Guaranty Trust Bank plc
RC 152321

Guaranty Trust Bank

Condensed Unaudited Group Financial Statements

September 2017

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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 and adopted by the Financial Reporting Council of Nigeria. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Statements of financial position

As at 30 September 2017

In thousands of Nigerian Naira	**Notes**	**Group Sep-2017**	**Group Dec-2016**	**Parent Sep-2017**	**Parent Dec-2016**
Assets					
Cash and cash equivalents	18	602,120,553	455,863,305	422,759,664	233,847,233
Financial assets held for trading	19	16,970,374	12,053,919	9,883,210	6,321,370
Derivative financial assets	20	696,129	1,042,470	696,129	1,042,470
Investment securities:					
– Available for sale	21	493,817,772	448,056,733	427,668,575	408,246,905
– Held to maturity	21	67,232,221	80,155,825	5,194,836	5,219,262
Assets pledged as collateral	22	56,154,515	48,216,412	56,154,515	48,205,702
Loans and advances to banks	23	44,171	653,718	44,171	29,943
Loans and advances to customers	24	1,428,200,370	1,589,429,834	1,241,180,626	1,417,217,952
Investment in subsidiaries	25	-	-	43,965,254	43,968,474
Property and equipment	26	95,146,678	93,488,055	83,098,163	81,710,025
Intangible assets	27	14,837,522	13,858,906	4,445,499	3,377,961
Deferred tax assets		455,093	1,578,427	-	-
Restricted Deposits & Other assets	28	437,268,690	371,995,835	416,286,581	364,152,777
		3,212,944,088	**3,116,393,439**	**2,711,377,223**	**2,613,340,074**
Assets classified as held for sale and discontinued operations	28(b)	-	-	850,820	-
Total assets		**3,212,944,088**	**3,116,393,439**	**2,712,228,043**	**2,613,340,074**
Liabilities					
Deposits from banks	29	73,352,593	125,067,848	43,221	40,438
Deposits from customers	30	1,897,589,352	1,986,246,232	1,551,064,099	1,681,184,820
Financial liabilities held for trading	31	15,854,337	2,065,402	15,854,337	2,065,402
Derivative financial liabilities	20	650,626	987,502	650,626	987,502
Other liabilities	33	252,281,818	115,682,490	225,324,141	90,060,440
Current income tax liabilities	16	27,018,254	17,928,279	26,090,963	17,819,039
Deferred tax liabilities	33	12,879,976	17,641,384	7,509,687	11,946,699
Debt securities issued	32	131,168,317	126,237,863	130,546,352	-
Other borrowed funds	35	220,240,130	219,633,604	208,395,859	332,317,881
		2,631,035,403	**2,611,490,604**	**2,165,479,285**	**2,136,422,221**
Liabilities included in assets classified as held for sale and discontinued operations	28(b)	-	-	847,600	-
Total liabilities		**2,631,035,403**	**2,611,490,604**	**2,166,326,885**	**2,136,422,221**

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

In thousands of Nigerian Naira	**Notes**	**Group Sep-2017**	**Group Dec-2016**	**Parent Sep-2017**	**Parent Dec-2016**
Equity	36				
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(5,291,245)	(5,291,245)	-	-
Retained earnings		126,545,728	90,273,587	115,752,543	83,989,499
Other components of equity		312,174,924	272,891,094	291,961,911	254,741,650
		571,616,111	**496,060,140**	**545,901,158**	**476,917,853**
Non-controlling interests in equity		10,292,574	8,842,695	-	-
Total equity		**581,908,685**	**504,902,835**	**545,901,158**	**476,917,853**
Total equity and liabilities		**3,212,944,088**	**3,116,393,439**	**2,712,228,043**	**2,613,340,074**

Approved by the Board of Directors on 18 October 2017:

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

Executive Director
Haruna Musa
FRC/2017/CIBN/00000016515

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

The accompanying notes are an integral part of these financial statements

Income statements
For the period ended 30 September 2017

In thousands of Nigerian Naira	***Notes***	**Group Sep-2017**	**Group Restated[1] Sep-2016**	**Parent Sep-2017**	**Parent Restated[1] Sep-2016**
Interest income	4	248,270,042	181,909,548	216,457,669	156,412,793
Interest expense	5	(58,703,797)	(49,161,170)	(48,288,675)	(40,957,303)
Net interest income		**189,566,245**	**132,748,378**	**168,168,994**	**115,455,490**
Loan impairment charges	6	(8,356,827)	(57,083,278)	(8,402,158)	(56,274,761)
Net interest income after loan impairment charges		**181,209,418**	**75,665,100**	**159,766,836**	**59,180,729**
Fee and commission income	7	39,676,964	50,410,289	30,006,460	42,497,594
Fee and commission expense	8	(1,699,771)	(2,275,885)	(1,048,812)	(1,860,465)
Net fee and commission income		**37,977,193**	**48,134,404**	**28,957,648**	**40,637,129**
Net gains/(losses) on financial instruments classified as held for trading	9	9,938,705	3,013,772	5,795,869	1,271,234
Other income	10	12,027,626	93,950,028	14,869,886	95,379,060
Net impairment on financial assets	11	(757,968)	-	(757,968)	-
Personnel expenses	12	(24,629,661)	(21,772,560)	(17,172,295)	(15,673,557)
Operating lease expenses	13	(1,450,111)	(1,324,586)	(494,589)	(504,095)
Depreciation and amortization	14	(11,260,956)	(10,961,380)	(9,741,553)	(9,380,319)
Other operating expenses	15	(53,021,605)	(48,713,676)	(42,041,998)	(40,957,091)
Profit before income tax		**150,032,641**	**137,991,102**	**139,181,836**	**129,953,090**
Income tax expense	16	(24,454,821)	(20,909,815)	(20,877,276)	(18,274,638)
Profit for the period		**125,577,820**	**117,081,287**	**118,304,560**	**111,678,452**
Profit attributable to:					
Equity holders of the parent entity		124,745,136	116,322,537	118,304,560	111,678,452
Non-controlling interests		832,684	758,750	-	-
		125,577,820	**117,081,287**	**118,304,560**	**111,678,452**
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	4.44	4.14	4.02	3.79
– Diluted	17	4.44	4.14	4.02	3.79

The accompanying notes are an integral part of these financial statements

[1]See Note 40

Statements of comprehensive income

For the period ended 30 September 2017

In thousands of Nigerian Naira	**Notes**	**Group Sep-2017**	**Group Restated[1] Sep-2016**	**Parent Sep-2017**	**Parent Restated[1] Sep-2016**
Profit for the period		125,577,820	117,081,287	118,304,560	111,678,452
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gains and losses		649,166	-	649,166	-
Income tax relating to actuarial gains and losses		(194,750)	-	(194,750)	-
		454,416	-	454,416	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		(59,676)	25,413,617	-	-
Income tax relating to Foreign currency translation differences for foreign operations	16	17,903	(7,624,085)	-	-
Net change in fair value of available for sale financial assets		3,253,974	(7,787,439)	2,539,414	(7,724,787)
Income tax relating to Net change in fair value of available for sale financial assets	16	(1,024,889)	1,972,099	(810,521)	1,953,303
		2,187,312	11,974,192	1,728,893	(5,771,484)
Other comprehensive income for the period, net of tax		2,641,728	11,974,192	2,183,309	(5,771,484)
Total comprehensive income for the period		**128,219,548**	**129,055,479**	**120,487,869**	**105,906,968**
Total comprehensive income attributable to:					
Equity holders of the parent entity		127,060,535	125,970,184	120,487,869	105,906,968
Non-controlling interests		1,159,013	3,085,295	-	-
Total comprehensive income for the period		**128,219,548**	**129,055,479**	**120,487,869**	**105,906,968**

The accompanying notes are an integral part of these financial statements

[1]See Note 40

Consolidated Statement of Changes in Equity
September 2017
Group

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

Consolidated Statement of Changes in Equity
September 2016
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2016	**14,715,590**	**123,471,114**	**53,793,105**	**169,730,267**	**(4,754,156)**	**3,938,817**	**(4,810,934)**	**51,089,585**	**407,173,388**	**6,388,550**	**413,561,938**
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	116,322,537	116,322,537	758,750	117,081,287
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	15,612,023	-	15,612,023	2,177,509	17,789,532
Fair value adjustment	-	-	-	-	-	(5,964,376)	-	-	(5,964,376)	149,036	(5,815,340)
Total other comprehensive income	-	-	-	-	-	**(5,964,376)**	**15,612,023**	-	9,647,647	**2,326,545**	**11,974,192**
Total comprehensive income	-	-	-	-	-	**(5,964,376)**	**15,612,023**	**116,322,537**	**125,970,184**	**3,085,295**	**129,055,479**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	3,025,717	26,183,524	-	-	-	(29,209,241)	-	-	-
Inflow from non-controlling interest	-	-	-	-	-	-	-	-	-	(470,293)	(470,293)
Acquisition/disposal of own shares	-	-	-	-	(537,089)	-	-	-	(537,089)	-	(537,089)
Dividends to equity holders	-	-	-	-	-	-	-	(52,093,184)	(52,093,184)	(164,679)	(52,257,863)
	-	**-**	**3,025,717**	**26,183,524**	**(537,089)**	-	-	**(81,302,425)**	**(52,630,273)**	**(634,972)**	**(53,265,245)**
Balance at 30 September 2016	**14,715,590**	**123,471,114**	**56,818,822**	**195,913,791**	**(5,291,245)**	**(2,025,559)**	**10,801,089**	**86,109,697**	**480,513,299**	**8,838,873**	**489,352,172**

