,043,784	129,475	5,578,088	972,451	1,346,305	-	9,070,103
Disposals	-	-	(456,233)	(575,789)	-	-	(1,032,022)
<b>Balance at 30 September 2018</b>	<b>11,267,373</b>	<b>1,099,648</b>	<b>52,215,631</b>	<b>5,886,893</b>	<b>8,041,591</b>	<b>-</b>	<b>78,511,136</b>
Balance at 1 January 2017	9,021,001	798,540	40,269,000	4,690,160	4,923,093	-	59,701,794
Charge for the year	1,202,588	171,633	7,028,585	1,264,517	1,772,193	-	11,439,516
Disposals	-	-	(203,809)	(464,446)	-	-	(668,255)
<b>Balance at 31 December 2017</b>	<b>10,223,589</b>	<b>970,173</b>	<b>47,093,776</b>	<b>5,490,231</b>	<b>6,695,286</b>	<b>-</b>	<b>70,473,055</b>
Carrying amounts:							
<b>Balance at 30 September 2018</b>	<b>38,801,819</b>	<b>12,309,984</b>	<b>18,911,562</b>	<b>3,118,841</b>	<b>4,706,650</b>	<b>16,228,100</b>	<b>94,076,956</b>
<b>Balance at 31 December 2017</b>	<b>36,866,664</b>	<b>12,101,401</b>	<b>16,085,476</b>	<b>2,528,119</b>	<b>5,907,840</b>	<b>11,490,298</b>	<b>84,979,798</b>

## 27 Intangible assets

### (a) Group

<i>In thousands of Nigerian Naira</i>	<b>Goodwill</b>	<b>Purchased Software</b>	<b>Total</b>
<b>Cost</b>			
Balance at 1 January 2018	8,675,928	15,748,774	24,424,702
Exchange translation differences	6,635	295,347	301,982
Additions	-	2,669,567	2,669,567
Disposals	-	-	-
<b>Balance at 30 September 2018</b>	<b>8,682,563</b>	<b>18,713,688</b>	<b>27,396,251</b>
Balance at 1 January 2017	8,672,465	12,674,080	21,346,545
Exchange translation differences	3,463	222,335	225,798
Additions	-	2,863,251	2,863,251
Disposals	-	(10,892)	(10,892)
<b>Balance at 31 December 2017</b>	<b>8,675,928</b>	<b>15,748,774</b>	<b>24,424,702</b>
<b>Amortization and impairment losses</b>			
Balance at 1 January 2018	-	9,589,748	9,589,748
Exchange translation differences	-	171,153	171,153
Amortization for the period	-	1,613,895	1,613,895
Disposals	-	-	-
<b>Balance at 30 September 2018</b>	<b>-</b>	<b>11,374,796</b>	<b>11,374,796</b>
Balance at 1 January 2017	-	7,487,639	7,487,639
Exchange translation differences	-	149,927	149,927
Amortization for the year	-	1,963,074	1,963,074
Disposals	-	(10,892)	(10,892)
<b>Balance at 31 December 2017</b>	<b>-</b>	<b>9,589,748</b>	<b>9,589,748</b>
Carrying amounts:			
<b>Balance at 30 September 2018</b>	<b>8,682,563</b>	<b>7,338,892</b>	<b>16,021,455</b>
<b>Balance at 31 December 2017</b>	<b>8,675,928</b>	<b>6,159,026</b>	<b>14,834,954</b>

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the period ended September 2018 (2017: nil).

**(b) Parent**

In thousands of Nigerian Naira	Purchased Software
<b>Cost</b>	
Balance at 1 January 2018	11,593,688
Additions	1,997,242
<b>Balance at 30 September 2018</b>	<b>13,590,930</b>
Balance at 1 January 2017	8,867,445
Additions	2,726,244
<b>Balance at 31 December 2017</b>	<b>11,593,689</b>
<b>Amortization and impairment losses</b>	
Balance at 1 January 2018	7,092,393
Amortization for the period	1,299,112
<b>Balance at 30 September 2018</b>	<b>8,391,505</b>
Balance at 1 January 2017	5,489,484
Amortization for the year	1,602,909
<b>Balance at 31 December 2017</b>	<b>7,092,393</b>
Carrying amounts:	
<b>Balance at 30 September 2018</b>	<b>5,199,425</b>
<b>Balance at 31 December 2017</b>	<b>4,501,296</b>



