Guaranty Trust Bank plc
RC 152321
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P. O. Box 75455, Victoria Island,
Lagos State, Nigeria.
Tel: 01-4480740-9, 2714580-9
Head Office www.gtbank.com

September 2019

CONDENSED UNAUDITED GROUP FINANCIAL STATEMENTS

Introduction

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

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Financial statements

Statements of financial position

As at 30 September 2019

In thousands of Nigerian Naira	*Notes*	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Assets					
Cash and bank balances	18	627,223,725	676,989,012	395,582,151	457,497,929
Financial assets at fair value through profit or loss	19	40,662,983	11,314,814	8,575,978	8,920,153
Derivative financial assets	20	6,348,599	3,854,921	6,348,599	3,854,921
Investment securities:					
– Fair Value through profit or loss	21	74,757,314	2,620,200	74,757,314	2,620,200
– Fair Value through other comprehensive income	21	455,999,395	536,084,955	370,657,577	459,629,259
– Held at amortised cost	21	131,042,962	98,619,509	2,085,857	2,003,272
Assets pledged as collateral	22	79,408,170	56,777,170	79,391,328	56,291,739
Loans and advances to banks	23	81,491	2,994,642	46,074	46,074
Loans and advances to customers	24	1,377,920,110	1,259,010,359	1,188,432,578	1,067,999,019
Restricted deposits and other assets	28	572,713,632	508,678,702	531,909,667	494,969,807
Investment in subsidiaries	25	-	-	55,814,032	55,814,032
Property and equipment	26	136,161,813	111,825,917	118,868,909	96,300,538
Intangible assets	27	16,742,526	16,402,621	5,838,547	5,635,606
Deferred tax assets		363,919	2,169,819	-	-
		3,519,426,639	3,287,342,641	2,838,308,611	2,711,582,549
Assets classified as held for sale and discontinued operations	28(b)	-	-	947,916	938,945
Total assets		**3,519,426,639**	**3,287,342,641**	**2,839,256,527**	**2,712,521,494**
Liabilities					
Deposits from banks	29	161,714,164	82,803,047	18,272,535	735,929
Deposits from customers	30	2,390,474,153	2,273,903,143	1,958,464,841	1,865,816,172
Financial liabilities at fair value through profit or loss	31	5,617,033	1,865,419	5,617,033	1,865,419
Derivative financial liabilities	20	1,673,846	3,752,666	1,673,846	3,752,666
Other liabilities	32	119,181,290	140,447,508	89,382,187	119,812,419
Current income tax liabilities	16	12,984,086	22,650,861	10,856,956	22,511,233
Other borrowed funds	34	180,754,221	178,566,800	180,237,014	177,361,218
Deferred tax liabilities		10,275,618	7,785,850	12,980,452	7,888,454
		2,882,674,411	2,711,775,294	2,277,484,864	2,199,743,510
Liabilities classified as held for sale and discontinued operations	28(b)	-	-	944,696	935,725
Total liabilities		**2,882,674,411**	**2,711,775,294**	**2,278,429,560**	**2,200,679,235**

Statements of financial position (Continued)

In thousands of Nigerian Naira	***Notes***	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Capital and reserves attributable to equity holders of the parent entity	35				
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(6,151,241)	(5,583,635)	-	-
Retained earnings		157,076,209	106,539,050	118,392,976	79,668,689
Other components of equity		334,311,806	323,991,767	304,247,287	293,986,866
Capital and reserves attributable to equity holders of the parent entity		**623,423,478**	**563,133,886**	**560,826,967**	**511,842,259**
Non-controlling interests in equity		13,328,750	12,433,461	-	-
Total equity		**636,752,228**	**575,567,347**	**560,826,967**	**511,842,259**
Total equity and liabilities		**3,519,426,639**	**3,287,342,641**	**2,839,256,527**	**2,712,521,494**

Approved by the Board of Directors on 16 October 2019:

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

Executive Director
Haruna Musa
FRC/2017/CIBN/00000016515

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

The accompanying notes are an integral part of these financial statements

Income statements

For the Period ended 30 September 2019

In thousands of Nigerian Naira	*Notes*	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Interest income calculated using effective interest rate	4	219,353,147	233,730,663	180,564,720	199,191,145
Interest income on financial assets at fair value through profit or loss	4	4,834,416	3,814,451	2,369,543	1,648,991
Interest expense	5	(51,250,451)	(66,903,459)	(40,169,240)	(55,347,341)
Net interest income		**172,937,112**	**170,641,655**	**142,765,023**	**145,492,795**
Loan impairment charges	6	(2,761,643)	(1,736,574)	(2,184,107)	(2,042,262)
Net interest income after loan impairment charges		**170,175,469**	**168,905,081**	**140,580,916**	**143,450,533**
Fee and commission income	7	48,379,091	40,348,399	35,455,285	28,449,267
Fee and commission expense	8	(1,881,640)	(2,508,077)	(981,219)	(1,585,168)
Net fee and commission income		**46,497,451**	**37,840,322**	**34,474,066**	**26,864,099**
Net gains on financial instruments held at fair value through profit or loss	9	9,643,705	20,065,745	4,480,626	14,229,160
Other income	10	43,823,160	39,310,739	39,163,259	37,978,346
Net impairment on other financial assets	11	110,630	(50,618)	362,261	-
Personnel expenses	12	(27,299,049)	(28,121,388)	(16,782,609)	(18,639,328)
Right-of-use asset amortisation	13	(2,131,977)	-	(544,063)	-
Operating lease expenses	13	-	(2,290,960)	-	(479,332)
Depreciation and amortization	14	(15,519,528)	(12,474,223)	(13,247,193)	(10,369,215)
Other operating expenses	15	(54,648,319)	(58,938,951)	(43,381,173)	(48,328,640)
Profit before income tax		**170,651,542**	**164,245,747**	**145,106,090**	**144,705,623**
Income tax expense	16	(23,661,833)	(22,022,219)	(16,305,101)	(16,260,103)
Profit for the period		**146,989,709**	**142,223,528**	**128,800,989**	**128,445,520**

Profit attributable to:					
Equity holders of the parent entity		145,859,877	141,455,046	128,800,989	128,445,520
Non-controlling interests		1,129,832	768,482	-	-
		146,989,709	**142,223,528**	**128,800,989**	**128,445,520**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	17	5.19	5.03	4.38	4.36
– Diluted	17	5.19	5.03	4.38	4.36

The accompanying notes are an integral part of these financial statements

Statements of other comprehensive income

For the Period ended 30 September 2019

In thousands of Nigerian Naira	***Notes***	**Group Sep-2019**	**Group Sep-2018**	**Parent Sep-2019**	**Parent Sep-2018**
Profit for the Period		146,989,709	142,223,528	128,800,989	128,445,520
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Net change in fair value of equity investments FVOCI		54,313	38,475	54,313	38,475
		54,313	38,475	54,313	38,475
Remeasurements of post-employment benefit obligations		(1,057,544)	(265,419)	(1,057,544)	(265,419)
Income tax relating to remeasurements of post-employment benefit obligations		317,263	79,626	317,263	79,626
		(740,281)	(185,793)	(740,281)	(185,793)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		(8,976,779)	4,075,847	-	-
Income tax relating to foreign currency translation differences for foreign operations	16	2,693,034	(1,222,754)	-	-
Net change in fair value of financial assets FVOCI		3,884,093	(6,640,112)	2,651,516	(7,281,064)
Income tax relating to Net change in fair value of financial assets FVOCI	16	(1,161,169)	1,914,532	(791,396)	2,106,818
		(3,560,821)	(1,872,487)	1,860,120	(5,174,246)
Other comprehensive income for the period, net of tax		(4,246,789)	(2,019,805)	1,174,152	(5,321,564)
Total comprehensive income for the period		**142,742,920**	**140,203,723**	**129,975,141**	**123,123,956**
Profit attributable to:					
Equity holders of the parent entity		141,847,631	138,753,860	129,975,141	123,123,956
Non-controlling interests		895,289	1,449,863	-	-
Total comprehensive income for the period		**142,742,920**	**140,203,723**	**129,975,141**	**123,123,956**

The accompanying notes are an integral part of these financial statements

Income statements

For 3 months ended 30 September 2019

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Interest income calculated using effective interest rate	72,904,242	73,859,102	60,021,431	62,791,846
Interest income on financial assets at fair value through profit or loss	2,290,657	1,805,293	513,700	550,203
Interest expense	(18,622,547)	(22,952,273)	(14,172,927)	(19,217,514)
Net interest income	**56,572,352**	**52,712,122**	**46,362,204**	**44,124,535**
Loan impairment charges	(575,610)	295,160	(510,934)	(41,205)
Net interest income after loan impairment charges	**55,996,742**	**53,007,282**	**45,851,270**	**44,083,330**
Fee and commission income	13,030,121	12,992,079	8,807,269	9,172,701
Fee and commission expense	(376,502)	(1,061,484)	(439,609)	(552,921)
Net fee and commission income	**12,653,619**	**11,930,595**	**8,367,660**	**8,619,780**
Net gains on financial instruments held at fair value through profit or loss	155,241	7,416,074	1,583,928	5,210,020
Other income	15,783,713	14,565,388	13,215,248	13,964,220
Net impairment on other financial assets	2,185	(50,618)	-	-
Personnel expenses	(8,720,448)	(9,545,141)	(5,158,001)	(6,179,638)
Right-of-use asset amortisation	(901,510)	-	(185,932)	-
Operating lease expenses	-	(1,489,276)	-	(170,243)
Depreciation and amortization	(4,896,667)	(4,243,833)	(4,831,290)	(3,658,053)
Other operating expenses	(15,208,675)	(16,977,341)	(10,874,902)	(13,706,634)
Profit before income tax	**54,864,200**	**54,613,130**	**47,967,981**	**48,162,782**
Income tax expense	(7,007,728)	(7,971,182)	(4,141,631)	(5,876,615)
Profit for the period	**47,856,472**	**46,641,948**	**43,826,350**	**42,286,167**
Profit attributable to:				
Equity holders of the parent entity	47,520,368	46,412,103	43,826,350	42,286,167
Non-controlling interests	336,104	229,845	-	-
	47,856,472	**46,641,948**	**43,826,350**	**42,286,167**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):				
– Basic	1.70	1.66	1.49	1.44
– Diluted	1.70	1.66	1.49	1.44

