Guaranty Trust Bank plc
RC 152321
Plot 635, Akin Adesola Street,
P. O. Box 75455, Victoria Island,
Lagos State, Nigeria.
Tel: 01-4480740-9, 2714580-9
Head Office www.gtbank.com

GTBank

September 2020

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.

Table of contents

Financial statements

Consolidated and separate statements of financial position

As at 30 September 2020

In thousands of Nigerian Naira	*Notes*	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Assets					
Cash and bank balances	18	622,760,432	593,551,117	372,120,025	396,915,777
Financial assets at fair value through profit or loss	19	206,264,804	73,486,101	186,464,122	44,717,688
Derivative financial assets	20	24,831,904	26,011,823	24,831,904	26,011,823
Investment securities:					
– Fair Value through profit or loss	21	3,250,000	33,084,367	3,250,000	33,084,367
– Fair Value through other comprehensive income	21	570,216,645	585,392,248	464,980,529	495,731,932
– Held at amortised cost	21	175,974,928	145,561,232	1,891,459	2,003,583
Assets pledged as collateral	22	62,887,726	58,036,855	62,658,562	57,790,749
Loans and advances to banks	23	117,926	1,513,310	48,182	72,451
Loans and advances to customers	24	1,569,030,682	1,500,572,046	1,359,994,091	1,300,820,647
Restricted deposits and other assets	28	1,170,990,327	577,433,006	1,118,771,302	552,105,755
Investment in subsidiaries	25	-	-	56,903,032	55,814,032
Property and equipment	26	146,351,701	141,774,863	128,046,076	122,633,438
Intangible assets	27	20,389,926	20,245,232	9,883,135	9,546,253
Deferred tax assets		610,040	2,256,570	-	-
Total assets		**4,573,677,041**	**3,758,918,770**	**3,789,842,419**	**3,097,248,495**
Liabilities					
Deposits from banks	29	111,687,205	107,518,398	14,363	15,200
Deposits from customers	30	3,191,232,532	2,532,540,384	2,661,944,307	2,086,810,070
Financial liabilities at fair value through profit or loss	31	-	1,615,735	-	1,615,735
Derivative financial liabilities	20	1,009,892	2,315,541	1,009,892	2,315,541
Other liabilities	32	340,825,499	233,425,713	301,916,935	205,817,828
Current income tax liabilities	16	16,230,901	20,597,088	14,250,772	19,748,074
Other borrowed funds	34	145,065,430	162,999,909	145,065,430	162,742,565
Deferred tax liabilities		12,076,746	10,568,534	10,283,528	12,293,886
Total liabilities		**3,818,128,205**	**3,071,581,302**	**3,134,485,227**	**2,491,358,899**

Consolidated and separate statements of financial position (Continued)

In thousands of Nigerian Naira		Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
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		(6,531,749)	(6,531,749)	-	-
Retained earnings		147,013,866	119,247,653	92,241,439	78,110,906
Other components of equity		461,877,261	422,704,836	424,929,049	389,591,986
Capital and reserves attributable to equity holders of the parent entity		**740,546,082**	**673,607,444**	**655,357,192**	**605,889,596**
Non-controlling interests in equity		15,002,754	13,730,024	-	-
Total equity		**755,548,836**	**687,337,468**	**655,357,192**	**605,889,596**
Total equity and liabilities		**4,573,677,041**	**3,758,918,770**	**3,789,842,419**	**3,097,248,495**

Approved by the Board of Directors on 29 October 2020:

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

Consolidated and separate income statements

For the Period ended 30 September 2020

In thousands of Nigerian Naira	*Notes*	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Interest income calculated using effective interest rate	4	219,544,183	219,353,147	181,011,102	180,564,720
Interest income on financial assets at fair value through profit or loss	4	8,682,437	4,834,416	6,021,284	2,369,543
Interest expense	5	(38,490,373)	(51,250,451)	(29,574,243)	(40,169,240)
Net interest income		**189,736,247**	**172,937,112**	**157,458,143**	**142,765,023**
Loan impairment charges	6	(10,144,893)	(2,761,643)	(6,300,389)	(2,184,107)
Net interest income after loan impairment charges		**179,591,354**	**170,175,469**	**151,157,754**	**140,580,916**
Fee and commission income	7	37,400,729	48,379,091	24,868,043	35,455,285
Fee and commission expense	8	(4,674,959)	(1,881,640)	(3,408,422)	(981,219)
Net fee and commission income		**32,725,770**	**46,497,451**	**21,459,621**	**34,474,066**
Net gains on financial instruments held at fair value through profit or loss	9	18,987,728	9,643,705	8,256,011	4,480,626
Other income	10	45,339,120	43,823,160	43,485,322	39,163,259
Net impairment reversal on other financial assets	11	3,108,649	110,630	3,111,874	362,261
Personnel expenses	12	(28,719,779)	(27,299,049)	(18,500,349)	(16,782,609)
Right-of-use asset amortisation	13	(2,037,634)	(2,131,977)	(608,497)	(544,063)
Depreciation and amortisation	14	(21,571,368)	(15,519,528)	(18,452,204)	(13,247,193)
Other operating expenses	15	(60,072,141)	(54,648,319)	(49,063,479)	(43,381,173)
Profit before income tax		**167,351,699**	**170,651,542**	**140,846,053**	**145,106,090**
Income tax expense	16	(25,068,363)	(23,661,833)	(16,970,640)	(16,305,101)
Profit for the period		**142,283,336**	**146,989,709**	**123,875,413**	**128,800,989**
Profit attributable to:					
Equity holders of the parent entity		140,935,641	145,859,877	123,875,413	128,800,989
Non-controlling interests		1,347,695	1,129,832	-	-
		142,283,336	**146,989,709**	**123,875,413**	**128,800,989**
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	5.02	5.19	4.21	4.38
– Diluted	17	5.02	5.19	4.21	4.38

The accompanying notes are an integral part of these financial statements

Consolidated and separate statements of other comprehensive income

For the Period ended 30 September 2020

In thousands of Nigerian Naira	***Notes***	**Group Sep-2020**	**Group Sep-2019**	**Parent Sep-2020**	**Parent Sep-2019**
Profit for the Period		142,283,336	146,989,709	123,875,413	128,800,989
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	-	54,313
		-	54,313	-	54,313
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		2,025,809	(8,976,779)	-	-
Income tax relating to foreign currency translation differences for foreign operations	16	(607,743)	2,693,034	-	-
Net change in fair value of other financial assets FVOCI		10,142,583	3,884,093	11,427,839	2,651,516
Income tax relating to change in fair value of other financial assets FVOCI	16	(3,042,775)	(1,161,169)	(3,428,352)	(791,396)
		8,517,874	(3,560,821)	7,999,487	1,860,120
Other comprehensive income for the period, net of tax		8,517,874	(4,246,789)	7,999,487	1,174,152
Total comprehensive income for the period		**150,801,210**	**142,742,920**	**131,874,900**	**129,975,141**
Profit attributable to:					
Equity holders of the parent entity		149,345,942	141,847,631	131,874,900	129,975,141
Non-controlling interests		1,455,268	895,289	-	-
Total comprehensive income for the period		**150,801,210**	**142,742,920**	**131,874,900**	**129,975,141**

The accompanying notes are an integral part of these financial statements

Income statements

For the 3 months period ended 30 September 2020

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Interest income calculated using effective interest rate	69,057,740	72,904,242	56,635,545	60,021,431
Interest income on financial assets at fair value through profit or loss	5,460,399	2,290,657	3,995,452	513,700
Interest expense	(12,397,356)	(18,622,547)	(9,224,897)	(14,172,927)
Net interest income	**62,120,783**	**56,572,352**	**51,406,100**	**46,362,204**
Loan impairment charges	(3,375,800)	(575,610)	(1,776,012)	(510,934)
Net interest income after loan impairment charges	**58,744,983**	**55,996,742**	**49,630,088**	**45,851,270**
Fee and commission income	12,671,670	13,030,121	8,996,743	8,807,269
Fee and commission expense	(2,239,928)	(376,502)	(1,651,173)	(439,609)
Net fee and commission income	**10,431,742**	**12,653,619**	**7,345,570**	**8,367,660**
Net gains on financial instruments held at fair value through profit or loss	8,196,421	155,241	4,154,979	1,583,928
Other income	9,429,150	15,783,713	9,038,846	13,215,248
Net impairment reversal on other financial assets	(71,429)	2,185	-	-
Personnel expenses	(9,944,060)	(8,720,448)	(6,498,550)	(5,158,001)
Right-of-use asset amortisation	(1,079,013)	(901,510)	(205,413)	(185,932)
Depreciation and amortisation	(7,546,698)	(4,896,667)	(6,430,010)	(4,831,290)
Other operating expenses	(10,523,241)	(15,208,675)	(7,493,830)	(10,874,902)
Profit before income tax	**57,637,855**	**54,864,200**	**49,541,680**	**47,967,981**
Income tax expense	(9,625,529)	(7,007,728)	(5,568,484)	(4,141,631)
Profit for the period	**48,012,326**	**47,856,472**	**43,973,196**	**43,826,350**
Profit attributable to:				
Equity holders of the parent entity	47,568,954	47,520,368	43,973,196	43,826,350
Non-controlling interests	443,372	336,104	-	-
	48,012,326	**47,856,472**	**43,973,196**	**43,826,350**
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	1.71	1.70	1.49	1.49
– Diluted	1.71	1.70	1.49	1.49