**28 Restricted deposits and other assets**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Reposessed collaterals	7,434,599	7,398,961	7,398,961	7,398,961
Prepayments (See note 28(ii) below)	25,831,043	20,819,575	11,578,039	10,786,689
Accounts Receivable	12,621,898	6,749,165	12,621,898	6,749,165
Foreign Banks - Cash Collateral	12,598,557	19,228,807	12,598,557	19,228,807
Restricted deposits with central banks (See note 28(i) below)	428,746,069	374,877,033	413,502,154	373,491,691
Contribution to AGSMEIS (See note 28(iii) below)	14,406,074	6,341,840	14,406,074	6,341,840
Recognised assets for defined benefit obligations	9,651,272	9,658,362	9,651,272	9,658,362
	<b>511,289,512</b>	<b>445,073,743</b>	<b>481,756,955</b>	<b>433,655,515</b>
Impairment on other assets (See note 28(iv) below)	(233,385)	(126,846)	(233,385)	(126,846)
	<b>511,056,127</b>	<b>444,946,897</b>	<b>481,523,570</b>	<b>433,528,669</b>

- (i) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N413,502,154,000 with the Central Bank of Nigeria (CBN) as at 30 September 2018 (December 2017: N373,491,691,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2017: 27.5%) of total Naira deposits made up of 22.5% regular CRR and 5% Special Intervention Reserve which should be held with the Central Bank of Nigeria as a regulatory requirement.
- (ii) Included in Prepayments is an amount of N4,857,043,000 as at 30 September 2018 (December 2017: N4,990,629,000) which relates to prepaid operating lease rentals on branches leased by the Bank.
- (iii) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

**(iv) Movement in impairment of other assets:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Opening Balance at 1 January 2018	126,846	305,556	126,846	305,556
Additional impairment on initial application of IFRS 9	106,539	-	106,539	-
Reclassification <sup>1</sup>	-	(178,710)	-	(178,710)
Closing Balance	233,385	126,846	233,385	126,846

<sup>1</sup>This relates to provision on pending cases that the bank was involved in which was reclassified to Other Liabilities in 2017 (Note 33)

**28(b) Assets of disposal group classified as held for sale**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Investment in subsidiaries	-	-	3,220	3,220
Other assets <sup>1</sup>	-	-	924,536	847,600
<b>Total assets of disposal group</b>	<b>-</b>	<b>-</b>	<b>927,756</b>	<b>850,820</b>

**Liabilities of disposal group classified as held for sale**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Other borrowed funds <sup>1</sup>	-	-	924,536	847,600
<b>Total liabilities of disposal group</b>	<b>-</b>	<b>-</b>	<b>924,536</b>	<b>847,600</b>

<sup>1</sup> This relates to \$2.6million loan given by GTB Finance BV to the Parent which was re-invested into GTB Finance BV. These balances were offset in prior period.

<b>Net assets of disposal group</b>	<b>-</b>	<b>-</b>	<b>3,220</b>	<b>3,220</b>
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**29 Deposits from banks**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Money market deposits	2,697,818	6,419,514	-	-
Other deposits from banks	93,826,743	79,011,000	31,346	42,360
	<b>96,524,561</b>	<b>85,430,514</b>	<b>31,346</b>	<b>42,360</b>

**30 Deposits from customers**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Term deposits	364,433,219	364,931,390	273,652,203	272,019,658
Current deposits	1,356,788,859	1,217,343,451	1,134,345,089	1,027,377,607
Savings	517,706,086	479,772,792	427,787,852	398,163,682
	<b>2,238,928,164</b>	<b>2,062,047,633</b>	<b>1,835,785,144</b>	<b>1,697,560,947</b>

**31 Financial liabilities held for trading**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Treasury bills short positions	24,795,428	2,647,469	24,795,428	2,647,469
	<b>24,795,428</b>	<b>2,647,469</b>	<b>24,795,428</b>	<b>2,647,469</b>

**32 Debt securities issued**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Debt securities at amortized cost:				
Eurobond debt security	100,440,004	92,131,923	100,440,004	92,131,923
	<b>100,440,004</b>	<b>92,131,923</b>	<b>100,440,004</b>	<b>92,131,923</b>

Debt securities with carrying amount of N100,440,004,000 (USD 283,329,000) (December 2017: N92,131,923,000 (USD 278,210,000)) represents amortised cost of Dollar guaranteed note originally issued by GTB B.V. Netherlands. The outstanding note of USD 278,749,000 (principal amount of USD276,934,000 ) was the balance of the USD400,000,000 issued in November 2013 for a period of 5 years at 6% per annum payable semi-annually. The Bank had, in October 2017 through a tender offer made to investors, redeemed USD123,066,000 of the USD400,000,000 notes.