Statements of other comprehensive income

For 3 months ended 30 September 2019

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Sep-2018**	**Parent Sep-2019**	**Parent Sep-2018**
Profit for the period	47,856,472	46,641,948	43,826,350	42,286,167
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of post-employment benefit obligations	(1,057,544)	-	(1,057,544)	-
Income tax relating to remeasurements of post-employment benefit obligations	317,263	-	317,263	-
	(740,281)	-	(740,281)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(3,046,878)	1,598,367	-	-
Income tax relating to foreign currency translation differences for foreign operations	914,064	(479,510)	-	-
Net change in fair value of financial assets FVOCI	(3,452,199)	(2,764,066)	(3,705,208)	(2,806,974)
Income tax relating to Net change in fair value of financial assets FVOCI	1,039,719	829,219	1,115,622	842,092
	(4,545,294)	(815,990)	(2,589,586)	(1,964,882)
Other comprehensive income for the period, net of tax	(5,285,575)	(815,990)	(3,329,867)	(1,964,882)
Total comprehensive income for the period	**42,570,897**	**45,825,958**	**40,496,483**	**40,321,285**
Profit attributable to:				
Equity holders of the parent entity	42,471,516	45,383,913	40,496,483	40,321,285
Non-controlling interests	99,381	442,045	-	-
Total comprehensive income for the period	**42,570,897**	**45,825,958**	**40,496,483**	**40,321,285**

Consolidated Statement of Changes in Equity
September 2019
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2019	**14,715,590**	**123,471,114**	**4,429,116**	**302,556,994**	**(5,583,635)**	**(1,262,254)**	**18,267,911**	**106,539,050**	**563,133,886**	**12,433,461**	**575,567,347**
IFRS 16 Opening Adjustment	-	-	-	-	-	-	-	(54,690)	(54,690)	-	(54,690)
Restated balance as at 1 January 2019	**14,715,590**	**123,471,114**	**4,429,116**	**302,556,994**	**(5,583,635)**	**(1,262,254)**	**18,267,911**	**106,484,360**	**563,079,196**	**12,433,461**	**575,512,657**
Total comprehensive income for the period:											
Profit for the Period	-	-	-	-	-	-	-	145,859,877	145,859,877	1,129,832	146,989,709
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(5,866,100)	-	(5,866,100)	(417,645)	(6,283,745)
Actuarial loss	-	-	-	-	-	-	-	(740,281)	(740,281)	-	(740,281)
Fair value adjustment	-	-	-	-	-	2,594,135	-	-	2,594,135	183,102	2,777,237
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,594,135**	**(5,866,100)**	**(740,281)**	**(4,012,246)**	**(234,543)**	**(4,246,789)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,594,135**	**(5,866,100)**	**145,119,596**	**141,847,631**	**895,289**	**142,742,920**
Transactions with equity holders, recorded directly in equity:											
Transfers for the Period	-	-	(77,622)	13,669,626	-	-	-	(13,592,004)	-	-	-
Acquisition/disposal of own shares	-	-	-	-	(567,606)	-	-	-	(567,606)	-	(567,606)
Dividend to equity holders	-	-	-	-	-	-	-	(80,935,743)	(80,935,743)	-	(80,935,743)
	-	**-**	**(77,622)**	**13,669,626**	**(567,606)**	-	-	**(94,527,747)**	**(81,503,349)**	**-**	**(81,503,349)**
Balance at 30 September 2019	**14,715,590**	**123,471,114**	**4,351,494**	**316,226,620**	**(6,151,241)**	**1,331,881**	**12,401,811**	**157,076,209**	**623,423,478**	**13,328,750**	**636,752,228**

Consolidated Statement of Changes in Equity
Sep-2018
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2018	**14,715,590**	**123,471,114**	**71,218,191**	**265,444,886**	**(5,291,245)**	**5,234,178**	**10,506,272**	**128,386,206**	**613,685,192**	**11,482,603**	**625,167,795**
Changes on initial application of IFRS 9	-	-	(65,490,719)	-	-	258,336	-	(85,832,980)	(151,065,363)	(782,655)	(151,848,018)
Restated balance as at 1 January 2018	**14,715,590**	**123,471,114**	**5,727,472**	**265,444,886**	**(5,291,245)**	**5,492,514**	**10,506,272**	**42,553,226**	**462,619,829**	**10,699,948**	**473,319,777**
Total comprehensive income for the period:											
Profit for the Period	-	-	-	-	-	-	-	141,455,046	141,455,046	768,482	142,223,528
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	2,510,568	-	2,510,568	342,525	2,853,093
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	-	-	(185,793)	(185,793)	-	(185,793)
Fair value adjustment	-	-	-	-	-	(5,025,961)	-	-	(5,025,961)	338,856	(4,687,105)
Total other comprehensive income	-	-	-	-	-	(5,025,961)	2,510,568	(185,793)	**(2,701,186)**	**681,381**	**(2,019,805)**
Total comprehensive income	-	-	-	-	-	**(5,025,961)**	**2,510,568**	**141,269,253**	**138,753,860**	**1,449,863**	**140,203,723**
Transactions with equity holders, recorded directly in equity:											
Transfers for the Period	-	-	-	5,849,338	-	-	-	(5,849,338)	-	-	-
Inflow from NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	236,841	236,841
Dividends to equity holders	-	-	-	-	-	-	-	(79,464,184)	(79,464,184)	-	(79,464,184)
	-	**-**	**-**	**5,849,338**	**-**	**-**	**-**	**(85,313,522)**	**(79,464,184)**	**236,841**	**(79,227,343)**
Balance at 30 September 2018	**14,715,590**	**123,471,114**	**5,727,472**	**271,294,224**	**(5,291,245)**	**466,553**	**13,016,840**	**98,508,957**	**521,909,505**	**12,386,652**	**534,296,157**

Statement of Changes in Equity
September 2019
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2019	**14,715,590**	**123,471,114**	**4,361,913**	**291,247,595**	**(1,622,642)**	**79,668,689**	**511,842,259**
IFRS 16 Opening Adjustment	-	-	-	-	-	(54,690)	(54,690)
Restated balance as at 1 January 2019	**14,715,590**	**123,471,114**	**4,361,913**	**291,247,595**	**(1,622,642)**	**79,613,999**	**511,787,569**
Total comprehensive income for the period:							
Profit for the Period	-	-	-	-	-	128,800,989	128,800,989
Other comprehensive income, net of tax							
Actuarial loss	-	-	-	-	-	(740,281)	(740,281)
Fair value adjustment	-	-	-	-	1,914,433	-	1,914,433
Total other comprehensive income	**-**	**-**	**-**	**-**	**1,914,433**	**(740,281)**	**1,174,152**
Total comprehensive income	-	-	-	-	1,914,433	128,060,708	**129,975,141**
Transactions with equity holders, recorded directly in equity:							
Transfers for the Period	-	-	-	8,345,988	-	(8,345,988)	-
Dividend to equity holders	-	-	-	-	-	(80,935,743)	(80,935,743)
	-	**-**	**-**	**8,345,988**	-	**(89,281,731)**	**(80,935,743)**
Balance at 30 September 2019	**14,715,590**	**123,471,114**	**4,361,913**	**299,593,583**	**291,791**	**118,392,976**	**560,826,967**

[1] Please refer to Note 35b(ix) for further breakdown

Statement of Changes in Equity
Sep-2018
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2018	**14,715,590**	**123,471,114**	**67,762,679**	**258,145,396**	**4,887,758**	**115,361,824**	**584,344,361**
Changes on initial application of IFRS 9	-	-	(65,490,719)	-	258,336	(83,399,907)	(148,632,290)
Restated balance as at 1 January 2018	**14,715,590**	**123,471,114**	**2,271,960**	**258,145,396**	**5,146,094**	**31,961,917**	**435,712,071**
Total comprehensive income for the period:							
Profit for the Period	-	-	-	-	-	128,445,520	128,445,520
Other comprehensive income, net of tax							
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-	-	-	(185,793)	(185,793)
Fair value adjustment	-	-	-	-	(5,135,771)	-	**(5,135,771)**
Total other comprehensive income	-	-	-	-	**(5,135,771)**	**(185,793)**	**(5,321,564)**
Total comprehensive income	-	-	-	-	**(5,135,771)**	**128,259,727**	**123,123,956**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	8,064,234	-	(8,064,234)	-
Dividend to equity holders	-	-	-	-	-	(79,464,184)	(79,464,184)
	-	**-**	**-**	**8,064,234**	-	**(87,528,418)**	**(79,464,184)**
Balance at 30 September 2018	**14,715,590**	**123,471,114**	**2,271,960**	**266,209,630**	**10,323**	**72,693,226**	**479,371,843**