Statements of other comprehensive income

For the 3 months period ended 30 September 2020

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Profit for the period	48,012,326	47,856,472	43,973,196	43,826,350
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	219,298	(3,046,878)	-	-
Income tax relating to foreign currency translation differences for foreign operations	(65,790)	914,064	-	-
Net change in fair value of other financial assets FVOCI	(6,571,578)	(3,452,199)	(5,150,714)	(3,705,208)
Income tax relating to change in fair value of other financial assets FVOCI	1,971,473	1,039,719	1,545,214	1,115,622
	(4,446,597)	(4,545,294)	(3,605,500)	(2,589,586)
Other comprehensive income for the period, net of tax	(4,446,597)	(5,285,575)	(3,605,500)	(3,329,867)
Total comprehensive income for the period	**43,565,729**	**42,570,897**	**40,367,696**	**40,496,483**
Profit attributable to:				
Equity holders of the parent entity	43,062,608	42,471,516	40,367,696	40,496,483
Non-controlling interests	503,121	99,381	-	-
Total comprehensive income for the period	**43,565,729**	**42,570,897**	**40,367,696**	**40,496,483**

Consolidated Statement of Changes in Equity
September 2020
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 2020	**14,715,590**	**123,471,114**	**62,428,155**	**344,886,516**	**(6,531,749)**	**1,979,715**	**13,410,450**	**119,247,653**	**673,607,444**	**13,730,024**	**687,337,468**
Total comprehensive income for the period:											
Profit for the Period	-	-	-	-	-	-	-	140,935,641	140,935,641	1,347,695	142,283,336
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	1,264,687	-	1,264,687	153,379	1,418,066
Fair value adjustment	-	-	-	-	-	7,145,614	-	-	7,145,614	(45,806)	7,099,808
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**7,145,614**	**1,264,687**	**-**	**8,410,301**	**107,573**	**8,517,874**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**7,145,614**	**1,264,687**	**140,935,641**	**149,345,942**	**1,455,268**	**150,801,210**
Transactions with equity holders, recorded directly in equity:											
Transfers for the Period	-	-	248,409	30,513,715	-	-	-	(30,762,124)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	(82,407,304)	(82,407,304)	(182,538)	(82,589,842)
	-	**-**	**248,409**	**30,513,715**	**-**	**-**	**-**	**(113,169,428)**	**(82,407,304)**	**(182,538)**	**(82,589,842)**
Balance at 30 September 2020	**14,715,590**	**123,471,114**	**62,676,564**	**375,400,231**	**(6,531,749)**	**9,125,329**	**14,675,137**	**147,013,866**	**740,546,082**	**15,002,754**	**755,548,836**

Consolidated Statement of Changes in Equity
Sep-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**

Statement of Changes in Equity
September 2020
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 2020	**14,715,590**	**123,471,114**	**62,317,634**	**325,862,375**	**1,411,977**	**78,110,906**	**605,889,596**
Total comprehensive income for the period:							
Profit for the Period	-	-	-	-	-	123,875,413	123,875,413
Other comprehensive income, net of tax							
Fair value adjustment	-	-	-	-	7,999,487	-	7,999,487
Total other comprehensive income	**-**	**-**	**-**	**-**	**7,999,487**	**-**	**7,999,487**
Total comprehensive income	-	-	-	-	7,999,487	123,875,413	**131,874,900**
Transactions with equity holders, recorded directly in equity:							
Transfers for the Period	-	-	-	27,337,576	-	(27,337,576)	-
Dividend to equity holders	-	-	-	-	-	(82,407,304)	(82,407,304)
	-	**-**	**-**	**27,337,576**	-	**(109,744,880)**	**(82,407,304)**
Balance at 30 September 2020	**14,715,590**	**123,471,114**	**62,317,634**	**353,199,951**	**9,411,464**	**92,241,439**	**655,357,192**

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

Statement of Changes in Equity
Sep-2019
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 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**

Consolidated and separate statements of cash flows

For the Period ended 30 September 2020

In thousands of Nigerian Naira	***Notes***	**Group Sep-2020**	**Group Sep-2019**	**Parent Sep-2020**	**Parent Sep-2019**
Cash flows from operating activities					
Profit for the period		142,283,336	146,989,709	123,875,413	128,800,989
Adjustments for:					
Depreciation of property and equipment	14	18,669,106	13,770,595	16,003,039	11,709,056
Amortisation of Intangibles		2,902,262	1,748,933	2,449,165	1,538,137
Gain on disposal of property and equipment		(14,753)	(100,335)	(2,339)	(74,110)
Gain on repossessed collateral		(804,728)	(1,040,200)	(804,728)	(1,040,200)
Impairment on financial assets		7,036,244	4,582,323	3,188,515	1,821,846
Net interest income		(189,736,247)	(172,937,112)	(157,458,143)	(142,765,023)
Foreign exchange gains	10	2,199,736	(7,852,766)	3,344,468	(3,756,548)
Fair value changes for assets at FVTPL		(6,442,152)	(5,290,204)	(5,522,133)	(4,098,814)
Dividend income		(150,610)	(566,066)	(912,724)	(566,066)
Income tax expense	16	25,068,363	23,661,833	16,970,640	16,305,101
Other non-cash items		(874,375)	(469,747)	(874,375)	(469,747)
		136,182	2,496,963	256,798	7,404,621
Net changes in:					
Financial assets at fair value through profit or loss		(45,264,479)	(24,260,619)	(55,945,479)	4,442,989
Assets pledged as collateral		(4,852,281)	(22,637,512)	(4,867,813)	(23,099,589)
Loans and advances to banks and placements with banks		(19,957,214)	30,178,108	(26,490,284)	15,328,882
Loans and advances to customers		(23,291,633)	(120,600,394)	(15,423,611)	(113,477,255)
Restricted deposits and other assets		(628,855,610)	(65,378,592)	(604,060,157)	(41,850,751)
Deposits from banks		(766,265)	81,902,278	(837)	17,536,606
Deposits from customers		613,732,578	131,003,690	542,986,841	89,005,531
Financial liabilities at fair value through profit or loss		(1,615,735)	3,751,614	(1,615,735)	3,751,614
Other liabilities		109,614,749	(21,046,066)	98,926,562	(30,659,757)
		(1,255,890)	(7,087,493)	(66,490,513)	(79,021,730)
Interest received		224,863,708	221,852,626	183,669,473	180,599,327
Interest paid		(38,224,071)	(50,766,654)	(29,307,940)	(39,685,443)
		186,639,637	171,085,972	154,361,533	140,913,884
		185,519,929	166,495,442	88,127,818	69,296,775
Income tax paid		(27,248,814)	(27,835,431)	(19,788,878)	(23,323,873)
Net cash provided by operating activities		**158,271,115**	**138,660,011**	**68,338,940**	**45,972,902**