**33 Other liabilities**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Cash settled share based payment liability	9,169,232	8,537,765	-	-
Liability for defined contribution obligations (Note 33(a))	95,720	58,629	33	-
Deferred income on financial guarantee contracts	101,308	138,636	30,504	37,337
Customers' deposit for foreign trade (Note 33(b))	13,405,392	19,938,543	12,742,226	19,828,369
Litigation Claims Provision (Note 33(c))	178,710	178,710	178,710	178,710
Certified cheques	11,853,350	10,482,214	8,301,021	7,660,447
Lease obligation	-	262,599	-	262,599
Customers' escrow balances	136,377,023	156,588,741	136,377,023	156,588,741
Account Payables	12,607,819	11,183,326	12,137,573	9,175,514
Impairment On Contingents (Note 33(d))	6,741,958	-	6,741,958	-
Creditors and agency services	13,090,778	9,295,176	2,107,232	1,835,197
Customers deposit for shares of other Corporates	466,969	1,684,905	455,448	1,684,905
	<b>204,088,259</b>	<b>218,349,244</b>	<b>179,071,728</b>	<b>197,251,819</b>

- (a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.
- (b) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

- (c) Provision for litigation arose from the assessment carried out by the Solicitors of the Bank of all the pending litigations the Bank was involved in as at September 30, 2018.

**Movement in provision for litigation claims during the period is as follows:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Opening Balance	178,710	-	178,710	-
Reclassification <sup>1</sup>	-	178,710	-	178,710
<b>Closing Balance</b>	<b>178,710</b>	<b>178,710</b>	<b>178,710</b>	<b>178,710</b>

<sup>1</sup>This relates to provision on pending cases that the bank is currently involved in which was initially recognised under Other Assets.

- (d) **Movement in impairment on contingents during the period is as follows:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Opening Balance at 1 January 2018	-	-	-	-
Additional impairment on initial application of IFRS 9	6,741,958	-	6,741,958	-
<b>Closing Balance</b>	<b>6,741,958</b>	<b>-</b>	<b>6,741,958</b>	<b>-</b>

### 34 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years. The defined benefit obligation valuation was carried out by Alexander Forbes Consulting Actuaries.

- (a) The amounts recognised in the statement of financial position are as follows:

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Present value of funded obligations	(3,186,360)	(2,976,569)	(3,186,360)	(2,976,569)
Total present value of defined benefit obligations	(3,186,360)	(2,976,569)	(3,186,360)	(2,976,569)
Fair value of plan assets	12,837,632	12,634,931	12,837,632	12,634,931
Present value of net asset/(obligations)	9,651,272	9,658,362	9,651,272	9,658,362
<b>Recognized asset/(liability) for defined benefit obligations</b>	<b>9,651,272</b>	<b>9,658,362</b>	<b>9,651,272</b>	<b>9,658,362</b>

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses.

Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 28

**(b) Movement in the present value of defined benefit obligations:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
(Deficit)/surplus on defined benefit obligations, beginning of period	9,658,362	7,506,302	9,658,362	7,506,302
Net (Expense) / Income recognised in Profit and Loss	151,282	1,176,734	151,282	1,176,734
Re-measurements recognised in Other Comprehensive Income	(265,418)	839,010	(265,418)	839,010
Contributions paid	107,046	136,316	107,046	136,316
<b>(Deficit)/surplus for defined benefit obligations, end of period</b>	<b>9,651,272</b>	<b>9,658,362</b>	<b>9,651,272</b>	<b>9,658,362</b>

**(c) Plan assets consist of the following:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
<b>Equity securities:</b>				
- Quoted	3,922,983	4,131,173	3,922,983	4,131,173
<b>Government securities</b>				
- Quoted	968,930	1,295,360	968,930	1,295,360
<b>Offshore investments</b>				
- Quoted	2,863,002	2,909,629	2,863,002	2,909,629
<b>Cash and bank balances</b>				
- Unquoted	5,082,717	4,298,769	5,082,717	4,298,769
	<b>12,837,632</b>	<b>12,634,931</b>	<b>12,837,632</b>	<b>12,634,931</b>

<b>Group</b>	<b>Sep-2018</b>		<b>Dec-2017</b>	
<i>In thousands of Nigerian Naira</i>				
Equity securities	3,922,983	31%	4,131,173	33%
Government securities	968,930	8%	1,295,360	10%
Offshore investments	2,863,002	22%	2,909,629	23%
Cash and bank balances	5,082,717	40%	4,298,769	34%
	<b>12,837,632</b>	<b>100%</b>	<b>12,634,931</b>	<b>100%</b>