Statements of cash flows

For the Period ended 30 September 2019

In thousands of Nigerian Naira	***Notes***	**Group Sep-2019**	**Group Sep-2018**	**Parent Sep-2019**	**Parent Sep-2018**
Cash flows from operating activities					
Profit for the period		146,989,709	142,223,528	128,800,989	128,445,520
Adjustments for:					
Depreciation of property and equipment	14, 26	13,770,595	10,860,328	11,709,056	9,070,103
Amortisation of Intangibles		1,748,933	1,613,895	1,538,137	1,299,112
Gain on disposal of property and equipment		(100,335)	(113,125)	(74,110)	(60,051)
Gain on repossessed collateral		(1,040,200)	-	(1,040,200)	-
Impairment on financial assets		4,582,323	3,264,178	1,821,846	2,042,262
Net interest income		(172,937,112)	(170,641,655)	(142,765,023)	(145,492,795)
Foreign exchange gains	10	(7,852,766)	(25,863,011)	(3,756,548)	(25,649,887)
Fair value changes for FVTPL		(5,290,204)	(966,677)	(4,098,814)	(5,958)
Derivatives fair value changes		(4,572,498)	176,204	(4,572,498)	176,204
Dividend income		(566,066)	(224,631)	(566,066)	(224,631)
Income tax expense	16, 28(b)	23,661,833	22,022,219	16,305,101	16,260,103
Other non-cash items		(469,747)	(1,894,851)	(469,747)	(1,894,851)
		(2,075,535)	(19,543,598)	2,832,123	(16,034,869)
Net changes in:					
Financial assets held for trading		(24,260,619)	6,530,745	4,442,989	7,745,799
Assets pledged as collateral		(22,637,512)	(1,906,229)	(23,099,589)	(1,921,219)
Loans and advances to banks and placements with banks		30,178,108	(84,922,932)	15,328,882	(89,368,837)
Loans and advances to customers		(120,600,394)	80,069,981	(113,477,255)	81,217,337
Restricted deposits and other assets		(60,806,094)	(70,971,402)	(37,278,253)	(53,555,689)
Deposits from banks		81,902,278	6,286,980	17,536,606	(11,014)
Deposits from customers		131,003,690	134,765,485	89,005,531	108,616,869
Financial liabilities held for trading		3,751,614	22,147,959	3,751,614	22,147,959
Other liabilities		(21,046,066)	(20,964,430)	(30,659,757)	(24,640,942)
		(2,514,995)	71,036,157	(74,449,232)	50,230,263
Interest received		221,852,626	244,881,488	180,599,327	208,176,509
Interest paid		(50,766,654)	(64,596,327)	(39,685,443)	(53,040,208)
		171,085,972	180,285,161	140,913,884	155,136,301
		166,495,442	231,777,720	69,296,775	189,331,695
Income tax paid		(27,835,431)	(30,110,192)	(23,323,873)	(26,558,711)
Net cash provided by operating activities		**138,660,011**	**201,667,528**	**45,972,902**	**162,772,984**

Statements of cash flows

For the Period ended 30 September 2019

In thousands of Nigerian Naira	***Notes***	**Group Sep-2019**	**Group Sep-2018**	**Parent Sep-2019**	**Parent Sep-2018**
Cash flows from investing activities					
Redemption of investment securities		255,433,196	761,676,827	271,759,134	791,335,106
Purchase of investment securities		(284,391,366)	(767,371,600)	(251,868,299)	(767,371,600)
Dividends received		566,066	224,631	566,066	224,631
Purchase of property and equipment	26	(39,291,900)	(21,879,625)	(34,316,315)	(18,610,233)
Proceeds from the sale of property and equipment		803,373	1,316,122	112,998	503,023
Purchase of intangible assets	27	(2,115,406)	(2,669,567)	(1,741,077)	(1,997,242)
Additional investment in subsidiary	25	-	-	-	(507,640)
Net cash used in investing activities		(68,996,037)	(28,703,212)	(15,487,493)	3,576,045
Cash flows from financing activities					
Increase in debt securities issued					
Repayment of long term borrowings		(29,901,717)	(50,652,594)	(29,244,207)	(48,191,769)
Increase in long term borrowings		30,524,724	14,450,000	30,524,724	14,450,000
Finance lease repayments		151,396	(281,107)	151,396	(281,107)
Purchase of treasury shares		(567,606)	-	-	-
Dividends paid to owners	36	(80,935,743)	(79,464,184)	(80,935,743)	(79,464,184)
Increase in non-controlling interest	25	-	236,841	-	-
Net cash used in financing activities		(80,728,946)	(115,711,044)	(79,503,830)	(113,487,060)
Net increase/(decrease) in cash and cash equivalents		(11,064,972)	57,253,272	(49,018,421)	52,861,969
Cash and cash equivalents at beginning of the period		614,963,180	609,174,899	407,468,242	426,425,495
Effect of exchange rate fluctuations on cash held		(11,375,288)	42,739,227	2,431,526	33,898,079
Cash and cash equivalents at end of the Period	18(b)	592,522,920	709,167,398	360,881,347	513,185,543

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

2. Basis of preparation

The interim consolidated and separate financial statements of the parent and the group have been prepared in accordance with IAS 34 - 'Interim Financial Reporting' and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

These Financial Statements were authorized for issue by the directors on 16th October 2019.

3. (a) Significant Accounting Policies

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

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

(b) Basis of measurement
These financial statements have been prepared on the historical cost basis except for the following:

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

(c) Use of Estimates and Judgements
The preparation of the financial statements in conformity with IFRS requires the directors to

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

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

(d) Changes to accounting policies

New and amended standards and interpretations

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

Standards and interpretations effective during the reporting period

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

IFRS 16 – Leases

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

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

Amendments to IAS 19

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

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

The amendments clarify that:

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

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

IFRIC 23 – Uncertainty over Income Tax Treatments

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

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

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

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

Standards and interpretations issued/amended but not yet effective

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

Standard	Content	Effective Date
IFRS 3	Business Combination	1-Jan-20
IAS 1 & IAS 8	Definition of Material	1-Jan-20
IFRS 17	Insurance Contracts	1-Jan-21

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

Amendments to IFRS 3 (Business Combination)

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

They include:

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

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

Amendment to IAS 1 and IAS 8

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

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

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

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

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

IFRS 17 - Insurance Contracts

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

3. (b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

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

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

Acquisition of subsidiaries

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

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

(ii) Structured entity

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

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

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

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

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

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

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

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

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

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

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

(c) Interest

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

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

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

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

Interest income and expense presented in the Income statement include:

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

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

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

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

(d) Fees and commission

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

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

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

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

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

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

(g) Dividend income

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

(h) Leases

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

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

(a) The Group is the lessee

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

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

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

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

(b) The Group is the lessor

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

(I) Income Tax

(a) Current income tax

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

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

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

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

(b) Deferred income tax

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

However, the deferred income tax is not recognised for:

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

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

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

(j) Financial assets and liabilities

I. Recognition

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

II. Classification and Measurement

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

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

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

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

Business Model Assessment

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

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

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

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

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

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

- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.
- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
    - Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
    - Selling the financial asset to manage credit concentration risk (infrequent).
    - Selling the financial assets as a result of changes in tax laws (infrequent).
    - Other situations also depends upon the facts and circumstances which need to be judged by the management

Cash flow characteristics assessment

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

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

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

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

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

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

a) Financial assets measured at amortised cost

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

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

b) Financial assets measured at FVOCI

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

c) Financial assets measured at FVTPL

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

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

d) Equity Instruments

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

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

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

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

e) Financial Liabilities at fair value through profit or loss

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

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

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

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

f) Financial Liabilities at amortised cost

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

Cash and cash equivalents

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

III. Reclassifications

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

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

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

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

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

IV. Modification of financial assets and liabilities

a. Financial assets

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

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

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

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

Quantitative criteria

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

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

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

Qualitative criteria

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

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

Other factor to be considered:

- Extension of maturity dates

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

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

b. Financial Liabilities

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

De-recognition of financial instruments

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

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

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

V. Impairment of Financial Assets

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

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

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

Expected Credit Loss Impairment Model

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

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

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

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

Measurement of Expected Credit Losses

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

Details of these statistical parameters/inputs are as follows:

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

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

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

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

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

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

Forward-looking information

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

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

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

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

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

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

Macroeconomic factors

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

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

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

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

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

Multiple forward-looking scenarios

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

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

Assessment of significant increase in credit risk (SICR)

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

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

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

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

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

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

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

amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

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

VI. Write-off

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

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

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

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

VII. Embedded derivatives

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

VIII. Offsetting financial instruments

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

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

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

(k) Investment securities

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

(l) Derivatives held for risk management purposes

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

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

(m) Repossessed Collateral

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

(n) Investment in subsidiaries

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

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

(o) Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

(p) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

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

q) Impairment of Non financial assets

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

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

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

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

(r) Deposits, debt securities issued

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

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

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

(s) Provisions

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

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

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

(t) Financial guarantees and loan commitments

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

a) The amount of the loss allowance, and

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

Financial guarantees, principally consisting of letters of credit are included within other liabilities.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Group recognises a provision in accordance with IAS 37 if the contract was considered to be onerous.

(u) Employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

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

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

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

(iii) Termination Benefits

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

(iv) Short-term employee benefits

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

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

(v) Share-based payment transactions

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

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

(v) Discontinued operations

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

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

(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) Is a subsidiary acquired exclusively with a view to resale

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

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

(w) Share capital and reseves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(x) Earnings per share

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

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

(y) Segment reporting

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

(z) Levies

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

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

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

4 Interest income

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Interest income calculated using effective interest rate				
Loans and advances to banks	202,085	102,144	10,702	5,768
Loans and advances to customers	134,467,154	143,462,508	114,781,171	125,408,836
	134,669,239	143,564,652	114,791,873	125,414,604
Cash and cash equivalents	10,108,299	8,521,293	7,912,377	5,924,972
Investment securities:				
– Investment Securities FVOCI	52,218,931	61,459,511	50,796,013	60,157,795
– Investment securities at amortised cost	15,539,043	12,738,255	246,822	246,822
Assets pledged as collateral	6,817,635	7,446,952	6,817,635	7,446,952
	219,353,147	233,730,663	180,564,720	199,191,145
Interest income on financial assets FVTPL				
Investment securities FVTPL	4,834,416	3,814,451	2,369,543	1,648,991
	4,834,416	3,814,451	2,369,543	1,648,991
	224,187,563	**237,545,114**	**182,934,263**	**200,840,136**

5 Interest expense

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Deposit from banks	805,890	621,689	97,314	175,880
Deposit from customers	42,904,965	53,933,948	32,613,989	43,264,469
	43,710,855	54,555,637	32,711,303	43,440,349
Financial liabilities held for trading	1,592,205	1,378,400	1,560,038	1,343,987
Other borrowed funds	5,947,391	6,632,493	5,897,899	6,226,076
Debt securities	-	4,336,929	-	4,336,929
Total interest expense	**51,250,451**	**66,903,459**	**40,169,240**	**55,347,341**

