

Guaranty Trust Bank Plc and Subsidiary Companies

**Group Financial Statements -- 31 December 2008
Together with Directors' and Auditor's Reports**

CORPORATE GOVERNANCE

Introduction

Guaranty Trust Bank Plc has remained true to the enviable reputation it has built over the years as an organisation founded on integrity, professionalism and exemplary corporate governance practices. Our strong values remain an important ingredient in creating and sustaining shareholder value, while ensuring that behaviour is ethical, legal and transparent. The summary of corporate governance practices in Guaranty Trust Bank Plc provides the basis for promoting the highest standards of corporate governance, while we continue to benchmark ourselves against international best practice. Guaranty Trust Bank Plc is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place. The Corporate Governance Practices of the Bank are designed to ensure accountability of the Board and Management to all stakeholders.

The business of the Bank is driven by the Board of Directors which exercises its oversight function through its various Committees, namely, the Board Risk Management Committee, Board Credit Committee, Board Human Resources and Remuneration Committee and the Audit Committee of the Bank. Through these Committees, interactive dialogue is employed to set broad policy guidelines, and to ensure the proper management and direction of the Bank on a regular basis.

In addition to the Board Committees, there are three standing Management Committees: Assets and Liability Committee, Management Credit Committee and Criticised Assets Committee to ensure effective and good Corporate Governance at the Management level. These Committees form the bedrock for the long-term professional management of the business of the Bank.

Board of Directors

The Board of Guaranty Trust Bank Plc comprises fourteen members; eight (8) of whom (inclusive of the Chairman of the Board) are Non-Executive Directors, while six (6) are Executive Directors. The Directors are listed in the Directors' report. The Bank's Board is made up of a crop of seasoned professionals who have excelled in their various professions including banking, oil and gas and law and possess the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations. In line with best practice, the Bank in June 2008, appointed Mr. Akindele Akintoye and Mr. Andrew Folorunso Alli as Independent Directors based on the Central Bank of Nigeria's criteria on the appointment of independent Directors and the core values enshrined in the Bank's Code of Corporate Governance. Both Directors do not have any significant shareholding interest or any special business relationship with the Bank.

The Board is responsible to shareholders for creating and delivering sustainable shareholders' value through the management of the Bank's business. The Board is accountable to shareholders and is responsible for management of the Bank's relationships with its various stakeholders. The Board accordingly determines the strategic objectives and policies of the Bank to deliver long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. The Board also ensures that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance. The Board is the decision-making body for all matters of importance to the Bank as a whole because of their strategic, financial or reputational implications or consequences. The Board reviews and assesses the risk profile appropriate to the corporate strategy of the Bank and also ensures that management maintains an appropriate system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations. Powers reserved for the Board include the approval of quarterly, half year and full year financial statements, significant changes in accounting policy and practice, the appointment or removal of Directors, the Company Secretary, change to the Bank's capital structure and major acquisitions, mergers, disposals or capital expenditure.

The roles of the Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He is responsible for ensuring that Directors receive accurate, timely and clear information about the Bank to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Bank. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications, both inside and outside the Boardroom, between Executive and Non-executive Directors.

The Board has delegated the responsibility for the day-to-day management of the Bank to the Managing Director / Chief Executive who is supported by Executive Management comprising the Deputy Managing Director and Executive Directors. The Managing Director executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

Disclosure of the individual Executive and Non-Executive Directors' emoluments and shareholdings are set out in the Directors' Report. The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolution, as provided for in the Articles of Association. The Non-Executive Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. During the 10 months period that the Bank operated in the 2008 financial year, the Board met five (5) times.

In furtherance of best corporate governance practices, the Board engaged an independent consultant, J. K. Randle International in 2007 and 2008 to carry out the annual Board and Directors review/appraisal covering all aspects of the Board's structure, composition, responsibilities, processes, relationships, as well as individual members' competencies and respective roles in the Board performance. The Independent Consultant consistently rated the Board and Directors as "very impressive".

The Board carries out its responsibilities through its Standing Committees. All Committees have clearly defined terms of reference, which set out their roles, responsibilities, functions and scope of authority. All Committees in the exercise of their powers so delegated conform to the regulations laid down by the Board. The Committees render reports to the Board at its quarterly meetings.

The roles, responsibilities, composition, frequency of meetings and attendance by members of each of the Committees are as stated hereunder:

Board Risk Management Committee

This Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. Its major responsibilities include setting policies on the Bank's risk profile and limits, determining the adequacy and completeness of the Bank's risk detection and measurement systems, assessing the adequacy of the mitigants to the risk, reviewing and approving the contingency plan for specific risks and ensuring that all departments in the Bank are fully aware of the risks involved in their functions. The Committee is also tasked with monitoring the implementation of the Enterprise Risk Management (ERM) Framework approved by the Board of Directors. The Chief Risk Officer of the Bank presents regular briefings to the Committee on the implementation of the ERM Framework.

The Committee is made up of the following members:

- | | | | | | |
|----|----------------------------|---|------------------------|---|----------|
| 1. | Mr. Adetokunbo B. Adesanya | - | Non Executive Director | - | Chairman |
| 2. | Mr. Olutayo Aderinokun | - | Managing Director | - | Member |
| 3. | Mr. Egbert U. Imomoh | - | Non Executive Director | - | Member |
| 4. | Mr. Andrew Alli | - | Non Executive Director | - | Member |
| 5. | Mr. Babajide Ogundare | - | Executive Director | - | Member |
| 6. | Mrs. Grace T. Osuntoki | - | Executive Director | - | Member |

The Committee meets quarterly and additional meetings are convened as required. The Committee met three times during the 10 months period that the Bank operated for in the 2008 financial year.

Board Credit Committee

This Committee is responsible for approval of loans above the Management Credit Committee's authority limit as may be defined from time to time by the Board of Directors. The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets. In view of the volume of transactions that require Board Credit Committee's approvals and the need to approve credits expeditiously, credits are circulated amongst the members for consideration and approval between Board Credit Committee meetings in line with a defined procedure that ensures that all members of the Committee are furnished with full information on such credits. All credits considered as 'Large exposures' (as defined by the Board of Directors from time to time) are considered and approved by the Board Credit Committee at a special meeting convened for that purpose. The Committee is made up of the following members:

- | | | | | | |
|----|------------------------|---|--------------------------|---|----------|
| 1. | Mr. Oluwole S. Oduyemi | - | Non Executive Director | - | Chairman |
| 2. | Mr. Olusegun Agbaje | - | Deputy Managing Director | - | Member |
| 3. | Mr. Victor Osibodu | - | Non-Executive Director | - | Member |
| 4. | Alhaji Mohammed K.Jada | - | Non-Executive Director | - | Member |
| 5. | Mr. Akindele Akintoye | - | Non-Executive Director | - | Member |
| 6. | Mrs. Cathy Echeozo | - | Executive Director | - | Member |
| 7. | Mr. Farouk Bello | - | Executive Director | - | Member |

The Committee meets at least quarterly. However, additional meetings are convened as required. The Committee met five times during the 10 months period for which the Bank operated during the 2008 financial year.

Board Human Resources and Remuneration Committee

The Committee provides governance and strategic oversight for considering remuneration of Executive Directors, Human Resources activities and senior Management development. In relation to Human Resources and senior management development, the Committee's objective is to ensure that the Bank's human resources are maximized to business performance, support the long-term success and growth of the Bank and to protect the welfare of all employees. The Committee is responsible for approving the remuneration of Executive Directors. The Committee is made up of all the Non-Executive Directors of the Bank (excluding the Chairman of the Board).

The table below shows the frequency of meetings of the Board of Directors and Board Committees, and Members' attendance for the financial year (ten months) ended December 31, 2008.

Directors	Board	Board Credit Committee	Board Risk Management Committee
Number of Meetings	5	5	3
Owelle Gilbert Chikelu	5	N/A	N/A
Mr. Tayo Aderinokun	5	N/A	3
Mr. Olusegun Agbaje	5	5	N/A
Mr. Victor Osibodu	5	5	N/A
Alhaji Mohammed Jada	4	5	N/A
Mr. Tokunbo Adesanya	5	N/A	3
Mr. Egbert U. Imomoh	5	N/A	3
Mr. Oluwole Oduyemi	5	4	N/A
Mr. Andrew A. Alli (Appointed on June 25, 2008)	2	N/A	N/A
Mr. Akindele Akintoye (Appointed on June 25, 2008)	2	N/A	N/A
Mr. Jide Ogundare	3	N/A	2
Mrs. Cathy Echeozo	4	4	N/A
Mrs. G.T Osuntoki (Appointed on June 25, 2008)	1	N/A	N/A
Mr. Farouk Bello (Appointed on June 25, 2008)	2	N/A	N/A
Alhaji Abba Habib (Resigned with effect from September 13, 2008)	2	N/A	1

*N/A means not applicable

Audit Committee

This Committee is a statutory Committee. The primary role of the Audit Committee is to ensure the integrity of the audit process and financial reporting and to maintain a sound risk management and internal control system as stipulated in Section 359 of the Companies and Allied Matters Act, 1990.

The Committee is saddled with the responsibility of ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid down by the Board of Directors. Its major functions include the approval of the annual audit plan of the internal auditor, review and approval of the audit scope and plan of the External Auditors, review of the audit report on internal weaknesses observed by both the Internal and External Auditors during their respective examination, review and consideration of any other examination report carried out on the Bank. The Committee reviews the Bank's annual and interim financial statements, including the effectiveness of the Bank's disclosure controls and systems of internal control and areas of judgement involved in the compilation of the Bank's results.

The six-man Audit Committee consists of three Non-Executive Directors and three ordinary shareholders, one of whom is the Chairman of the Committee. The Internal and External Auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

During the year, the Committee approved the External Auditors' terms of engagement and scope of work and also reviewed the internal auditors' coverage plan aimed at providing assurance in respect of the various levels of operations. The Committee received regular internal and external audit reports on the results of the audits conducted at various levels. The Committee's terms of reference also include various aspects of risk management and compliance. The Members are:

1.	Mr. M. F. Lawal	-	Shareholders' Representative	-	Chairman
2.	Alhaji M. A. Usman	-	Shareholders' Representative	-	Member
3.	Mr. A. G. A. Kosoko	-	Shareholders' Representative	-	Member
4.	Mr. O. S. Oduyemi	-	Non Executive Director	-	Member
5.	Alhaji M. K. Jada	-	Non Executive Director	-	Member
6.	Mr. A. B. Adesanya	-	Non Executive Director	-	Member

Meetings are held quarterly and are attended by the internal and external auditors, the Chief Financial Officer and, on invitation, appropriate members of management. The Audit Committee met three times during the 2008 financial year.

Management Committees

These are Committees comprising members of Senior Management of the Bank. The Committees are risk driven and are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide input for the respective Board Committees as well as ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take action and decisions within the confines of their powers. The main Management Committees in the Bank are: Assets and Liability Committee, Management Credit Committee, and Criticized Assets Committee.

Assets and Liability Committee

This Committee is responsible for the management of a variety of risks arising from the Bank's business including, market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies.

Composition of the Committee is made up of senior management staff of the Bank, including the Executive Directors of the Bank, with the Assets and Liability Management Unit acting as the secretariat.

Management Credit Committee

This is the Committee responsible for ensuring that the Bank complies fully with the Credit Policy Guide as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee. This Committee is empowered to approve credit facilities to individual obligors not exceeding in aggregate a sum to be determined by the Board from time to time. The Committee reviews and approves extension of credits, including one-obligor commitments that exceed an amount to be determined by the Board. The Committee meets at least once a week depending on the number of credit applications to be considered.

The Secretary of the Committee is the Head of Credit Administration Unit, while senior management staff of the Bank makes up its membership, including the Managing Director, Deputy Managing Director and other Executive Directors.

Criticized Assets Committee

This Committee is responsible for the assessment of the risk assets portfolio of the Bank. It highlights the status of the Bank's assets in line with the internal and external regulatory framework, and ensures that triggers are sent in respect of delinquent assets. The Committee also ensures that adequate provisions are taken in line with the regulatory guidelines. The members of the Committee include the Deputy Managing Director, the Executive Directors, and other relevant Senior Management Staff of the Bank.

The Committee meets regularly to review the Bank's portfolio, but not less than four times a year.

Shareholders

The Bank continues to place significant premium on delivering exceptional returns on shareholders investments. The General Meeting of the Bank is the highest decision making body of the Bank. The Bank's General Meetings are conducted in a transparent and fair manner. Shareholders have the opportunity to express their opinions on the Bank's financial results and other issues affecting the Bank. The annual general meetings are attended by representatives of regulators such as the Central Bank of Nigeria, the Securities and Exchange Commission, the Nigerian Stock Exchange, Corporate Affairs Commission as well as representatives of Shareholders' Associations.

The Board places considerable importance on effective communication with shareholders on developments in the Bank. The Bank has an Investors' Relations Unit, which deals directly with enquiries from shareholders and ensures shareholders' views are escalated to Management and the Board. In addition, quarterly, half yearly and annual financial results are published in leading newspapers. The Bank also despatches half yearly reports, providing highlights of activities of the Bank, to all its shareholders.

RISK MANAGEMENT

RISK MANAGEMENT PHILOSOPHY

The risk management philosophy of Guaranty Trust Bank Plc is drawn from its mission and vision statements and seeks to achieve maximum optimization of the risk – return trade off, while ensuring strong commitment to the following key indices:

- Excellent service delivery across business segments
- Sound performance reporting (financial and non financial)
- Sound corporate governance
- Consistent appreciation in shareholders value.