<b>Parent</b>	<b>Sep-2018</b>		<b>Dec-2017</b>	
<i>In thousands of Nigerian Naira</i>				
Equity securities	3,922,983	31%	4,131,173	33%
Government securities	968,930	8%	1,295,360	10%
Offshore investments	2,863,002	22%	2,909,629	23%
Cash and bank balances	5,082,717	40%	4,298,769	34%
	<b>12,837,632</b>	<b>100%</b>	<b>12,634,931</b>	<b>100%</b>

The defined benefit plan assets are under the management of Pension Fund Custodians - Crusader Sterling Pension Limited

**(d) Movement in plan assets:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Fair value of plan assets, beginning of the period	12,634,931	9,829,129	12,634,931	9,829,129
Contributions paid into/(withdrawn from) the plan	107,046	136,316	107,046	136,316
Benefits paid by the plan	(107,046)	(136,316)	(107,046)	(136,316)
Actuarial gain	(208,190)	1,193,825	(208,190)	1,193,825
Return on plan assets	410,891	1,611,977	410,891	1,611,977
<b>Fair value of plan assets, end of the period</b>	<b>12,837,632</b>	<b>12,634,931</b>	<b>12,837,632</b>	<b>12,634,931</b>

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

**(e) Movement in present value of obligations:**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Present value of obligation, beginning of the period	2,976,569	2,322,827	2,976,569	2,322,827
Interest cost	225,224	378,991	225,224	378,991
Current service cost	34,384	56,252	34,384	56,252
Benefits paid	(107,046)	(136,316)	(107,046)	(136,316)
Actuarial (gain) on obligation	57,229	354,815	57,229	354,815
<b>Present value of obligation at end of the period</b>	<b>3,186,360</b>	<b>2,976,569</b>	<b>3,186,360</b>	<b>2,976,569</b>

**(f) Actuarial assumptions**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>2018</b>	<b>2017</b>
Discount rate	15.2%	15.2%
Salary increase rate	10.0%	10.0%
Inflation	12.5%	12.5%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A1949/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 15.2%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 10% per annum. The inflation component has been worked out at 12.5% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

**(g) Defined Benefit Risk Management**

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

**Asset volatility**

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

**Changes in bond yields**

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

**Inflation risk**

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

35

**Other borrowed funds**

<i>In thousands of Nigerian Naira</i>	<b>Group Sep-2018</b>	<b>Group Dec-2017</b>	<b>Parent Sep-2018</b>	<b>Parent Dec-2017</b>
Due to IFC	74,689,232	77,341,263	68,546,419	70,757,740
Due to ADB	-	2,946,842	-	2,946,842
Due to FMO	889,408	2,076,854	-	-
Due to BOI	40,220,577	41,710,002	40,220,577	41,710,002
Due to CACS	25,934,061	25,429,458	25,934,061	25,429,458
Due to Proparco	14,273,774	14,834,598	13,262,722	13,674,445
MSME Development Fund	161,144	284,392	161,144	284,392
Excess Crude Account -Secured Loans Fund	14,303,936	14,547,930	14,303,936	14,547,930
Due to DEG	-	18,546,673	-	18,546,673
RSSF on lending	25,802,338	22,773,902	25,802,338	22,773,902
SANEF Intervention Fund	1,000,000	-	1,000,000	-
NESF on lending	1,657,425	-	1,657,425	-
	<b>198,931,895</b>	<b>220,491,914</b>	<b>190,888,622</b>	<b>210,671,384</b>

## 36 Capital and reserves

### Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group.

	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<i>In thousands of Nigerian Naira</i>				
(a) Authorised:				
50,000,000,000 ordinary shares of 50k each				
(31 December 2017: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<i>In thousands of Nigerian Naira</i>				
(b) Issued and fully paid:				
29,431,179,224 ordinary shares of 50 kobo each (31 December 2017: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

The movement on the value of issued and fully paid-up share capital (Non GDR and GDR) account during the period was as follows:

	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
<i>In thousands of Nigerian Naira</i>				
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
<b>Balance, end of period</b>	<b>14,715,590</b>	<b>14,715,590</b>	<b>14,715,590</b>	<b>14,715,590</b>

### Share capital

Movement in the components of share capital is as shown below:

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
<b>At January 2017</b>	<b>29,431,180</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>(5,291,245)</b>
(Purchases)/sales of treasury shares	-	-	-	-
<b>At 31 December 2017/1 January 2018</b>	<b>29,431,180</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>(5,291,245)</b>
(Purchases)/sales of treasury shares	-	-	-	-
<b>At 30 September 2018</b>	<b>29,431,180</b>	<b>14,715,590</b>	<b>123,471,114</b>	<b>(5,291,245)</b>

### Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.



**Other regulatory reserves**

The other regulatory reserve includes movements in the statutory reserves and the small and medium enterprises equity investment reserve.