6 Loan impairment credit / (charges)

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
12-month ECL	(816,180)	(6,984,444)	(2,370,355)	(7,706,331)
Lifetime ECL credit impaired	5,509,133	10,198,004	4,554,462	9,748,593
Recovery of loan amounts previously written off	(1,931,310)	(1,476,986)	-	-
	2,761,643	**1,736,574**	**2,184,107**	**2,042,262**

7 Fee and commission income

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Credit related fees and commissions	8,078,115	5,894,244	5,437,284	3,776,136
Account Maintenance Charges	8,540,519	8,396,382	7,210,033	6,687,993
Corporate finance fees	4,332,166	4,778,730	4,223,993	4,778,730
E-business Income	11,039,331	6,768,371	9,689,646	5,737,072
Commission on foreign exchange deals	5,454,300	4,675,983	4,761,026	3,559,892
Commission On Touch Points	1,348,074	914,873	1,076,993	911,652
Income from financial guarantee contracts issued	2,423,490	3,033,787	1,284,789	1,778,840
Account services, maintenance and anciliary banking charges	4,862,321	3,772,291	1,771,521	1,218,952
Transfers related charges	2,300,775	2,113,738	-	-
	48,379,091	**40,348,399**	**35,455,285**	**28,449,267**

8 Fee and commission expense

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Bank charges	1,142,217	1,406,243	628,158	962,494
Loan recovery expenses	739,423	1,101,834	353,061	622,674
	1,881,640	**2,508,077**	**981,219**	**1,585,168**

9 Net gains on financial instruments held at FVPL

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Bonds FVPL	3,357,843	787,912	39,171	221,683
Treasury bills FVPL	2,287,471	2,411,672	2,194,049	2,249,581
Foreign exchange trading gain	3,998,391	16,866,161	2,247,406	11,757,896
Net trading income	**9,643,705**	**20,065,745**	**4,480,626**	**14,229,160**

10 Other income

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Mark to market gains on trading investments	1,775,603	966,677	584,213	5,958
FVPL notes income	3,514,601	-	3,514,601	-
Foreign exchange revaluation gain	7,852,766	25,863,011	3,756,548	25,649,887
Derivative gain / (loss)	4,572,498	(176,204)	4,572,498	(176,204)
Gain on disposal of fixed assets	100,335	113,125	74,110	60,051
Discounts And Recoverables (FX)	11,613,959	5,328,639	11,507,072	5,223,163
Mark - Up Exchange Income	1,799,061	1,118,856	1,799,061	1,118,856
Valuation income on repossessed collateral	1,040,200	-	1,040,200	-
Recoveries and Others	10,988,071	5,872,004	11,748,890	5,872,004
Dividends income	566,066	224,631	566,066	224,631
	43,823,160	**39,310,739**	**39,163,259**	**37,978,346**

11 Net impairment on other financial assets

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Impairment charges on investment securities	219,632	-	4,740	-
Impairment charges on other assets	(57,374)	-	(57,374)	-
Impairment reversal on placements	261,409	-	261,409	-
Impairment reversal on contingents	(534,297)	-	(571,036)	-
Impairment charges on equity investments	-	50,618	-	-
	(110,630)	**50,618**	**(362,261)**	**-**

12 Personnel expenses

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Wages and salaries	27,159,207	26,393,932	16,887,370	17,140,184
Contributions to defined contribution plans	869,590	855,829	624,987	627,517
Defined benefit costs	(868,989)	546,800	(868,989)	546,800
Cash-settled share-based payments	-	324,827	-	324,827
Staff welfare expenses	139,241	-	139,241	-
	27,299,049	**28,121,388**	**16,782,609**	**18,639,328**

13 Right-of-use asset amortisation / Operating lease expense

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Right-of-use assets amortisation[1]	2,131,977	-	544,063	-
	2,131,977	**-**	**544,063**	**-**
Operating lease expense	-	2,290,960	-	479,332
	-	**2,290,960**	**-**	**479,332**

[1]This relates to amortisation on Right-of-use assets in line with IFRS 16. Please refer to Note 28 (iii) for more information.

14 Depreciation and amortisation

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Amortisation of intangible assets (see note 26)	1,748,933	1,613,895	1,538,137	1,299,112
Depreciation of property, plant and equipment (see note 25)	13,770,595	10,860,328	11,709,056	9,070,103
	15,519,528	**12,474,223**	**13,247,193**	**10,369,215**

15 Other operating expenses

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Finance costs	87,003	2,310	3,066	2,310
Deposit insurance premium	6,326,749	6,030,039	6,233,981	5,920,950
Other insurance premium	860,721	1,120,120	628,551	849,102
Auditors' remuneration	583,409	582,605	356,250	378,000
Professional fees and other consulting costs	1,406,092	1,138,476	575,916	603,524
AMCON expenses	15,486,989	16,307,643	15,486,989	16,307,643
Stationery and postage	812,897	1,066,304	492,383	735,573
Business travel expenses	557,147	531,637	333,747	301,701
Advert, promotion and corporate gifts	2,831,863	4,352,711	2,046,149	3,371,733
Repairs and maintenance	2,480,681	3,237,171	1,409,922	2,368,846
Occupancy costs[1]	5,119,762	6,174,078	4,168,807	5,175,887
Directors' emoluments	634,346	538,266	249,050	248,050
Outsourcing services	7,526,230	6,964,533	6,218,206	5,759,425
Administrative expense	2,633,537	4,598,375	1,238,778	2,553,602
Communications and sponsorship related expense	4,211,289	3,316,999	2,255,331	1,567,950
Human capital related expenses	1,558,886	1,743,929	1,241,038	1,660,998
Customer service related expenses	1,530,718	1,233,755	443,009	523,346
	54,648,319	**58,938,951**	**43,381,173**	**48,328,640**

[1] This relates to diesel, fuel, and electricity cost as well as ground rates and water cost

16 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
a) **Current tax expense:**				
Company income tax	16,224,932	18,812,393	9,534,625	13,748,174
Education Tax	828,687	690,934	828,687	690,934
NITDA Levy	971,381	965,428	971,381	965,428
	18,025,000	20,468,755	11,334,693	15,404,536
Prior year’s under provision	334,903	2,484,927	334,903	2,484,927
Deferred tax expense:				
Origination of temporary differences	5,301,930	(931,463)	4,635,505	(1,629,360)
	23,661,833	**22,022,219**	**16,305,101**	**16,260,103**

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Income tax relating to remeasurements of post-employment benefit obligations	(317,263)	(79,626)	(317,263)	(79,626)
Income tax relating to Foreign currency translation differences for foreign operations	(2,693,034)	1,222,754	-	-
Income tax relating to Net change in FVOCI financial assets	1,161,169	(1,914,532)	791,396	(2,106,818)
	(1,849,128)	**(771,404)**	**474,133**	**(2,186,444)**

(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-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Balance, beginning of the period	22,650,861	24,147,356	22,511,233	24,009,770
Exchange difference on translation	(191,247)	(47,067)	-	-
Charge for the period	18,025,000	19,414,226	11,334,693	12,271,710
Payments during the period	(27,835,431)	(33,709,152)	(23,323,873)	(26,615,745)
Prior year’s under provision	334,903	2,605,972	334,903	2,605,972
Dividend Tax	-	10,239,526	-	10,239,526
Balance, end of the period	**12,984,086**	**22,650,861**	**10,856,956**	**22,511,233**

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 N145,859,877,000 and a weighted average number of ordinary shares outstanding of 28,108,749,000 (after adjusting for Treasury shares) for the Group and 29,431,179,000 for the Parent:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Net profit attributable to equity holders of the Company	145,859,877	141,455,046	128,800,989	128,445,520
Net profit used to determine diluted earnings per share	145,859,877	141,455,046	128,800,989	128,445,520

Number of ordinary shares

In thousands of shares	Group Sep-2019	Group Sep-2018	Parent Sep-2019	Parent Sep-2018
Weighted average number of ordinary shares in issue	28,108,749	28,112,933	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	5.19	5.03	4.38	4.36

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

18 Cash and bank balances

(a)

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Cash in hand	75,404,710	64,318,503	39,755,229	43,652,540
Balances held with other banks	191,286,130	208,289,218	70,645,188	75,142,158
Unrestricted balances with central banks	89,608,950	72,552,069	66,611,326	47,484,035
Money market placements	271,354,298	331,989,039	218,946,897	291,334,276
	627,654,088	**677,148,829**	**395,958,640**	**457,613,009**
Impairment on Placements	(430,363)	(159,817)	(376,489)	(115,080)
	627,223,725	**676,989,012**	**395,582,151**	**457,497,929**

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

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Cash and bank balances	627,223,724	676,989,012	395,582,151	457,497,929
Cash and bank balances above three months	(34,700,804)	(62,025,832)	(34,700,804)	(50,029,687)
	592,522,920	**614,963,180**	**360,881,347**	**407,468,242**

19 Financial assets at fair value through profit or loss

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Financial assets Fair Value through Profit or Loss:				
Bonds	33,274,251	-	2,770,780	-
Treasury Bills	7,388,732	11,314,814	5,805,198	8,920,153
	40,662,983	**11,314,814**	**8,575,978**	**8,920,153**

20 Derivative financial instruments

(a) Group
Sep-2019

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	108,298,273	6,348,599	(1,673,846)
Derivative assets/(liabilities)	**108,298,273**	**6,348,599**	**(1,673,846)**

Group
Dec-2018

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	56,100,332	3,854,921	(3,752,666)
Derivative assets/(liabilities)	**56,100,332**	**3,854,921**	**(3,752,666)**

Parent
Sep-2019

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	108,298,273	6,348,599	(1,673,846)
Derivative assets/(liabilities)	**108,298,273**	**6,348,599**	**(1,673,846)**

Parent
Dec-2018

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	56,100,332	3,854,921	(3,752,666)
Derivative assets/(liabilities)	**56,100,332**	**3,854,921**	**(3,752,666)**

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

(c) Foreign exchange derivatives and Options

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. The Forwards transactions of the Bank are purely FX purchases from counterparties on behalf of customers for trade finances. The Bank has delivered Naira but yet to receive FX. Therefore they are not typical Forward transactions with the Sovereign. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. Additionally the Group offers its customers derivatives in connection with their risk management objectives to transfer or reduce market risk (commodity price) for their own trading purpose. The hedge transaction with the customer is backed by visible trade transaction. The foreign currency forward and option contracts are subject to the same risk management policies. The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments at fair value through profit or loss'.