Consolidated and separate statements of cash flows

For the Period ended 30 September 2020

In thousands of Nigerian Naira	***Notes***	**Group Sep-2020**	**Group Sep-2019**	**Parent Sep-2020**	**Parent Sep-2019**
Cash flows from investing activities					
Redemption of investment securities		405,059,240	255,433,196	399,525,461	271,759,134
Purchase of investment securities		(453,708,279)	(284,391,366)	(407,678,220)	(251,868,299)
Dividends received		150,610	566,066	912,724	566,066
Purchase of property and equipment	26	(22,598,989)	(39,291,900)	(21,417,105)	(34,316,315)
Proceeds from the sale of property and equipment		16,290	803,373	3,767	112,998
Purchase of intangible assets	27	(3,016,157)	(2,115,406)	(2,786,047)	(1,741,077)
Additional investment in subsidiary	25	-	-	(1,089,000)	-
Net cash used in investing activities		(74,097,285)	(68,996,037)	(32,528,420)	(15,487,493)
Cash flows from financing activities					
Repayment of long term borrowings		(26,027,267)	(29,901,717)	(25,754,751)	(29,244,207)
Increase in long term borrowings		4,987,000	30,524,724	4,987,000	30,524,724
Finance lease repayments		-	151,396	-	151,396
Purchase of treasury shares		-	(567,606)	-	-
Dividends paid to owners	36	(82,407,304)	(80,935,743)	(82,407,304)	(80,935,743)
Dividends paid to non-controlling interest		(182,538)	-	-	-
Net cash used in financing activities		(103,630,109)	(80,728,946)	(103,175,055)	(79,503,830)
Net increase/(decrease) in cash and cash equivalents		(19,456,279)	(11,064,972)	(67,364,535)	(49,018,421)
Cash and cash equivalents at beginning of the period		585,156,011	614,963,180	395,077,780	407,468,242
Effect of exchange rate fluctuations on cash held		26,960,263	(11,375,288)	15,766,974	2,431,526
Cash and cash equivalents at end of the Period	18(b)	592,659,995	592,522,920	343,480,219	360,881,347

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 incorporated 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 2020, 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 29th October 2020.

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.

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2020. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

Amendments to IFRS 3 (Business 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 became effective for annual periods beginning on or after 1 January 2020. The amendment centers 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.

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 which became effective in the annual reporting periods starting from 1 January 2020 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 Group has taken into consideration the new definition in the preparation of its financial statement.

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 2020:

Standard	Content	Effective Date
IFRS 17	Insurance Contracts	1-Jan-21

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

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

3. (b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

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

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

Acquisition of subsidiaries

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

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

(ii) Structured entity

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

(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 fair value through other comprehensive income, 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. These fees are management fees on non revolving credit facilities.

Other fees and commissions which relates mainly to transaction and service fees, including commitment fees which are charged on undisbursed portion of credit facilities, investment management and other fiduciary activity fees, sales commission, placement line fees, syndication fees and guarantee issuance fees are recognised at a point in time, or over time as the related services are provided / performed.

(e) Net gains on financial instruments held at fair value through profit or loss

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 held at fair value through profit or loss. Dividend income on long term equity investments is recognised as a component of other income.

(h) Leases

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:

(i) 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.

(ii) 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

(i) 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 Declared, 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.

(ii) 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.

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 amortised cost using the effective interest rate method. Amortised 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. Amortisation is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortised cost is calculated using the expected credit loss approach.

Loans and debt securities measured at amortised 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 amortised cost of the debt instrument are recognized in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortised 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 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 held at fair value through profit or loss'. 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 occur only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

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

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

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

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 31 January 2018, the reclassification date will be 1 April, 2019 (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 31 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

The Group sometimes modifies the contractual cashflows of loans to customers. When the contractual terms of a financial asset are modified, the group deems that the contractual rights to cash flows from the original financial asset are expired. The original financial asset is derecognized, and a new financial asset is recognized at fair value. Any difference between the amortised cost of the original financial asset and the present value of the estimated future cash flows of the new assets is debited or credited to the customer's account.

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan include but not limited to:

• 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

• Extension of maturity dateswill lead to modification and derecognition of existing loan and recognition of a new loan.

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:

- Amortised 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 FVPL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Group's allowance for credit loss 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. In addition, loans that are more than 90 days past due are considered impaired. More information around rebuttal is presented under Financial Risk Management on page 144.

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.

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 is not consolidated but 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 (q) 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.

(aa) Stocks

Stocks include consumables and cards held for resale or subsequent issuance to customers. They are measured at lower of cost and net realizable value. Cost comprises of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realizable value is the estimated issuance price. When items of stocks are issued to customers, their carrying amount is recognized as an expense in the period in which the relevant revenue is recognized.

4 Interest income

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Interest income calculated using effective interest rate				
Loans and advances to banks	12,326	202,085	11,529	10,702
Loans and advances to customers	137,335,140	134,467,154	117,353,901	114,781,171
	137,347,466	134,669,239	117,365,430	114,791,873
Cash and cash equivalents	5,695,551	10,108,299	4,120,443	7,912,377
Investment securities:				
– Investment Securities FVOCI	55,338,273	52,218,931	53,288,162	50,796,013
– Investment securities at amortised cost	15,165,063	15,539,043	239,237	246,822
Assets pledged as collateral	5,997,830	6,817,635	5,997,830	6,817,635
	219,544,183	219,353,147	181,011,102	180,564,720
Interest income on financial assets FVTPL				
Investment securities FVTPL	8,682,437	4,834,416	6,021,284	2,369,543
	8,682,437	4,834,416	6,021,284	2,369,543
	228,226,620	**224,187,563**	**187,032,386**	**182,934,263**

5 Interest expense

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Deposit from banks	638,351	805,890	36,230	97,314
Deposit from customers	33,295,402	42,904,965	25,023,203	32,613,989
	33,933,753	43,710,855	25,059,433	32,711,303
Financial liabilities held for trading	312,771	1,592,205	277,392	1,560,038
Other borrowed funds	4,243,849	5,947,391	4,237,418	5,897,899
Total interest expense	**38,490,373**	**51,250,451**	**29,574,243**	**40,169,240**

6 Loan impairment (credit) / charges

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
12 Months ECL and SICR	(1,989,421)	(816,180)	(1,278,166)	(2,370,355)
Lifetime ECL Credit Impaired	12,134,314	5,509,133	7,578,555	4,554,462
Recovery of loan amounts previously written off	-	(1,931,310)	-	-
	10,144,893	**2,761,643**	**6,300,389**	**2,184,107**

7 Fee and commission income

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Credit related fees and commissions	4,585,893	8,078,115	2,209,418	5,437,284
Account Maintenance Charges	9,544,866	8,540,519	7,483,979	7,210,033
Corporate finance fees	1,648,529	4,332,166	1,648,529	4,223,993
E-business Income	8,205,770	11,039,331	6,268,103	9,689,646
Commission on foreign exchange deals	4,731,171	5,454,300	4,252,156	4,761,026
Commission On Touch Points	1,199,976	1,348,074	1,199,976	1,076,993
Income from financial guarantee contracts issued	2,121,147	2,423,490	1,096,794	1,284,789
Account services, maintenance and anciliary banking charges	2,454,202	4,862,321	709,088	1,771,521
Transfers related charges	2,909,175	2,300,775	-	-
	37,400,729	**48,379,091**	**24,868,043**	**35,455,285**

8 Fee and commission expense

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Bank charges	2,959,862	1,142,217	2,232,311	628,158
Loan recovery expenses	1,715,097	739,423	1,176,111	353,061
	4,674,959	**1,881,640**	**3,408,422**	**981,219**

9 Net gains on financial instruments held at FVPL

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Bonds FVPL	2,827,372	3,357,843	582,721	39,171
Treasury bills FVPL	4,057,329	2,287,471	3,925,303	2,194,049
Foreign exchange trading gain	12,103,027	3,998,391	3,747,987	2,247,406
Net trading income	**18,987,728**	**9,643,705**	**8,256,011**	**4,480,626**

10 Other income

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Mark to market gains on trading investments	2,532,652	1,775,603	1,612,633	584,213
FVPL instruments income	3,909,500	3,514,601	3,909,500	3,514,601
Foreign exchange revaluation gain	21,622,275	12,425,264	20,477,543	8,329,046
Gain on disposal of fixed assets	14,753	100,335	2,339	74,110
Discounts and recoverables (FX)	10,697,036	11,613,959	10,501,864	11,507,072
Mark - up exchange income	-	1,799,061	-	1,799,061
Valuation income on repossessed collateral	804,728	1,040,200	804,728	1,040,200
Recoveries and others	5,607,566	10,988,071	5,263,991	11,748,890
Dividends income	150,610	566,066	912,724	566,066
	45,339,120	**43,823,160**	**43,485,322**	**39,163,259**

11 Net impairment (reversal) / charge on other financial assets

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Impairment charges/(reversal) on other assets	(3,108,649)	(110,630)	(3,111,874)	(362,261)
	(3,108,649)	**(110,630)**	**(3,111,874)**	**(362,261)**

12 Personnel expenses

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Wages and salaries	27,624,893	27,159,207	17,695,360	16,887,370
Contributions to defined contribution plans	894,628	869,590	604,731	624,987
Defined benefit costs	-	(868,989)	-	(868,989)
Staff welfare expenses	200,258	139,241	200,258	139,241
	28,719,779	**27,299,049**	**18,500,349**	**16,782,609**