- (i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of 'profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. In the current period, the bank did not appropriate any amount into the Statutory Reserves. Total statutory reserves was N247,571,078,000 at the end of the period.
- (ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. Total SMEEIS reserves was N4,232,478,000 at the end of the period.
- (iii) **Treasury shares:** Treasury shares in the sum of N5,291,245,000 (31 December 2017: N5,291,245,000) represents the Bank's shares held by Staff Investment Trust as at 30 September 2018.
- (iv) **Fair value reserve:** The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired.
- (v) **Regulatory risk reserve:** The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IFRS 9 Expected credit loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required under IFRS 9. Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N15,438,506,000. The Bank did not transfer any amount to this Reserve during the period.
- (vi) **Retained earnings:** Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.
- (vii) **Non-controlling interest**  
The analysis of non-controlling interest per subsidiary is as shown below:

	Group Sep-2018	Group Dec-2017	Group Sep-2018	Group Dec-2017
	%	%	N'000	N'000
GTB (Gambia) Limited	22.19	22.19	1,121,446	996,493
GTB (Sierra Leone) Limited	16.26	15.76	1,488,062	1,169,853
GTB (Ghana) Limited	2.03	2.03	673,932	517,808
GTB Liberia	0.57	0.57	44,866	32,531
GTB Kenya Limited	30.00	30.00	8,039,306	7,884,888
GTB Tanzania	30.00	30.00	1,019,041	881,030
			12,386,653	11,482,603

(viii) **Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS):** The AGSMEIS is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

(ix) **Other regulatory reserves breakdown**

In thousands of Nigerian Naira	Sep-2018			Total
	Statutory Reserves	SMEIS Reserves	AGSMEIS Reserves	
Opening Balance	247,571,078	4,232,478	6,341,840	258,145,396
<b>Total comprehensive income for the year:</b>				
Transfers for the period <sup>1</sup>	-	-	8,064,234	8,064,234
Total transactions with equity holders	-	-	<b>8,064,234</b>	<b>8,064,234</b>
<b>Balance as at 30 September 2018</b>	<b>247,571,078</b>	<b>4,232,478</b>	<b>14,406,074</b>	<b>266,209,630</b>

<sup>1</sup> The amount of N8,064,234,000 transferred into AGSMEIS reserves represents 5% of Dec 2017 PAT which was contributed into the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) during the period.

In thousands of Nigerian Naira	Dec-2017			Total
	Statutory Reserves	SMEIS Reserves	AGSMEIS Reserves	
Opening Balance	199,185,674	4,232,478	-	203,418,152
<b>Total comprehensive income for the year:</b>				
Transfers for the year	48,385,404	-	6,341,840	54,727,244
Total transactions with equity holders	<b>48,385,404</b>	-	<b>6,341,840</b>	<b>54,727,244</b>
<b>Balance as at 31 December 2017</b>	<b>247,571,078</b>	<b>4,232,478</b>	<b>6,341,840</b>	<b>258,145,396</b>

### 37 Dividends

The following dividends were declared and paid by the Group during the period ended:

In thousands of Nigerian Naira	Group Sep-2018	Group Dec-2017	Parent Sep-2018	Parent Dec-2017
Balance, beginning of period	-	-	-	-
Final dividend declared <sup>1</sup>	70,634,830	51,504,563	70,634,830	51,504,563
Interim dividend declared	8,829,354	8,829,354	8,829,354	8,829,354
Payment during the period	(79,464,184)	(60,333,917)	(79,464,184)	(60,333,917)
<b>Balance, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> This relates to the final dividend declared for the 2017 financial year.

During the period under review, the Board of directors proposed and paid an interim dividend of 30k per share (June 2017: 30k per share) on the issued ordinary shares of 29,431,179,224 of 50k each.

## 38 Contingencies

### *Contingent liabilities and commitments*

In common with other banks, the Group conducts business involving transaction related bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and Commitments comprise guarantees and letters of credit.

### *Nature of instruments*

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties on production of documents, which is usually reimbursed immediately by customers. The following tables summarise the nominal amount of contingent liabilities and commitments with off-financial position risk.