21 Investment securities

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
(a) (i) Investment securities at fair value through OCI				
Debt securities - Treasury bills FVOCI	442,749,037	511,504,593	359,699,136	440,140,302
Debt securities - Bonds FVOCI	12,114,503	16,172,674	9,824,488	11,083,123
Debt securities - Corporate bond FVOCI	-	7,608,088	-	7,608,088
Investment securities - Equity (See note 21(a)(ii))	1,194,547	1,090,596	1,185,527	1,081,216
	456,058,087	**536,375,951**	**370,709,151**	**459,912,729**
12 month ECL on Bonds	(542)	(1,085)	(280)	(599)
12 month ECL on Treasury Bills	(58,150)	(62,213)	(51,294)	(55,173)
12 month ECL on Corporate bond	-	(227,698)	-	(227,698)
Total	**455,999,395**	**536,084,955**	**370,657,577**	**459,629,259**
Investment securities at fair value through Profit or Loss				
Investment securities - FVPL Notes (See note 21(b))	57,845,742	-	57,845,742	-
Investment securities - Sovereign Bond	13,661,572	-	13,661,572	-
Investment securities - Equity	3,250,000	2,620,200	3,250,000	2,620,200
Total	**74,757,314**	**2,620,200**	**74,757,314**	**2,620,200**
Investment securities at amortised cost:				
- Bonds	31,067,745	54,366,750	2,090,411	2,008,137
- Treasury bills	100,501,335	44,202,639	-	-
- Corporate bond	-	394,350	-	-
	131,569,080	**98,963,739**	**2,090,411**	**2,008,137**
12 month ECL on Bonds - Amortised Cost	(183,213)	(200,041)	(4,554)	(4,865)
12 month ECL on Treasury Bills - Amortised Cost	(342,905)	(133,745)	-	-
12 month ECL on Corp Bond - Amortised Cost	-	(10,444)	-	-
Total Investment securities at amortised cost	**131,042,962**	**98,619,509**	**2,085,857**	**2,003,272**
Total investment securities	**661,799,671**	**637,324,664**	**447,500,748**	**464,252,731**

(a) (ii) Equity investment securities is analysed below:

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
FVOCI equity instrument				
- GIM UEMOA	9,020	9,380	-	-
- SANEF	50,000	-	50,000	-
- Unified Payment Services Limited[1]	272,704	243,188	272,704	243,188
- Nigeria Automated Clearing Systems	756,479	753,185	756,479	753,185
- Afrexim	106,344	84,843	106,344	84,843
	1,194,547	**1,090,596**	**1,185,527**	**1,081,216**
FVTPL equity instrument				
- Africa Finance Corporation	3,250,000	2,620,200	3,250,000	2,620,200
	3,250,000	**2,620,200**	**3,250,000**	**2,620,200**
	4,444,547	**3,710,796**	**4,435,527**	**3,701,416**

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

(b) The FVPL notes relates to non-interest bearing credit linked note contract entered into by the Bank during the period with a counterparty which simultaneously hedged the exposure to FX risk in a foreign financial instrument.

22 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Financial assets held for trading				
- Treasury bills	16,842	485,431	-	-
Investment Securities - FVOCI (See note (c) below):				
- Treasury bills	79,399,147	56,298,638	79,399,147	56,298,638
12 months ECL on Pledged Assets	(7,819)	(6,899)	(7,819)	(6,899)
Total Investment Securities - FVOCI	**79,391,328**	**56,291,739**	**79,391,328**	**56,291,739**
Total Assets Pledged as Collateral	**79,408,170**	**56,777,170**	**79,391,328**	**56,291,739**

(b) Assets pledged as collateral for both periods relate to assets pledged to Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS), Interswitch Nigeria Limited, Unified payment Services Ltd and Bank Of Industries Limited for collections and other transactions. The Bank is required to pledge the funds in order to have continuous access to the collection and settlement platforms, as well as the underlying transactions. There are no readily determinable associated liabilities to these pledged assets.

(c) Gross Treasury Bills pledged as collateral of N79,399,147,000 (December 2018: N56,298,638,000) have been reclassified from treasury bills FVOCI.

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

23 Loans and advances to banks

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Loans and advances to banks	84,155	2,997,306	48,738	48,738
Less Impairment:				
Stage 1 Loans	(39)	(39)	(39)	(39)
Stage 2 Loans	-	-	-	-
Stage 3 Loans	(2,625)	(2,625)	(2,625)	(2,625)
	81,491	**2,994,642**	**46,074**	**46,074**

24 Loans and advances to Customers

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Loans	1,250,831,207	1,089,980,206	1,103,750,364	932,603,728
Overdraft	95,350,154	121,087,314	52,574,755	94,284,648
Others[1]	23,531,067	48,577,877	23,531,067	48,525,911
Performing Loans	**1,369,712,428**	**1,259,645,397**	**1,179,856,186**	**1,075,414,287**
Non Performing Loans	81,408,919	99,430,294	69,893,196	83,566,516
Gross Loans	**1,451,121,347**	**1,359,075,691**	**1,249,749,382**	**1,158,980,803**
Impairment on Stage 1 Loans	(7,119,883)	(7,622,145)	(5,054,640)	(5,179,281)
Impairment on Stage 2 Loans	(11,587,296)	(11,280,205)	(8,886,170)	(11,134,508)
Impairment on Stage 3 Loans	(54,494,058)	(81,162,982)	(47,375,994)	(74,667,995)
Total Impairment	**(73,201,237)**	**(100,065,332)**	**(61,316,804)**	**(90,981,784)**
Net Loans	**1,377,920,110**	**1,259,010,359**	**1,188,432,578**	**1,067,999,019**

[1] Others include Usance and Usance Settlements

25 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Sep-2019 % ownership	Parent Dec-2018 % ownership	Parent Sep-2019 ₦'000	Parent Dec-2018 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	83.74	84.24	594,109	594,109
GTB Ghana	98.32	97.97	18,142,127	18,142,127
GTB UK Limited	100.00	100.00	9,597,924	9,597,924
GTB Liberia Limited	99.43	99.43	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	100.00	100.00	5,077,458	5,077,458
GTB Kenya Limited	70.00	70.00	17,131,482	17,131,482
GTB Tanzania	70.00	70.00	2,749,390	2,749,390
			55,814,032	**55,814,032**

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

In thousands of Nigerian Naira	Parent Sep-2019	Parent Dec-2018
Balance, beginning of the period	55,814,032	46,207,004
Additions during the period	-	9,607,028
Balance, end of the period	**55,814,032**	**55,814,032**

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 30 September 2019, are as follows:

Full year profit and loss

Sep-2019

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Operating income	1,744,758	-	24,252,413	6,027,349	3,846,425	4,785,925	3,237,233	2,164,633	9,393,245	242,620
Operating expenses	(733,710)	-	(6,730,767)	(2,622,103)	(2,183,835)	(4,110,510)	(1,893,583)	(1,363,067)	(6,076,323)	(663,656)
Loan impairment charges	-	-	(640,066)	(603,052)	(207,684)	(131)	(125,718)	(143,678)	(784,137)	(4,509)
Profit before tax	**1,011,048**	**-**	**16,881,580**	**2,802,194**	**1,454,906**	**675,284**	**1,217,932**	**657,888**	**2,532,785**	**(425,545)**
Taxation	-	-	(5,208,663)	(840,113)	(366,355)	(116,973)	(328,842)	-	(495,784)	-
Profit after tax	**1,011,048**	**-**	**11,672,917**	**1,962,081**	**1,088,551**	**558,311**	**889,090**	**657,888**	**2,037,001**	**(425,545)**
Total comprehensive income for the period	**1,011,048**	**-**	**11,672,917**	**1,962,081**	**1,088,551**	**558,311**	**889,090**	**657,888**	**2,037,001**	**(425,545)**

Condensed financial position

Sep-2019

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Assets										
Cash and bank balances	815,535	8,694	54,761,182	13,699,002	6,764,938	143,769,950	14,903,483	2,888,317	24,626,817	1,447,529
Loans and advances to banks	-	-	-	-	-	35,417	-	-	-	-
Loans and advances to customers	-	2,616,673	32,545,099	18,097,317	24,040,608	29,714,388	5,824,047	5,822,256	71,962,749	895,661
Financial assets at fair value through profit or loss	-	-	32,087,005	-	-	-	-	-	-	-
Investment securities:										
– Fair Value through other comprehensive Income	44,204,284	-	-	-	-	34,644,809	25,548,068	9,020	25,139,920	-
– Held at amortised cost	-	-	92,839,043	8,997,204	1,119,098	-	-	13,164,600	12,270,191	566,969
Assets pledged as collateral	-	-	-	-	-	-	-	16,842	-	-
Restricted deposits and other assets	-	-	25,669,196	1,649,730	5,064,044	672,768	451,112	1,198,969	5,896,248	223,470
Property and equipment	-	-	3,594,363	1,080,040	2,222,878	774,450	2,699,042	1,833,357	3,687,302	1,401,286
Intangible assets	-	-	247,206	42,517	53,074	-	108,319	42,246	1,435,878	368,736
Deferred tax assets	-	-	-	-	-	363,919	-	-	-	-
Total assets	**45,019,819**	**2,625,367**	**241,743,094**	**43,565,810**	**39,264,640**	**209,975,701**	**49,534,071**	**24,975,607**	**145,019,105**	**4,903,651**
Financed by:										
Deposits from banks	-	-	41,825,877	-	-	126,867,106	-	1,347	6,048,209	100,963
Deposits from customers	-	-	140,737,608	31,320,477	28,233,834	64,868,328	41,482,908	16,616,011	106,916,171	1,881,735
Current income tax liabilities	-	-	713,858	870,059	367,410	-	53,848	-	295,352	-
Deferred tax liabilities	-	-	191,605	-	111,239	-	104,924	-	293,865	-
Other liabilities	10,763,537	-	7,589,264	1,725,432	902,043	1,914,740	2,172,644	1,618,000	2,809,553	160,566
Other borrowed funds	-	-	-	-	517,207	-	-	-	-	-
Total liabilities	**10,763,537**	**-**	**191,058,212**	**33,915,968**	**30,131,733**	**193,650,174**	**43,814,324**	**18,235,358**	**116,363,150**	**2,143,264**
Equity and reserve	34,256,282	2,625,367	50,684,882	9,649,842	9,132,907	16,325,527	5,719,747	6,740,249	28,655,955	2,760,387
	45,019,819	**2,625,367**	**241,743,094**	**43,565,810**	**39,264,640**	**209,975,701**	**49,534,071**	**24,975,607**	**145,019,105**	**4,903,651**