Statement of Changes in Equity
September 2017
Parent

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

[1] **Please refer to Note 36 for further breakdown**

Statement of Changes in Equity
September 2016
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2016	**14,715,590**	**123,471,114**	**52,241,013**	**165,367,114**	**3,765,486**	**46,048,031**	**405,608,348**
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	111,678,452	111,678,452
Other comprehensive income, net of tax							
Foreign currency translation difference	-	-	-	-	-	-	-
Actuarial gains	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	(5,771,484)	-	(5,771,484)
Total other comprehensive income	-	-	-	-	**(5,771,484)**	-	**(5,771,484)**
Total comprehensive income	-	-	-	-	**(5,771,484)**	**111,678,452**	**105,906,968**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	25,195,403	-	(25,195,403)	-
Dividend to equity holders	-	-	-	-	-	(52,093,184)	(52,093,184)
	-	**-**	**-**	**25,195,403**	-	**(77,288,587)**	**(52,093,184)**
Balance at 30 September 2016	**14,715,590**	**123,471,114**	**52,241,013**	**190,562,517**	**(2,005,998)**	**80,437,896**	**459,422,132**

Statements of cash flows

For the period ended 30 September 2017

In thousands of Nigerian Naira	***Notes***	**Group Sep-2017**	**Group Restated[1] Sep-2016**	**Parent Sep-2017**	**Parent Restated[1] Sep-2016**
Cash flows from operating activities					
Profit for the period		125,577,820	117,081,287	118,304,560	111,678,452
Adjustments for:					
Depreciation of property and equipment	14, 26	9,903,090	10,036,595	8,582,288	8,488,770
Amortisation of Intangibles		1,357,866	924,785	1,159,265	891,549
Gain on disposal of property and equipment		(39,980)	(42,016)	(26,799)	(35,851)
Impairment on financial assets		13,663,535	57,763,214	12,921,933	56,411,261
Net interest income		(189,566,245)	(132,748,378)	(168,168,994)	(115,455,490)
Foreign exchange gains	10	(11,669,646)	(93,639,652)	(11,189,814)	(92,849,105)
Fair value changes for FVTPL		(115,808)	29,347	(94,441)	29,347
Derivatives fair value changes		9,465	-	9,465	-
Dividend received		(179,310)	(93,238)	(3,558,832)	(2,343,450)
Income tax expense	16	24,454,821	20,909,815	20,877,276	18,274,638
Other non-cash items		(3,347,980)	(3,736,664)	(3,347,980)	(3,736,664)
		(29,952,372)	(23,514,905)	(24,532,073)	(18,646,543)
Net changes in:					
Financial assets held for trading		(4,931,873)	10,736,364	(3,467,399)	12,972,573
Assets pledged as collateral		(7,936,347)	10,735,327	(7,948,813)	10,721,884
Loans and advances to banks		(14,779,802)	1,233,024	(15,499,115)	596,200
Loans and advances to customers		174,867,474	178,078,519	185,323,986	90,690,844
Restricted deposits and other assets		(64,113,579)	(95,897,555)	(51,004,628)	(80,818,916)
Deposits from banks		(60,601,894)	12,073,693	2,783	53,668
Deposits from customers		(103,506,150)	191,054,810	(142,715,253)	152,909,440
Financial liabilities held for trading		13,788,935	1,341,832	13,788,935	1,341,832
Other liabilities		141,213,330	(5,581,055)	139,299,849	(13,441,466)
		74,000,094	303,774,959	117,780,345	175,026,059
Interest received		245,748,678	178,649,642	213,936,305	153,152,887
Interest paid		(55,962,024)	(45,837,541)	(45,546,903)	(37,633,673)
		233,834,376	413,072,155	261,637,674	271,898,730
Income tax paid		(20,779,093)	(22,832,606)	(18,047,636)	(19,964,892)
Net cash/(used in) provided by operating activities		**213,055,283**	**390,239,549**	**243,590,038**	**251,933,838**

[1]See Note 40

Statements of cash flows

For the period ended 30 September 2017

In thousands of Nigerian Naira	***Notes***	**Group Sep-2017**	**Group Sep-2016**	**Parent Sep-2017**	**Parent Sep-2016**
Cash flows from investing activities					
Redemption of investment securities		484,122,940	712,899,240	484,122,940	712,899,240
Purchase of investment securities		(513,627,860)	(769,591,279)	(501,518,044)	(756,250,167)
Dividends received		179,310	93,238	3,558,832	2,343,450
Purchase of property and equipment	26	(11,938,743)	(12,305,225)	(10,024,124)	(10,657,886)
Proceeds from the sale of property and equipment		414,852	237,954	80,497	97,089
Purchase of intangible assets	27	(2,311,577)	(2,382,163)	(2,226,803)	(2,057,244)
Additional investment in subsidiary		-	-	-	(2,062,693)
Net cash provided by/(used in) investing activities		(43,161,078)	(71,048,235)	(26,006,702)	(55,688,211)
Cash flows from financing activities					
Increase in debt securities issued		1,904,370	-	-	-
Repayment of debt securities issued		-	(155,782,584)	-	-
Repayment of long term borrowings		(26,625,769)	(121,634,120)	(20,782,808)	(172,780,480)
Increase in long term borrowings		21,451,557	18,458,500	21,451,557	18,458,500
Finance lease repayments		(1,086,570)	(996,607)	(1,086,570)	(996,607)
Purchase of treasury shares		-	(537,089)	-	-
Dividends paid to owners	37	(51,504,564)	(52,093,179)	(51,504,564)	(52,093,179)
Dividends paid to non-controlling interest		290,866	(164,679)	-	-
Increase in non-controlling interest		-	(470,293)	-	-
Net cash provided by financing activities		(55,570,110)	(313,220,051)	(51,922,385)	(207,411,766)
Net (decrease) /increase in cash and cash equivalents		114,324,095	5,971,263	165,660,951	(11,166,139)
Cash and cash equivalents at beginning of period		455,863,305	254,633,219	233,847,233	173,133,110
Effect of exchange rate fluctuations on cash held		16,448,266	112,891,290	7,766,593	62,560,428
Cash and cash equivalents at end of the period		586,635,666	373,495,772	407,274,777	224,527,399

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

2. Basis of preparation

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

These financial statements were authorised for issue by the directors on 18 of October 2017.

3. (a) Significant Accounting Policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of Estimates and Judgements

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

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

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

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

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

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

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

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

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

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

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

Standards and interpretations issued/amended but not yet effective

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

Standards and interpretations issued/amended but not yet effective

Other standards issued/amended by the IASB but yet to be effective are outlined below:

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

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

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

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

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

Classification and Measurement

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

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

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

Impairment Overview

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

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

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

will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

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

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

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

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

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

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

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

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

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

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

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

- **IFRS 16 – Leases**

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

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

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

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

  - an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
  - an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

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

- **IFRS 17 - Insurance Contracts**

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

3.(b)Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

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

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

Acquisition of subsidiaries

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

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

(ii) Structured entity

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

The Group established GTB Finance B.V. Netherlands as a Structured Entity to raise funds from the international financial market. Accordingly, the financial statements of GTB Finance B.V. have been consolidated.

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

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

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

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

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

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.

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

- Interest on financial assets measured at fair value through OCI calculated on an effective interest rate basis.

(d) Fees and commission

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

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

(e) Net trading income

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

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

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

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

(g) Dividend income

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

(h) Leases

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

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

(i) Operating lease

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

(ii) Finance lease

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

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

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

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

(i) Income Tax

(a) **Current income tax**

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

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

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

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

(b) **Deferred income tax**

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

However, the deferred income tax is not recognised for:

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

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

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

(j) Financial assets and liabilities

(i) Recognition

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

(ii) Classification

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

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

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

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

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.
Cash and cash equivalents include notes and coins on hand, Unrestricted balances held with central banks, Balances held with other banks , Money market placements and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statements of financial position.

b) Available-for-sale investments

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

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

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

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

c) Held-to-maturity

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

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

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

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

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

d) <u>Financial assets and liabilities at fair value through profit or loss</u>

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

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

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

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

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

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

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

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed

and reported to senior management on a fair value basis or

- the financial assets consists of debt host and an embedded derivative that must be separated.