### *Acceptances, bonds, guarantees and other obligations for the account of customers:*

a. These comprise:

In thousands of Nigerian Naira	Group Group	Group Group	Parent Parent	Parent Parent
<b>Contingent liabilities:</b>				
Transaction related bonds and guarantees	457,220,076	433,620,435	438,342,854	414,229,702
	<b>457,220,076</b>	<b>433,620,435</b>	<b>438,342,854</b>	<b>414,229,702</b>
<b>Commitments:</b>				
Clean line facilities and letters of credit	57,763,639	51,861,890	33,068,186	22,369,921
Other commitments	8,638,191	8,890,842	-	-
	<b>66,401,830</b>	<b>60,752,732</b>	<b>33,068,186</b>	<b>22,369,921</b>

39 The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

**Classification and measurement of financial instruments**

**Group**

In thousands of Nigerian Naira	IAS 39		IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost (Loans and receivables)	641,973,784	Amortised cost	641,668,276
Trading assets	FVPL (Held for trading)	23,945,661	FVPL	23,945,661
Derivatives	FVPL (Held for trading)	2,839,078	FVPL	2,839,078
Investment securities:	FVOCI (Available for sale)	514,472,037	FVOCI	514,221,661
	Amortised cost (Loans and receivables)	96,466,598	Amortised cost	96,457,565
Pledged assets	FVOCI (Available for sale)	58,976,175	FVOCI	58,968,215
Loans & advances to banks	Amortised cost (Loans and receivables)	750,361	Amortised cost	740,658
Loans & advances to customers	Amortised cost (Loans and receivables)	1,448,533,430	Amortised cost	1,303,858,153
Restricted deposits & other assets	Amortised cost (Loans and receivables)	424,254,168	Amortised cost	424,147,629

**Parent**

In thousands of Nigerian Naira	IAS 39		IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost (Loans and receivables)	455,296,196	Amortised cost	454,990,688
Trading assets	FVPL (Held for trading)	16,652,356	FVPL	16,652,356
Derivatives	FVPL (Held for trading)	2,839,078	FVPL	2,839,078
Investment securities:	FVOCI (Available for sale)	450,077,977	FVOCI	449,827,601
	Amortised cost (Loans and receivables)	2,007,253	Amortised cost	1,998,220
Pledged assets	FVOCI (Available for sale)	58,961,722	FVOCI	58,953,762
Loans & advances to banks	Amortised cost (Loans and receivables)	43,480	Amortised cost	33,777
Loans & advances to customers	Amortised cost (Loans and receivables)	1,265,971,688	Amortised cost	1,124,512,140
Restricted deposits & other assets	Amortised cost (Loans and receivables)	422,868,826	Amortised cost	422,762,287

**Reconciliation of statement of financial position balances from IAS 39 to IFRS 9**

The following table reconciles the carrying amount of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

<b>Group</b>			
<b>In thousands of Nigerian Naira</b>	<b>IAS 39 carrying amount 31-Dec-17</b>	<b>Remeasurements</b>	<b>IFRS 9 carrying amount 01-Jan-18</b>
<b>Amortised cost</b>			
<b>Cash and cash equivalents</b>			
Opening balance under IAS 39	641,973,784		
Remeasurement: ECL allowance		(305,508)	
Closing balance under IFRS 9			641,668,276
<b>Investment securities - amortised cost</b>			
Opening balance under IAS 39	96,466,598		
Remeasurement: ECL allowance		(9,033)	
Closing balance under IFRS 9			96,457,565
<b>Loans &amp; advances to banks</b>			
Opening balance under IAS 39	750,361		
Remeasurement: ECL allowance		(9,703)	
Closing balance under IFRS 9			740,658
<b>Loans &amp; advances to customers</b>			
Opening balance under IAS 39	1,448,533,430		
Remeasurement: ECL allowance		(144,675,277)	
Closing balance under IFRS 9			1,303,858,153
<b>Restricted deposits &amp; other assets</b>			
Opening balance under IAS 39	424,254,168		
Remeasurement: ECL allowance		(106,539)	
Closing balance under IFRS 9			424,147,629
<b>Fair value through profit or loss (FVTPL)</b>			
<b>Trading assets</b>			
Opening balance under IAS 39	23,945,661		
Closing balance under IFRS 9			23,945,661
<b>Derivatives</b>			
Opening balance under IAS 39	2,839,078		
Closing balance under IFRS 9			2,839,078
<b>Fair value through other comprehensive income (FVOCI)</b>			
<b>Investment securities - FVOCI (debt instruments)</b>			
Opening balance under IAS 39	514,472,037		
Closing balance under IFRS 9			514,472,037
<b>Pledged assets</b>			
Opening balance under IAS 39	58,976,175		
Closing balance under IFRS 9			58,976,175