Condensed cash flow
Sep-2019

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Net cash flow:										
- from operating activities	(39,223,615)	-	31,629,608	1,891,734	1,761,018	6,269,639	5,742,060	3,508,258	9,783,058	953,037
- from investing activities	40,560,626	-	(34,476,728)	(2,263,887)	(770,381)	(892,285)	(5,189,925)	(2,368,003)	(8,704,069)	478,962
- from financing activities	(717,337)	-	(412,183)	(780,514)	(245,327)	-	-	-	-	-
Increase in cash and cash equivalents	619,674	-	(3,259,303)	(1,152,667)	745,310	5,377,354	552,135	1,140,255	1,078,989	1,431,999
Cash balance, beginning of period	195,861	8,611	61,983,571	16,428,420	6,353,309	141,716,358	14,729,744	2,240,276	24,035,996	171,330
Effect of exchange difference	-	83	(4,969,992)	(1,574,934)	38,701	(3,323,763)	(375,452)	(40,663)	(252,333)	2,771
Cash balance, end of period	**815,535**	**8,694**	**53,754,276**	**13,700,819**	**7,137,320**	**143,769,949**	**14,906,427**	**3,339,868**	**24,862,652**	**1,606,100**

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

Sep-2018

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

Condensed results of the consolidated entities as at 31 December 2018, are as follows:

Dec-2018

In thousands of Nigerian Naira	Staff Investment Trust	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Condensed financial position										
Assets										
Cash and bank balances	195,861	8,611	61,983,571	16,428,420	6,353,309	141,716,358	14,729,744	2,240,276	24,035,996	171,330
Loans and advances to banks	-	-	-	-	-	993,658	-	1,250,684	-	704,226
Loans and advances to customers	-	2,591,823	31,614,790	16,906,300	27,841,700	35,016,568	5,092,777	5,498,482	69,417,339	340,860
Financial assets at fair value through profit or loss	-	-	2,394,661	-	-	-	-	-	-	-
Investment securities:										
– Available for sale	45,700,820	-	-	-	-	34,274,921	21,278,347	9,380	20,893,047	-
– Held to maturity	-	-	65,158,703	7,902,263	437,081	-	-	12,073,606	10,065,326	979,256
Assets pledged as collateral	-	-	-	-	-	-	-	25,509	459,922	-
Other assets	-	-	5,033,424	412,812	3,083,712	460,879	456,037	776,583	3,288,144	246,803
Property and equipment	-	-	3,574,734	1,177,818	2,331,227	784,487	2,647,558	1,177,808	2,370,291	1,461,461
Intangible assets	-	-	147,488	-	63,565	-	107,104	59,094	1,453,357	330,421
Deferred tax assets	-	-	90,781	-	-	394,118	-	-	1,684,921	-
Total assets	**45,896,681**	**2,600,434**	**169,998,152**	**42,827,613**	**40,110,594**	**213,640,989**	**44,311,567**	**23,111,422**	**133,668,343**	**4,234,357**
Financed by:										
Deposits from banks	-	-	1	-	1,076,370	125,514,278	-	6,275	3,786,638	-
Deposits from customers	-	-	123,886,741	31,966,306	27,750,526	69,827,785	36,699,364	15,787,505	101,211,088	1,004,994
Current income tax liabilities	-	-	(81,418)	129,181	449,354	-	38,136	-	(395,614)	-
Deferred tax liabilities	-	-	138,228	16,647	-	-	139,951	-	439,132	-
Other liabilities	9,869,968	-	2,395,285	991,109	1,131,555	1,813,807	2,138,766	828,585	1,436,017	88,108
Other borrowed funds	717,337	-	450,290	-	755,292	-	-	-	-	-
Total liabilities	**10,587,305**	**-**	**126,789,127**	**33,103,243**	**31,163,097**	**197,155,870**	**39,016,217**	**16,622,365**	**106,477,261**	**1,093,102**
Equity and reserve	35,309,376	2,600,434	43,209,025	9,724,370	8,947,497	16,485,119	5,295,350	6,489,057	27,191,082	3,141,255
	45,896,681	**2,600,434**	**169,998,152**	**42,827,613**	**40,110,594**	**213,640,989**	**44,311,567**	**23,111,422**	**133,668,343**	**4,234,357**

Sep-2018

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

26 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress	Total
Cost							
Balance at 1 January 2019	62,507,128	14,327,057	90,163,092	12,291,035	12,802,852	18,495,284	210,586,448
Exchange difference	(349,214)	(44,474)	(548,234)	(151,640)	-	(63,930)	(1,157,492)
Additions	17,640,315	159,506	15,222,341	2,353,303	180,607	3,735,828	39,291,900
Disposals/Reclass	(50,335)	-	(4,095,020)	(1,191,814)	-	-	(5,337,169)
Transfers	5,447,693	925,781	3,429,874	158,625	-	(9,961,973)	-
Balance at 30 September 2019	**85,195,587**	**15,367,870**	**104,172,053**	**13,459,509**	**12,983,459**	**12,205,209**	**243,383,687**
Balance at 1 January 2018	55,636,100	13,963,300	76,830,826	10,688,278	12,603,126	14,032,714	183,754,344
Exchange difference	328,105	24,140	709,025	102,199	-	137,714	1,301,183
Additions	4,126,662	217,859	12,626,130	2,744,107	199,726	8,436,185	28,350,669
Disposals	(31,907)	-	(1,154,877)	(1,243,549)	-	(389,415)	(2,819,748)
Transfers	2,448,168	121,758	1,151,988	-	-	(3,721,914)	-
Balance at 31 December 2018	**62,507,128**	**14,327,057**	**90,163,092**	**12,291,035**	**12,802,852**	**18,495,284**	**210,586,448**

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2019	15,133,561	1,257,035	65,911,583	7,957,686	8,500,666	-	98,760,531
Exchange difference	(147,187)	(4,026)	(427,299)	(96,609)	-	-	(675,121)
Charge for the period	1,967,330	140,113	8,864,845	1,380,864	1,417,443	-	13,770,595
Disposal	(40,939)	-	(3,473,712)	(1,119,480)	-	-	(4,634,131)
Balance at 30 September 2019	**16,912,765**	**1,393,122**	**70,875,417**	**8,122,461**	**9,918,109**	**-**	**107,221,874**
Balance at 1 January 2018	12,917,085	1,078,923	57,174,036	7,219,016	6,695,286	-	85,084,346
Exchange difference	96,914	4,088	549,401	73,584	-	-	723,987
Charge for the period	2,151,469	174,024	9,342,223	1,854,001	1,805,380	-	15,327,097
Disposal	(31,907)	-	(1,154,077)	(1,188,915)	-	-	(2,374,899)
Balance at 31 December 2018	**15,133,561**	**1,257,035**	**65,911,583**	**7,957,686**	**8,500,666**	**-**	**98,760,531**
Carrying amounts:							
Balance at 30 September 2019	**68,282,822**	**13,974,748**	**33,296,636**	**5,337,048**	**3,065,350**	**12,205,209**	**136,161,813**
Balance at 31 December 2018	**47,373,567**	**13,070,022**	**24,251,509**	**4,333,349**	**4,302,186**	**18,495,284**	**111,825,917**

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Aircraft	Capital work-in - progress	Total
Cost							
Balance at 1 January 2019	51,185,367	13,409,632	73,617,701	9,004,521	12,802,852	17,275,940	177,296,013
Additions	14,910,804	160,522	13,705,500	1,832,916	180,607	3,525,966	34,316,315
Disposals/Reclass	-	-	(2,613,007)	(878,338)	-	-	(3,491,345)
Transfers	5,368,667	925,781	3,177,616	158,625	-	(9,630,689)	-
Balance at 30 September 2019	**71,464,838**	**14,495,935**	**87,887,810**	**10,117,724**	**12,983,459**	**11,171,217**	**208,120,983**
Balance at 1 January 2018	47,090,253	13,071,574	63,179,252	8,018,350	12,603,126	11,490,298	155,452,853
Additions	2,900,978	216,300	10,991,043	1,839,680	199,726	7,639,865	23,787,592
Disposals	-	-	(1,090,923)	(853,509)	-	-	(1,944,432)
Transfers	1,194,136	121,758	538,329	-	-	(1,854,223)	-
Balance at 31 December 2018	**51,185,367**	**13,409,632**	**73,617,701**	**9,004,521**	**12,802,852**	**17,275,940**	**177,296,013**

Property and equipment (continued)