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

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

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

(iii)Measurement

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

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

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

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

a) Amortised cost measurement

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

b) Fair value measurement

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

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

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

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

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

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

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

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) De-recognition

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

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

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

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

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

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

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

(vi) Pledge of assets as collateral

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

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

(vii) Sale and repurchase agreements

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

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

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Assets classified as available for sale

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

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

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

(n) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Item of Property, Plant and Equipment	Estimated Useful Life
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Leasehold Land	Over the remaining life of the lease
Furniture and equipment	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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Financial guarantees

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

(t) 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.

(u) 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.

(v) Assets acquired in exchange for loans

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

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

(w) Share capital and reserves

(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.

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves and prices.

4 Interest income

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Sep-2017**	**Sep-2016**	**Sep-2017**	**Sep-2016**
Loans and advances to banks	115,863	191,872	1,909	2,216
Loans and advances to customers	153,688,970	140,587,277	136,070,071	124,845,792
	153,804,833	140,779,149	136,071,980	124,848,008
Cash and cash equivalents	7,141,630	2,964,973	4,883,365	1,813,475
Financial assets held for trading	3,272,227	2,123,545	1,389,325	695,119
Investment securities:				
– Available for sale	66,357,754	27,457,083	65,297,237	25,309,237
– Held to maturity	9,437,937	5,152,286	560,101	314,442
Assets pledged as collateral	8,255,661	3,432,512	8,255,661	3,432,512
	248,270,042	181,909,548	216,457,669	156,412,793

5 Interest expense

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	**Sep-2017**	**Sep-2016**	**Sep-2017**	**Sep-2016**
Deposit from banks	435,478	385,340	19,247	61,777
Deposit from customers	44,140,323	36,892,723	34,547,182	29,154,872
	44,575,801	37,278,063	34,566,429	29,216,649
Financial liabilities held for trading	1,524,057	389,186	1,477,696	291,543
Other borrowed funds	6,811,907	4,483,555	6,452,518	11,449,111
Debt securities	5,792,032	7,010,366	5,792,032	-
Total interest expense	58,703,797	49,161,170	48,288,675	40,957,303

6 Loan impairment charges

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Collective impairment	(1,535,823)	47,788,361	(1,944,384)	47,317,233
Specific impairment	14,441,390	9,974,853	14,108,349	9,094,028
Recovery of loan amounts previously written off	(4,548,740)	(679,936)	(3,761,807)	(136,500)
	8,356,827	**57,083,278**	**8,402,158**	**56,274,761**

7 Fee and commission income

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Credit related fees and commissions	7,030,728	8,660,341	4,718,338	5,846,369
Account Maintenance Charges	7,542,154	6,311,401	6,095,957	5,314,625
Corporate finance fees	3,082,846	1,781,303	3,082,846	1,781,303
Commission on foreign exchange deals	4,821,034	3,272,808	4,199,436	2,811,370
Income from financial guarantee contracts issued	2,235,047	2,261,906	1,561,967	2,082,811
Account services, maintenance and anciliary banking cha	3,749,524	1,239,601	1,227,671	1,087,027
Transfers related charges	2,077,286	3,702,095	790,653	3,246,429
E-busines Income	9,138,345	23,180,834	8,329,592	20,327,660
	39,676,964	50,410,289	30,006,460	42,497,594

8 Fee and commission expense

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Bank charges	958,266	1,248,321	591,658	1,086,273
Loan recovery and brokerage expenses	741,505	1,027,564	457,154	774,192
	1,699,771	2,275,885	1,048,812	1,860,465

9 Net gains on financial instruments classified as held for trading

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	Sep-2017	Sep-2016	Sep-2017	Sep-2016
Bonds trading	426,402	61,840	86,361	61,840
Treasury bills trading	2,265,602	476,675	2,265,602	476,675
Foreign exchange	7,246,701	2,475,257	3,443,906	732,719
Net trading income	9,938,705	3,013,772	5,795,869	1,271,234

10 Other income

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	Sep-2017	Sep-2016	Sep-2017	Sep-2016
Mark to market gains/(loss) on trading investments	115,808	(29,347)	94,441	(29,347)
Foreign exchange revaluation gain	11,669,646	93,639,652	11,189,814	92,849,105
Gain on disposal of fixed assets	39,980	42,016	26,799	35,851
Net portfolio gain on SMEEIS and long term investments	-	180,001	-	180,001
Dividends income	179,310	93,238	3,558,832	2,343,450
Other income	22,882	24,468	-	-
	12,027,626	93,950,028	14,869,886	95,379,060

11 Net impairment on other financial assets

	Group	Group	Parent	Parent
In thousands of Nigerian Naira	Sep-2017	Sep-2016	Sep-2017	Sep-2016
Other assets balances written off during the year as unco	757,968	-	757,968	-
	757,968	-	757,968	-

12 Personnel expenses

		Group	Group	Parent	Parent
In thousands of Nigerian Naira		Sep-2017	Sep-2016	Sep-2017	Sep-2016
Wages and salaries		23,699,193	20,194,881	16,439,172	15,153,508
Contributions to defined contribution plans		835,974	679,668	638,629	520,049
Defined benefit costs	34	(765,586)	-	(765,586)	-
Cash-settled share-based payments		735,902	450,970	735,902	-
Staff welfare expenses		124,178	447,041	124,178	-
		24,629,661	21,772,560	17,172,295	15,673,557

13 Operating lease expense

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Operating lease expense	1,450,111	1,324,586	494,589	504,095
	1,450,111	1,324,586	494,589	504,095

14 Depreciation and amortisation

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Amortisation of intangible assets (see note 27)	1,357,866	924,785	1,159,265	891,549
Depreciation of property, plant and equipment (see note 26)	9,903,090	10,036,595	8,582,288	8,488,770
	11,260,956	10,961,380	9,741,553	9,380,319

15 Other operating expenses

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Finance costs	63,886	105,112	63,886	105,112
Deposit insurance premium	5,826,581	4,582,769	5,744,077	4,513,125
Other insurance premium	566,275	1,023,084	379,207	872,027
Auditors' remuneration	442,778	402,987	300,100	275,400
Professional fees and other consulting costs	849,162	819,369	732,990	723,833
AMCON expenses[1]	13,066,700	11,388,146	13,066,700	11,388,146
Stationery and postage	1,353,966	1,715,569	887,941	1,418,474
Business travel expenses	545,774	372,936	332,399	205,912
Advert, promotion and corporate gifts	3,194,419	3,822,873	2,370,193	3,233,468
Repairs and maintenance	4,734,777	4,807,781	3,685,037	3,898,417
Occupancy costs	4,517,119	3,527,886	3,648,977	2,661,625
Directors' emoluments	710,680	399,226	238,584	148,834
Outsourcing services	6,323,589	6,005,618	5,261,711	5,290,069
Administrative expense	4,223,212	3,549,361	1,887,502	2,267,526
Communications and sponsorship related expense	3,205,030	2,990,976	1,642,491	2,041,990
Human capital related expenses	2,433,531	2,503,150	1,520,278	1,647,809
Customer service related expenses	964,126	696,833	279,925	265,324
	53,021,605	48,713,676	42,041,998	40,957,091

[1] AMCON levy for the 2017 financial year has been fully expensed as a one-off charge in the income statement during the current period and the prior period has been restated to also recognise the full charge (see note 40).

16 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Current tax expense:				
Company income tax	27,990,189	25,647,196	24,412,644	23,229,734
Education Tax	824,218	1,420,175	824,218	1,420,175
NITDA Levy	945,584	877,262	945,584	877,262
	29,759,991	27,944,633	26,182,446	25,527,171
Dividend tax	137,114	-	137,114	-
Deferred tax expense:				
Origination of temporary differences	(5,442,284)	(7,034,818)	(5,442,284)	(7,252,533)
	24,454,821	20,909,815	20,877,276	18,274,638

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Income tax relating to actuarial gains and losses	194,750	-	194,750	-
Income tax relating to Foreign currency translation differences for foreign operations	(17,903)	7,624,085	-	-
Income tax relating to Net change in fair value of available for sale financial assets	1,024,889	(1,972,099)	810,521	(1,953,303)
	1,201,736	5,651,986	1,005,271	(1,953,303)

(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-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Balance, beginning of the period	17,928,279	17,739,676	17,819,039	19,378,526
Exchange difference on translation	(28,037)	590,906	-	-
Charge for the period	29,759,991	22,771,387	26,182,446	17,129,526
Payments during the period	(20,779,093)	(26,070,542)	(18,047,636)	(21,585,865)
Dividend tax	137,114	2,896,852	137,114	2,896,852
Balance, end of the period	27,018,254	17,928,279	26,090,963	17,819,039

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 atttributable to ordinary shareholders of N124,745,136,000 and a weighted average number of ordinary shares outstanding of 28,112,933,000 and it calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Sep-2017**	**Group Sep-2016**
Net profit attributable to equity holders of the Company	124,745,136	116,322,537
Net profit used to determine diluted earnings per share	124,745,136	116,322,537

Number of ordinary shares

In thousands of shares	**Group Sep-2017**	**Group Sep-2016**
Weighted average number of ordinary shares in issue	28,112,933	28,112,933
Basic earnings per share (expressed in naira per share)	4.44	4.14