Parent In thousands of Nigerian Naira	IAS 39 carrying amount 31-Dec-17	Remeasurements	IFRS 9 carrying amount 01-Jan-18
<b>Amortised cost</b>			
<b>Cash and cash equivalents</b>			
Opening balance under IAS 39	455,296,196		
Remeasurement: ECL allowance		(305,508)	
Closing balance under IFRS 9			454,990,688
<b>Investment securities - amortised cost</b>			
Opening balance under IAS 39	2,007,253		
Remeasurement: ECL allowance		(9,033)	
Closing balance under IFRS 9			1,998,220
<b>Loans &amp; advances to banks</b>			
Opening balance under IAS 39	43,480		
Remeasurement: ECL allowance		(9,703)	
Closing balance under IFRS 9			33,777
<b>Loans &amp; advances to customers</b>			
Opening balance under IAS 39	1,265,971,688		
Remeasurement: ECL allowance		(141,459,548)	
Closing balance under IFRS 9			1,124,512,140
<b>Restricted deposits &amp; other assets</b>			
Opening balance under IAS 39	422,868,826		
Remeasurement: ECL allowance		(106,539)	
Closing balance under IFRS 9			422,762,287
<b>Fair value through profit or loss (FVTPL)</b>			
<b>Trading assets</b>			
Opening balance under IAS 39	16,652,356		
Closing balance under IFRS 9			16,652,356
<b>Derivatives</b>			
Opening balance under IAS 39	2,839,078		
Closing balance under IFRS 9			2,839,078
<b>Fair value through other comprehensive income (FVOCI)</b>			
<b>Investment securities - FVOCI (debt instruments)</b>			
Opening balance under IAS 39	450,077,977		
Closing balance under IFRS 9			450,077,977
<b>Pledged assets</b>			
Opening balance under IAS 39	58,961,722		
Closing balance under IFRS 9			58,961,722

**IFRS 9 Impact on Changes in Equity & Allowances for Financial Instruments on Initial Application of IFRS 9 on January 1, 2018**

The following table provides information on IFRS 9 impact on changes in Equity, i.e. retained earnings, and reconciles the closing impairment allowance as at December 31 2017 for both the financial assets in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 to the opening ECL allowance determined in accordance with IFRS 9 as at January 1, 2018.

**Group**

In thousands of Nigerian Naira	December 31, 2017 (IAS 39/IAS 37 & Regulatory requirement)	IFRS 9 Allowances	IFRS 9 Impact on Retained Earnings & NCI as at Jan. 1, 2018
Portfolio allowance / 12 months ECL - Stage 1	18,876,953	20,580,390	1,703,437
Life Time ECL Not Credit Impaired - Stage 2	-	58,993,103	58,993,103
Individually impaired / Life Time ECL Credit Impaired - Stage 3	48,914,387	80,578,654	31,664,267
Regulatory Risk Reserve (RRR) / Reclassification of RRR	52,324,173	52,324,173	-
Placements	-	305,508	305,508
EuroBond	-	190,510	190,510
<b>Treasury Bills:</b>			
- FVOCI- Pledged	-	7,960	7,960
- FVOCI	-	58,468	58,468
<b>Bonds:</b>			
- Amortized Cost	-	9,033	9,033
- FVOCI	-	1,398	1,398
Other Assets	-	106,539	106,539
Loan commitments and financial guarantee contracts issued	-	6,741,958	6,741,958
<b>Total</b>	<b>120,115,513</b>	<b>219,897,694</b>	<b>99,782,181</b>

**Parent**

In thousands of Nigerian Naira	December 31, 2017 (IAS 39/IAS 37 & Regulatory requirement)	IFRS 9 Allowances	IFRS 9 Impact on Retained Earnings as at Jan. 1, 2018
Portfolio allowance / 12 months ECL - Stage 1	17,865,684	19,360,706	1,495,022
Life Time ECL Not Credit Impaired - Stage 2	-	57,921,195	57,921,195
Individually impaired / Life Time ECL Credit Impaired - Stage 3	42,414,653	72,143,515	29,728,862
Regulatory Risk Reserve (RRR) / Reclassification of RRR	52,324,173	52,324,173	-
Placements	-	305,508	305,508
EuroBond	-	190,510	190,510
<b>Treasury Bills:</b>			
- FVOCI- Pledged	-	7,960	7,960
- FVOCI	-	58,468	58,468
<b>Bonds:</b>			
- Amortized Cost	-	9,033	9,033
- FVOCI	-	1,398	1,398
Other Assets	-	106,539	106,539
Loan commitments and financial guarantee contracts issued	-	6,741,958	6,741,958
<b>Total</b>	<b>112,604,510</b>	<b>209,170,962</b>	<b>96,566,452</b>