Parent

Depreciation In thousands of Nigerian Naira	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Aircraft**	**Capital work-in - progress**	**Total**
Balance at 1 January 2019	11,676,256	1,143,927	53,704,321	5,970,305	8,500,666	-	80,995,475
Charge for the period	1,548,846	140,531	7,497,452	1,104,784	1,417,443	-	11,709,056
Disposal	-	-	(2,612,902)	(839,555)	-	-	(3,452,457)
Balance at 30 September 2019	**13,225,102**	**1,284,458**	**58,588,871**	**6,235,534**	**9,918,109**	**-**	**89,252,074**
Balance at 1 January 2018	10,223,589	970,173	47,093,776	5,490,231	6,695,286	-	70,473,055
Charge for the period	1,452,667	173,754	7,701,465	1,321,491	1,805,380	-	12,454,757
Disposal	-	-	(1,090,920)	(841,417)	-	-	(1,932,337)
Balance at 31 December 2018	**11,676,256**	**1,143,927**	**53,704,321**	**5,970,305**	**8,500,666**	**-**	**80,995,475**
Carrying amounts:							
Balance at 30 September 2019	**58,239,736**	**13,211,477**	**29,298,939**	**3,882,190**	**3,065,350**	**11,171,217**	**118,868,909**
Balance at 31 December 2018	**39,509,111**	**12,265,705**	**19,913,380**	**3,034,216**	**4,302,186**	**17,275,940**	**96,300,538**

27 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2019	8,682,937	19,796,914	28,479,851
Exchange translation differences	(926)	(100,562)	(101,488)
Additions	-	2,115,406	2,115,406
Balance at 30 September 2019	**8,682,011**	**21,811,758**	**30,493,769**
Balance at 1 January 2018	8,675,928	15,748,774	24,424,702
Exchange translation differences	7,009	314,381	321,390
Additions	-	3,733,759	3,733,759
Balance at 31 December 2018	**8,682,937**	**19,796,914**	**28,479,851**
Amortization and impairment losses			
Balance at 1 January 2019	-	12,077,230	12,077,230
Exchange translation differences	-	(74,920)	(74,920)
Amortization for the period	-	1,748,933	1,748,933
Balance at 30 September 2019	**-**	**13,751,243**	**13,751,243**
Balance at 1 January 2018	-	9,589,748	9,589,748
Exchange translation differences	-	185,303	185,303
Amortization for the period	-	2,302,179	2,302,179
Balance at 31 December 2018	**-**	**12,077,230**	**12,077,230**
Carrying amounts:			
Balance at 30 September 2019	**8,682,011**	**8,060,515**	**16,742,526**
Balance at 31 December 2018	**8,682,937**	**7,719,684**	**16,402,621**

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the period ended September 2019 (2018: nil).

(b) Parent

In thousands of Nigerian Naira	Purchased Software
Cost	
Balance at 1 January 2019	14,528,577
Additions	1,741,077
Balance at 30 September 2019	**16,269,654**
Balance at 1 January 2018	11,593,688
Additions	2,934,888
Balance at 31 December 2018	**14,528,576**
Amortization and impairment losses	
Balance at 1 January 2019	8,892,970
Amortization for the period	1,538,137
Balance at 30 September 2019	**10,431,107**
Balance at 1 January 2018	7,092,393
Amortization for the period	1,800,577
Balance at 31 December 2018	**8,892,970**
Carrying amounts:	
Balance at 30 September 2019	**5,838,547**
Balance at 31 December 2018	**5,635,606**

28 Restricted deposits, rights-of-use and other assets

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Repossessed collaterals	8,530,018	8,439,161	8,439,161	8,439,161
Prepayments	44,594,930	24,415,996	28,232,056	12,146,851
Accounts Receivable	10,606,361	20,885,923	3,651,653	20,885,923
Foreign Banks - Cash Collateral	14,614,212	13,731,769	14,614,212	13,731,769
Restricted deposits with central banks (See note 28(i) below)	454,887,967	416,107,467	438,648,394	414,667,717
Contribution to AGSMEIS (See note 28(ii) below)	22,752,062	14,406,074	22,752,062	14,406,074
Recognised assets for defined benefit obligations (See note 32)	10,885,059	11,012,687	10,885,059	11,012,687
	566,870,609	**508,999,077**	**527,222,597**	**495,290,182**
Right-Of-Use Assets (See note 28(iii) below)	6,106,024	-	4,950,071	-
	572,976,633	**508,999,077**	**532,172,668**	**495,290,182**
Impairment on other assets (See note 28(iv) below)	(263,001)	(320,375)	(263,001)	(320,375)
	572,713,632	**508,678,702**	**531,909,667**	**494,969,807**

(i) Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N438,648,394,000 with the Central Bank of Nigeria (CBN) as at 30 September 2019 (December 2018:N414,667,717,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 27.5% (December 2018: 27.5%) of total Naira deposits made up of 22.5% regular CRR and 5% Special Intervention Reserve which should be held with the Central Bank of Nigeria as a regulatory requirement.

The Central Bank of Nigeria debited the Bank the sum of N25,147,934,000 as additional CRR during the period.

(ii) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

(iii) Right-of-use assets[1]

Movement in right-of-use assets is as shown below:

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Opening balance	-	-	-	-
Reclassification from Prepayment	6,751,459	-	5,092,389	-
IFRS 16 Adjustment	73,215	-	73,215	-
Additions during the period	1,455,494	-	370,697	-
Amortisation during the period	(2,131,977)	-	(544,063)	-
Short term leases recognised on a straight-line basis as expense	(42,167)	-	(42,167)	-
	6,106,024	**-**	**4,950,071**	**-**

[1]IFRS 16 "Leases" became effective on January 1, 2019. The new standard required a Lessee in a lease contract to recognise Right-of-use-assets for all types of leases and this must be amortised through P&L. For the Group and Parent, the right-of-use assets relates to lease rentals on branches. The amortisation during the period is shown in Note 13.

Lease rentals was reported as part of Prepayments in Other Assets before the introduction of the new standard. As at Dec 2018, unamortised lease rentals amounting to N5,092,389,000 and N6,751,459,000 was included in Prepayments for the Parent and Group respectively.

(iv) Movement in impairment of other financial assets:

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Opening Balance	320,375	126,846	320,375	126,846
Charge for the period	(57,374)	193,529	(57,374)	193,529
Closing Balance	263,001	320,375	263,001	320,375

28b Assets of disposal group classified as held for sale

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Investment in subsidiaries	-	-	3,220	3,220
Other assets[1]	-	-	944,696	935,725
Total assets of disposal group	-	-	947,916	938,945

Liabilities of disposal group classified as held for sale

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Other borrowed funds[1]	-	-	944,696	935,725
Total liabilities of disposal group	-	-	944,696	935,725

[1] This relates to $2.6million loan given by GTB Finance BV to the Parent which was re-invested into GTB Finance BV. These balances were eliminated on consolidation.

Net assets of disposal group	**-**	**-**	**3,220**	**3,220**

The investment is available for immediate sale in its present condition and its sale is highly probable. The management is committed to the disposal and there is an active programme to locate a buyer and complete the disposal.

29 Deposits from banks

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Money market deposits	66,233,616	4,640,988	18,257,221	721,071
Other deposits from banks	95,480,548	78,162,059	15,314	14,858
	161,714,164	**82,803,047**	**18,272,535**	**735,929**

30 Deposits from customers

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Term deposits	385,661,012	366,979,691	275,135,724	282,370,688
Current deposits	1,402,347,070	1,335,208,987	1,171,994,782	1,108,393,316
Savings	602,466,071	571,714,465	511,334,335	475,052,168
	2,390,474,153	**2,273,903,143**	**1,958,464,841**	**1,865,816,172**

31 Financial liabilities at fair value through profit or loss

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Bond short positions	-	107,560	-	107,560
Treasury bills short positions	5,617,033	1,757,859	5,617,033	1,757,859
	5,617,033	**1,865,419**	**5,617,033**	**1,865,419**

32 Other liabilities

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Cash settled share based payment liability	10,763,537	9,869,968	-	-
Lease liabilities	151,396	-	151,396	-
Liability for defined contribution obligations (Note 32(a))	144,391	4,316	33	33
Deferred income on financial guarantee contracts	41,336	140,403	26,252	31,583
Litigation Claims Provision (Note 32(c))	111,160	91,720	91,720	91,720
Certified cheques	8,307,854	8,745,128	5,978,741	5,094,684
Customers' deposit for foreign trade (Note 32(b))	15,697,465	14,429,129	15,697,465	13,992,994
Customers' escrow balances	44,905,690	64,119,085	44,905,690	64,119,085
Account Payables	9,662,082	27,861,859	5,404,158	26,358,478
Creditors and agency services	22,127,131	7,027,157	10,280,867	2,352,860
Customers deposit for shares of other Corporates	727,616	1,057,854	703,773	1,057,854
Impairment On Contingents (Note 33(d))	6,541,632	7,100,889	6,142,092	6,713,128
	119,181,290	**140,447,508**	**89,382,187**	**119,812,419**

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

(b) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Foreign Banks - Cash Collateral in other assets.

(c) Provision for litigation arose from the assessment carried out by the Solicitors of the Bank of all the pending litigations the Bank was involved in as at Sep 30, 2019.