RISK MANAGEMENT FRAMEWORK

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits. This policy is subject to review **at least once a year**. More frequent reviews may be conducted if in the opinion of the Board, changes in laws; market conditions or the Bank's activities are material enough to impact on the continued adoption of existing policies. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework via its committees – The Board Risk Committee and Board Credit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas and report regularly to the Board of Directors on their activities.

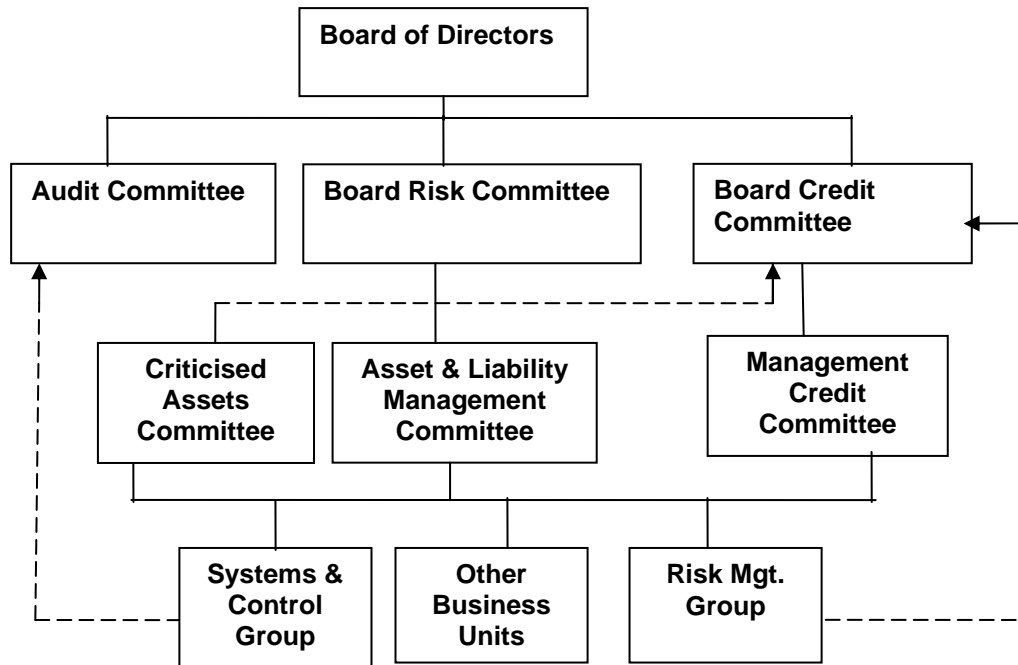
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Bank. These committees are:

- Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- IT Steering Committee
- Other Ad-hoc Committees

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

The Bank's Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Bank. The Audit Committee is assisted by the Internal Audit department, in carrying out these functions. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Risk Management Organogram of the Bank is as follows:



RISK MANAGEMENT METHODOLOGY

Guaranty Trust Bank recognizes that it is in the business of managing risk to derive optimal satisfaction for all stakeholders. It has therefore, over the years painstakingly detailed its approach to risk through various policies and procedures, which include the following:

- Credit Policy manual
- Human Resources Policy Manual
- Quality Manual
- Standard Operating Procedures

To ensure adherence to the policies and procedures, several exception reports on customers and activities of the Bank are generated by the various audit control units for management's decision making. These include:

- Monthly Profitability Reports (MPR) for the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Quarterly Business Profitability Review
- Annual Bank-wide performance appraisal systems

RISK MANAGEMENT OUTLOOK

In the financial year, Guaranty Trust Bank commissioned a firm of Risk Management Consultants, who worked with various in-house committees to carry out a thorough diagnostic review of its risk management processes. The objective of the exercise was to implement an integrated risk management system that adopts a risk portfolio approach to managing risk as opposed to managing risks in silos.

The outcome of the process was a designed Enterprise-wide Risk Management framework (ERM), meant to position the Bank as a reference point in risk management in the industry. The Designed ERM framework covers specific risk areas such as Credit, Market, Operational, Strategy Risks and Capital Management as well as the Risk-Based Internal Audit.

ERM VISION:

Guaranty Trust Bank's Enterprise-wide Risk Management vision is;

“to be the reference point in Risk Management in the industry by adopting best practice in managing risk”

Guaranty Trust Bank will adopt the following risk principles to actualize the above stated vision;

- ✓ The Bank will not take any action that will compromise its integrity.
- ✓ We shall adhere to the risk management cycle of identifying, measuring, managing, controlling and reporting
- ✓ We will not avoid risk but manage it. Risk control will not constitute an impediment to the achievement of our strategic objective.
- ✓ We will always comply with all government regulations and uphold international best practice
- ✓ The Bank will continuously build an enduring risk culture.
- ✓ The Bank will only assume risks that fall within its risk acceptance criteria and offer commensurate returns.

OUR RISK APPETITE

Risk appetite defines the risk capacity or quantum of risk Guaranty Trust Bank is willing to accept in pursuit of its business strategy. The Bank analyses its activities to determine the level of risk inherent in them. We will take appropriate risk response based on careful analysis of the implication of such risk to our strategic goal and our operating environment.

Our risk appetite shall be expressed in qualitative and quantitative terms. The Bank's response to risk is to remain moderate with commensurate calculated Earnings-at-Risk. It is a deliberate strategy for the Bank to remain **moderate**, maintain the local AAA rating, and improve the rating by International rating agencies.

RISK GOVERNANCE STRUCTURE

Under the ERM framework, the Board of directors has approved the following committee structures, at the Board and management levels respectively. This takes cognizance of regulatory requirements, the effective supervision of the Bank's volume of business as well as global best practice.

S/N	BOARD COMMITTEE	MANAGEMENT COMMITTEE
1	Risk Committee	Risk Committee
2	Credit Committee	Credit Committee
3	Audit Committee*	Assets and Liability Committee

* This refers to Audit Committee stipulated under the Companies and Allied Matters Act.

The **Risk Committee** at the board and management levels is responsible for reviewing and recommending risk management policies, procedures and profiles including risk philosophy, risk appetite and risk tolerance of the Bank. The oversight functions cut across all risk areas. The committee monitors the Bank's plans and progress towards meeting regulatory Risk-Based Supervision requirements and migration to Basel II compliance as well as the overall Regulatory and Economic Capital Adequacy.

Guaranty Trust Bank's Board of directors has delegated responsibility for the management of credit risk to the **Board Credit Committee**. The Board Credit Committee considers and approves all lending exposures, including treasury investment exposures, as well as insider related credits in excess of limits assigned to the Management Credit Committee by the Board. **Management Credit Committee** formulates credit policies in consultation with business units, covering credit assessment, risk grading and reporting, collateral requirements, and compliance with regulatory and statutory requirements. The committee also assesses and approves all credit exposures in excess of the Managing Director's limit as approved by the Board.

The **Asset & Liability Management Committee** establishes the Bank's standards and policies covering the various components of Market Risk. This includes issues on Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and Management Risk Committees with regard to Market Risk is exercised effectively, and that Market Risk exposures are efficiently monitored and managed. Furthermore, the Committee limits and monitors the potential impact of specific pre-defined market movements on the profit and loss of the Bank through Stress Tests and Simulations.

CREDIT RISK MANAGEMENT

Lending and other financial activities form the core business of Guaranty Trust Bank. The Bank recognises this and has laid great emphasis on effective management of its exposure to credit risk. The Bank defines credit risk as the risk of counterparty's failure to meet the terms of any lending contracts with the Bank or otherwise to perform as agreed. Credit risk arises anytime the Bank's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

The Bank's specific credit risk objectives as contained in the designed Credit Risk Management Framework are;

- maintenance of an efficient loan portfolio
- institutionalization of sound credit culture in the Bank
- adoption of international best practices in credit risk management
- creation of Credit Risk Management professionals and specialists in every industry within which the Bank operates

Each business unit is required to implement credit policies and procedures in line with the credit approval authorities granted by the Board. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio, including those subject to Management Credit Committee's approval.

The Internal Audit and Credit Administration units respectively undertake regular audits of business units and credit quality reviews.

The Bank will continue to focus attention on intrinsic and concentration risks inherent in its business to manage the Bank's portfolio risk. We will set portfolio concentration limits to be measured under the following parameters: concentration limits per obligor, industry, sector, rating grade and geographical area. Sector limits will reflect the risk appetite of the Bank.

The Bank will drive the credit risk management processes using appropriate technology to achieve global best practices.

For Credit risk Capital Adequacy computation under Basel II Pillar I, the Bank will commence with the use of the *Standardized Approach* for Credit Risk Measurement.

MARKET RISK MANAGEMENT

Market Risk is the probability that changes in financial market prices could adversely affect the Bank's financial condition. The Bank measures and monitors all its market risk factors such as interest rates risk, exchange rate risk, liquidity risk, Investment risk, market volatilities in its trading and banking books.

The Bank separates its exposure to market risk between trading and non-trading portfolios. The Treasury holds trading portfolio, include positions arising from market making and proprietary position taking, together with financial assets and liabilities. The portfolio is managed on a fair value basis.

With the exception of translation risk arising on the Bank's net investment in its foreign operations, Treasury monitors foreign exchange risk within the Bank. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolio for risk management purpose.

Overall authority for the management and reporting of market and liquidity risks inherent in our businesses across the Bank is vested in the Assets and Liability Management Committee. However, an independent group within Risk Management Division is responsible for the development of Market

Risk Management policy and monitors specific market risk inherent in our business. Market Risk & ALM group addresses compliance with the market risk policy objectives, constraints, and legal requirements, including any exceptions to established policies, procedures, and limits.

The Market risk reports to management appropriately address potential exposures to yield curve changes and other factors relevant to the institution's holdings.

The principal tool used to measure and control the market risk exposure within the Bank's trading portfolio is the open position limit using the Earnings-at-Risk approach. Specific limits have been set for open-position limits, which are the expected maximum exposure the Bank is willing to allow.

For Market risk Capital Adequacy computation under Basel II Pillar I, the Bank will commence with the use of the *Standardized Approach* for Market Risk Measurement.

OPERATIONAL RISK MANAGEMENT

Guaranty Trust Bank defines Operational Risk as "direct/indirect loss resulting from inadequate and/or failed internal process, people, and systems or from external events. This definition captures events such as technology problems, defects in organisational structure, failure of internal control systems, human error, fraud and external threat or any other risks that the Bank deems fit on an ongoing basis. The above definition includes legal risk but excludes reputational & strategic risk."

Operational Risks arise from all of the Bank's operations and are faced by all business entities. The Bank's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Bank's reputation with overall effectiveness and to avoid control procedures that restrict initiative and creativity.

Under the ERM framework, an independent department within Risk Management Division is responsible for the development of Operational Risk Management policies and monitors the risk across the Bank.

For Operational Risk Capital Adequacy computation under Basel II Pillar I, the Bank will commence with the use of the *Basic Indicator Approach* for Operational Risk Measurement.

STRATEGY RISK MANAGEMENT

Strategy risk is defined as the possibility that the Bank's Strategy may be inappropriate to support long-term corporate goals such as sustainable growth, due to the inadequacy of the Bank's Strategic Planning and/or decision-making process, or the inadequate implementation of such strategies. This could include the risk that the strategy is unclear, clear but not viable or clear and viable but badly implemented, or strategy failure due to unexpected circumstances.

In conclusion, Guaranty Trust Bank Plc is currently implementing the ERM framework as explained above under a two-year migration plan. As part of the implementation process, the Bank has started putting in place appropriate structures including recruitment of personnel for the identified key risk areas, risk acculturation, and software selection.

Directors' Report

For the period ended 31 December 2008

The Directors have pleasure in presenting their annual report on the affairs of Guaranty Trust Bank Plc (“the Bank”) and subsidiaries (“the Group”), together with the Group audited financial statements and the auditor’s report for the 10 months period ended 31 December 2008.

Change in accounting year end

During the period, the Bank changed its accounting year end from 28 February to 31 December, having indicated its intention to comply with the CBN's initially proposed uniform December year end for Nigerian banks. The change will also align the Bank's accounting year end with that of its subsidiaries. As a result of the change in accounting year end, the financial statements presented herein are for 10 months.

Legal form and principal activity

The Bank was incorporated as a private limited liability company on 20 July 1990. It obtained a licence to operate as a commercial bank on 1 August 1990, and commenced business on 11 February 1991. It became a public limited company on 2 April 1996, and its shares were listed on the Nigerian Stock Exchange on 9 September 1996. The Bank was issued a universal banking licence by the Central Bank of Nigeria on 5 February 2001.

The Bank’s principal activity continues to be the provision of commercial banking services to its customers. Such services include retail banking, granting of loans and advances, equipment leasing, corporate finance, money market activities and related services, as well as foreign exchange operations.

The Bank has five non-bank subsidiaries, Guaranty Trust Assurance Plc which, is engaged in the provision of insurance services, GTB Registrars Limited, which acts as registrars to public companies, GTB Finance B.V. Netherlands, a special purpose entity used to raise its \$350 million Eurobond Guarantee Notes, GT Homes Limited, a licensed Primary Mortgage Institution, which is engaged in mortgage activities, and Guaranty Trust Asset Management Limited, an asset management and securities trading Company.

The Bank has six overseas subsidiaries namely Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, GTB Finance B.V. Netherlands and Guaranty Trust Bank (Liberia) Limited.