13 Right-of-use asset amortisation

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Right-of-use assets amortisation	2,037,634	2,131,977	608,497	544,063
	2,037,634	**2,131,977**	**608,497**	**544,063**

14 Depreciation and amortisation

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Amortisation of intangible assets (see note 27)	2,902,262	1,748,933	2,449,165	1,538,137
Depreciation of property, plant and equipment (see note 26)	18,669,106	13,770,595	16,003,039	11,709,056
	21,571,368	**15,519,528**	**18,452,204**	**13,247,193**

15 Other operating expenses

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Finance costs	291,795	87,003	-	3,066
Deposit insurance premium	8,288,345	6,326,749	8,199,611	6,233,981
Other insurance premium	1,334,004	860,721	939,536	628,551
Auditors' remuneration	646,592	583,409	375,000	356,250
Professional fees and other consulting costs	1,533,011	1,406,092	606,837	575,916
AMCON expenses	17,200,292	15,486,989	17,200,292	15,486,989
Stationery and postage	902,705	812,897	607,269	492,383
Business travel expenses	211,565	557,147	122,019	333,747
Advert, promotion and corporate gifts	4,261,357	2,831,863	3,477,724	2,046,149
Repairs and maintenance	2,853,824	2,480,681	1,762,987	1,409,922
Occupancy costs[1]	4,040,344	5,119,762	3,124,101	4,168,807
Directors' emoluments	646,268	634,346	231,942	249,050
Outsourcing services	7,477,344	7,526,230	6,246,670	6,218,206
Administrative expense	3,088,450	2,633,537	2,059,648	1,238,778
Communications and sponsorship related expense	4,448,483	4,211,289	2,698,836	2,255,331
Human capital related expenses	828,980	1,558,886	733,388	1,241,038
Customer service related expenses	2,018,782	1,530,718	677,619	443,009
	60,072,141	**54,648,319**	**49,063,479**	**43,381,173**

[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-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
a) **Current tax expense:**				
Company income tax	21,140,752	16,224,932	12,544,086	9,534,625
Education Tax	789,621	828,687	789,621	828,687
Police Trust Fund Levy	4,027	-	4,027	-
NITDA Levy	913,044	971,381	913,044	971,381
	22,847,444	18,025,000	14,250,778	11,334,693
Prior year’s under provision	40,798	334,903	40,798	334,903
Deferred tax expense:				
Origination of temporary differences	2,180,121	5,301,930	2,679,064	4,635,505
	25,068,363	**23,661,833**	**16,970,640**	**16,305,101**

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Income tax relating to remeasurements of post-employment benefit obligations	-	(317,263)	-	(317,263)
Income tax relating to Foreign currency translation differences for foreign operations	607,743	(2,693,034)	-	-
Income tax relating to Net change in FVOCI financial assets	3,042,775	1,161,169	3,428,352	791,396
	3,650,518	**(1,849,128)**	**3,428,352**	**474,133**

(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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Balance, beginning of the period	20,597,088	22,650,861	19,748,074	22,511,233
Exchange difference on translation	(5,615)	(373,137)	-	-
Charge for the period	22,847,444	28,682,874	14,250,778	19,748,078
Prior period's under provision	40,798	814,880	40,798	814,880
Payments during the period	(27,248,814)	(31,178,390)	(19,788,878)	(23,326,117)
Balance, end of the period	**16,230,901**	**20,597,088**	**14,250,772**	**19,748,074**

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 N140,935,641,000 and a weighted average number of ordinary shares outstanding of 28,084,989,000 (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-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Net profit attributable to equity holders of the Company	140,935,641	145,859,877	123,875,413	128,800,989
Net profit used to determine diluted earnings per share	140,935,641	145,859,877	123,875,413	128,800,989

Number of ordinary shares

In thousands of shares	Group Sep-2020	Group Sep-2019	Parent Sep-2020	Parent Sep-2019
Weighted average number of ordinary shares in issue	28,084,989	28,108,749	29,431,179	29,431,179
Basic earnings per share (expressed in naira per share)	5.02	5.19	4.21	4.38

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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Cash in hand	114,349,591	60,273,825	46,958,701	38,649,960
Balances held with other banks	221,922,080	212,812,153	106,720,456	87,974,144
Unrestricted balances with central banks	152,373,101	131,090,460	122,281,731	87,429,812
Money market placements	134,250,805	189,803,396	96,242,281	183,238,350
	622,895,577	**593,979,834**	**372,203,169**	**397,292,266**
Impairment on Placements	(135,145)	(428,717)	(83,144)	(376,489)
	622,760,432	**593,551,117**	**372,120,025**	**396,915,777**

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

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Cash and bank balances	622,760,431	593,551,118	372,120,025	396,915,777
Cash and bank balances above three months	(30,100,436)	(8,395,097)	(28,639,806)	(1,837,998)
	592,659,995	**585,156,021**	**343,480,219**	**395,077,779**

19 Financial assets at fair value through profit or loss

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Financial assets Fair Value through Profit or Loss:				
Bonds	20,329,226	16,543,481	2,370,178	835,307
Treasury Bills	185,935,578	56,942,620	184,093,944	43,882,381
	206,264,804	**73,486,101**	**186,464,122**	**44,717,688**

20 Derivative financial instruments

(a) **Group**
Sep-2020

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	292,256,622	24,831,904	(1,009,892)
Derivative assets/(liabilities)	**292,256,622**	**24,831,904**	**(1,009,892)**

Group
Dec-2019

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	188,589,544	26,011,823	(2,315,541)
Derivative assets/(liabilities)	**188,589,544**	**26,011,823**	**(2,315,541)**

Parent
Sep-2020

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	292,256,622	24,831,904	(1,009,892)
Derivative assets/(liabilities)	**292,256,622**	**24,831,904**	**(1,009,892)**

Parent
Dec-2019

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	188,589,544	26,011,823	(2,315,541)
Derivative assets/(liabilities)	**188,589,544**	**26,011,823**	**(2,315,541)**

(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. 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 'Other income'.

21 Investment securities

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
(a) (i) Investment securities at fair value through OCI				
Debt securities - Treasury bills FVOCI	554,776,236	570,020,227	449,588,248	482,514,386
Debt securities - Bonds FVOCI	14,301,108	14,233,642	14,258,328	12,083,593
Investment securities - Equity (See note 21(a)(ii))	1,195,866	1,194,857	1,185,527	1,185,527
	570,273,210	**585,448,726**	**465,032,103**	**495,783,506**
12 month ECL on Bonds	(549)	(551)	(280)	(280)
12 month ECL on Treasury Bills	(56,016)	(55,927)	(51,294)	(51,294)
Total	**570,216,645**	**585,392,248**	**464,980,529**	**495,731,932**
Investment securities at fair value through Profit or Loss				
Investment securities - FVPL Notes	-	29,834,367	-	29,834,367
Investment securities - Equity	3,250,000	3,250,000	3,250,000	3,250,000
Total	**3,250,000**	**33,084,367**	**3,250,000**	**33,084,367**
Investment securities at amortised cost:				
- Bonds	70,840,512	41,934,937	1,896,013	2,008,137
- Treasury bills	105,476,175	104,039,702	-	-
	176,316,687	**145,974,639**	**1,896,013**	**2,008,137**
12 month ECL on Bonds - Amortised Cost	(182,287)	(168,167)	(4,554)	(4,554)
12 month ECL on Treasury Bills - Amortised Cost	(159,472)	(245,240)	-	-
Total Investment securities at amortised cost	**175,974,928**	**145,561,232**	**1,891,459**	**2,003,583**
Total investment securities	**749,441,573**	**764,037,847**	**470,121,988**	**530,819,882**

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

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
FVOCI equity instrument				
- GIM UEMOA	10,339	9,330	-	-
- SANEF	50,000	50,000	50,000	50,000
- Unified Payment Services Limited[1]	272,704	272,704	272,704	272,704
- Nigeria Automated Clearing Systems	756,479	756,479	756,479	756,479
- Afrexim	106,344	106,344	106,344	106,344
	1,195,866	**1,194,857**	**1,185,527**	**1,185,527**
FVTPL equity instrument				
- Africa Finance Corporation	3,250,000	3,250,000	3,250,000	3,250,000
	3,250,000	**3,250,000**	**3,250,000**	**3,250,000**
	4,445,866	**4,444,857**	**4,435,527**	**4,435,527**