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

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Opening Balance	91,720	178,710	91,720	178,710
Reversal during the period	19,440	(86,990)	-	(86,990)
Closing Balance	**111,160**	**91,720**	**91,720**	**91,720**

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

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Opening Balance	7,100,889	-	6,142,092	-
Additional impairment on initial application of IFRS 9	-	7,100,889	-	6,713,128
Exchange rate effect	(559,257)	-	-	-
Closing Balance	**6,541,632**	**7,100,889**	**6,142,092**	**6,713,128**

33 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-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Present value of funded obligations	(3,573,549)	(3,327,565)	(3,573,549)	(3,327,565)
Total present value of defined benefit obligations	(3,573,549)	(3,327,565)	(3,573,549)	(3,327,565)
Fair value of plan assets	14,458,608	14,340,252	14,458,608	14,340,252
Present value of net asset/(obligations)	10,885,059	11,012,687	10,885,059	11,012,687
Recognized asset/(liability) for defined benefit obligations	**10,885,059**	**11,012,687**	**10,885,059**	**11,012,687**

The bank has a right to the surplus on its plan assets. There are no unrecognised actuarial gains and losses. The defined benefit scheme is not open to asset ceiling, therefore, there is no need to determine any difference between net defined benefit asset and asset ceiling. Recognised asset for defined benefit obligations is included within Restricted deposits, rights-of-use and other assets in note 28

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

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
(Deficit)/surplus on defined benefit obligations, beginning of period	11,012,687	9,658,362	11,012,687	9,658,362
Net (Expense) / Income recognised in Profit and Loss	868,989	1,403,286	868,989	1,403,286
Re-measurements recognised in Other Comprehensive Income	(1,057,545)	(238,928)	(1,057,545)	(238,928)
Contributions paid	60,928	189,967	60,928	189,967
(Deficit)/surplus for defined benefit obligations, end of period	**10,885,059**	**11,012,687**	**10,885,059**	**11,012,687**

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Equity securities:				
- Quoted	3,090,379	3,339,627	3,090,379	3,339,627
Government securities				
- Quoted	2,306,090	1,961,403	2,306,090	1,961,403
Offshore investments				
- Quoted	-	1,080,000	-	1,080,000
Cash and bank balances				
- Unquoted	9,062,139	7,959,222	9,062,139	7,959,222
	14,458,608	**14,340,252**	**14,458,608**	**14,340,252**

Group

In thousands of Nigerian Naira	Sep-2019		Dec-2018	
Equity securities	3,090,379	21%	3,339,627	23%
Government securities	2,306,090	16%	1,961,403	14%
Offshore investments	-	0%	1,080,000	8%
Cash and bank balances	9,062,139	63%	7,959,222	56%
	14,458,608	**100%**	**14,340,252**	**100%**

Parent

In thousands of Nigerian Naira	Sep-2019		Dec-2018	
Equity securities	3,090,379	21%	3,339,627	23%
Government securities	2,306,090	16%	1,961,403	14%
Offshore investments	-	0%	1,080,000	8%
Cash and bank balances	9,062,139	63%	7,959,222	56%
	14,458,608	**100%**	**14,340,252**	**100%**

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

(d) Movement in plan assets:

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Fair value of plan assets, beginning of the period	14,340,252	12,634,931	14,340,252	12,634,931
Contributions paid into/(withdrawn from) the plan	60,928	189,967	60,928	189,967
Benefits paid by the plan	(60,928)	(189,967)	(60,928)	(189,967)
Actuarial gain	(1,057,545)	(215,189)	(1,057,545)	(215,189)
Return on plan assets	1,175,901	1,920,510	1,175,901	1,920,510
Fair value of plan assets, end of the period	**14,458,608**	**14,340,252**	**14,458,608**	**14,340,252**

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

(e) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Present value of obligation, beginning of the period	3,327,565	2,976,569	3,327,565	2,976,569
Interest cost	271,758	448,454	271,758	448,454
Current service cost	35,154	68,770	35,154	68,770
Benefits paid	(60,928)	(189,967)	(60,928)	(189,967)
Actuarial (gain) on obligation	-	23,739	-	23,739
Present value of obligation at end of the period	**3,573,549**	**3,327,565**	**3,573,549**	**3,327,565**

(f) Actuarial assumptions

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

	2019	2018
Discount rate	16.4%	16.4%
Salary increase rate	12.5%	12.5%
Inflation	14.4%	14.4%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

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

The overall expected long-term rate of return on assets is 16.4%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 12.5% per annum. The inflation component has been worked out at 14.4% per annum.

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

(g) Defined Benefit Risk Management

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

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

Asset volatility

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

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

Changes in bond yields

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

Inflation risk

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

34 Other borrowed funds

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Due to IFC	52,888,198	59,940,225	52,888,198	59,940,225
Due to FMO	-	450,290	-	-
Due to BOI	32,927,260	38,396,728	32,927,260	38,396,728
Due to CACS	18,998,792	25,172,146	18,998,792	25,172,146
Due to Proparco	10,691,458	12,308,296	10,174,251	11,553,004
MSME Development Fund	60,254	121,393	60,254	121,393
Excess Crude Account -Secured Loans Fund	13,952,916	14,219,713	13,952,916	14,219,713
RSSF on lending	25,823,224	25,292,215	25,823,224	25,292,215
SANEF Intervention Fund	1,006,702	1,000,000	1,006,702	1,000,000
NESF Fund	1,658,662	1,665,794	1,658,662	1,665,794
Due to DBN Intervention Fund	22,746,755	-	22,746,755	-
	180,754,221	**178,566,800**	**180,237,014**	**177,361,218**

35 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-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
(a) Authorised:				
50,000,000,000 ordinary shares of 50k each				
(31 December 2018: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
(b) Issued and fully paid:				
29,431,179,224 ordinary shares of 50 kobo each (31 December 2018: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

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

In thousands of Nigerian Naira	Group Sep-2019	Group Dec-2018	Parent Sep-2019	Parent Dec-2018
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
Balance, end of period	**14,715,590**	**14,715,590**	**14,715,590**	**14,715,590**

Share capital

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

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2018	**29,431,180**	**14,715,590**	**123,471,114**	**(5,291,245)**
(Purchases)/sales of treasury shares	-	-	-	(292,390)
At 31 December 2018/1 January 2019	**29,431,180**	**14,715,590**	**123,471,114**	**(5,583,635)**
(Purchases)/sales of treasury shares	-	-	-	(567,606)
At 30 September 2019	**29,431,180**	**14,715,590**	**123,471,114**	**(6,151,241)**

Share premium

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

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

(i) **Statutory Reserves**: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an annual appropriation of 30% of 'profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. Total statutory reserves was N272,609,043,000 at the end of the period.

(ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this requirement is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. Total SMEEIS reserves was N4,232,478,000 at the end of the period.

(iii) **Treasury shares:** Treasury shares in the sum of N6,151,241,000 (31 December 2018:N5,583,635,000) represents the Bank's shares held by the Staff Investment Trust as at 30 September 2019.

(iv) **Fair value reserve:** The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired.

(v) **Regulatory risk reserve:** The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria when compared with the assessment in line with the requirement of IFRS 9 Expected credit loss model. The key component of CBN Prudential Guidelines (PG) is the setting aside of additional 2% provision on all performing loans assessed under the PG. This 2% provision is not required under IFRS 9. Therefore it has been recognised in Regulatory Risk Reserve. The Parent's total balance in Regulatory Risk Reserve is N4,361,913,000.

(vi) **Retained earnings:** Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

(vii) **Non-controlling interest**
The analysis of non-controlling interest per subsidiary is as shown below:

	Group Sep-2019	Group Dec-2018	Group Sep-2019	Group Dec-2018
	%	%	₦'000	₦'000
GTB (Gambia) Limited	22.19	22.19	1,300,257	1,163,198
GTB (Sierra Leone) Limited	16.26	16.26	1,668,257	1,575,155
GTB (Ghana) Limited	2.03	2.03	874,010	690,769
GTB Liberia	0.57	0.57	53,306	47,049
GTB Kenya Limited	30.00	30.00	8,608,825	8,025,001
GTB Tanzania	30.00	30.00	824,095	932,289
			13,328,750	**12,433,461**

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

(ix) **Other regulatory reserves breakdown**

	Sep-2019			
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**AGSMEIS Reserves**	**Total**
Opening Balance	272,609,043	4,232,478	14,406,074	291,247,595
Total comprehensive income for the period:				
Transfers for the period	-	-	8,345,988	8,345,988
Total transactions with equity holders	**-**	**-**	**8,345,988**	**8,345,988**
Balance as at 30 September 2019	**272,609,043**	**4,232,478**	**22,752,062**	**299,593,583**

	Dec-2018			
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**AGSMEIS Reserves**	**Total**
Opening Balance	247,571,078	4,232,478	6,341,840	258,145,396
Total comprehensive income for the year:				
Transfers for the period	25,037,965	-	8,064,234	33,102,199
Total transactions with equity holders	**25,037,965**	**-**	**8,064,234**	**33,102,199**
Balance as at 31 December 2018	**272,609,043**	**4,232,478**	**14,406,074**	**291,247,595**

36 Dividends

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

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Balance, beginning of period	-	-	-	-
Final dividend declared	72,106,389	70,634,830	72,106,389	70,634,830
Interim dividend declared	8,829,354	8,829,354	8,829,354	8,829,354
Payment during the period	(80,935,743)	(79,464,184)	(80,935,743)	(79,464,184)
Balance, end of period	**-**	**-**	**-**	**-**

37 Contingencies

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving transaction related bonds and indemnities. Contingent liabilities and Commitments comprise guarantees and letters of credit.

Nature of instruments

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

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

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

These comprise:

In thousands of Nigerian Naira	**Group Sep-2019**	**Group Dec-2018**	**Parent Sep-2019**	**Parent Dec-2018**
Contingent liabilities:				
Transaction related bonds and guarantees	352,214,214	386,386,612	326,591,870	362,816,565
	352,214,214	**386,386,612**	**326,591,870**	**362,816,565**
Commitments:				
Clean line facilities and letters of credit	67,620,417	46,922,591	36,281,558	22,059,650
Other commitments	9,744,649	7,742,322	-	-
	77,365,066	**54,664,913**	**36,281,558**	**22,059,650**

Key Financials (N' billion)	Sep-19	Sep-18	Δ%
Net Interest Income	172.9	170.6	1%
Non Interest Income	101.8	99.7	2%
Operating Income	270.3	266.1	2%
Operating expense	99.6	101.8	-2%
Profit before tax	170.7	164.2	4%
Profit after tax	147.0	142.2	3%

	Sep-19	Dec-18	Δ%
Total Assets	3,519.4	3,287.3	7%
Net Loans	1,378.0	1,262.0	9%
Total Deposits	2,552.2	2,356.7	8%

Key Ratios	Sep-19	Sep-18
Net interest margin	9.43%	9.20%
Cost-to-income ratio	36.85%	38.27%

	Sep-19	Dec-18
ROE (Post tax)	32.33%	30.90%
ROA (Post tax)	5.76%	5.56%
Net Loans-to-Deposits	53.99%	53.55%
Liquidity ratio	36.80%	41.44%
Capital adequacy ratio (Full IFRS 9 Impact)	23.56%	23.39%
Capital adequacy ratio (Adjusted IFRS 9 Impact)	28.07%	28.14%
NPL/Total Loans	5.61%	7.30%
Cost of risk	0.20%	0.34%
Coverage	95.16%	105.08%