The financial results of Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, GTB Finance B.V. Netherlands, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Assurance Plc, GTB Registrars Limited, GT Homes Limited and GTB Asset Management Company Limited have been consolidated in these financial statements.

Operating results

Highlights of the Group's operating results for the period under review are as follows:

	<u>10 months to</u> <u>31 December 2008</u>	<u>12 months to</u> <u>29 February 2008</u>
	N'000	N'000
Profit attributable to group shareholders	27,608,558	20,800,447
Transfer to statutory reserve	8,421,976	6,446,966
Transfer to bonus shares reserve	1,865,375	621,792
Proposed final dividend	14,922,999	9,575,591
Declared dividend during the year*	9,575,591	7,419,854
Transfer to small scale industries reserve	-	1,079,494
Shareholders' funds	177,991,775	160,008,866
Earnings per share - (Basic)	185k	167k
- (Adjusted)	185k	139k
Dividend per share - Interim dividend paid	-	25k
- Final proposed**	100k	70k

*Declared dividend during the period represents the interim dividend declared and paid during the year plus the final dividend proposed for the preceding year, but declared during the current period.

**Final proposed dividend per share for the period ended 31 December 2008 was computed based on 14,922,998,891 shares (29 Feb 2008: 13,679,415,650) in issue during the period.

Dividends

The Directors recommend the payment of a dividend of ₦1.00 per share (29 Feb. 2008: ₦0.95 per share) on the issued share capital of 14,922,998,891 shares of 50k each. Withholding tax at the applicable rate will be deducted at the time of payment.

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended 31 December 2008

This statement, which should be read in conjunction with the Auditor's report, is made with a view to setting out for shareholders, the responsibilities of the Directors of the Bank with respect to the financial statements.

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 1990, and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Group and the Bank, and of the profit for the financial period.

The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- (b) the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 1990 and Banks and Other Financial Institutions Act, 1991;
- (c) the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed; and
- (d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank and its subsidiaries will not continue in business.

Directors and their interests

The Directors who held office during the period, together with their direct and indirect interests in the shares of the Bank, were as follows:

		Number of Ordinary Shares of 50 kobo held as at <u>31/12/08</u>	Number of Ordinary Shares of 50 kobo held as at <u>29/02/08</u>
Owelle G.P.O. Chikelu	- Chairman	109,330,793	100,219,911
Mr. O.A. Aderinokun	- Managing Director	318,382,443	316,497,490
Mr. J.K.O. Agbaje	- Deputy Managing Director	21,313,586	19,537,496
Mr. A.B. Adesanya		65,256,419	70,058,332
Alhaji M.K. Jada		1,980,060	3,666,055
Mr. V.G. Osibodu		121,483,107	212,086,953
Mr. E.U. Imomoh		4,436,479	5,441,774
Mr. O.S. Oduyemi		881,466	1,037,186
Mr. M.B. Ogundare	- Executive Director	3,875,350	4,909,105
Mrs. C. N. Echeozo	- Executive Director	2,788,071	2,910,809
Alhaji M. T. Habib	- Executive Director	744,500	682,500

Mrs. G.T Osuntoki	- Executive Director appointed on 25 June 2008	4,701,388	4,014,905
Mr. F. B. Bunza	- Executive Director appointed on 25 June 2008	10,220,909	10,220,000
Mr. A. Alli	- Director appointed on 25 June 2008	-	-
Mr. A. Akintoye	- Director appointed on 25 June 2008	-	-

Analysis of Shareholding

The analysis of the distribution of the shares of the Bank at 31 December 2008 is as follows:

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% Holding
1-1,000	87,000	25.08	58,949,735	0.40
1,001 – 5,000	145,044	41.81	360,446,175	2.41
5,001 – 10,000	45,604	13.15	339,642,457	2.28
10,001 – 50,000	50,871	14.66	1,103,905,875	7.40
50,001 – 100,000	8,624	2.49	612,198,664	4.10
100,001 – 500,000	7,572	2.18	1,531,287,973	10.26
500,001 – 1,000,000	1,032	0.30	720,382,496	4.83
1,000,001 and above	1,130	0.33	10,196,185,516	68.32
TOTAL:	346,877	100.00	14,922,998,891	100.00

No individual shareholder held up to 10% of the issued share capital as at 31 December 2008.

Fixed assets

Information relating to changes in fixed assets is given in Note 9 to the financial statements.

Donations and charitable gifts

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of N139,737,110. (Feb. 2008: N136,244,917) was given out as donations and charitable contributions during the period. These comprise contributions to charitable organisations amounting to N96,698,246 (Feb. 2008: N119,800,146) and donations amounting to N43,038,864 (Feb. 2008: N16,444,771) to other non-charitable organisations. Details of the donations and charitable contributions are as follows:

N

Charitable organizations

Adopt a School Project:

-Government Secondary School Bauchi	11,856,294
-Jesuit Memorial College, Port Harcourt	2,500,000
-St George's Boys and Girls School, Falomo-Lagos	603,147
Nigerian University Games Association (NUGA)	25,000,000
Crime Control -Anambra State Government	19,162,500
Students in Free Enterprise (SIFE)	11,450,000
Relief Donation to the Peoples' Republic of China	5,000,000
The Chartered Institute of Bankers of Nigeria	2,500,000
Special Olympics Nigeria	2,500,000
The Abeokuta Grammar School	2,408,000
University of Agriculture Abeokuta, ICT Centre	2,034,900
Edo Bronze Festival	1,287,475
Sickle Cell Foundation of Nigeria	1,100,000
Nigeria Labour Congress & Trade Union Congress	1,000,000
Traditional Sports Federation of Nigeria	1,000,000
Nigeria Police Games	1,000,000
Massey Street Hospital	933,100
Zamarr Institute Intervention Centre	850,000
Nigerian Youth Service Corps (NYSC)	502,950
Nigeria Bar Associations' Law Week-Ibadan Chapter	500,000
The West African College of Physicians	500,000
Youth Leadership Interactive Workshop	500,000
Kwara State Specialist Hospital	464,000
Honey Bee Foundation	332,200
Ansar-Ud-Deen College	300,000
Kemson Schools International	300,000
Society of Nigerian Artists	200,000
Breast Cancer Reach Out Campaign	200,000
Supply of Arithmetic Learning Kits	200,000
Others	513,680
	96,698,246

Non-Charitable Organisations

Asa Live In Lagos

	15,000,000
Henshaw Project 2008	5,000,000
Best of Nigeria Expo in United Kingdom	4,000,000
Nigeria Annual International Conference and Exhibition	3,000,000
Family Reorientation Education And Empowerment Project	3,000,000
Nigerian-British Association	2,525,000
Ikoyi Club	1,190,104
Owu Day Festival	1,000,000
Annual Celebration and the Entrepreneurial Awards	1,000,000
International Tax Conference	1,000,000
Lagos Mega City Business Expo	500,000
Metropolitan Club	500,000
e-Certified Programme For Professional Designers	500,000
The Hope Worldwide Nigeria's Lecture	500,000
Nigeria Port Authority	444,235
Convention for Business Integrity	364,250
Al'usrah Empowerment Foundation Vocational Centre	250,000
Development Today Television Programme	250,000
Eve Concepts' Health Seminar	250,000
Special Fraud Unit, Ikoyi	250,000
Arts In Function Exhibition	250,000
Ovie Brume Youth Centre	240,000
Beautification Of Mcdonald Roundabout	210,000
Take The Lead Organisation	200,000
Others	1,615,275
	43,038,864
	139,737,110

Research and Development

The Bank is on a continuous basis, carrying out research into new banking products and services.

Employment of disabled persons

The Bank operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

In the event of any employee becoming disabled in the course of employment, the Bank is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Bank has five persons on its staff list with physical disability.

Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense.

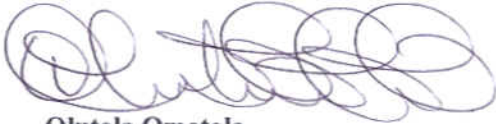
Employee Involvement and Training

The Bank encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Bank provides opportunities where employees deliberate on issues affecting the Bank and employee interests, with a view to making inputs to decisions thereon. The Bank places a high premium on the development of its manpower. Consequently, the Bank sponsored its employees for various training courses, both locally and overseas, in the period under review.

Auditors

KPMG Professional Services have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act 1990.

BY ORDER OF THE BOARD



Olutola Omotola

Company Secretary

Plot 1669, Oyin Jolayemi Street

Victoria Island, Lagos

12 February 2009


Report of the Audit Committee

For the period ended 31 December 2008

To the members of **Guaranty Trust Bank Plc**

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act 1990, the members of the Audit Committee of Guaranty Trust Bank Plc hereby report as follows:

- ◆ We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- ◆ We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended 31 December were satisfactory and reinforce the Group's internal control systems.
- ◆ We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦11,542,887,000 (29 Feb. 2008: ₦8,112,727,820) was outstanding as at 31 December 2008, all of which are performing. See Note 31.
- ◆ We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.



Mr. M.F Lawal
Chairman, Audit Committee

03 February 2009

Members of the Audit Committee are:

1. Mr. M.F. Lawal - Chairman
2. Mr. A.B. Adesanya
3. Alhaji M.K. Jada
4. Alhaji M.A. Usman
5. Mr. A.G.A. Kosoko
6. Mr. O.S. Oduyemi

In attendance:

Mr. George Uwakwe - Secretary



KPMG Professional Services
22a Gerrard Road, Ikoyi
PMB 40014, Falomo
Lagos, Nigeria

Telephone 234 (1) 271 8955
Fax 234 (1) 462 0704
Internet www.ng.kpmg.com

INDEPENDENT AUDITOR'S REPORT

To the Members of **Guaranty Trust Bank Plc**

Report on the Financial Statements

We have audited the accompanying financial statements of **Guaranty Trust Bank Plc** ("the Bank") and its subsidiary companies ("the Group"), which comprise the Group and separate balance sheet as at 31 December, 2008, and the Group and separate profit and loss account, Group and separate statement of cash flows and Group and separate value added statement for the period then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 25 to 79.

Directors' Responsibility for the Financial Statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the Group and separate financial statements give a true and fair view of the financial position of the Group and Bank as at 31 December, 2008, and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's balance sheet and profit and loss account are in agreement with the books of accounts.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

- i. The Bank contravened the provisions of Sections 6(1), 7(1)b, 21(c) and 33(3)&(4) of the Banks and Other Financial Institutions Act of Nigeria in 2007/2008 financial year. Details of these are stated in Note 33 to the financial statements.
- ii. Related party transactions and balances are disclosed in note (31) to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

12 February 2009

Lagos, Nigeria



Statement of Accounting Policies

A summary of the principal accounting policies, applied consistently throughout the current and preceding periods, is set out below:

(a) **Basis of accounting**

The financial statements are prepared under the historical cost convention.

(b) **Basis of consolidation**

(i) *Subsidiaries*

The consolidated financial statements combine the financial statements of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group") wherein there is majority shareholding and/or control of the Board of Directors and management. The consolidated subsidiaries are Guaranty Trust Assurance Plc, Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, GTB Registrars Limited, GT Homes Limited, GTB BV, GTB Liberia and GTB Asset Management Limited.

(ii) *Special purpose entities*

The Group established GTB Finance B.V., Netherlands as a special purpose entity to raise its \$350 million Eurobond Guaranteed Notes. The financial statements of special purpose entities are included in the Group's financial statements where the substance of the relationship is that the Group controls the special purpose entity. Accordingly the financial statements of GTB Finance B.V. have been consolidated.

(iii) *Foreign entity*

The assets and liabilities of foreign subsidiaries are translated to Naira at the exchange rates at the reporting date except for share capital and pre-acquisition reserves, which are translated at their historical rates. Income and expenses are translated to Naira using average rates.

Exchange gains or losses arising on translation of a foreign entity are recognised in a reserve account within shareholders' funds.

(c) **Goodwill on consolidation**

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the separable net assets of subsidiaries acquired.

Goodwill arising on consolidation of subsidiaries is accounted for in line with the provision of Schedule 2 Section 65 of Companies and Allied Matters Act of Nigeria which states that goodwill arising on consolidation should be recognised on the balance sheet and is not amortised.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might have been impaired. Impairment losses are recognised in the profit and loss account in the period in which they arise.

(d) **Cash and short term funds**

Cash and short term funds comprise cash balances on hand, cash deposited with the Central Bank of Nigeria, cash deposited with other banks (local and foreign) other than the Central Bank of Nigeria and placements with foreign and local banks secured with treasury bills, under open buy back agreements.

(e) **Investments**

Investments are classified as short or long term investments. Debt and equity securities intended to be held for a period not exceeding one year or with an outstanding tenor to maturity not exceeding one year, and investments held for trading are classified as short-term investments.

Investments held-for-trading are those investments that the group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit taking.

Short term investments in treasury bills which are not held-for-trading are presented net of unearned discount. Unearned discount is deferred and amortised as earned.

Short term investments in bonds and treasury bills which are held-for-trading are carried at net realizable value. Gains or losses resulting from market valuation are recognised in the profit and loss account.

Investments in marketable securities that are not held-for-trading or whose tenor to maturity are more than one year are classified as long term investments and are stated at the lower of cost or net realisable value.

Long term investments in unquoted equity and other long term investments are stated at cost. Provisions are made for permanent diminution in the value of investments.

Income earned as dividend on equity securities is reported as other income, while interest earned while holding bonds and treasury bills is reported as interest income.

Any discount or premium arising on acquisition of bonds is included in the original cost of the investment and is amortised over the period of purchase to maturity.