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

22 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Financial assets held for trading				
- Treasury bills	229,164	246,106	-	-
Investment Securities - FVOCI (See note (c) below):				
- Treasury bills	62,666,381	57,798,568	62,666,381	57,798,568
12 months ECL on Pledged Assets	(7,819)	(7,819)	(7,819)	(7,819)
Total Investment Securities - FVOCI	**62,658,562**	**57,790,749**	**62,658,562**	**57,790,749**
Total Assets Pledged as Collateral	**62,887,726**	**58,036,855**	**62,658,562**	**57,790,749**

(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 N62,666,381,000 (December 2019: N57,798,568,000) 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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Loans and advances to banks	192,114	1,581,489	63,630	81,205
Less Impairment:				
Stage 1 Loans	(58,851)	(60,155)	(111)	(730)
Stage 2 Loans	-	(5)	-	(5)
Stage 3 Loans	(15,337)	(8,019)	(15,337)	(8,019)
	117,926	**1,513,310**	**48,182**	**72,451**

Notes to the financial statements

24 Loans and advances to Customers

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Loans	1,394,626,840	1,329,042,760	1,233,734,141	1,182,088,729
Overdraft	117,261,276	100,043,110	76,734,559	55,328,413
Others[1]	19,257,025	36,237,774	19,257,025	36,170,191
Performing Loans	**1,531,145,141**	**1,465,323,644**	**1,329,725,725**	**1,273,587,333**
Non Performing Loans	106,629,978	102,433,887	83,624,375	83,478,913
Gross Loans	**1,637,775,119**	**1,567,757,531**	**1,413,350,100**	**1,357,066,246**
Impairment on Stage 1 Loans	(5,059,903)	(8,475,975)	(2,168,788)	(5,183,849)
Impairment on Stage 2 Loans	(8,255,386)	(6,828,735)	(7,295,310)	(5,557,789)
Impairment on Stage 3 Loans	(55,429,148)	(51,880,775)	(43,891,911)	(45,503,961)
Total Impairment	**(68,744,437)**	**(67,185,485)**	**(53,356,009)**	**(56,245,599)**
Net Loans	**1,569,030,682**	**1,500,572,046**	**1,359,994,091**	**1,300,820,647**

[1] Others include Usance and Usance Settlements

25 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Parent Sep-2020 % ownership	Parent Dec-2019 % ownership	Parent Sep-2020 ₦'000	Parent Dec-2019 ₦'000
GTB Gambia	77.81	77.81	574,278	574,278
GTB Sierra Leone	83.74	83.74	594,109	594,109
GTB Ghana	98.32	98.32	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	76.20	70.00	3,838,390	2,749,390
			56,903,032	**55,814,032**

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

In thousands of Nigerian Naira	Parent Sep-2020	Parent Dec-2019
Balance, beginning of the period	55,814,032	55,814,032
Additions during the period	1,089,000	-
Balance, end of the period	**56,903,032**	**55,814,032**

Condensed results of consolidated entities

(b) Condensed results of the consolidated entities as at 30 September 2020, are as follows:

Sep-2020

In thousands of Nigerian Naira	Staff Investment Trust	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Operating income	2,009,265	27,696,618	5,631,247	4,099,787	2,574,537	3,780,095	2,733,413	9,948,487	424,473
Operating expenses	-	(7,808,458)	(2,438,434)	(1,939,218)	(3,695,768)	(1,868,256)	(1,636,507)	(5,674,715)	(715,038)
Loan impairment charges	-	(526,603)	(949,568)	(798,880)	-	(190,588)	(85,197)	(1,287,584)	(6,085)
Profit before tax	**2,009,265**	**19,361,557**	**2,243,245**	**1,361,689**	**(1,121,231)**	**1,721,251**	**1,011,709**	**2,986,188**	**(296,650)**
Taxation	-	(5,808,500)	(560,811)	(340,422)	(41,170)	(464,736)	-	(882,085)	-
Profit after tax	**2,009,265**	**13,553,057**	**1,682,434**	**1,021,267**	**(1,162,401)**	**1,256,515**	**1,011,709**	**2,104,103**	**(296,650)**
Total comprehensive income for the period	**2,009,265**	**13,553,057**	**1,682,434**	**1,021,267**	**(1,162,401)**	**1,256,515**	**1,011,709**	**2,104,103**	**(296,650)**

Condensed financial position
Sep-2020

In thousands of Nigerian Naira	Staff Investment Trust	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Assets									
Cash and bank balances	3,019,931	37,072,299	22,377,160	10,623,438	153,203,099	13,384,003	4,223,106	26,072,384	1,960,761
Loans and advances to banks	-	-	-	-	69,744	-	-	-	-
Loans and advances to customers	-	53,346,409	15,237,512	24,479,013	25,489,925	8,009,305	13,670,237	66,730,449	2,073,740
Financial assets at fair value through profit or loss	-	19,800,682	-	-	-	-	-	-	-
Investment securities:									
– Fair Value through other comprehensive Income	29,911,131	-	-	-	44,090,197	28,256,721	10,339	32,836,079	42,780
– Held at amortised cost	-	103,988,577	17,682,087	1,607,429	-	3,035,483	22,389,502	24,738,892	641,499
Assets pledged as collateral	-	-	-	-	-	-	7,637	221,527	-
Restricted deposits and other assets	-	29,108,490	1,304,280	8,200,457	423,918	4,778,195	385,754	7,580,595	465,149
Property and equipment	-	4,119,646	1,030,473	2,302,242	711,734	2,202,889	2,187,437	4,436,740	1,314,714
Intangible assets	-	227,226	58,732	65,582	-	94,929	61,071	1,110,203	283,064
Deferred tax assets	-	-	47,734	-	405,883	-	-	156,422	-
Total assets	**32,931,062**	**247,663,329**	**57,737,978**	**47,278,161**	**224,394,500**	**59,761,525**	**42,935,083**	**163,883,291**	**6,781,707**
Financed by:									
Deposits from banks	-	-	-	-	130,028,104	-	573,062	2,233,717	83,067
Deposits from customers	-	174,345,531	43,562,791	34,736,806	70,150,774	49,689,138	29,851,329	124,230,271	2,772,252
Current income tax liabilities	-	819,504	697,798	345,417	-	117,405	-	-	-
Deferred tax liabilities	-	155,071	-	277,251	-	56,965	-	324,402	-
Other liabilities	11,398,007	5,549,324	1,255,832	1,469,210	7,154,439	2,800,843	3,593,707	5,381,274	334,004
Other borrowed funds	-	-	-	-	-	-	-	-	-
Total liabilities	**11,398,007**	**180,869,430**	**45,516,421**	**36,828,684**	**207,333,317**	**52,664,351**	**34,018,098**	**132,169,664**	**3,189,323**
Equity and reserve	21,533,055	66,793,899	12,221,557	10,449,477	17,061,183	7,097,174	8,916,985	31,713,627	3,592,384
	32,931,062	**247,663,329**	**57,737,978**	**47,278,161**	**224,394,500**	**59,761,525**	**42,935,083**	**163,883,291**	**6,781,707**

Condensed cash flow
Sep-2020

In thousands of Nigerian Naira	Staff Investment Trust	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire	GT Bank Kenya	GT Bank Tanzania
Net cash flow:									
- from operating activities	(8,175,598)	4,010,259	12,196,795	3,751,591	20,650,539	4,750,786	6,729,660	17,515,492	1,767,116
- from investing activities	12,386,596	3,594,960	(7,640,667)	(355,637)	(7,630,150)	(4,629,835)	(6,195,908)	(18,056,363)	(36,880)
- from financing activities	(1,427,528)	-	-	(272,516)	-	-	-	-	-
Increase in cash and cash equivalents	2,783,470	7,605,219	4,556,128	3,123,438	13,020,389	120,951	533,752	(540,871)	1,730,236
Cash balance, beginning of period	236,461	27,912,490	16,975,572	7,214,382	134,998,215	12,963,225	3,516,631	26,743,190	220,248
Effect of exchange difference	-	637,795	845,460	285,618	5,184,495	299,827	172,723	(129,935)	10,276
Cash balance, end of period	**3,019,931**	**36,155,504**	**22,377,160**	**10,623,438**	**153,203,099**	**13,384,003**	**4,223,106**	**26,072,384**	**1,960,760**

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

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
Condensed profit and loss										
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 results of the consolidated entities as at 31 December 2019, are as follows:

Dec-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**
Condensed financial position										
Assets										
Cash and bank balances	236,461	-	27,912,490	16,975,572	7,214,382	134,998,215	12,963,225	3,516,631	26,743,190	220,248
Loans and advances to banks	-	-	-	-	-	216,358	-	-	-	1,224,502
Loans and advances to customers	-	-	37,515,874	16,778,353	24,261,536	30,330,016	7,713,958	8,162,287	74,435,337	1,396,018
Financial assets at fair value through profit or loss	-	-	28,768,413	-	-	-	-	-	-	-
Investment securities:										
– Available for sale	40,288,462	-	-	-	-	35,265,886	22,974,485	9,330	31,410,616	-
– Held to maturity	-	-	104,830,946	9,997,463	1,137,271	-	2,966,834	14,057,600	10,139,260	428,275
Assets pledged as collateral	-	-	-	-	-	-	-	-	246,106	-
Restricted deposits and other assets	1,300,000	-	11,670,562	636,170	5,752,697	573,700	398,307	2,119,095	2,675,504	209,992
Property and equipment	-	-	4,330,998	705,365	2,415,608	820,695	2,607,801	2,446,650	4,442,935	1,371,441
Intangible assets	-	-	254,240	31,550	59,600	-	110,714	52,534	1,238,984	345,375
Deferred tax assets	-	-	92,483	45,341	-	390,797	-	-	1,727,950	-
Total assets	**41,824,923**	**-**	**215,376,006**	**45,169,814**	**40,841,094**	**202,595,667**	**49,735,324**	**30,364,127**	**153,059,882**	**5,195,851**
Financed by:										
Deposits from banks	-	-	15,897,679	-	-	117,283,836	-	69,137	8,172,052	177,532
Deposits from customers	-	-	141,559,884	33,239,816	29,484,485	65,859,894	42,422,284	20,309,437	110,624,646	2,277,904
Current income tax liabilities	-	-	151,489	118,012	492,426	(5,258)	92,340	-	-	-
Deferred tax liabilities	-	-	243,459	-	124,662	59,603	104,539	-	279,546	-
Other liabilities	11,081,822	-	4,337,507	1,782,641	889,769	1,675,121	1,200,323	2,395,138	4,144,305	110,121
Other borrowed funds	1,427,528	-	-	-	257,344	-	-	-	-	-
Total liabilities	**12,509,350**	**-**	**162,190,018**	**35,140,469**	**31,248,686**	**184,873,196**	**43,819,486**	**22,773,712**	**123,220,549**	**2,565,557**
Equity and reserve	29,315,573	-	53,185,988	10,029,345	9,592,408	17,722,471	5,915,838	7,590,415	29,839,333	2,630,294
	41,824,923	**-**	**215,376,006**	**45,169,814**	**40,841,094**	**202,595,667**	**49,735,324**	**30,364,127**	**153,059,882**	**5,195,851**

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**

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 2020	98,719,230	-	111,272,579	13,680,069	13,036,574	14,280,632	250,989,084
Exchange difference	571,450	-	472,340	109,490	-	59,228	1,212,508
Additions	7,671,189	-	9,955,326	1,746,416	227,884	2,998,174	22,598,989
Disposals/Reclass	(52,802)	-	(775,930)	(861,193)	-	-	(1,689,925)
Transfers	1,682,334	-	1,303,871	-	-	(2,986,205)	-
Balance at 30 September 2020	**108,591,401**	**-**	**122,228,186**	**14,674,782**	**13,264,458**	**14,351,829**	**273,110,656**
Balance at 1 January 2019	62,507,128	14,327,056	90,163,092	12,291,035	12,802,852	18,495,284	210,586,447
Exchange difference	(288,954)	(57,367)	(350,836)	(163,645)	-	(66,218)	(927,020)
Additions	29,899,147	-	22,592,594	2,890,304	233,722	9,093,599	64,709,366
Disposals/Reclass	(324,975)	-	(6,211,153)	(1,511,196)	-	-	(8,047,324)
Transfers	6,926,884	1,028,281	5,078,882	173,571	-	(13,207,618)	-
Reclassifications to other assets	-	(15,297,970)	-	-	-	(34,415)	(15,332,385)
Balance at 31 December 2019	**98,719,230**	**-**	**111,272,579**	**13,680,069**	**13,036,574**	**14,280,632**	**250,989,084**

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 2020	17,900,407	-	72,558,504	8,347,794	10,407,516	-	109,214,221
Exchange difference	143,542	-	351,466	69,008	-	-	564,016
Charge for the period	3,514,340	-	11,828,396	1,762,629	1,563,741	-	18,669,106
Disposal	(52,708)	-	(775,928)	(859,752)	-	-	(1,688,388)
Balance at 30 September 2020	**21,505,581**	**-**	**83,962,438**	**9,319,679**	**11,971,257**	**-**	**126,758,955**
Balance at 1 January 2019	15,133,561	1,257,036	65,911,583	7,957,686	8,500,666	-	98,760,532
Exchange difference	(92,934)	(5,328)	(239,770)	(98,536)	-	-	(436,568)
Charge for the period	3,484,320	-	12,504,279	1,936,358	1,906,850	-	19,831,807
Disposal	(624,540)	-	(5,617,588)	(1,447,714)	-	-	(7,689,842)
Reclassifications to other assets	-	(1,251,708)	-	-	-	-	(1,251,708)
Balance at 31 December 2019	**17,900,407**	**-**	**72,558,504**	**8,347,794**	**10,407,516**	**-**	**109,214,221**
Carrying amounts:							
Balance at 30 September 2020	**87,085,820**	**-**	**38,265,748**	**5,355,103**	**1,293,201**	**14,351,829**	**146,351,701**
Balance at 31 December 2019	**80,818,823**	**-**	**38,714,075**	**5,332,275**	**2,629,058**	**14,280,632**	**141,774,863**

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 2020	83,057,156	-	94,789,164	10,435,319	13,036,574	12,400,787	213,719,000
Additions	7,796,266	-	9,390,172	1,366,948	227,884	2,635,835	21,417,105
Disposals/Reclass	-	-	(743,597)	(786,084)	-	-	(1,529,681)
Transfers	697,614	-	1,084,970	-	-	(1,782,584)	-
Balance at 30 September 2020	**91,551,036**	**-**	**104,520,709**	**11,016,183**	**13,264,458**	**13,254,038**	**233,606,424**
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	25,916,930	-	20,278,507	2,363,467	233,722	7,217,568	56,010,194
Disposals/Reclass	-	-	(4,058,000)	(1,091,294)	-	-	(5,149,294)
Transfers	5,954,859	1,028,281	4,950,956	158,625	-	(12,092,721)	-
Reclassifications to other assets	-	(14,437,913)	-	-	-	-	(14,437,913)
Balance at 31 December 2019	**83,057,156**	**-**	**94,789,164**	**10,435,319**	**13,036,574**	**12,400,787**	**213,719,000**

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 2020	13,998,763	-	60,235,129	6,444,154	10,407,516	-	91,085,562
Charge for the period	2,625,967	-	10,481,758	1,331,573	1,563,741	-	16,003,039
Disposal	-	-	(743,595)	(784,658)	-	-	(1,528,253)
Balance at 30 September 2020	**16,624,730**	**-**	**69,973,292**	**6,991,069**	**11,971,257**	**-**	**105,560,348**
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	2,322,507	-	10,588,699	1,522,358	1,906,850	-	16,340,414
Disposal	-	-	(4,057,891)	(1,048,509)	-	-	(5,106,400)
Reclassifications to other assets	-	(1,143,927)	-	-	-	-	(1,143,927)
Balance at 31 December 2019	**13,998,763**	**-**	**60,235,129**	**6,444,154**	**10,407,516**	**-**	**91,085,562**
Carrying amounts:							
Balance at 30 September 2020	**74,926,306**	**-**	**34,547,417**	**4,025,114**	**1,293,201**	**13,254,038**	**128,046,076**
Balance at 31 December 2019	**69,058,393**	**-**	**34,554,035**	**3,991,165**	**2,629,058**	**12,400,787**	**122,633,438**