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

Weighted average number of ordinary shares in issue	28,112,933	28,112,933
Adjustment for:		
Weighted average number of ordinary shares for diluted earnings per share	28,112,933	28,112,933
Diluted earnings per share (expressed in naira per share)	4.44	4.14

18 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Cash in hand	73,703,634	45,378,374	52,711,220	36,794,249
Balances held with other banks	323,834,694	221,157,341	221,924,408	58,380,363
Unrestricted balances with central banks	73,605,028	53,411,505	47,869,181	18,683,027
Money market placements	130,977,197	135,916,085	100,254,855	119,989,594
	602,120,553	455,863,305	422,759,664	233,847,233

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

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Cash and cash equivalents	602,120,553	455,863,305	422,759,664	233,847,233
Cash and cash equivalents above three months	(15,484,887)	(23,314,881)	(15,484,887)	(22,984,571)
	586,635,666	432,548,424	407,274,777	210,862,662

19 Financial assets held for trading

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Trading bonds	1,002,275	391,141	1,002,275	391,141
Trading treasury bills	15,968,099	11,662,778	8,880,935	5,930,229
	16,970,374	12,053,919	9,883,210	6,321,370

20 Derivative financial instruments

(a) **Group**

Sep-2017

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	30,991,874	696,129	(650,626)
Derivative assets/(liabilities)	30,991,874	696,129	(650,626)

Group

Dec-2016

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	62,693,156	1,042,470	(987,502)
Derivative assets/(liabilities)	62,693,156	1,042,470	(987,502)

Parent
Sep-2017

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	30,991,874	696,129	(650,626)
Derivative assets/(liabilities)	30,991,874	696,129	(650,626)

Parent
Dec-2016

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	62,693,156	1,042,470	(987,502)
Derivative assets/(liabilities)	62,693,156	1,042,470	(987,502)

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre- determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

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

21 Investment securities

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
(a) (Available for sale investment securities				
Treasury bills	473,769,516	421,164,870	409,623,340	385,504,653
Bonds	10,948,403	13,782,210	8,954,009	9,640,011
Corporate bond	6,101,908	9,192,632	6,101,908	9,192,632
Equity securities at fair value (See note 21(a)(ii) below	2,989,318	4,279,461	2,989,318	4,279,461
Unquoted equity securities at cost (see note 21(b) below)	4,221,573	3,092,538	4,212,946	3,085,126
	498,030,718	451,511,711	431,881,521	411,701,883
Specific impairment for equities (see note 21(c) below)	(4,212,946)	(3,454,978)	(4,212,946)	(3,454,978)
Total available for sale investment securities	**493,817,772**	**448,056,733**	**427,668,575**	**408,246,905**
Held to maturity investment securities				
Bonds	23,811,149	14,697,152	5,194,836	5,219,262
Treasury bills	43,421,072	65,138,463	-	-
Corporate bond	-	320,210	-	-
Total held to maturity investment securities	**67,232,221**	**80,155,825**	**5,194,836**	**5,219,262**
Total investment securities	**561,049,993**	**528,212,558**	**432,863,411**	**413,466,167**
Current	450,989,846	486,497,010	385,512,418	385,512,418
Non-current	110,060,147	41,715,548	47,350,993	27,953,749

(a) (Unquoted equity securities at fair value is analysed below:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
SMEEIS investment:				
- Sokoa Chair Centre	-	107,244	-	107,244
- Iscare Nigeria Ltd	-	74,765	-	74,765
- Central Securities Clearing System	-	92,102	-	92,102
- 3 Peat Investment Ltd	-	1,016,032	-	1,016,032
	-	**1,290,143**	**-**	**1,290,143**
Other unquoted equity investment:				
- Unified Payment Services Limited[1]	188,883	188,883	188,883	188,883
- Nigeria Automated Clearing Systems	557,759	557,759	557,759	557,759
- Afrexim	98,455	98,455	98,455	98,455
- Africa Finance Corporation	2,144,221	2,144,221	2,144,221	2,144,221
	2,989,318	**2,989,318**	**2,989,318**	**2,989,318**
Total fair value of equity securities	**2,989,318**	**4,279,461**	**2,989,318**	**4,279,461**
Specific impairment for equities	-	(508,016)	-	(508,016)
	2,989,318	**3,771,445**	**2,989,318**	**3,771,445**

1 Unified Payment Services Limited was formerly known as Valucard Nigeria Plc.

(b) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	**Group Sep-2017**	**Group Dec-2016**	**Parent Sep-2017**	**Parent Dec-2016**
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- Sokoa Chair Centre	61,288	-	61,288	-
- Iscare Nigeria Ltd	40,000	-	40,000	-
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Central Securities Clearing System	10,500	-	10,500	-
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- 3 Peat Investment Ltd	1,016,032	-	1,016,032	-
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- CRC Credit Bureau	61,111	61,111	61,111	61,111
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	4,212,946	3,085,126	4,212,946	3,085,126
Less specific impairment for equities	(4,212,946)	(2,946,962)	(4,212,946)	(2,946,962)
Carrying value of SMIEES investment	**-**	**138,164**	**-**	**138,164**
Other unquoted equity investment:				
- GIM UEMOA	8,627	7,412	-	-
Cost of other unquoted equity investment	**8,627**	**7,412**	**-**	**-**
Carrying value of other unquoted equity investment	**8,627**	**7,412**	**-**	**-**
Total cost of unquoted equity investment	**4,221,573**	**3,092,538**	**4,212,946**	**3,085,126**
Total impairment of unquoted equity investment	(4,212,946)	(2,946,962)	(4,212,946)	(2,946,962)
Total carrying value of unquoted equity investment	**8,627**	**145,576**	**-**	**138,164**

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	**Group Sep-2017**	**Group Dec-2016**	**Parent Sep-2017**	**Parent Dec-2016**
Balance at 1 January	145,576	613,135	138,164	608,163
- Exchange difference	1,215	2,440	-	-
- Disposal	-	(469,999)	-	(469,999)
- Impairment on equity investment	(757,968)	-	(757,968)	-
- Transfer from equity investments at fair value	619,804	-	619,804	-
Balance, end of the period	8,627	145,576	0	138,164

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment..

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the Fair Value hierarchy table.

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group is of the opinion that it does not have power over the investees investments because of the following:

• There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.

• The Group does not provide essential technical information to the entities.

• There is no inter-change of personnel between the Group and the entities.

• Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.

(c) Specific impairment for equities

Movement in specific impairment for equities during the year is as shown below:

In thousands of Nigerian Naira	**Group Sep-2017**	**Group Dec-2016**	**Parent Sep-2017**	**Parent Dec-2016**
Balance at 1 January	3,454,978	3,454,978	3,454,978	3,454,978
- Charge for the period	757,968	-	757,968	-
Balance, end of the period	4,212,946	3,454,978	4,212,946	3,454,978

The Bank would only lose cost of investment if decline in value is considered significant or prolonged.

Specific impairment for equities is further analysed by classification below:

In thousands of Nigerian Naira	**Group Sep-2017**	**Group Dec-2016**	**Parent Sep-2017**	**Parent Dec-2016**
Specific impairment on equity securities at fair value	-	508,016	-	508,016
Specific impairment on equity securities at cost	4,212,946	2,946,962	4,212,946	2,946,962
	4,212,946	**3,454,978**	**4,212,946**	**3,454,978**

22 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	**Group Sep-2017**	**Group Dec-2016**	**Parent Sep-2017**	**Parent Dec-2016**
Financial assets held for trading	**-**	**10,710**	**-**	**-**
- Treasury bills	-	10,710	-	-
Investment Securities - available for sale (See note (c) below):	**56,154,515**	**48,205,702**	**56,154,515**	**48,205,702**
- Treasury bills	56,154,515	48,205,702	56,154,515	48,205,702
	56,154,515	48,216,412	56,154,515	48,205,702

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

(c) Treasury Bills pledged as collateral of N56,154,515,000 (December 2016: N48,205,702,000) have been reclassified from available for sale and trading investment securities at fair value.