(f) **Trading properties**

Trading properties are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of trading properties is determined on the basis of specific identification of their individual costs.

(g) **Loans and advances**

Loans and advances are stated net of allowances for bad and doubtful loans. Allowances are determined in accordance with the Central Bank of Nigeria's Prudential Guidelines from a specific assessment of each customer's account as stated below:

<u>Period principal or interest has been outstanding</u>	<u>Classification</u>	<u>% Allowance</u>
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

A minimum of 1% general allowance is made on all loans and advances not specifically provided for.

Bad loans are written off when the extent of the loss has been determined. Recoveries are written back to the profit and loss account when received.

(h) **Advances under finance leases**

Advances to customers under finance leases are stated net of unearned income. Lease finance income is recognised in a manner, which provides a constant yield on the outstanding net investment over the lease period.

In accordance with Prudential Guidelines for licensed banks, specific allowance is made, as applicable to loans and advances, on leases that are past due for 90 days or more, while a general allowance of at least 1% is made on the aggregate net investment in finance leases.

(i) **Equipment on lease**

Equipment on lease to customers is stated at cost less accumulated depreciation. Depreciation is provided on an appropriate basis to write off the related asset cost in line with the Group's normal depreciation for that class of assets leased out, and is included in operating expenses. Rental income from equipment on lease to customers is credited to lease income on a straight line basis over the lease term. Lease rentals that are past due for 90 days or more are provided for in accordance with the Central Bank of Nigeria's Prudential Guidelines for licensed banks.

(j) **Leases**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under finance leases are initially reported at an amount equal to the lower of its fair value and the present value of the minimum lease payments, with an equivalent liability categorised as appropriate under current liabilities or long term liabilities. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding liability.

A lease where a significant proportion of the risks and reward is retained by the lessor is classified as an operating lease. Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the lease term.

(k) **Fixed assets**

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write-off the cost of assets over their expected useful lives as follows:

Leasehold improvement	-	Over the lease period
Buildings	-	2%
Machinery and equipment	-	20%
Computer hardware	-	33 1/3%
Computer software	-	20%
Furniture and fittings	-	20%
Motor vehicles	-	25%
Other transportation equipment	-	10%

Capital work in progress which represents fixed assets under construction is not depreciated. Upon completion, the attributable cost of each asset is transferred to the relevant asset category. Gains or losses on disposal of fixed assets are included in the profit and loss account.

(l) **Taxation**

Income tax expenses / credits are recognised in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date.

(m) **Deferred taxation**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unutilised tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) **Provisions**

A provision is recognized where, 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.

(o) **Dividends**

Dividends on ordinary shares are appropriated from retained earnings and recognised as a liability in the period in which they are declared. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

(p) **Borrowings**

Borrowings are recorded at face value less amounts repaid. Direct issue costs are capitalised and amortised over the tenor of the underlying instrument. Interest costs are recognised in the income statement over the duration of the instrument.

(q) **Off balance sheet transactions**

Transactions to which there are no direct balance sheet risks to the Group are reported and accounted for as off balance sheet transactions and comprise:

Acceptances

Acceptances are undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers.

Acceptances, which meet the conditions, set out in Central Bank of Nigeria (CBN) Guidelines on the treatment of bankers acceptances and commercial papers are accounted for and disclosed as contingent liabilities. The income and expense relating to these acceptances are recognised and reported net in the financial statements.

Guarantees and performance bonds

The Bank provides financial guarantees and bonds to third parties on the request of customers in the form of bid and performance bonds or advance payment guarantees. These agreements have fixed limits and generally do not extend beyond the period stated in each contract.

The uncollateralized portion of bonds and guarantees are disclosed in financial statements. Commissions and fees charged to customers for services rendered in respect of bonds and guarantees are recognized at the time the services or transactions are effected.

Commitments

Commitments to extend credit or deliver on sales or purchases of foreign exchange in future are recognized as off balance sheet engagements. Commissions and fees charged to customers for services rendered in respect of commitments are recognized at the time the service or transaction is effected.

Letters of credit

The Bank provides letters of credit to guarantee the performance of customers to third parties. These are accounted for as off balance sheet items. Commissions and fees charged to customers for the service are recognised at the time the service or transaction is effected.

(r) **Income recognition**

Credits to the profit and loss account are recognised as follows:

- *Interest* – recognised on an accrual basis except for interest on non-performing credit facilities, which is recognised on a cash basis.
- *Non-credit-related fees* – recognised when the successful outcome of the assignment can be determined and the assignment is considered substantially completed.
- *Credit-related fees* – spread systematically over the tenor of the credit facility where they constitute at least 10% of the projected average annual yield of the facility, otherwise credited to the profit and loss account at the time of occurrence.
- *Commissions and fees charged to customers for services rendered* - recognised at the time the service or transaction is effected.
- *Investment income* – recognised on an accrual basis and credited to the profit and loss account.
- Dividend income is recognised when the right to receive the dividend is established.

(s) **Insurance premium**

Insurance premiums are recognised in the period earned.

(t) **Claims expenses**

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognized when the re-insurer accepts liability for the claims and netted off claims expense.

(u) **Derivatives financial instrument**

A derivative is a financial instrument whose value changes in response to the change in an underlying variable. It requires little or no initial net investment relative to other types of contracts that have a similar response to changes in market conditions and that is settled at a future date.

The Bank engaged in interest rate swaps transactions with counterparties. The interest rate swaps are initially recognised in the balance sheet at fair value, with a corresponding debit or credit as applicable in the income statement. Any changes in fair value are recognised immediately in the income statement.

(v) **Foreign currency items**

Transactions denominated in foreign currencies are translated into Naira at the rates of exchange ruling at the date of the transaction (or, where appropriate, the rate of exchange in related forward exchange contracts). Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

(w) **Retirement benefits**

Pension costs

The Group operates a funded, defined contribution pension scheme for employees in Nigeria. The scheme is managed by external trustees and employees are entitled to join the scheme on confirmation of their employment. Employee and employer contributions are 7.5% and 10% respectively of the qualifying employee's salary in line with the provisions of Pension Reform Act 2004.

Gratuity scheme

The Group also operates a non-contributory, funded lump sum defined benefit gratuity scheme, which is managed by external trustees. Employees are entitled to join the scheme after completing 10 full years of service. Employees' terminal benefits are calculated based on number of service years, limited to a maximum of 10 years.

(x) **Repurchase agreements**

The Group purchases and sells securities under agreements to resell or repurchase substantially identical securities at a certain date in the future at a fixed price. Securities sold under repurchase agreements continue to be recognised in the balance sheet and the proceeds from the sale of the securities are reported as liabilities to either banks or customers. The difference between the sale and repurchase consideration is recognised in the profit and loss account on an accrual basis over the period of the transaction.

(y) **Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Bank's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(z) **Earnings per share**

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted number of ordinary shares outstanding during the year.


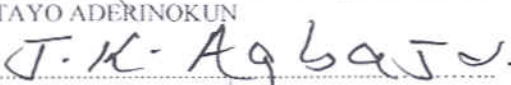
Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

Balance Sheets

As at 31 December 2008

	Notes	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
ASSETS					
Cash and short-term funds	1	282,342,056	119,206,071	252,003,983	103,519,908
Short term investments	2	141,972,602	179,585,974	127,549,286	174,612,748
Loans and advances	3	418,778,900	288,152,339	416,444,077	291,530,777
Advances under finance lease	4	23,835	18,091	23,835	18,091
Trading properties	5	15,085,846	12,062,730	-	-
Other assets	6	52,676,400	95,102,586	49,707,152	94,446,992
Long term investments	7	11,821,685	7,408,498	40,058,002	22,218,821
Deferred tax assets	8	36,847	20,649	-	-
Fixed assets	9	39,629,765	33,969,536	36,030,992	31,652,460
Goodwill on consolidation	10	354,328	166,432	-	-
TOTAL ASSETS		962,722,264	735,692,906	921,817,327	717,999,797
LIABILITIES					
Deposits and other accounts	11	472,270,503	362,936,393	446,818,523	357,006,128
Taxation payable	12	9,484,919	5,851,198	9,085,877	5,517,981
Other liabilities	13	232,561,576	144,609,871	220,069,962	135,548,369
Deferred tax liabilities	14	3,474,838	2,808,927	3,395,712	2,731,679
Dividend payable	15	-	-	-	-
Borrowings	16	62,896,528	56,142,576	62,896,528	56,142,576
TOTAL LIABILITIES		780,688,364	572,348,965	742,266,602	556,946,733
NET ASSETS		182,033,900	163,343,941	179,550,725	161,053,064
CAPITAL AND RESERVES					
Share capital	17	7,461,500	6,839,708	7,461,500	6,839,708
Share premium	18	119,076,565	119,076,565	119,076,565	119,076,565
Other reserves	19	51,453,710	34,092,593	53,012,660	35,136,791
SHAREHOLDERS' FUNDS		177,991,775	160,008,866	179,550,725	161,053,064
Non controlling interest	20	4,042,125	3,335,075	-	-
		182,033,900	163,343,941	179,550,725	161,053,064
Guarantees and other commitments on behalf of customers	21	414,474,819	325,600,406	403,649,163	322,462,234

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


 TAYO ADERINOKUN) Directors

 SEGUN AGBAJE)

Approved by the Board of Directors on 12 February 2009

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

Profit and Loss Accounts
For the 10 months period ended 31 December 2008

	Notes	Group 31 Dec. 2008 10 months N'000	Group 29 Feb. 2008 12 months N'000	Bank 31 Dec. 2008 10 months N'000	Bank 29 Feb. 2008 12 months N'000
GROSS EARNINGS		104,120,146	81,495,608	95,144,561	77,464,019
INTEREST AND DISCOUNT INCOME	22	68,205,208	52,898,466	64,043,570	51,045,578
Lease finance income		2,889	2,715	2,889	2,715
Interest expense	23	(22,362,967)	(19,416,060)	(21,325,605)	(18,992,719)
INTEREST MARGIN		45,845,130	33,485,121	42,720,854	32,055,574
Loan loss expense (net)	3(a)(iv)	(4,042,381)	(3,934,017)	(3,938,080)	(3,845,258)
Other income	24	35,912,048	28,594,427	31,098,102	26,415,726
Operating expenses	25(b)	(42,537,719)	(30,777,193)	(35,423,810)	(27,427,338)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		35,177,078	27,368,338	34,457,066	27,198,704
Taxation	26	(6,861,517)	(6,198,861)	(6,383,814)	(5,708,819)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		28,315,561	21,169,477	28,073,252	21,489,885
Non controlling interest	20	(707,003)	(369,030)	-	-
PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS		27,608,558	20,800,447	28,073,252	21,489,885
APPROPRIATIONS					
Transfer to statutory reserves	19(b)	(8,421,976)	(6,446,966)	(8,421,976)	(6,446,966)
Transfer to bonus shares reserve	19(f)	(1,865,375)	(621,792)	(1,865,375)	(621,792)
Transfer to small scale industries reserve	19(d)	-	(1,074,494)	-	(1,074,494)
Dividend declared during the year		-	(3,419,854)	-	(3,419,854)
Transfer to retained earnings	19(c)	17,321,207	9,237,341	17,785,901	9,926,779
Earnings per share (Kobo) - Basic	27	185k	167K	188k	173K
- Adjusted	27	185k	139K	188k	144K
Declared dividend per share	27	70k	75K	70k	75K

The board of directors have proposed a dividend of 100k per share on the issued share capital of 14,922,988,891 ordinary shares of 50k each, subject to the approval of the shareholders at the next annual general meeting.

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

For the 10 months period ended 31 December 2008

	Notes	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Operating activities					
Net cash flow from operating					
activities before changes in					
operating assets	28	55,937,721	32,557,948	55,040,123	32,647,186
Changes in operating assets	29	145,656,628	(98,782,169)	139,863,463	(112,329,832)
Income tax paid		(2,597,543)	(2,103,103)	(2,151,885)	(1,862,959)
Net cash flows from operating activities		<u>198,996,806</u>	<u>(68,327,324)</u>	<u>192,751,701</u>	<u>(81,545,605)</u>
Investing activities:					
Proceeds from disposal of fixed assets		134,035	356,837	108,163	353,070
Purchase of fixed assets		(9,744,044)	(14,764,803)	(8,039,703)	(13,253,975)
Purchase of investments		(10,093,070)	(13,348,767)	(20,473,104)	(12,165,634)
Proceeds from sale of investments		333,674	80,000	310,830	80,000
Dividend income		230,398	338,762	136,253	338,762
Net cash flows from investing activities		<u>(19,139,007)</u>	<u>(27,337,971)</u>	<u>(27,957,561)</u>	<u>(24,647,777)</u>
Financing activities:					
Dividend paid		(9,575,591)	(7,419,854)	(9,575,591)	(7,419,854)
Long-term borrowings					
- Inflow from borrowings		-	4,154,686	-	4,154,686
- Repayment of borrowings		(4,043,518)	(979,617)	(4,043,518)	(979,617)
- Interest paid on borrowings		(2,183,844)	(2,717,538)	(2,183,844)	(2,717,538)
Finance lease					
- Finance lease repayments		(225,187)	(194,689)	(225,187)	(194,689)
- Interest paid on finance lease		(281,925)	(393,553)	(281,925)	(393,553)
Other facilities – repayment of other facilities		-	(4,488,605)	-	(4,488,605)
Proceeds from issue of GDR (Global Depository Reserves)		-	103,996,181	-	103,996,181
GDR issue expenses		-	(4,471,836)	-	(4,471,836)
Net cash flows from financing activities		<u>(16,310,065)</u>	<u>87,485,175</u>	<u>(16,310,065)</u>	<u>87,485,175</u>
Net increase/(decrease) in cash and short term funds		163,547,734	(8,180,120)	148,484,075	(18,708,207)
Cash and short term funds, beginning of period/year		119,206,071	127,381,363	103,519,908	122,228,115
Effect of exchange rate fluctuation on cash held		(411,749)	4,828	-	-
Cash and short term funds, end of period/year	1	<u>282,342,056</u>	<u>119,206,071</u>	<u>252,003,983</u>	<u>103,519,908</u>

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the 10 months period ended 31 December 2008

1. Cash and short-term funds

(a) Cash and short-term funds comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Bank and cash balances in Nigeria				
- Cash	10,458,025	7,787,103	10,455,525	7,787,008
- Balances held with the Central Bank of Nigeria				
- Current account	44,811,308	22,515,205	44,811,308	22,515,205
- Cash reserve	7,312,617	8,667,522	7,312,617	8,667,522
- Statutory deposit	500,000	500,000	-	-
- Balances held with other local banks and discount houses	9,503,733	124,369	-	-
- Placements (see note (a)(i) below)	39,792,892	34,144,559	39,875,546	28,538,420
Bank and cash balances outside Nigeria				
- Cash	1,767,564	548,786	-	-
- Balances held with Central Banks	2,960,532	1,444,344	-	-
- Balances held with other banks outside Nigeria (see note (a)(ii) below)	146,410,904	31,833,727	142,442,045	29,531,752
- Placements with foreign banks	18,824,481	11,640,456	7,106,942	6,480,001
	<u>282,342,056</u>	<u>119,206,071</u>	<u>252,003,983</u>	<u>103,519,908</u>

(a)(i) Included in placements is an amount of ₦16,300,000,000 (29 Feb. 2008: ₦26,900,000,000) representing placements with local banks secured by treasury bills under open buy back agreement.