27 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2020	8,684,356	26,275,095	34,959,451
Exchange translation differences	(449)	105,538	105,089
Additions	-	3,016,157	3,016,157
Disposals	-	-	-
Balance at 30 September 2020	**8,683,907**	**29,396,790**	**38,080,697**
Balance at 1 January 2019	8,682,937	19,796,914	28,479,851
Exchange translation differences	1,419	8,786	10,205
Additions	-	6,692,435	6,692,435
Disposals	-	(223,040)	(223,040)
Balance at 31 December 2019	**8,684,356**	**26,275,095**	**34,959,451**
Amortization and impairment losses			
Balance at 1 January 2020	-	14,714,219	14,714,219
Exchange translation differences	-	74,290	74,290
Amortization for the period	-	2,902,262	2,902,262
Disposals	-	-	-
Balance at 30 September 2020	**-**	**17,690,771**	**17,690,771**
Balance at 1 January 2019	-	12,077,230	12,077,230
Exchange translation differences	-	(3,916)	(3,916)
Amortization for the period	-	2,860,832	2,860,832
Disposals	-	(219,927)	(219,927)
Balance at 31 December 2019	**-**	**14,714,219**	**14,714,219**
Carrying amounts:			
Balance at 30 September 2020	**8,683,907**	**11,706,019**	**20,389,926**
Balance at 31 December 2019	**8,684,356**	**11,560,876**	**20,245,232**

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 2020 (2019: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2020	20,739,355
Additions	2,786,047
Balance at 30 September 2020	**23,525,402**
Balance at 1 January 2019	14,528,575
Additions	6,210,780
Balance at 31 December 2019	**20,739,355**
Amortization and impairment losses	
Balance at 1 January 2020	11,193,102
Amortization for the period	2,449,165
Balance at 30 September 2020	**13,642,267**
Balance at 1 January 2019	8,892,970
Amortization for the period	2,300,132
Balance at 31 December 2019	**11,193,102**
Carrying amounts:	
Balance at 30 September 2020	**9,883,135**
Balance at 31 December 2019	**9,546,253**

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

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Repossessed collaterals	11,911,418	11,036,061	9,243,888	8,439,161
Prepayments	24,879,899	35,576,690	10,856,811	25,981,006
Accounts Receivable	46,044,331	14,445,319	34,446,625	6,816,192
Stocks	1,924	-	1,924	-
Foreign Banks - Cash Collateral	12,153,798	15,855,099	12,097,113	15,800,229
Restricted deposits with central banks (See note 28(i) below)	1,010,075,939	443,652,883	991,650,223	443,636,961
Contribution to AGSMEIS (See note 28(ii) below)	31,508,326	22,752,062	31,508,326	22,752,062
Recognised assets for defined benefit obligations (See note 32)	10,799,957	10,799,957	10,799,957	10,799,957
	1,147,375,592	**554,118,071**	**1,100,604,867**	**534,225,568**
Right-Of-Use Assets	23,880,683	23,580,802	18,429,436	18,143,188
	1,171,256,275	**577,698,873**	**1,119,034,303**	**552,368,756**
Impairment on other assets (See note 28(iii) below)	(265,948)	(265,867)	(263,001)	(263,001)
	1,170,990,327	**577,433,006**	**1,118,771,302**	**552,105,755**

(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 N991,650,223,000 with the Central Bank of Nigeria (CBN) as at 30 September 2020 (December 2019: N443,636,961,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory total Naira deposits which should be held with the Central Bank of Nigeria as a regulatory requirement.

(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) Movement in impairment of other financial assets:

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Opening Balance	265,867	320,375	263,001	320,375
Charge/(reversal) for the period	81	(54,508)	-	(57,374)
Closing Balance	265,948	265,867	263,001	263,001

29 Deposits from banks

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Money market deposits	2,889,846	22,439,806	-	-
Other deposits from banks	108,797,359	85,078,592	14,363	15,200
	111,687,205	**107,518,398**	**14,363**	**15,200**

30 Deposits from customers

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Term deposits	390,411,669	382,378,418	288,103,364	291,829,913
Current deposits	1,743,013,835	1,473,807,210	1,435,603,954	1,214,091,888
Savings	1,057,807,028	676,354,756	938,236,989	580,888,269
	3,191,232,532	**2,532,540,384**	**2,661,944,307**	**2,086,810,070**

31 Financial liabilities at fair value through profit or loss

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Treasury bills short positions	-	1,615,735	-	1,615,735
	-	**1,615,735**	**-**	**1,615,735**

32 Other liabilities

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Cash settled share based payment liability	11,398,007	11,081,822	-	-
Lease liabilities	4,040,710	5,275,289	151,396	151,396
Liability for defined contribution obligations (Note 32(a))	129,133	402,749	33	33
Deferred income on financial guarantee contracts	42,227	91,554	29,662	34,874
Litigation Claims Provision (Note 32(c))	258,209	250,665	190,200	189,870
Certified cheques	10,157,181	5,799,807	7,517,143	4,909,666
Customers' deposit for foreign trade (Note 32(b))	29,847,093	16,626,361	29,790,408	16,393,689
Customers' escrow balances	202,988,773	120,397,846	202,988,773	119,851,339
Account Payables	11,513,526	33,542,379	4,993,342	30,351,050
Creditors and agency services	66,122,293	33,032,814	52,346,700	27,417,104
Customers deposit for shares of other Corporates	683,634	462,115	671,445	462,115
Impairment On Contingents (Note 32(d))	3,644,713	6,462,312	3,237,833	6,056,692
	340,825,499	**233,425,713**	**301,916,935**	**205,817,828**

(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, 2020.

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

In thousands of Nigerian Naira	**Group Sep-2020**	**Group Dec-2019**	**Parent Sep-2020**	**Parent Dec-2019**
Opening Balance	250,665	91,720	189,870	91,720
Increase/(reversal) during the period	7,544	158,945	330	98,150
Closing Balance	**258,209**	**250,665**	**190,200**	**189,870**

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

In thousands of Nigerian Naira	**Group Sep-2020**	**Group Dec-2019**	**Parent Sep-2020**	**Parent Dec-2019**
Opening Balance	6,462,312	7,100,889	6,056,692	6,713,128
Effect of exchange rate fluctuation	1,260	(103,953)	-	-
Charge/(reversal) for the period	(2,818,859)	(534,624)	(2,818,859)	(656,436)
Closing Balance	**3,644,713**	**6,462,312**	**3,237,833**	**6,056,692**

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-2020**	**Group Dec-2019**	**Parent Sep-2020**	**Parent Dec-2019**
Present value of funded obligations	(4,030,995)	(4,030,995)	(4,030,995)	(4,030,995)
Total present value of defined benefit obligations	(4,030,995)	(4,030,995)	(4,030,995)	(4,030,995)
Fair value of plan assets	14,830,952	14,830,952	14,830,952	14,830,952
Present value of net asset/(obligations)	10,799,957	10,799,957	10,799,957	10,799,957
Recognized asset/(liability) for defined benefit obligations	**10,799,957**	**10,799,957**	**10,799,957**	**10,799,957**

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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
(Deficit)/surplus on defined benefit obligations, beginning of period	10,799,957	11,012,687	10,799,957	11,012,687
Net (Expense) / Income recognised in Profit and Loss	-	1,736,134	-	1,736,134
Re-measurements recognised in Other Comprehensive Income	-	(2,093,871)	-	(2,093,871)
Contributions paid	-	145,007	-	145,007
(Deficit)/surplus for defined benefit obligations, end of period	**10,799,957**	**10,799,957**	**10,799,957**	**10,799,957**

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Sep-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Equity securities:				
- Quoted	2,964,386	2,964,386	2,964,386	2,964,386
Government securities				
- Quoted	2,160,418	2,160,418	2,160,418	2,160,418
Cash and bank balances				
- Unquoted	9,706,148	9,706,148	9,706,148	9,706,148
	14,830,952	**14,830,952**	**14,830,952**	**14,830,952**

Group

In thousands of Nigerian Naira	Sep-2020		Dec-2019	
Equity securities	2,964,386	20%	2,964,386	20%
Government securities	2,160,418	15%	2,160,418	15%
Cash and bank balances	9,706,148	65%	9,706,148	65%
	14,830,952	**100%**	**14,830,952**	**100%**

Parent

In thousands of Nigerian Naira	Sep-2020		Dec-2019	
Equity securities	2,964,386	20%	2,964,386	20%
Government securities	2,160,418	15%	2,160,418	15%
Cash and bank balances	9,706,148	65%	9,706,148	65%
	14,830,952	**100%**	**14,830,952**	**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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Fair value of plan assets, beginning of the period	14,830,952	14,340,252	14,830,952	14,340,252
Contributions paid into/(withdrawn from) the plan	-	145,007	-	145,007
Benefits paid by the plan	-	(145,007)	-	(145,007)
Actuarial gain	-	(1,861,101)	-	(1,861,101)
Return on plan assets	-	2,351,801	-	2,351,801
Fair value of plan assets, end of the period	**14,830,952**	**14,830,952**	**14,830,952**	**14,830,952**