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

23 Loans and advances to banks

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Loans and advances to banks	45,702	654,839	45,702	31,064
Less collective allowances for impairment	(1,531)	(1,121)	(1,531)	(1,121)
	44,171	653,718	44,171	29,943

24 Loans and advances to customers

In thousands of Nigerian Naira	Group Sep-17	Group Dec-16	Parent Sep-17	Parent Dec-16
Loans	1,251,116,978	1,325,293,511	1,113,247,868	1,236,613,078
Overdraft	161,796,330	200,373,936	119,085,851	130,241,770
Others[1]	25,354,971	83,214,131	24,182,556	75,258,288
Performing Loans	**1,438,268,279**	**1,608,881,578**	**1,256,516,276**	**1,442,113,136**
Non Performing Loans	58,838,413	61,196,093	46,917,865	49,004,580
Gross Loans	**1,497,106,692**	**1,670,077,671**	**1,303,434,141**	**1,491,117,716**
Specific Impairment	(33,088,402)	(20,976,562)	(28,135,679)	(15,873,630)
Collective Impairment	(35,817,921)	(59,671,275)	(34,117,836)	(58,026,134)
Total Impairment	**(68,906,322)**	**(80,647,837)**	**(62,253,515)**	**(73,899,764)**
Net Loans	**1,428,200,370**	**1,589,429,834**	**1,241,180,626**	**1,417,217,952**

[1]Includes Usance and Usance Settlement

25 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Sep-2017 % ownership	Parent Dec-2016 % ownership	Parent Sep-2017 ₦'000	Parent Dec-2016 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	84.24	84.24	594,109	594,109
GTB Ghana	97.94	97.94	9,042,739	9,042,739
GTB Finance B.V.	100.00	100.00	-	3,220
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	5,077,458
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
			43,965,254	**43,968,474**
Current			-	-
Non-current			43,965,254	43,968,474

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

In thousands of Nigerian Naira	Parent Sep-2017	Parent Dec-2016
Balance, beginning of the period	43,968,474	41,905,781
Disposal during the period	-	-
Additions during the period	-	2,062,693
Transferred to assets classified as held for sale and discontinued operations	(3,220)	-
Balance, end of the period	**43,965,254**	**43,968,474**

Condensed results of consolidated entities

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

Full year profit and loss

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***
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
Profit before tax from continuing operations	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)
Profit after tax from continuing operations	678,875	-	4,939,108	1,568,521	1,256,368	598,837	1,002,637	48,634	849,272
Profit after tax	678,875	-	4,939,108	1,568,521	1,256,368	598,837	1,002,637	48,634	849,272

Condensed financial position
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*
Assets									
Cash and cash equivalents	137,554	7,678	29,754,141	11,934,946	11,058,295	127,893,992	11,056,489	3,064,469	21,117,565
Loans and advances to customers	-	2,310,890	39,920,471	14,676,026	21,427,064	36,051,372	5,760,043	6,128,153	64,593,440
Financial assets held for trading	-	-	7,087,164	-	-	-	-	-	-
Investment securities:									
– Available for sale	32,560,683	-	-	9,083,945	-	24,587,684	18,196,802	8,627	14,272,140
– Held to maturity	-	-	39,752,796	-	2,729,697	-	-	5,506,796	14,048,097
Property and equipment	-	-	2,162,482	1,180,638	1,921,849	691,795	2,320,531	1,130,185	2,641,039
Intangible assets	-	-	170,197	-	45,830	-	62,147	40,028	1,467,834
Deferred tax assets	-	-	30,840	-	-	424,253	-	-	-
Other assets	-	-	11,864,312	859,658	890,514	387,116	836,223	433,013	5,753,726
Total assets	32,698,237	2,318,568	130,742,403	37,735,213	38,073,249	190,036,212	38,232,235	16,311,271	123,893,841
Financed by:									
Deposits from banks	-	-	1,090,123	1,062,218	159,950	107,555,794	-	3,312	22,734
Deposits from customers	-	-	101,310,267	24,867,640	28,061,449	67,416,747	26,396,030	9,746,491	88,798,432
Debt securities issued	-	-	-	-	-	-	-	-	621,965
Current income tax liabilities	-	-	(130,851)	724,427	422,510	-	30,551	-	270,058
Deferred tax liabilities	-	-	-	13,849	-	-	163,462	-	270,254
Other liabilities	7,812,143	-	3,167,960	4,433,774	2,425,514	900,958	5,669,425	1,098,659	1,499,381
Other borrowed funds	1,536,700	-	2,401,975	-	1,374,101	-	1,619,891	-	6,448,304
Total liabilities	9,348,843	-	107,839,474	31,101,908	32,443,524	175,873,499	33,879,359	10,848,462	97,931,128
Equity and reserve	23,349,394	2,318,568	22,902,929	6,633,305	5,629,725	14,162,713	4,352,876	5,462,809	25,962,713
	32,698,237	2,318,568	130,742,403	37,735,213	38,073,249	190,036,212	38,232,235	16,311,271	123,893,841

Condensed cash flow

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***
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
Cash balance, end of period	137,554	7,678	29,732,775	11,934,946	11,058,295	127,893,992	11,056,489	3,064,470	21,117,565

Condensed results of the consolidated entities as at 31 September 2016, are as follows:

Sep-2016

In thousands of Nigerian Naira	***Staff Investment Trust***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed profit and loss									
Operating income	775,462	614,731	9,609,974	3,603,950	1,828,484	2,176,341	2,609,860	690,719	6,834,548
Operating expenses	-	(614,731)	(4,135,781)	(1,526,475)	(1,219,114)	(1,893,522)	(1,418,609)	(836,337)	(5,227,304)
Loan impairment charges	-	-	(409,508)	(189,580)	(50,680)	-	2,134	-	(160,881)
Profit before tax from continuing operations	775,462	-	5,064,685	1,887,895	558,690	282,819	1,193,385	(145,618)	1,446,363
Taxation	-	-	(1,526,855)	(566,369)	-	-	(358,016)	-	(480,496)
Profit after tax	775,462	-	3,537,830	1,321,526	558,690	282,819	835,369	(145,618)	965,867

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

-

Dec-2016

In thousands of Nigerian Naira	*Staff Investment Trust*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Condensed financial position									
Assets									
Cash and cash equivalents	113,229	-	28,349,278	13,270,847	11,182,901	101,736,739	12,289,074	1,458,398	22,370,681
Loans and advances to banks	-	-	-	-	-	129,666	-	494,108	-
Loans and advances to customers	-	127,903,847	46,602,126	14,280,796	14,570,559	27,852,101	6,103,846	5,623,853	59,254,839
Financial assets held for trading	-	-	5,732,549	-	-	-	-	-	-
– Available for sale	32,560,683	-	-	-	-	17,330,138	20,305,737	7,412	2,166,541
– Held to maturity	-	-	30,338,621	8,024,436	2,306,248	-	-	4,257,564	30,009,694
Assets pledged as collateral	-	-	-	-	-	-	-	10,710	-
Property and equipment	-	-	1,803,575	1,274,750	1,628,793	625,750	2,379,586	1,023,122	3,042,459
Intangible assets	-	-	212,469	-	26,619	-	41,159	54,220	1,540,492
Deferred tax assets	-	-	162,366	48,797	-	381,461	-	-	985,804
Other assets	-	-	1,737,159	498,712	1,178,423	348,989	527,380	241,877	3,309,849
	32,673,912	127,903,847	114,938,143	37,398,338	30,893,543	148,404,844	41,646,782	13,171,264	122,680,359
Total assets	32,673,912	127,903,847	114,938,143	37,398,338	30,893,543	148,404,844	41,646,782	13,171,264	122,680,359
Financed by:									
Deposits from banks	-	-	4,276,137	247,937	-	79,114,770	359,634	-	9,717,458
Deposits from customers	-	-	82,641,543	30,112,825	22,334,685	56,501,480	23,791,695	6,869,499	82,876,236
Debt securities issued	-	125,639,949	-	-	-	-	-	-	597,914
Current income tax liabilities	-	-	40,314	177,813	149,265	-	47,359	-	42,499
Deferred tax liabilities	-	-	90,220	-	-	-	169,862	-	270,462
Other liabilities	7,920,089	-	3,301,791	842,452	1,642,974	580,074	8,065,864	1,653,598	1,614,549
Other borrowed funds	2,083,304	-	3,530,615	-	1,547,092	-	4,811,803	-	3,066,162
	10,003,393	125,639,949	93,880,620	31,381,027	25,674,016	136,196,324	37,246,217	8,523,097	98,185,280
Total liabilities	10,003,393	125,639,949	93,880,620	31,381,027	25,674,016	136,196,324	37,246,217	8,523,097	98,185,280
Equity and reserve	22,670,519	2,263,898	21,057,523	6,017,311	5,219,527	12,208,520	4,400,565	4,648,167	24,495,079
	32,673,912	127,903,847	114,938,143	37,398,338	30,893,543	148,404,844	41,646,782	13,171,264	122,680,359

Sep-2016

In thousands of Nigerian Naira	*Staff Investment Trust*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Condensed cash flow									
Net cash flow:									
- from operating activities	400,819	155,797,072	7,578,291	(785,413)	(3,172,120)	28,136,700	5,380,027	2,565,990	(4,718,541)
- from investing activities	238,373	-	(8,528,742)	(258,742)	197,384	(3,680,572)	679,317	(1,277,382)	2,655,742
- from financing activities	(615,698)	(155,797,072)	(3,155,299)	(751,055)	1,761,900	-	(4,479,650)	-	2,894,048
Increase in cash and cash equivalents	23,494	-	(4,105,750)	(1,795,210)	(1,212,836)	24,456,128	1,579,694	1,288,608	831,249
Cash balance, beginning of period	55,874	4,729	22,364,533	9,449,243	5,653,178	52,137,389	7,632,855	853,821	10,519,188
Effect of exchange difference	-	2,746	11,392,959	2,461,004	2,757,515	20,311,616	2,357,564	55,244	4,538,599
Cash balance, end of period	79,368	7,475	29,651,742	10,115,037	7,197,857	96,905,133	11,570,113	2,197,673	15,889,036

Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2017	52,358,464	13,830,084	66,952,716	9,622,070	12,602,476	10,195,212	165,561,022
Exchange difference	26,866	(28,840)	33,901	(50,819)	-	(8,903)	(27,795)
Additions	1,656,697	12,288	5,573,202	678,059	-	4,018,497	11,938,743
Disposals	(42,640)	-	(552,910)	(534,982)	-	17,749	(1,112,783)
Transfers	1,612,881	138,648	1,875,958	497,264	-	(4,124,751)	-
Balance at 30 September 2017	**55,612,268**	**13,952,180**	**73,882,867**	**10,211,592**	**12,602,476**	**10,097,804**	**176,359,187**
Balance at 1 January 2016	42,863,912	9,334,026	54,717,391	8,610,235	12,569,888	18,477,260	146,572,712
Exchange difference	2,114,456	266,667	3,482,693	674,904	-	481,901	7,020,621
Additions	1,474,835	10,081	7,173,198	1,224,554	32,588	5,838,096	15,753,352
Disposals	(186,921)	-	(2,023,811)	(1,317,335)	-	(257,596)	(3,785,663)
Transfers	6,092,182	4,219,310	3,603,245	429,712	-	(14,344,449)	-
Balance at 31 December 2016	**52,358,464**	**13,830,084**	**66,952,716**	**9,622,070**	**12,602,476**	**10,195,212**	**165,561,022**

[1] Of this amount as at September 2017, Leasehold improvement accounts for N12,846,434,000 (23.1%) while Buildings acounts for N42,765,835,000 (76.9%)

[2] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Leasehold Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2017	11,252,837	910,517	48,768,107	6,218,413	4,923,093	-	72,072,967
Exchange difference	(8,327)	(3,582)	28,234	(41,962)	-	-	(25,637)
Charge for the period	1,231,658	128,275	6,099,085	1,114,948	1,329,124	-	9,903,090
Disposal	(42,640)	-	(203,808)	(491,463)	-	-	(737,911)
Balance at 30 September 2017	**12,433,528**	**1,035,210**	**54,691,618**	**6,799,936**	**6,252,217**	**-**	**81,212,509**
Balance at 1 January 2016	9,161,702	735,342	39,885,651	5,462,806	3,338,433	-	58,583,934
Exchange difference	578,294	31,608	2,366,748	415,218	-	-	3,391,868
Charge for the period	1,682,901	143,567	8,517,757	1,608,261	1,584,660	-	13,537,146
Disposal	(170,060)	-	(2,002,049)	(1,267,872)	-	-	(3,439,981)
Balance at 31 December 2016	**11,252,837**	**910,517**	**48,768,107**	**6,218,413**	**4,923,093**	**-**	**72,072,967**
Carrying amounts:							
Balance at 30 September 2017	43,178,740	12,916,970	19,191,249	3,411,656	6,350,259	10,097,804	95,146,678
Balance at 31 December 2016	41,105,627	12,919,567	18,184,609	3,403,657	7,679,383	10,195,212	93,488,055

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings[1]	Leasehold Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress[2]	Total
Cost							
Balance at 1 January 2017	44,305,594	12,919,926	54,990,812	7,335,418	12,602,476	9,257,593	141,411,819
Exchange difference	-	-	-	-	-	-	-
Additions	884,305	13,000	4,762,808	345,536	-	4,018,475	10,024,124
Disposals	-	-	(203,809)	(421,748)	-	-	(625,557)
Transfers	1,488,388	138,648	1,529,967	497,264	-	(3,654,267)	-
Balance at 30 September 2017	**46,678,287**	**13,071,574**	**61,079,778**	**7,756,470**	**12,602,476**	**9,621,801**	**150,810,386**
Balance at 1 January 2016	37,765,872	8,700,616	47,172,750	7,040,772	12,569,888	17,473,732	130,723,630
Additions	1,086,365	-	6,355,042	1,066,480	32,588	5,508,569	14,049,044
Disposals	(62,595)	-	(2,096,714)	(1,201,546)	-	-	(3,360,855)
Transfers	5,515,952	4,219,310	3,559,734	429,712	-	(13,724,708)	-
Balance at 31 December 2016	**44,305,594**	**12,919,926**	**54,990,812**	**7,335,418**	**12,602,476**	**9,257,593**	**141,411,819**

[1] Of this amount as at September 2017, Leasehold improvement accounts for N10,767,246,000 (23.1%) while Buildings acounts for N35,911,039,000 (76.9%)

[2] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Parent

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Leasehold Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2017	9,021,001	798,540	40,269,000	4,690,160	4,923,093	-	59,701,794
Charge for the period	889,868	128,647	5,277,962	956,687	1,329,124	-	8,582,288
Disposal	-	-	(203,809)	(368,050)	-	-	(571,859)
Balance at 30 September 2017	9,910,869	927,187	45,343,153	5,278,797	6,252,217	-	67,712,223
Balance at 1 January 2016	7,817,005	657,720	35,145,312	4,572,412	3,338,433	-	51,530,882
Charge for the period	1,266,591	140,820	7,197,509	1,271,739	1,584,660	-	11,461,319
Disposal	(62,595)	-	(2,073,821)	(1,153,991)	-	-	(3,290,407)
Balance at 31 December 2016	9,021,001	798,540	40,269,000	4,690,160	4,923,093	-	59,701,794
Carrying amounts:							
Balance at 30 January 2017	36,767,418	12,144,387	15,736,625	2,477,673	6,350,259	9,621,801	83,098,163
Balance at 31 December 2016	35,284,593	12,121,386	14,721,812	2,645,258	7,679,383	9,257,593	81,710,025

(c) The Bank had capital commitments of N584,218,000 (31 December 2016: N863,599,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the period (2016: nil)

27 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2017	8,672,465	12,674,080	21,346,545
Exchange translation differences	1,085	88,576	89,661
Additions	-	2,311,577	2,311,577
Balance at 30 September 2017	8,673,550	15,074,233	23,747,783
Balance at 1 January 2016	8,648,385	9,067,360	17,715,745
Exchange translation differences	24,080	1,263,502	1,287,582
Additions	-	2,392,426	2,392,426
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	8,672,465	12,674,080	21,346,545
Amortization and impairment losses			
Balance at 1 January 2017	-	7,487,639	7,487,639
Exchange translation differences	-	64,756	64,756
Amortization for the period	-	1,357,866	1,357,866
Balance at 30 September 2017	-	8,910,261	8,910,261
Balance at 1 January 2016	-	5,245,133	5,245,133
Exchange translation differences	-	579,494	579,494
Amortization for the period	-	1,712,220	1,712,220
Disposals	-	(49,208)	(49,208)
Balance at 31 December 2016	-	7,487,639	7,487,639
Carrying amounts			
Balance at 30 September 2017	8,673,550	6,163,972	14,837,522
Balance at 31 December 2016	8,672,465	5,186,441	13,858,906

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairm
may have occurred. There was no impairment identified in the period ended September 2017 (2016: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2017	8,867,445
Additions	2,226,803
Disposals	-
Reclass from other assets	-
Transfers	-
Balance at 30 September 2017	11,094,248
Balance at 1 January 2016	6,726,359
Additions	2,153,981
Disposals	(12,895)
Balance at 31 December 2016	8,867,445
Amortization and impairment losses	
Balance at 1 January 2017	5,489,484
Amortization for the period	1,159,265
Disposals	-
Balance at 30 September 2017	6,648,749
Balance at 1 January 2016	4,233,400
Amortization for the period	1,268,979
Disposals	(12,895)
Balance at 31 December 2016	5,489,484
Carrying amounts	
Balance at 30 September 2017	4,445,499
Balance at 31 December 2016	3,377,961

28 Restricted deposits and other assets

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Repossessed collaterals	7,437,416	3,922,091	7,398,961	3,922,091
Prepayments	27,769,981	17,792,224	19,425,023	11,596,150
Accounts Receivable	1,500,418	2,389,557	1,500,418	2,389,557
Foreign Banks - Cash Collateral	14,160,081	11,944,208	14,160,081	11,944,208
Restricted deposits with central banks	371,443,456	328,747,009	358,844,760	327,100,025
Contribution to AGSMEIS (See note 28(a) below)	6,341,840	-	6,341,840	-
Recognised assets for defined benefit obligations	8,921,054	7,506,302	8,921,054	7,506,302
	437,574,246	**372,301,391**	**416,592,137**	**364,458,333**
Impairment on other assets (See note 34(b) below)	(305,556)	(305,556)	(305,556)	(305,556)
	437,268,690	**371,995,835**	**416,286,581**	**364,152,777**
Current	381,943,752	362,063,088	355,707,063	354,220,030
Non-current	55,324,938	9,932,747	60,579,518	9,932,747

(a) 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.