- (a)(ii) Included in balances held with other banks outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦119,883,550,000 (29 Feb. 2008: ₦9,268,040,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note (13)).
- (b) Included in cash and bank balances held in Nigeria is an amount of ₦2,658,234,192 (29 Feb. 2008: ₦1,704,505,000) representing unclaimed dividend held in the account of the Registrars and included in other liabilities (see note 13)

2. Short term investments

These comprise:

	<u>Group</u> <u>31 Dec. 2008</u> ₦'000	<u>Group</u> <u>29 Feb. 2008</u> ₦'000	<u>Bank</u> <u>31 Dec. 2008</u> ₦'000	<u>Bank</u> <u>29 Feb. 2008</u> ₦'000
Treasury bills (see note (a) below)	62,216,318	69,320,304	52,715,562	66,662,076
FGN bonds - trading (see note (b) below)	73,225,072	107,250,672	73,225,072	107,250,672
Treasury bearer bonds	1,335,118	-	-	
Proprietary investments (see note (c) below)	3,520,956	2,314,998	-	-
Underwritten shares (see note (d) below)	1,608,652	700,000	1,608,652	700,000
Commercial bills	66,486	-	-	-
	<u>141,972,602</u>	<u>179,585,974</u>	<u>127,549,286</u>	<u>174,612,748</u>

- (a) Included in treasury bills is ₦17,560,000,000 (29 Feb. 2008: ₦15,865,000,000) worth of treasury bills pledged as collateral to Central Bank of Nigeria, Nigeria Interbank Settlement System, Federal Inland Revenue Services and Valucard Nigeria Limited, at period end.

(b) FGN bonds-trading comprise:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
3rd FGN Bond Series 3 (14.5%)	-	250,093	-	250,093
3rd FGN Bond Series 5 (14.5%)	-	358,204	-	358,204
3rd FGN Bond Series 11 (12.5%)	2,390,670	1,292,795	2,390,670	1,292,795
3rd FGN Bond Series 12 (12.00%)	3,649,140	8,631,952	3,649,140	8,631,952
3rd FGN Bond Series 13 (12.99%)	1,417,056	199,233	1,417,056	199,233
3rd FGN Bond Series 15 (10.98%)	-	495,782	-	495,782
4th FGN Bond Series 1 (10.75%)	1,646,768	102,977	1,646,768	102,977
4th FGN Bond Series 2 (9.50%)	685,716	51,888	685,716	51,888
4th FGN Bond Series 3 (10.75%)	-	99,387	-	99,387
4th FGN Bond Series 4 (9.00%)	5,017,513	1,088,825	5,017,513	1,088,825
4th FGN Bond Series 5 (9.23%)	4,036,708	978,309	4,036,708	978,309
4th FGN Bond Series 6 (9.20%)	2,699,716	3,861,858	2,699,716	3,861,858
4th FGN Bond Series 7 (7.95%)	2,847,464	5,138,569	2,847,464	5,138,569
4th FGN Bond Series 8 (9.85%)	478,003	-	478,003	-
4th FGN Bond Series 9 (9.35%)	-	3,183,859	-	3,183,859
4th FGN Bond Series 10 (9.50%)	3,720,809	1,839	3,720,809	1,839
4th FGN Bond Series 11 (9.25%)	673,223	5,033,822	673,223	5,033,822
4th FGN Bond Series 12 (7.00%)	97,454	3,023,593	97,454	3,023,593
4th FGN Bond Series 13 (9.20%)	99,327	4,383,472	99,327	4,383,472
4th FGN Bond Series 14 (8.99%)	26,225,263	10,506,894	26,225,263	10,506,894
5th FGN Bond Series 1 (9.45%)	243,650	695,312	243,650	695,312
5th FGN Bond Series 2 (10.70%)	198,597	-	198,597	-
5th FGN Bond Series 3 (10.50%)	6,723,937	-	6,723,937	-
FGN Contractor Bond (13.5%)	-	36,125,919	-	36,125,919
FGN Contractor Bond 2 (13.5%)	-	997,431	-	997,431
FGN Contractor Bond 3 (13.5%)	-	810,752	-	810,752
FGN Pension Bond (12.5%)	9,424,358	10,937,535	9,424,358	10,937,535
FMBN Mortgage Bond (9.98%)	949,700	1,000,372	949,700	1,000,372
2nd FGN Bond Series 1 (11.5%)	-	6,000,000	-	6,000,000
2nd FGN Bond Series 5 (12.5%)	-	2,000,000	-	2,000,000
	<u>73,225,072</u>	<u>107,250,672</u>	<u>73,225,072</u>	<u>107,250,672</u>

(c) Proprietary investment represents Guaranty Trust Assurance Plc's trading investments in quoted stocks. The market value of the investment is ₦3,726,663,000 (29 Feb. 2008: ₦2,567,780,000)

(d) Underwritten shares comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
African Petroleum (see note (d)(i) below)	1,608,652	-	1,608,652	-
HITV Limited (see note (d)(ii) below)	-	700,000	-	700,000
	<u>1,608,652</u>	<u>700,000</u>	<u>1,608,652</u>	<u>700,000</u>

(d)(i) This represents the cost of 6,434,608 ordinary shares of African Petroleum Plc. held by the Bank as a result of an underwriting agreement dated 5 August 2008. The market values of the shares as at 31 December 2008 was ₦1,891,646,060 .

(d)(ii) This represents the cost of 291,666,667 units of ordinary shares of HITV Limited held by the Bank as at 29 February 2008. During the year, ₦500 million worth of Investment (208,333,334 units of ordinary shares) was converted to Long term investment (see Note 7) while ₦200 million worth of investment was reclassified to loans and advances in line with CBN guidelines on universal banking in respect of underwriting commitments. The portion reclassified to Loans and advances was disposed off subsequent to period end.

(e) The maturity profile of short term investments is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Under 1 month	3,883,027	21,413,024	3,831,346	21,126,962
1 – 3 months	21,455,782	14,043,620	19,601,844	13,318,752
3 – 6 months	33,035,697	16,976,348	24,581,602	16,454,991
Over 6 months	80,443,803	124,837,984	79,734,494	123,712,043
Proprietary investments	3,154,293	2,314,998	-	-
	<u>141,972,602</u>	<u>179,585,974</u>	<u>127,749,286</u>	<u>174,612,748</u>

3. Loans and advances

(a) Loans and advances by security comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Secured against real estate	149,848,590	108,674,914	150,225,601	105,523,436
Otherwise secured	267,411,249	175,517,184	264,588,119	182,003,373
Unsecured	10,743,145	10,198,374	10,550,916	10,084,643
	<u>428,002,984</u>	<u>294,390,472</u>	<u>425,364,636</u>	<u>297,611,452</u>
Less: Allowances for bad and doubtful loans				
Specific (see note (a)(i) below)	(2,705,659)	(2,547,043)	(2,540,971)	(2,442,237)
General (see note (a)(ii) below)	(5,440,413)	(2,985,225)	(5,337,866)	(2,945,587)
Interest in suspense (see note (a)(iii) below)	(1,078,012)	(705,865)	(1,041,722)	(692,851)
	<u>418,778,900</u>	<u>288,152,339</u>	<u>416,444,077</u>	<u>291,530,777</u>

(a)(i) The movements on specific allowances for bad and doubtful loans during the period were as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	2,547,043	1,342,402	2,442,237	1,291,767
Exchange difference on translation of opening balances	(3,681)	(1,849)	-	-
Allowances made during the period/year	1,937,783	2,486,876	1,786,162	2,404,070
Allowances no longer required	(6,517)	(298,690)	-	(282,224)
Allowances written-off during the period/year	(1,434,007)	(981,696)	(1,443,767)	(971,376)
Recoveries	(334,962)	-	(243,661)	-
Balance, end of period/year	<u>2,705,659</u>	<u>2,547,043</u>	<u>2,540,971</u>	<u>2,442,237</u>

(ii) The movements on general allowances for bad and doubtful loans during the year were as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	2,985,225	1,203,847	2,945,587	1,183,760
Exchange difference on translation of opening balances	(3,265)	889	-	-
Allowances made during the period/year	2,458,453	1,780,489	2,392,279	1,761,827
Balance, end of period/year	<u>5,440,413</u>	<u>2,985,225</u>	<u>5,337,866</u>	<u>2,945,587</u>

(iii) The movements on interest-in-suspense during the year were as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	705,866	525,079	692,851	501,028
Exchange difference on translation of opening balances	1,628	(1,382)	-	-
Interest suspended during the period/year	811,504	445,916	786,953	442,437
Interest recovered	(20,042)	(14,959)	(20,042)	(14,959)
Interest written-off	(420,944)	(248,789)	(418,040)	(235,655)
Balance, end of period/year	<u>1,078,012</u>	<u>705,865</u>	<u>1,041,722</u>	<u>692,851</u>

(iv) The analysis of loan loss expense is shown below:

	Group 31 Dec. 2008 10 months N'000	Group 29 Feb. 2008 12 months N'000	Bank 31 Dec. 2008 10 months N'000	Bank 29 Feb. 2008 12 months N'000
Specific allowances on risk assets	1,937,783	2,486,876	1,786,162	2,404,070
General allowance on loans and finance leases	2,458,508	1,780,674	2,392,335	1,762,012
Allowance no longer required	(357,154)	(298,690)	(243,661)	(282,224)
Write back of general allowances on other facilities	-	(44,886)	-	(44,886)
Loan amounts written off	3,244	10,043	3,244	6,286
Loan loss expense, net	<u>4,042,381</u>	<u>3,934,017</u>	<u>3,938,080</u>	<u>3,845,258</u>

(b) The gross value of loans and advances by maturity is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Under 1 month	150,195,766	35,145,080	149,526,957	34,844,760
1 – 3 months	44,907,841	47,951,438	42,712,242	46,626,520
3 – 6 months	23,291,613	53,132,130	19,670,991	51,232,586
6 – 12 months	41,732,070	67,627,398	38,652,101	66,513,742
Over 12 months	167,875,694	90,534,426	174,802,345	98,393,844
	<u>428,002,984</u>	<u>294,390,472</u>	<u>425,364,636</u>	<u>297,611,452</u>

(c) The gross value of loans and advances by borrower is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Insider related loans (see note (c)(i) below)	11,542,887	8,112,724	11,542,887	8,112,728
Other loans	416,460,097	286,277,748	413,821,749	289,498,724
	<u>428,002,984</u>	<u>294,390,472</u>	<u>425,364,636</u>	<u>297,611,452</u>

(i) None of the insider related loans was non performing as at the balance sheet date (29 Feb. 2008: Nil)

(e) The gross value of loans and advances by sector is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Agriculture	1,663,551	668,464	1,663,551	668,464
Mining and quarrying	31,557,381	28,400,819	31,447,380	28,278,837
Manufacturing	91,424,152	35,619,463	90,273,609	35,233,229
Construction/Real estate	48,762,381	29,146,970	47,689,825	28,384,020
Public utilities	1,373,858	2,130,376	1,071,695	1,825,765
Finance and insurance	29,261,091	1,821,500	37,937,478	8,692,250
Transportation and communication	94,307,487	43,919,376	93,108,117	42,928,121
General commerce	129,653,083	152,683,504	122,172,981	151,600,766
	<u>428,002,984</u>	<u>294,390,472</u>	<u>425,364,636</u>	<u>297,611,452</u>

(f) The gross value of loans and advances by performance is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Performing	420,224,517	290,631,559	418,030,108	294,074,273
Non-performing (see note (f)(i) below)				
- principal	6,709,600	3,038,795	6,304,366	2,844,328
- interest	1,068,867	720,118	1,030,162	692,851
	<u>428,002,984</u>	<u>294,390,472</u>	<u>425,364,636</u>	<u>297,611,452</u>

(f)(i) The analysis of non-performing loans and advances is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Number of days past due				
90-180	3,545,021	492,978	3,247,068	379,680
180-360	2,491,929	165,940	2,440,506	118,740
Over 360	1,741,517	3,099,995	1,646,954	3,038,759
	<u>7,778,467</u>	<u>3,758,913</u>	<u>7,334,528</u>	<u>3,537,179</u>

(f)(ii) During the period, the Central Bank of Nigeria circular BSD/DIR/CIR/GEN/Vol2/010 dated 2 October 2008 was released. The circular permitted the suspension by banks of section 23 of the prudential guideline which specifies conditions for credit facilities to be rolled over, especially in respect of margin facilities.
The Directors have chosen not to opt for the suspension but rather to continue to provide for risk assets in line with the more prudent original guidelines.