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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
Present value of obligation, beginning of the period	4,030,995	3,327,565	4,030,995	3,327,565
Interest cost	-	545,360	-	545,360
Current service cost	-	70,307	-	70,307
Benefits paid	-	(145,007)	-	(145,007)
Actuarial (gain) on obligation	-	232,770	-	232,770
Present value of obligation at end of the period	**4,030,995**	**4,030,995**	**4,030,995**	**4,030,995**

(f) Actuarial assumptions

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

	2020	2019
Discount rate	13.8%	13.8%
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-2020**	**Group Dec-2019**	**Parent Sep-2020**	**Parent Dec-2019**
Due to IFC	37,946,900	43,883,237	37,946,900	43,883,237
Due to BOI	25,755,388	32,104,591	25,755,388	32,104,591
Due to CACS	13,548,793	16,003,270	13,548,793	16,003,270
Due to Proparco	7,184,004	8,631,603	7,184,004	8,374,259
MSME Development Fund	22,885	47,391	22,885	47,391
Excess Crude Account -Secured Loans Fund	13,793,816	13,860,702	13,793,816	13,860,702
RSSF on lending	23,082,262	25,313,433	23,082,262	25,313,433
SANEF Intervention Fund	865,729	1,005,100	865,729	1,005,100
NESF Fund	1,324,185	1,658,801	1,324,185	1,658,801
Due to DBN Intervention Fund	18,551,929	20,491,781	18,551,929	20,491,781
Due to Anchor Borrower's Fund	2,989,539	-	2,989,539	-
	145,065,430	**162,999,909**	**145,065,430**	**162,742,565**

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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
(a)	Authorised:				
	50,000,000,000 ordinary shares of 50k each				
	(31 December 2019: 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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
(b)	Issued and fully paid:				
	29,431,179,224 ordinary shares of 50 kobo each (31 December 2019: 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-2020	Group Dec-2019	Parent Sep-2020	Parent Dec-2019
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 2019	**29,431,180**	**14,715,590**	**123,471,114**	**(5,583,635)**
(Purchases)/sales of treasury shares	-	-	-	(948,114)
At 31 December 2019/1 January 2020	**29,431,180**	**14,715,590**	**123,471,114**	**(6,531,749)**
(Purchases)/sales of treasury shares	-	-	-	-
At 30 September 2020	**29,431,180**	**14,715,590**	**123,471,114**	**(6,531,749)**

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 N317,459,147,000 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 N6,531,749,000 (31 December 2019:N6,531,749,000) represents the Bank's shares held by the Staff Investment Trust as at 30 September 2020.

(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 N62,317,634,000.

(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-2020	**Group Dec-2019**	**Group Sep-2020**	**Group Dec-2019**
	%	%	₦'000	₦'000
GTB (Gambia) Limited	22.19	22.19	1,547,521	1,345,364
GTB (Sierra Leone) Limited	16.26	16.26	1,940,003	1,718,292
GTB (Ghana) Limited	1.68	1.68	1,123,757	920,640
GTB Liberia	0.57	0.57	59,493	55,363
GTB Kenya Limited	30.00	30.00	9,514,624	8,906,873
GTB Tanzania	23.80	30.00	817,356	783,492
			15,002,754	**13,730,024**

(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-2020		
In thousands of Nigerian Naira	**Statutory Reserves**	**SMEEIS Reserves**	**AGSMEIS Reserves**	**Total**
Opening Balance	298,877,835	4,232,478	22,752,062	325,862,375
Total comprehensive income for the period:				
Transfers for the period	18,581,312	-	8,756,264	27,337,576
Total transactions with equity holders	**18,581,312**	**-**	**8,756,264**	**27,337,576**
Balance as at 30 September 2020	**317,459,147**	**4,232,478**	**31,508,326**	**353,199,951**

		Dec-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 year:				
Transfers for the year	26,268,792	-	8,345,988	34,614,780
Total transactions with equity holders	**26,268,792**	**-**	**8,345,988**	**34,614,780**
Balance as at 31 December 2019	**298,877,835**	**4,232,478**	**22,752,062**	**325,862,375**

36 Dividends

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

In thousands of Nigerian Naira	**Group Sep-2020**	**Group Dec-2019**	**Parent Sep-2020**	**Parent Dec-2019**
Balance, beginning of period	-	-	-	-
Final dividend declared	73,760,488	72,177,687	73,577,950	72,106,389
Interim dividend declared	8,829,354	8,829,354	8,829,354	8,829,354
Payment during the period	(82,589,842)	(81,007,041)	(82,407,304)	(80,935,743)
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-2020**	**Group Dec-2019**	**Parent Sep-2020**	**Parent Dec-2019**
Contingent liabilities:				
Transaction related bonds and guarantees	309,850,224	351,764,791	289,343,039	320,056,325
	309,850,224	**351,764,791**	**289,343,039**	**320,056,325**
Commitments:				
Clean line facilities and letters of credit	47,190,905	57,673,046	14,730,610	22,753,615
Other commitments	7,827,112	3,903,752	-	-
	55,018,017	**61,576,798**	**14,730,610**	**22,753,615**

38. Impact of COVID-19

Following the outbreak of the COVID-19 pandemic, Guaranty Trust Bank instituted various measures to preserve the health and well-being of its employees, customers and communities while minimizing the impact of the pandemic on its Businesses in all the jurisdiction where it operates. The Group activated its Business Continuity Plans and came up with various initiatives to prevent business disruptions while ensuring adequate customer service delivery. Some of the measures adopted include internal awareness campaigns, enforcement of health and safety precautions, minimisation of physical access to office premises, restriction of access to buildings to non-essential visitors, enforcement of social distancing protocols and virtual working approach to reduce exposure and replacement of face-to-face meetings with video conferences or online meetings. The Group also came up with various palliative measures to ease the difficulty encountered by obligors in identified vulnerable segments and partnered with Government on initiatives aimed at alleviating suffering brought about by COVID-19.

The containment measures implemented against the COVID-19 pandemic such as lockdowns, travel restrictions, closure of non-essential businesses, and skeletal service operations impacted economic activities during the period ended September 2020. In response to the human and economic impact of COVID-19, the Federal Government and CBN introduces palliatives to alleviate the sufferings of poor masses and lessen the impact of the Pandemic on the economy.

In accordance with the Group's business continuity plans, the IT unit provided virtual private network (VPN) access to staff from different remote locations without compromising security. This enabled us to achieve flexible work arrangements and alternate team split with some of our staff working from their respective homes. As our employees continue to work from home, we monitored staff productivitiy and continually maintained the confidentiality of all sensitive information. While we have taken steps to keep our employees safe, we continued to leverage on our robust service platforms to enable customers carry out seamless transactions on our self-service electronic banking channels in order to reduce the number of people who visit our branches.

The Group will continue to monitor the development of the situation locally and globally and follow recommended measures and guidelines issued by the Nigeria Centre for Disease Control (NCDC) and their Counterparts in other Jurisdiction where we are operating, World Health Organization (WHO) and other health authorities. However, the Directors are confident that the Going Concern of the Group will not be threatened by COVID 19 and would be able to continue to operate in the foreseeable future.

39. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) **Guaranty Trust Bank Plc** maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

Key Financials (N' billion)	**Sep-20**	**Sep-19**	**Δ%**
Net Interest Income	189.7	172.9	10%
Non Interest Income	101.7	101.8	0%
Operating Income	279.8	270.3	4%
Operating expense	112.4	99.6	13%
Profit before tax	167.4	170.7	-2%
Profit after tax	142.3	147.0	-3%

	Sep-20	**Dec-19**	**Δ%**
Total Assets	4,573.7	3,758.9	22%
Net Loans	1,569.1	1,502.1	4%
Total Deposits	3,302.9	2,640.1	25%

Key Ratios	**Sep-20**	**Sep-19**
Net interest margin	9.48%	9.43%
Cost-to-income ratio	40.18%	36.85%

	Sep-20	**Dec-19**
ROE (Post tax)	26.30%	31.16%
ROA (Post tax)	4.55%	5.59%
Net Loans-to-Deposits	47.51%	56.90%
Liquidity ratio	38.78%	49.33%
Capital adequacy ratio (Full IFRS 9 Impact)	23.85%	22.51%
Capital adequacy ratio (Adjusted IFRS 9 Impact)	25.97%	25.88%
NPL/Total Loans	6.51%	6.53%
Cost of risk	0.63%	0.34%
Coverage	123.32%	126.58%