## 40 Restatement of comparative financial information

	Reported Group Sep-2017	Restatements Group	Restated Group Sep-2017	Reported Parent Sep-2017	Restatements Parent	Restated Parent Sep-2017
<i>In thousands of Nigerian Naira</i>						
Interest income	248,270,042	-	248,270,042	216,457,669	-	216,457,669
Interest expense	(58,703,797)	-	(58,703,797)	(48,288,675)	-	(48,288,675)
<b>Net interest income</b>	<b>189,566,245</b>	-	<b>189,566,245</b>	<b>168,168,994</b>	-	<b>168,168,994</b>
Loan impairment charges	(8,356,827)	-	(8,356,827)	(8,402,158)	-	(8,402,158)
<b>Net interest income after loan impairment charges</b>	<b>181,209,418</b>	-	<b>181,209,418</b>	<b>159,766,836</b>	-	<b>159,766,836</b>
Fee and commission income <sup>1</sup>	39,676,964	(5,905,077)	33,771,887	30,006,460	(5,905,077)	24,101,383
Fee and commission expense	(1,699,771)	-	(1,699,771)	(1,048,812)	-	(1,048,812)
<b>Net fee and commission income</b>	<b>37,977,193</b>	<b>(5,905,077)</b>	<b>32,072,116</b>	<b>28,957,648</b>	<b>(5,905,077)</b>	<b>23,052,571</b>
Net gains/(losses) on financial instruments classified as held for trading	9,938,705	-	9,938,705	5,795,869	-	5,795,869
Other income <sup>1</sup>	12,027,626	5,905,077	17,932,703	14,869,886	5,905,077	20,774,963
<b>Other income</b>	<b>21,966,331</b>	<b>5,905,077</b>	<b>27,871,408</b>	<b>20,665,755</b>	<b>5,905,077</b>	<b>26,570,832</b>
<b>Total operating income</b>	<b>241,152,942</b>	-	<b>241,152,942</b>	<b>209,390,239</b>	-	<b>209,390,239</b>
Net impairment loss on financial assets	(757,968)	-	(757,968)	(757,968)	-	(757,968)
<b>Net operating income after net impairment loss on financial assets</b>	<b>240,394,974</b>	-	<b>240,394,974</b>	<b>208,632,271</b>	-	<b>208,632,271</b>
Personnel expenses	(24,629,661)	-	(24,629,661)	(17,172,295)	-	(17,172,295)
Operating lease expenses	(1,450,111)	-	(1,450,111)	(494,589)	-	(494,589)
Depreciation and amortization	(11,260,956)	-	(11,260,956)	(9,741,553)	-	(9,741,553)
Other operating expenses	(53,021,605)	-	(53,021,605)	(42,041,998)	-	(42,041,998)
<b>Total expenses</b>	<b>(90,362,333)</b>	-	<b>(90,362,333)</b>	<b>(69,450,435)</b>	-	<b>(69,450,435)</b>
<b>Profit before income tax</b>	<b>150,032,641</b>	-	<b>150,032,641</b>	<b>139,181,836</b>	-	<b>139,181,836</b>
Income tax expense	(24,454,821)	-	(24,454,821)	(20,877,276)	-	(20,877,276)
<b>Profit for the period</b>	<b>125,577,820</b>	-	<b>125,577,820</b>	<b>118,304,560</b>	-	<b>118,304,560</b>

<sup>1</sup>Fee and commission income / Other Income:

The Group reclassified Fx Rebates, Discounts And Recoverables and Mark-Up Exchange Income in the sum of N5,905,077,000 from Commission and Fees to Other Income. This was necessary for better presentation according to the nature of these incomes.



<b>Key Financials (N' billion)</b>	<b>Sep-18</b>	<b>Sep-17</b>	<b>Δ%</b>
Net Interest Income	170.6	189.6	-10%
Non Interest Income	99.7	61.6	62%
Operating Income	266.1	240.4	11%
Operating expense	101.8	90.4	13%
Profit before tax	164.2	150.0	9%
Profit after tax	142.2	125.6	13%

	<b>Sep-18</b>	<b>Dec-17</b>	<b>Δ%</b>
Total Assets	3,433.2	3,351.1	2%
Net Loans	1,270.4	1,449.3	-12%
Total Deposits	2,335.5	2,147.5	9%

<b>Key Ratios</b>	<b>Sep-18</b>	<b>Sep-17</b>
Net interest margin	9.20%	10.50%
Cost-to-income ratio	38.27%	37.59%

	<b>Sep-18</b>	<b>Dec-17</b>
ROE (Post tax)	32.71%	30.17%
ROA (Post tax)	5.59%	5.27%
Loans-to-Deposits and Borrowings	48.21%	58.91%
Liquidity ratio	43.86%	47.56%
Capital adequacy ratio	22.03%	25.68%
NPL/Total Loans	5.57%	7.66%
Cost of risk	0.12%	0.76%
Coverage (with Reg. Risk Reserves)	180.60%	119.63%