4 Advances under finance lease

(a) Advances under finance lease comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Gross investment in finance lease	26,378	20,522	26,378	20,522
Un-earned income	(2,302)	(2,246)	(2,302)	(2,246)
Net investment in finance lease	<u>24,076</u>	<u>18,276</u>	<u>24,076</u>	<u>18,276</u>
Less 1% general allowance (see note (a)(i) below)	(241)	(185)	(241)	(185)
Balance, end of period/year	<u><u>23,835</u></u>	<u><u>18,091</u></u>	<u><u>23,835</u></u>	<u><u>18,091</u></u>

(a)(i) The movements on general allowances for bad and doubtful advances under finance lease were as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	185	-	185	-
Allowances made during the period/year	56	185	56	185
Balance, end of period/year	<u>241</u>	<u>185</u>	<u>241</u>	<u>185</u>

(b) The gross value of advances under finance lease by maturity is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Under 1 month				
1 – 3 months	-	-	-	-
3 – 6 months	-	-	-	-
6 – 12 months	7,333	-	7,333	-
Over 12 months	16,743	18,276	16,743	18,276
	<u>24,076</u>	<u>18,276</u>	<u>24,076</u>	<u>18,276</u>

5. Trading properties

This represents the cost of real estate properties held by the Bank's subsidiaries, which are designated for resale to customers.

6. Other assets

(a) Other assets comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Treasury bills on open buy back (see note 13)	31,500,000	74,510,000	31,500,000	74,510,000
Prepayments (See note (a)(i) below)	6,419,789	6,120,595	5,731,598	5,978,193
Discount paid in advance	1,228,876	768,004	1,228,876	768,004
Due from local banks (see Note (b) below)	1,762,763	38,110	1,762,763	38,110
Interest receivable	2,202,907	1,613,414	2,155,632	3,049,763
Receivable from bond trading (see note (c) below)	33,501	4,056,719	33,501	4,056,719
Other account receivables	10,426,809	9,004,661	8,068,969	7,027,570
	<u>53,574,645</u>	<u>96,111,503</u>	<u>50,481,339</u>	<u>95,428,359</u>
Allowance on other assets (see (d) below)	(898,245)	(1,008,917)	(774,187)	(981,367)
	<u>52,676,400</u>	<u>95,102,586</u>	<u>49,707,152</u>	<u>94,446,992</u>

(a)(i) The maturity profile of prepayments is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Under one year	1,442,665	1,732,536	796,312	1,595,134
Over one year	4,977,124	4,388,059	4,935,286	4,383,059
	<u>6,419,789</u>	<u>6,120,595</u>	<u>5,731,598</u>	<u>5,978,193</u>

(ii) Operating lease

Included in prepayments are operating lease rentals in respect of land and buildings. The rents under these leases are subject to renegotiation at various intervals specified in the leases. The minimum annual lease rentals under the foregoing leases are as follows:

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	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Operating leases which expire				
- within 5 years	203,994	200,103	203,994	200,103
- after 5 years	114,083	116,620	114,083	116,620
	318,077	316,723	318,077	316,723
	318,077	316,723	318,077	316,723

- (b) Amounts represent receivables due from local banks for which Guaranty Trust Bank Plc acts as clearing and settlement bank. The receivables which, represents the overdrawn position of some of these banks are secured with treasury bills.
- (c) Amount represents receivables in respect of Federal Government of Nigeria's bonds sold as at period end.
- (d) The movement on allowance for other assets during the year was as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	1,008,917	412,755	981,367	402,990
Allowance made during the period/year	439,628	596,162	343,120	578,377
Recoveries during the period	(550,300)	-	(550,300)	-
Balance, end of period/year	898,245	1,008,917	774,187	981,367
	898,245	1,008,917	774,187	981,367

7. Long-term investments

Long term investments comprise:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
<i>Investment in subsidiaries:</i>				
GTB Gambia (see note (i) below)	-	-	574,278	561,147
GTB Sierra Leone (see note (ii) below)	-	-	597,038	597,038
GT Assurance Plc (see note (iii) below)	-	-	8,507,571	7,664,126
GTB Ghana (see note (iv) below)	-	-	8,114,710	1,046,710
GTB Finance B.V. (see note (v) below)	-	-	3,220	3,220
GTB Registrars (see note (vi) below)	-	-	50,000	50,000
GT Homes Limited (see note (vii) below)	-	-	2,000,000	100,000
GTB UK Limited (see note (viii) below)	-	-	5,000,000	5,000,000
GTB Asset Management Limited (see note (ix) below)	-	-	2,250,000	-
GTB Liberia Limited (see note (x) below)	-	-	1,178,000	-
	-	-	28,274,817	15,022,241
<i>Other investments:(see note (xi) below)</i>				
- Kakawa Discount House Ltd	34,100	34,100	34,100	34,100
- Valucard Nigeria Plc	90,153	90,153	90,153	90,153
- Nigeria Automated Clearing System	47,547	47,547	47,547	47,547
- Afrexim	14,131	14,131	14,131	14,131
- ICHL Nigeria Limited	264,201	475,000	264,201	475,000
- Africa Finance Corporation	636,048	636,048	636,048	636,048
- ARM Pension Managers Ltd	37,500	37,500	-	-
- Gratuity scheme investments (see note (xii) below)	-	2,323,093	-	2,323,093
- Other diversified portfolio	1,000	23,844	-	-
	1,124,680	3,681,416	1,086,180	3,620,072

- Federal Government Bonds (see note (xiii) below)	5,954,995	150,574	5,954,995	-
- Small and medium industries investments (see note (xiv) below)	4,742,010	3,576,508	4,742,010	3,576,508
	11,821,685	7,408,498	40,058,002	22,218,821

- i This represents the Bank's 77.92% equity holding in GTB Gambia.
- ii This represents the Bank's 84.3% equity holding in GTB Sierra Leone.
- iii This represents the Bank's 73.7% equity holding in Guaranty Trust Assurance Plc.
- iv This represents the Bank's 70% equity holding in Guaranty Trust Bank Ghana.
- v This represents the Bank's 100% holding of the equity of GTB Finance B.V., Netherlands. An obligation also exists between the Bank and GTB Finance B.V, for which GTB Finance B.V was expected to lend the Bank the sum of N307.870 million (\$2,608,000) as a share premium loan. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a Borrower or Lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.
- vi This represents the Bank's 100% holding of the equity of GTB Registrars Limited.
- vii This represents the Bank's 100% holding of the equity of GT Homes Limited.
- viii This represents the Bank's 100% holding of the equity of Guaranty Trust Bank (UK) Limited.
- ix This represents the Bank's 100% holding in the equity of GT Asset Management Limited.
- x This represents the cost of the Bank's 100% holding in the equity of Guaranty Trust Bank (Liberia) Limited.
- xi Other investments represent equity investments where the Bank's shareholding is less than 20%.

xii Gratuity scheme investments represents the cost of investments held by the Bank for the purpose of settling gratuity benefits of qualifying staff of the Bank. During the period, the balance on the Gratuity Scheme investment was transferred to external trustees for management at their market value as at the transfer date (See note 13(b)(ii)). The difference between the carrying amount and the market value was charged to the profit and loss account.

xiii The analysis of FGN Bonds is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
3 rd FGN Bond Series 3 (14.5%)	253,929	-	253,929	-
3 rd FGN Bond Series 5 (14.5%)	634,993	-	634,993	-
3 rd FGN Bond Series 12 (12%)	1,168,074	50,000	1,168,074	-
4 th FGN Bond Series 2 (9.5%)	53,122	-	53,122	-
4 th FGN Bond Series 14 (15.5%)	3,844,877	-	3,844,877	-
4 th FGN Bond Series 5 (9.23%)	-	100,574	-	-
	<u>5,954,995</u>	<u>150,574</u>	<u>5,954,995</u>	<u>-</u>

xiv This represents the Bank's investment made from funds set aside in the small scale industries reserve account (see note 19d). An additional investment of N1,265,532,000 and a sale of N100,031,250 was made during the period.

The details of the investment are shown below:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Forrilon Translantic Ltd.	1,080,851	580,851	1,080,851	580,851
Omatek Computers	-	24,000	-	24,000
Sokoa Chair Centre	61,288	61,288	61,288	61,288
Terra Kulture Ltd.	192,499	199,999	192,499	199,999
Hygeia HMO Ltd.	-	68,530	-	68,530
Tinapa Business Resort	500,000	500,000	500,000	500,000
Isclare Nigeria Limited	40,000	40,000	40,000	40,000
Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
National e-Government Strategies	25,000	25,000	25,000	25,000
Interswitch Nigeria	20,840	20,840	20,840	20,840
Central Securities Clearing System	10,500	10,500	10,500	10,500
Patrick Speech & Language Centre Ltd.	30,000	30,000	30,000	30,000
Bookcraft Limited	20,000	20,000	20,000	20,000

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3 Peat Investment Limited	855,532	600,000	855,532	600,000
Shonga F.H. Nigeria Limited	200,000	200,000	200,000	200,000
Safe Nigeria Ltd.	350,000	350,000	350,000	350,000
Credit Reference Company Nigeria Ltd.	50,000	40,000	50,000	40,000
Cards Technology Ltd.	265,000	265,000	265,000	265,000
Thisday Events Center.	500,000	500,000	500,000	500,000
HITV Limited	500,000	-	500,000	-
	<u>4,742,010</u>	<u>3,576,508</u>	<u>4,742,010</u>	<u>3,576,508</u>

xv The Directors are of the opinion that the market value of unquoted long term investments is not lower than cost.

8. Deferred tax asset

(a) The movement on this account during the year was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	20,649	28,769	-	-
Reversal/charge during the period/year (see note (26))	16,198	(8,120)	-	-
Balance, end of period/year	<u>36,847</u>	<u>20,649</u>	<u>-</u>	<u>-</u>

(b) Recognised deferred tax assets are attributable to the following:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Fixed assets	6,891	(1,521)	-	-
General allowances on loan losses	-	781	-	-
Unrelieved losses	29,956	21,389	-	-
	<u>36,847</u>	<u>20,649</u>	<u>-</u>	<u>-</u>

9. Fixed assets

(a) **Group**

The movement on these accounts during the period was as follows:

	Leasehold Improvements <u>Land and Buildings</u> N'000	Machinery & Equipment N'000	Computers & Accessories N'000	Furniture and Fittings N'000	Motor Vehicle N'000	Other Transportation Equipment N'000	Capital Work in Progress N'000	Total N'000
COST								
Balance, beginning of period/year	13,369,646	4,788,714	7,156,348	2,203,309	3,513,244	2,545,136	10,337,872	43,914,269
Exchange difference on translation of opening balances	19,803	(7,434)	9,851	19,829	7,226	-	(17,395)	31,880
Additions	794,584	826,757	1,674,737	275,094	1,784,674	-	4,388,198	9,744,044
Disposals	-	(9,869)	(18,005)	(3,146)	(440,090)	-	(14,068)	(485,178)
Transfers	2,473,824	519,065	261,106	166,749	-	-	(3,420,744)	-
Balance, end of period/year	<u>16,657,857</u>	<u>6,117,233</u>	<u>9,084,037</u>	<u>2,661,835</u>	<u>4,865,054</u>	<u>2,545,136</u>	<u>11,273,863</u>	<u>53,205,015</u>
ACCUMULATED DEPRECIATION								
Balance, beginning of period/year	1,442,178	2,067,226	3,576,892	880,202	1,744,931	233,304	-	9,944,733
Exchange difference on translation of opening balances	(3,550)	(5,020)	5,693	8,318	(1,246)	-	-	4,195
Charge for the period/year	389,272	798,722	1,457,907	378,140	778,710	212,095	-	4,014,846
Disposals	-	(7,749)	(18,004)	(124)	(362,647)	-	-	(388,524)
Balance, end of period/year	<u>1,827,900</u>	<u>2,853,179</u>	<u>5,022,488</u>	<u>1,266,536</u>	<u>2,159,748</u>	<u>445,399</u>	<u>-</u>	<u>13,575,250</u>
NET BOOK VALUE								
End of period/year	<u>14,829,957</u>	<u>3,264,054</u>	<u>4,061,549</u>	<u>1,395,299</u>	<u>2,705,306</u>	<u>2,099,737</u>	<u>11,273,863</u>	<u>39,629,765</u>
Beginning of period/year	<u>11,927,468</u>	<u>2,721,488</u>	<u>3,579,456</u>	<u>1,323,107</u>	<u>1,768,313</u>	<u>2,311,832</u>	<u>10,337,872</u>	<u>33,969,536</u>

- i. Leased assets with a net book value of N2,099,737,090 (29 Feb. 2008 N2,311,831,745) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 13 (c).
- ii. The Group had capital commitments of N438,154,403 (29 Feb. 2008: N218,908,702) as at the balance sheet date.