(b) Movement in impairment of other assets:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Opening Balance	305,556	305,556	305,556	305,556
Charge for the period	-	-	-	-
Recoveries	-	-	-	-
Write off	-	-	-	-
Closing Balance	305,556	305,556	305,556	305,556

28(b (a) Assets classified as held for sale and discontinued operations

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Investment in subsidiaries	-	-	3,220	-
Other assets	-	-	847,600	-
Total assets of disposal group	-	-	850,820	-

(b) Liabilities of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Other borrowed funds	-	-	847,600	-
Total liabilities of disposal group	-	-	847,600	-
Net assets of disposal group	-	-	3,220	-

29 Deposits from banks

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Money market deposits	1,116,169	12,485,830	-	-
Other deposits from banks	72,236,424	112,582,018	43,221	40,438
	73,352,593	125,067,848	43,221	40,438

30 Deposits from customers

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Term deposits	348,287,752	409,220,024	264,558,269	331,745,330
Current deposits	1,096,883,478	1,122,589,881	908,178,565	958,823,538
Savings	452,418,122	454,436,327	378,327,265	390,615,952
	1,897,589,352	1,986,246,232	1,551,064,099	1,681,184,820

31 Financial liabilities held for trading

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Bond short positions	104,023	629,202	104,023	629,202
Treasury bills short positions	15,750,314	1,436,200	15,750,314	1,436,200
	15,854,337	2,065,402	15,854,337	2,065,402

32 Debt securities issued

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Debt securities at amortized cost:				
Eurobond debt security	130,546,352	125,639,949	130,546,352	-
Corporate bonds	621,965	597,914	-	-
	131,168,317	126,237,863	130,546,352	-
Current	-	-	-	-
Non-current	131,168,317	126,237,863	130,546,352	-

Debt securities of N130,546,352,000 (USD 408,085,000) (December 2016: N125,639,949,000 (USD 402,177,000))represents amortised cost of Dollar guaranteed note originally issued by GTB B.V. Netherlands. The Parent has, during the period, substituted the liability. Therefore the liability is now reported under the Parent's book.

33 Other liabilities

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Cash settled share based payment liability	7,812,143	7,920,089	-	-
Liability for defined contribution obligations (Note 33(a))	66,308	51,512	-	-
Deferred income on financial guarantee contracts	76,593	141,684	43,724	46,447
Certified cheques	11,412,612	11,060,137	8,176,074	7,321,435
Lease obligation	628,685	1,675,041	628,685	1,675,041
Customers' deposit for foreign trade	14,937,585	12,220,426	14,733,952	11,972,086
Customers' escrow balances	187,383,315	30,786,203	187,383,315	30,786,203
Account Payables	8,626,755	7,455,494	8,405,425	7,200,437
Creditors and agency services	17,614,721	19,047,197	2,233,206	5,734,116
Customers deposit for shares of other Corporates	3,723,101	25,324,707	3,719,760	25,324,675
	252,281,818	115,682,490	225,324,141	90,060,440
Current	98,579,814	106,021,253	89,003,270	89,003,270
Non-current	153,702,004	9,661,237	136,320,871	1,057,170

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators.

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:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Present value of funded obligations	(2,540,153)	(2,322,827)	(2,540,153)	(2,322,827)
Total present value of defined benefit obligations	(2,540,153)	(2,322,827)	(2,540,153)	(2,322,827)
Fair value of plan assets	11,461,207	9,829,129	11,461,207	9,829,129
Present value of net asset/(obligations)	8,921,054	7,506,302	8,921,054	7,506,302
Recognized asset/(liability) for defined benefit obligations	8,921,054	7,506,302	8,921,054	7,506,302

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses.
Recognised asset for defined benefit obligations is included within Restricted deposits and other assets in note 28

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

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
(Deficit)/surplus on defined benefit obligations, beginning of period	7,506,302	5,095,333	7,506,302	5,095,333
Net (Expense) / Income recognised in Profit and Loss[1]	765,586	454,606	765,586	454,606
Re-measurements recognised in Other Comprehensive Income[2]	649,166	1,902,941	649,166	1,902,941
Contributions paid	-	53,422	-	53,422
(Deficit)/surplus for defined benefit obligations, end of period	8,921,054	7,506,302	8,921,054	7,506,302

[1]Net (Expense) / Income recognised in Profit and Loss is analysed below:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Interest cost on Net defined benefit obligation[a]	765,586	570,680	765,586	570,680
Current service costs	-	(116,074)	-	(116,074)
	765,586	454,606	765,586	454,606

[a]Interest cost on Net Defined benefit Obligation is analysed below:

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Interest income on assets	982,912	943,207	982,912	943,207
Interest cost on defined benefit obligation	(217,326)	(372,527)	(217,326)	(372,527)
	765,586	570,680	765,586	570,680

[2]Remeasurements recognised in Other Comprehensive income is analysed below:

In thousands of Nigerian Naira	Group Sep-2017	Group Sep-2016	Parent Sep-2017	Parent Sep-2016
Return on plan assets, excluding amounts included in interest expense/income	649,166	612,175	649,166	612,175
Gain/(loss) from change in demographic assumptions	-	1,290,766	-	1,290,766
	649,166	1,902,941	649,166	1,902,941

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Equity securities:				
- Quoted	3,366,488	2,205,902	3,366,488	2,205,902
- Unquoted	-	-	-	-
Government securities				
- Quoted	1,217,062	1,033,440	1,217,062	1,033,440
- Unquoted	-	-	-	-
Offshore investments				
- Quoted	2,691,173	2,591,416	2,691,173	2,591,416
- Unquoted	-	-	-	-
Cash and bank balances				
- Quoted	-	-	-	-
- Unquoted	4,186,484	3,998,371	4,186,484	3,998,371
	11,461,207	9,829,129	11,461,207	9,829,129

Group

In thousands of Nigerian Naira	Sep-2017		Dec-2016	
Equity securities	3,366,488	29%	2,205,902	22%
Government securities	1,217,062	11%	1,033,440	11%
Offshore investments	2,691,173	23%	2,591,416	26%
Cash and bank balances	4,186,484	37%	3,998,371	41%
	11,461,207	100%	9,829,129	100%

Parent

In thousands of Nigerian Naira	Sep-2017		Dec-2016	
Equity securities	3,366,488	28%	2,205,902	21%
Government securities	1,217,062	11%	1,033,440	11%
Offshore investments	2,691,173	23%	2,591,416	26%
Cash and bank balances	4,186,484	37%	3,998,371	41%
	11,461,207	100%	9,829,129	100%

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

Plan assets include the Group’s ordinary shares with a fair value of N3,163,800,000 (Dec 2016: N2,058,015,000) and money market placements with a fair value of N3,872,508,000 (Dec 2016:N3,762,410,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2017 are N143,504,000 (December 2016: N53,422,000) while gratuity payments are estimated to be N143,504,000 (December 2016: N53,422,000)

(e) Movement in plan assets:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Fair value of plan assets, beginning of the period	9,829,129	8,273,747	9,829,129	8,273,747
Contributions paid into/(withdrawn from) the plan	71,752	53,422	71,752	53,422
Benefits paid by the plan	(71,752)	(53,422)	(71,752)	(53,422)
Actuarial gain/(loss)	-	612,175	-	612,175
Expected return on plan assets	1,632,078	943,207	1,632,078	943,207
Fair value of plan assets, end of the period	11,461,207	9,829,129	11,461,207	9,829,129

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

(f) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Present value of obligation, beginning of the period	2,322,827	3,178,414	2,322,827	3,178,414
Interest cost	217,326	372,527	217,326	372,527
Current service cost	-	116,074	-	116,074
Benefits paid	-	(53,422)	-	(53,422)
Actuarial (gain)/loss on obligation	-	(1,290,766)	-	(1,290,766)
Present value of obligation at end of the period	2,540,153	2,322,827	2,540,153	2,322,827

(h) Actuarial assumptions

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

	2017	2016
Discount rate	16.40%	16.40%
Salary increase rate	10%	10%
Inflation	13%	13%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

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

The overall expected long-term rate of return on assets is 16.4%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 10% per annum. The inflation component has been worked out at 12.5% per annum.