9. Fixed assets

(b) **Bank**

The movement on these accounts during the period was as follows:

	<u>Leasehold Improvements Land and Buildings</u> N'000	<u>Machinery & Equipment</u> N'000	<u>Computers & Accessories</u> N'000	<u>Furniture and Fittings</u> N'000	<u>Motor Vehicle</u> N'000	<u>Other Transportation Equipment</u> N'000	<u>Capital Work in Progress</u> N'000	<u>Total</u> N'000
COST								
Balance, beginning of period/year	11,983,170	4,483,276	6,654,734	1,990,254	3,195,326	2,545,136	10,074,899	40,926,795
Additions	561,163	634,409	1,400,103	197,912	1,418,991	-	3,827,125	8,039,703
Disposals	-	(9,869)	(18,005)	(2,333)	(406,297)	-	-	(436,504)
Transfers	2,365,703	516,251	203,026	153,083	-	-	(3,238,063)	-
Balance, end of period/year	<u>14,910,036</u>	<u>5,624,067</u>	<u>8,239,858</u>	<u>2,338,916</u>	<u>4,208,020</u>	<u>2,545,136</u>	<u>10,663,961</u>	<u>48,529,994</u>
ACCUMULATED DEPRECIATION								
Balance, beginning of period/year	1,386,191	1,976,559	3,309,136	781,327	1,587,818	233,304	-	9,274,335
Charge for the period/year	327,644	730,762	1,303,613	319,836	694,620	212,095	-	3,588,570
Disposals	-	(7,749)	(18,004)	(937)	(337,213)	-	-	(363,903)
Balance, end of period/year	<u>1,713,835</u>	<u>2,699,572</u>	<u>4,594,745</u>	<u>1,100,226</u>	<u>1,945,225</u>	<u>445,399</u>	<u>-</u>	<u>12,499,002</u>
NET BOOK VALUE								
End of period/year	<u>13,196,201</u>	<u>2,924,495</u>	<u>3,645,113</u>	<u>1,238,690</u>	<u>2,262,795</u>	<u>2,099,737</u>	<u>10,663,961</u>	<u>36,030,992</u>
Beginning of period/year	<u>10,596,979</u>	<u>2,506,717</u>	<u>3,345,598</u>	<u>1,208,927</u>	<u>1,607,508</u>	<u>2,311,832</u>	<u>10,074,899</u>	<u>31,652,460</u>

- i. Leased assets amounting to ~~N~~2,099,737,090 (29 Feb. 2008: ~~N~~2,311,831,745) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 13 (c).
- ii. The Bank had capital commitments of ~~N~~438,154,403 (29 Feb. 2008: ~~N~~218,908,702) as at the balance sheet date.

10. Goodwill on consolidation

(a) The movement on goodwill on consolidation is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	166,432	140,742	-	-
Goodwill arising during the period/year	187,896	25,690	-	-
Balance, end of period/year	<u>354,328</u>	<u>166,432</u>	<u>-</u>	<u>-</u>

11. Deposits and other accounts

(a) Deposits and other accounts comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Demand				
- Local	220,822,094	188,952,066	213,184,482	186,649,847
- Domiciliary	51,198,043	33,053,068	51,198,042	31,142,256
Time	155,035,728	112,295,538	140,148,166	111,526,947
Savings	45,214,638	28,635,721	42,287,833	27,687,078
	<u>472,270,503</u>	<u>362,936,393</u>	<u>446,818,523</u>	<u>357,006,128</u>

(b) The maturity profile of deposit liabilities is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Under 1 month	457,758,215	352,518,506	444,718,846	349,365,825
1 – 3 months	9,912,685	4,972,486	2,077,053	6,756,100
3 – 6 months	1,771,255	1,675,599	19,224	100
6 – 12 months	2,204,228	3,648,216	2,660	884,103
Over 12 months	624,121	121,586	740	-
	<u>472,270,504</u>	<u>362,936,393</u>	<u>446,818,523</u>	<u>357,006,128</u>

12. Taxation payable

The movement on the tax payable account during the year was as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	5,851,198	3,486,165	5,517,981	3,332,773
Charge for the period/year: (See note (26))	5,973,772	4,468,136	5,471,504	4,048,167
Payments during the period/year	(2,597,543)	(2,103,103)	(2,151,885)	(1,862,959)
Prior period under/(over) provision	257,492	-	248,277	-
Balance, end of period/year	<u>9,484,919</u>	<u>5,851,198</u>	<u>9,085,877</u>	<u>5,517,981</u>

13. Other liabilities

Other liabilities comprise:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Foreign currency denominated liabilities (see note 1 (a)(ii))	119,883,550	9,268,040	119,310,560	9,204,430
Secured buy back takings (see note 6)	31,500,000	74,510,000	31,500,000	74,510,000
Due to other local banks (see note (a) below)	27,965,203	362,955	27,965,203	362,955
Certified cheques	13,297,171	15,166,598	13,297,171	15,035,121
Customers' deposits for forex	-	14,179	-	14,179
Unearned interest and discount	2,463,850	6,247,428	2,463,850	6,247,428
Interest payable	4,401,427	921,381	2,623,413	890,998
Gratuity provisions (see note (b) below)	444,021	1,204,806	444,021	1,204,806
Finance lease obligations (see note (c) below)	2,125,260	2,350,447	2,125,260	2,350,447
Other accounts payable	24,811,078	32,234,460	20,340,484	25,728,005
Deposit for shares	2,028,648	-	-	-
Unclaimed dividend (see notes 1(a)(ii) and 15(c))	2,658,234	1,704,505	-	-
Insurance funds	983,134	625,072	-	-
	<u>232,561,576</u>	<u>144,609,871</u>	<u>220,069,962</u>	<u>135,548,369</u>

(a) Amount due to other local banks represents the credit balances outstanding in favour of some banks for which Guaranty Trust Bank Plc serves as the clearing and settlement bank.

(b)(i) The movement on gratuity provision account during the year was as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	1,204,806	984,806	1,204,806	984,806
Charge for the period/year	777,354	220,000	777,354	220,000
Transfer to external trustees see note (b)(ii) below	(1,538,139)	-	(1,538,139)	-
Balance, end of period/year	<u>444,021</u>	<u>1,204,806</u>	<u>444,021</u>	<u>1,204,806</u>

(ii) Gratuity provision represents the Bank's obligations to its employees under its gratuity scheme. During the period, the assets and funded obligations of the gratuity scheme were transferred to a pension fund custodian, as the assets will be administered by a pension fund administrator. (See note 7(xii)).

The balance in the gratuity provision account at the end of the period represents the unfunded gratuity provision at period end.

(c) Finance lease obligation

(i) The analysis of the obligations under the finance lease is as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Falling due within one year	-	608,534	-	608,534
Falling due over one year				
- 2009	608,534	608,534	608,534	608,534
- 2010	608,534	608,534	608,534	608,534
- 2011	608,534	608,534	608,534	608,534
- 2012	608,533	608,533	608,533	608,533
- 2013	608,533	608,533	608,533	608,533
- 2014	152,149	50,727	152,149	50,727
	<u>3,194,817</u>	<u>3,701,929</u>	<u>3,194,817</u>	<u>3,701,929</u>
Less: Future interest	(1,069,557)	(1,351,482)	(1,069,557)	(1,351,482)
Balance, end of year	<u>2,125,260</u>	<u>2,350,447</u>	<u>2,125,260</u>	<u>2,350,447</u>

- (ii) The movement on the obligation under finance lease account during the period was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Gross obligation, beginning of the period/year	2,350,447	-	2,350,447	-
Addition during the period/year	-	2,545,136	-	2,545,136
Repayments during the period/year	(225,187)	(194,689)	(225,187)	(194,689)
Balance, end of period/year	<u>2,125,260</u>	<u>2,350,447</u>	<u>2,125,260</u>	<u>2,350,447</u>

14. Deferred taxation liabilities

- (a) The movement on the deferred tax account for the year was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	2,808,927	1,086,322	2,731,679	1,071,027
Translation gain on opening balance	19,460	-	-	-
Charge for the period/year (see note (26))	646,451	1,722,605	664,033	1,660,652
Reversal during the period/year	-	-	-	-
Balance, end of period/year	<u>3,474,838</u>	<u>2,808,927</u>	<u>3,395,712</u>	<u>2,731,679</u>

The Bank's exposure to deferred tax (which relates primarily to timing differences in the recognition of depreciation and capital allowances on fixed assets, gratuity provision, other assets, other provisions and general provisions) has been fully provided for in the financial statements.

(b) Recognised deferred tax liabilities are attributable to the following:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Fixed assets	3,927,241	3,132,518	3,851,876	3,054,672
General provisions	(1,603,692)	(891,941)	(1,601,360)	(883,676)
Other assets	1,385,352	800,945	1,385,352	800,945
Gratuity provision	(135,997)	(361,442)	(133,206)	(361,442)
Unrealised gain on short term investments	8,884	124,094	-	124,094
Other provisions	(106,950)	4,753	(106,950)	(2,914)
	3,474,838	2,808,927	3,395,712	2,731,679
	3,474,838	2,808,927	3,395,712	2,731,679

15. Dividend payable

(a) The movement on this account during the year was as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	-	-	-	-
Interim dividend declared	-	3,419,854	-	3,419,854
Final dividend declared	9,575,591	4,000,000	9,575,591	4,000,000
Payment during the period/year	(9,575,591)	(7,419,854)	(9,575,591)	(7,419,854)
Balance, end of period/year	-	-	-	-
	-	-	-	-

(b) On 21st of January, 2009 the board of directors, pursuant to the power vested in it by the provisions of S.379 of the Companies and Allied Matters Act of Nigeria (CAMA) proposed a final dividend of 100k per share. (29 Feb. 2008: 70k per share) from the Retained earnings account as at 31 December 2008 on the issued share capital of 14,922,998,891 (29 Feb. 2008:13,679,415,650) shares of 50k each subject to declaration by the shareholders at the next annual general meeting.

(c) Unclaimed dividend amounting to ₦2,658,234,192 (29 Feb. 2008: ₦1,704,505,000), has been included in other liabilities (see note 13).

16. Borrowings

(a) Borrowings comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Due to IFC (see note (a) (i) below	9,244,359	8,192,100	9,244,359	8,192,100
Due to FMO Netherlands (see note (a) (ii) below	-	2,340,600	-	2,340,600
Due to EIB (see note (a) (iii) below)	209,306	358,276	209,306	358,276
Due to ADB (see note (a) (iv) below)	4,604,738	4,291,100	4,604,738	4,291,100
Debt securities issued (see note (a) (v) below)	48,838,125	40,960,500	48,838,125	40,960,500
	<u>62,896,528</u>	<u>56,142,576</u>	<u>62,896,528</u>	<u>56,142,576</u>

- (a) i. The amount of N9,244,359,385 (USD 66,250,000) represents the outstanding balances on various facilities granted by the International Finance Corporation (IFC) between March 2001 and January 2007 repayable over 7 to 10 years at interest rates varying from 2.75% to 4.75% above LIBOR rates.
- (a) ii. The Bank obtained a facility of USD 20,000,000 from the Netherland Development Finance Company (FMO) in December 2004 for a period of 4 years. Under the terms of the facility, the principal amount is repayable as a bullet payment after the tenor while interest is payable half yearly at 3% above LIBOR rates. The facility was repaid on 15 December 2008.
- (a) iii. The amount of N209,306,000 (USD 1,500,000) represents the dollar facility granted by the European Investment Bank (EIB) in June 2005 for a period of 4 years. The principal amount is repayable as a bullet payment after the tenor while interest is payable half yearly at 2.5% above LIBOR rates.
- (a) iv. The amount of N4,604,738,000 (USD 33,000,000) represents the outstanding balance on a dollar facility of \$40,000,000 granted by the African Development Bank (ADB) in May 2006 for a period of 7 years. The principal amount is repayable in 12 equal instalments after a moratorium of 1 year, while interest is payable half yearly at a rate per annum determined by the Bank to be the sum of LIBOR or its successor rate for such interest periods plus 245 basis points per annum.
- (a) v. The amount of N48,838,125,000 (USD 350,000,000) represents dollar guaranteed notes issued by GTB Finance B.V., Netherlands in January 2007 for a period of 5 years. The principal amount is repayable at the end of the tenor while interest on the notes is payable semi-annually at 8.5% per annum.