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

(k) Defined Benefit Risk Management

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

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

Asset volatility

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

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

Changes in bond yields

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

Inflation risk

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

35 Other borrowed funds

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Due to IFC	86,320,483	89,172,633	76,878,187	81,294,668
Due to ADB	2,767,359	8,437,674	2,767,359	8,437,674
Due to FMO	2,401,975	3,530,615	-	-
Due to BOI	43,414,609	47,804,677	43,414,609	47,804,677
Due to GTBV (see note (i) below)	-	-	-	125,639,949
Due to CACS	23,633,333	21,104,769	23,633,333	21,104,769
Due to Proparco	14,877,926	17,298,941	14,877,926	15,751,849
MSME Development Fund	332,399	432,279	332,399	432,279
RSSF Fund	14,317,992	-	14,317,992	-
Excess Crude Account -Secured Loans Fund	14,576,897	14,906,364	14,576,897	14,906,364
Due to DEG	17,597,157	16,945,652	17,597,157	16,945,652
	220,240,130	**219,633,604**	**208,395,859**	**332,317,881**

i). This represents amortised cost of dollar guaranteed notes originally issued by GTB Finance B.V., Netherlands and subsequently granted as a loan to the Parent. The Parent has substituted the liability during the period and has been reclassified and presented as Debt Securities Issued on the books of the Parent. It represents the balances on the third tranche of USD 400,000,000 (principal) issued in November 2013 for a period of 5 years at 6% per annum. The principal amount is repayable at the end of the tenor while interest on the note is payable semi-annually.

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.

	In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
(a)	Authorised -				
	50,000,000,000 ordinary shares of 50k each (31 December 2016: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

	In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2016: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
26,393,537,587 ordinary shares (Non-GDR) of 50k each (31 December 2016: 26,393,537,587)	13,196,769	13,196,769	13,196,769	13,196,769
3,037,641,637 ordinary shares (GDR) of 50k each (31 December 2016: 3,037,641,637)	1,518,821	1,518,821	1,518,821	1,518,821
	14,715,590	14,715,590	14,715,590	14,715,590

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

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
Balance, end of period	14,715,590	14,715,590	14,715,590	14,715,590

Share capital

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

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2016	29,431,180	14,715,590	123,471,114	(4,754,156)
(Purchases)/sales of treasury shares	-	-	-	(537,089)
At 31 December 2016/1 January 2017	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
At 30 September 2017	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**

(i) **Non-controlling interest**

The analysis of non-controlling interest per subsidiary is as shown below:

	Group Sep-2017 %	Group Dec-2016 %	Group Sep-2017 ₦'000	Group Dec-2016 ₦'000
GTB (Gambia) Limited	22.19	22.19	988,307	897,736
GTB (Sierra Leone) Limited	15.76	15.76	1,077,709	919,463
GTB (Ghana) Limited	4.63	4.63	475,935	399,661
GTB Liberia	0.57	0.57	33,803	27,288
GTB Kenya Limited	30.00	30.00	7,716,821	6,598,547
			10,292,575	8,842,695

(ii) **Other regulatory reserves breakdown**

	Sep-2017		Dec-2016	
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**Statutory Reserves**	**SMEEIS Reserves**
Opening Balance	199,185,674	4,232,478	161,134,636	4,232,478
Total comprehensive income for the year:				
Transfers for the year	35,491,368	-	38,051,038	-
Non-controlling interest of subsidiaries disposed				
Total transactions with equity holders	**35,491,368**	**-**	**38,051,038**	**-**
Balance at 31 December 2016	**234,677,042**	**4,232,478**	**199,185,674**	**4,232,478**

37 Dividends

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

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Final dividend declared[1]	51,504,564	44,735,384	51,504,564	44,735,384
Interim dividend declared	-	7,357,795	-	7,357,795
Payment during the period	(51,504,564)	(52,093,179)	(51,504,564)	(52,093,179)
Balance, end of period	-	-	-	-

[1] This relates to the final dividend declared for the 2016 financial year

38 Leasing

As lessor

The Group acts as lessee under operating and finance leases, providing financing for its customers and leasing assets for their own use. In addition, assets leased by the Group may be sublet to other parties. Details of finance lease commitments have been included in other liabilities. The Group had nil balance for the period ended 30th June 2016 and comparative period.

As lessee

Operating lease commitments

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renev rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable.

39 Contingencies

Contingent liabilities and commitments

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

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default,the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities includetransaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties, are on production of documents, which usually reimbursed immediately by customers. The following table summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk.

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

a. These comprise:

In thousands of Nigerian Naira	Group Sep-2017	Group Dec-2016	Parent Sep-2017	Parent Dec-2016
Contingent liabilities:				
Transaction related bonds and guarantees	441,658,383	503,027,562	425,845,058	468,303,919
	441,658,383	503,027,562	425,845,058	468,303,919
Commitments:				
Short term foreign currency related transactions	-	1,641,614	-	-
Clean line facilities and letters of credit	48,767,815	70,895,854	29,433,679	43,091,160
Other commitments	10,973,955	7,932,788	-	-
	59,741,770	80,470,256	29,433,679	43,091,160

40 Restatement of comparative financial information

(a) Income statement restatement

In thousands of Nigerian Naira	Reported Group Sep-2016	Reported Parent Sep-2016	Restatements Group Sep-2016	Restatements Parent Sep-2016	Restated Group Sep-2016	Restated Parent Sep-2016
Interest income	181,909,548	156,412,793	-	-	181,909,548	156,412,793
Interest expense	(49,161,170)	(40,957,303)	-	-	(49,161,170)	(40,957,303)
Net interest income	**132,748,378**	**115,455,490**	**-**	**-**	**132,748,378**	**115,455,490**
Loan impairment charges	(57,083,278)	(56,274,761)	-	-	(57,083,278)	(56,274,761)
Net interest income after loan impairment charges	**75,665,100**	**59,180,729**	**-**	**-**	**75,665,100**	**59,180,729**
Fee and commission income	50,410,289	42,497,594	-	-	50,410,289	42,497,594
Fee and commission expense	(2,275,885)	(1,860,465)	-	-	(2,275,885)	(1,860,465)
Net fee and commission income	**48,134,404**	**40,637,129**	**-**	**-**	**48,134,404**	**40,637,129**
Net gains/(losses) on financial instruments classified as held for trading	3,013,772	1,271,234	-	-	3,013,772	1,271,234
Other operating income	93,950,028	95,379,060	-	-	93,950,028	95,379,060
Other income	**96,963,800**	**96,650,294**	**-**	**-**	**96,963,800**	**96,650,294**
Total operating income	**220,763,304**	**196,468,152**	**-**	**-**	**220,763,304**	**196,468,152**
Personnel expenses	(21,772,560)	(15,673,557)	-	-	(21,772,560)	(15,673,557)
Operating lease expenses	(1,324,586)	(504,095)	-	-	(1,324,586)	(504,095)
Depreciation and amortization	(10,961,380)	(9,380,319)	-	-	(10,961,380)	(9,380,319)
Other operating expenses[1]	(45,867,570)	(38,110,985)	(2,846,106)	(2,846,106)	(48,713,676)	(40,957,091)
Total expenses	**(79,926,096)**	**(63,668,956)**	**(2,846,106)**	**(2,846,106)**	**(82,772,202)**	**(66,515,062)**
Profit before income tax	**140,837,208**	**132,799,196**	**(2,846,106)**	**(2,846,106)**	**137,991,102**	**129,953,090**
Income tax expense	(20,909,815)	(18,274,638)	-	-	(20,909,815)	(18,274,638)
Profit for the year	**119,927,393**	**114,524,558**	**(2,846,106)**	**(2,846,106)**	**117,081,287**	**111,678,452**

(b) Earnings Per Share (EPS) restatement

	Reported Group Sep-2016	Reported Parent Sep-2016	Restatements Group Sep-2016	Restatements Parent Sep-2016	Restated Group Sep-2016	Restated Parent Sep-2016
Net profit used to determine diluted earnings per share	119,168,643	114,524,558	(2,846,106)	(2,846,106)	116,322,537	111,678,452
Weighted average number of ordinary shares in issue	28,112,933	29,431,179	-	-	28,112,933	29,431,179
Basic earnings per share (expressed in naira per share)	4.24	3.89	(0.10)	(0.10)	4.14	3.79

[1]Other operating expenses:

AMCON levy was initially recognised as prepayment and amortised over 12 months in prior period. Consequently, 9 months portion of the levy was charged to Income statement for the nine months period ended September 30, 2016. However, following the revision of the AMCON Act in 2015 the full levy has been charged to income statement in line with IFRIC 21 Levies.

Key Financials (N' billion)	Sep-17	Sep-16	Δ%
Net Interest Income	189.6	132.7	43%
Non Interest Income	61.6	147.4	-58%
Operating Income	240.4	220.8	9%
Operating expense	90.4	82.8	9%
Profit before tax	150.0	138.0	9%
Profit after tax	125.6	117.1	7%
Total Assets	3,212.9	3,092.9	4%
Net Loans	1,428.2	1,640.3	-13%
Total Deposits	1,970.9	2,105.8	-6%

Key Ratios	Sep-17	Sep-16
ROE (Post tax)	30.81%	34.58%
ROA (Post tax)	5.29%	5.56%
Net interest margin	10.50%	8.22%
Cost-to-income ratio	37.59%	37.49%
Loans-to-Deposits and Borrowings	61.50%	66.97%
Liquidity ratio	49.75%	37.62%
Capital adequacy ratio	22.90%	18.10%
NPL/Total Loans	3.93%	4.13%
Cost of risk	0.53%	3.66%
Coverage (with Reg. Risk Reserves)	212.72%	185.11%