(b) The movement on this account during the period was as follow:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	56,142,576	58,063,369	56,142,576	58,063,369
Additions during the period/year	-	4,154,686	-	4,154,686
Payments during the period/year	(4,043,518)	(979,617)	(4,043,518)	(979,617)
Translation (gain)/loss	10,797,470	(5,095,862)	10,797,470	(5,095,862)
Balance, end of period/year	<u>62,896,528</u>	<u>56,142,576</u>	<u>62,896,528</u>	<u>56,142,576</u>

(c) The maturity profile of borrowings is as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Below 1 year	1,755,847	3,070,102	1,755,847	3,070,102
1 – 7 years	61,140,681	53,072,474	61,140,681	53,072,474
	<u>62,896,528</u>	<u>56,142,576</u>	<u>62,896,528</u>	<u>56,142,576</u>

17. Share capital

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
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(a) Authorised:

30,000,000,000 Ordinary
shares of 50k each

(29 Feb. 2008: 15,000,000,000
of 50k each)

15,000,000	7,500,000	15,000,000	7,500,000
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	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
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(b)(i) Issued and fully paid:

14,922,998,891 Ordinary
shares of 50k each

(29 Feb 2008: 13,679,415,650
ordinary shares of 50k each)

7,461,500	6,839,708	7,461,500	6,839,708
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(ii) Issued and fully paid up shares comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
11,973,486,240 ordinary shares of 50k each (29 Feb. 2008: 10,975,696,920)	5,986,743	5,487,848	5,986,743	5,487,848
2,949,512,000 ordinary shares (GDR) of 50k shares (29 Feb. 2008: 2,703,718,73)	1,474,757	1,351,860	1,474,757	1,351,860
Balance, end of period/year	<u>7,461,500</u>	<u>6,839,708</u>	<u>7,461,500</u>	<u>6,839,708</u>

(c) The movement on the issued and fully paid share capital account during the year was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	6,839,708	4,000,000	6,839,708	4,000,000
Bonus shares capitalized (see note 19 (f))	621,792	1,000,000	621,792	1,000,000
Proceeds from GDR offer	-	1,351,860	-	1,351,860
Proceeds from GDR offer converted to ordinary shares (see note (d) below)	-	487,848	-	487,848
Balance, end of period/year	<u>7,461,500</u>	<u>6,839,708</u>	<u>7,461,500</u>	<u>6,839,708</u>

(d) This represents shares originally issued as GDR, now converted to ordinary shares during the year.

(e) 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 Bank. All ordinary shares and GDR shares rank pari passu with the same rights and benefits.

18 Share premium

The movement on share premium account during the year was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	119,076,565	21,391,928	119,076,565	21,391,928
Addition from GDR issue	-	97,684,637	-	97,684,637
Balance, end of the period/year	<u>119,076,565</u>	<u>119,076,565</u>	<u>119,076,565</u>	<u>119,076,565</u>

19. Other reserves

(a) Other reserves comprise:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Statutory reserve (see note (b) below)	27,712,292	19,290,316	27,712,292	19,290,316
Retained earnings (see note (c) below)	16,924,801	9,179,185	18,137,089	9,926,779
Small scale industries (SSI) reserve (see note (d) below)	5,297,904	5,297,904	5,297,904	5,297,904
Foreign currency translation reserve (see note (e) below)	(346,662)	(296,604)	-	-
Bonus reserve (see note (f) below)	1,865,375	621,792	1,865,375	621,792
Balance, end of the period/year	<u>51,453,710</u>	<u>34,092,593</u>	<u>53,012,660</u>	<u>35,136,791</u>

(b) The movement on the statutory reserve account during the year was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	19,290,316	12,843,350	19,290,316	12,843,350
Transfer from profit and loss account	8,421,976	6,446,966	8,421,976	6,446,966
Balance, end of period/year	<u>27,712,292</u>	<u>19,290,316</u>	<u>27,712,292</u>	<u>19,290,316</u>

In accordance with existing legislation, the Bank transferred 30% (29 Feb. 2008: 30%) of its profit after taxation to statutory reserves.

- (c) The movement on the retained earnings account during the year was as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	9,179,185	3,941,844	9,926,779	4,000,000
Transfer from profit and loss account	17,321,207	9,237,341	17,785,901	9,926,779
Final dividend declared	(9,575,591)	(4,000,000)	(9,575,591)	(4,000,000)
Balance, end of period/year	<u>16,924,801</u>	<u>9,179,185</u>	<u>18,137,089</u>	<u>9,926,779</u>

- (d) The movement in the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserve account during the year was as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	5,297,904	4,197,910	5,297,904	4,197,910
Transfer from profit and loss account	-	1,074,494	-	1,074,494
Provision for diminution in SMEEIS investments	-	-	-	-
Reversal of provision for diminution in SMEEIS investment	-	25,500	-	25,500
Balance, end of period/year	<u>5,297,904</u>	<u>5,297,904</u>	<u>5,297,904</u>	<u>5,297,904</u>

- (e) The movement on the foreign currency translation reserve during the year was as follows:

	Group 31 Dec. 2008 N'000	Group 29 Feb. 2008 N'000	Bank 31 Dec. 2008 N'000	Bank 29 Feb. 2008 N'000
Balance, beginning of period/year	(296,604)	(50,914)	-	-
Translation gain during the period/year	(50,058)	(245,690)	-	-
Balance, end of period/year	<u>(346,662)</u>	<u>(296,604)</u>	<u>-</u>	<u>-</u>

(f) The movement on the bonus reserve account during the year was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of period/year	621,792	1,000,000	621,792	1,000,000
Bonus capitalised	(621,792)	(1,000,000)	(621,792)	(1,000,000)
Transfer from profit and loss account	1,865,375	621,792	1,865,375	621,792
Balance, end of period/year	<u>1,865,375</u>	<u>621,792</u>	<u>1,865,375</u>	<u>621,792</u>

Subsequent to the balance sheet date, the Board of Directors has approved the transfer of N1,865,375 (29 Feb. 2008 N621,792,000) from the Bank's profit for the period to issue bonus shares in the ratio of 1 new ordinary share for every 4 held, subject to declaration by the shareholders at the Annual General Meeting (29 Feb. 2008: 1 new ordinary share for every 11 ordinary shares held).

20 Non controlling interest

(a) The analysis of the non controlling interest is shown below:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000
GTB Gambia Limited	257,778	118,984
GTB Sierra Leone Limited	168,709	99,178
Guaranty Trust Assurance Plc.	3,294,813	2,890,910
GTB Ghana Limited	320,825	226,003
	<u>4,042,125</u>	<u>3,335,075</u>

(b) The movement on this account during the period was as follows:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000
Balance, beginning of the period/year	3,335,075	2,661,531
Cash paid by minority	395,842	239,052
Retained earnings for the period/year	707,003	369,030
Dilution in minority's interest	(257,735)	65,462
Dividend paid to minority	(138,060)	-
	<u>4,042,125</u>	<u>3,335,075</u>

21. Guarantees and other commitments on behalf of customers

This comprises:

	<u>Group</u> <u>31 Dec. 2008</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> N'000
Transaction-related bonds and guarantees (see note (a))	170,281,067	166,936,166	168,618,094	166,344,059
Guaranteed commercial papers and bankers acceptances	146,373,722	101,107,649	144,145,232	100,641,682
Commitments on foreign exchange contracts	25,420,700	25,213,549	25,392,363	25,213,549
Clean line facilities and irrevocable letters of credit	71,788,236	31,774,011	65,114,095	29,812,038
Treasury bills held on behalf of customers	352,078	204,010	120,363	85,885
Guaranteed facilities	259,016	365,021	259,016	365,021
	<u>414,474,819</u>	<u>325,600,406</u>	<u>403,649,163</u>	<u>322,462,234</u>

(a) N26,120,245,000 (29 Feb. 2008: N10,945,321,161) out of the bonds and guarantees issued by the Bank were cash collateralised.

22. Interest and discount income

Interest and discount income was derived as follows:

(a) Source

	<u>Group</u> <u>31 Dec. 2008</u> <u>10 months</u> N'000	<u>Group</u> <u>29 Feb. 2008</u> <u>12 months</u> N'000	<u>Bank</u> <u>31 Dec. 2008</u> <u>10 months</u> N'000	<u>Bank</u> <u>29 Feb. 2008</u> <u>12 months</u> N'000
Financial institutions	3,883,600	3,072,802	2,710,444	2,683,511
Customers	56,066,146	32,557,973	55,113,339	32,425,609
Securities trading	8,255,462	17,267,691	6,219,787	15,936,458
	<u>68,205,208</u>	<u>52,898,466</u>	<u>64,043,570</u>	<u>51,045,578</u>

(b) Geographical location

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Earned in Nigeria	60,782,348	45,626,467	59,586,700	44,940,096
Earned outside Nigeria	7,422,859	7,271,999	4,456,870	6,105,482
	<u>68,205,207</u>	<u>52,898,466</u>	<u>64,043,570</u>	<u>51,045,578</u>

23. Interest expense

Interest expense comprises:

(a) Source

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Financial institutions	5,327,328	7,274,657	5,604,516	7,257,583
Customers' deposits	16,432,162	11,537,361	15,117,612	11,163,219
Securities trading	603,477	604,042	603,477	571,917
	<u>22,362,967</u>	<u>19,416,060</u>	<u>21,325,605</u>	<u>18,992,719</u>

(b) Geographical location:

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Paid in Nigeria	16,703,249	15,717,359	16,703,249	15,717,359
Paid outside Nigeria	5,659,718	3,698,701	4,622,356	3,275,360
	<u>22,362,967</u>	<u>19,416,060</u>	<u>21,325,605</u>	<u>18,992,719</u>

24. Other income

This comprises:

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Foreign exchange earnings (see note (a) below)	4,512,201	252,298	3,744,846	(20,906)
Commissions and similar income	14,942,899	13,022,466	13,694,740	12,378,192
Other fees and charges	12,172,495	10,106,308	11,923,166	10,016,840
Net income from interest rate swap	1,833,702	2,669,817	1,833,702	2,669,817
Dividend income from equity investments	230,398	338,762	136,253	338,762
Gain/(loss) from gratuity scheme investments	(784,954)	538,669	(784,954)	538,669
Premium on insurance contracts (see note (b) below)	2,453,139	1,170,051	-	-
Revaluation gain on short term investments	514,786	413,646	514,786	413,646
Gain on disposal of fixed assets	37,382	82,410	35,563	80,706
	<u>35,912,048</u>	<u>28,594,427</u>	<u>31,098,102</u>	<u>26,415,726</u>

(a) Foreign exchange earnings comprise:

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Foreign currency trading	3,134,779	1,897,338	2,367,424	1,624,134
Exchange gain/(loss)	1,377,422	(1,645,040)	1,377,422	(1,645,040)
	<u>4,512,201</u>	<u>252,298</u>	<u>3,744,846</u>	<u>(20,906)</u>

(b) Premium on insurance contracts comprises:

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Gross premium	4,143,899	2,061,654	-	-
Outward insurance premium	(1,583,973)	(681,388)	-	-
Unexpired premium reserve	(106,787)	(210,215)	-	-
	<u>2,453,139</u>	<u>1,170,051</u>	<u>-</u>	<u>-</u>

25. Operating expenses

(a) **Analysis of operating expenses:**

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Staff salaries and allowances	12,260,634	8,957,396	10,520,939	8,026,365
Depreciation	4,014,847	3,684,922	3,588,570	3,429,086
Repairs and maintenance	1,623,880	1,092,714	1,622,178	1,084,190
Insurance	763,719	107,494	758,577	138,810
Professional fees	251,231	335,706	238,141	225,720
Contract services	3,060,132	2,814,715	3,060,132	2,807,882
NDIC premium	1,193,561	1,678,727	1,193,561	1,678,727
Claims incurred on insurance contracts	797,725	362,742	-	-
NITDA Levy	152,051	273,439	152,051	273,439
Lease finance charge	281,925	393,553	281,925	393,553
Operating lease expenses				
Bank premises	318,077	316,723	318,077	316,723
Other operating expenses	17,686,009	10,653,383	13,583,409	8,964,343
Auditor's remuneration (see note (i) below)	133,928	105,679	106,250	88,500
	<u>42,537,719</u>	<u>30,777,193</u>	<u>35,423,810</u>	<u>27,427,338</u>

(i) Auditor's remuneration represents fees for two audits of the Bank for the periods ended 30 June 2008 and for the period ended 31 December 2008.

(b) **Staff and executive directors' costs**

(i) Employee costs, including Executive Directors, during the period is shown below:

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Wages and salaries	11,852,313	8,648,371	10,158,875	7,761,162
Other pension costs	408,321	309,025	362,064	265,203
	<u>12,260,634</u>	<u>8,957,396</u>	<u>10,520,939</u>	<u>8,026,365</u>

(ii) The average number of persons in employment during the period is shown below:

	Group 31 Dec. 2008 <u>10 months</u> N'000	Group 29 Feb. 2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb. 2008 <u>12 months</u> N'000
Abuja and north central	120	91	120	91
North east division	83	67	83	67
North west division	64	57	64	57
South east division	102	84	102	84
South west division	96	84	96	84
Lagos division	321	280	162	141
Financial control & strategy	37	34	26	22
General services and external affairs	96	149	74	59
Institutional banking division	204	198	180	155
Commercial banking	36	11	-	-
Retail	508	261	293	226
Management and corporate services	161	53	43	35
Payment and settlement	330	268	289	235
Risk management	50	51	50	26
Systems and control	66	55	52	40
Transaction services group	870	727	721	572
Public sector group	10	7	-	-
	3,154	2,477	2,355	1,894
	3,154	2,477	2,355	1,894

- iii. Employees, other than directors, earning more than ₦60,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group 31 Dec. 2008 <u>10 months</u> ₦'000	Group 29 Feb. 2008 <u>12 months</u> ₦'000	Bank 31 Dec. 2008 <u>10 months</u> ₦'000	Bank 29 Feb. 2008 <u>12 months</u> ₦'000
N 720,001 - N 740,000	291	410	-	-
N 830,001 - N 840,000	37	36	-	-
N 930,001 - N 980,000	160	10	-	-
N1,100,001 - N 1,260,000	60	25	-	-
N1,270,001 - N1,280,000	-	6	-	-
N1,300,001 - N1,310,000	-	-	-	-
N1,310,001 - N1,340,000	46	15	13	13
N1,340,001 - N1,400,000	41	-	-	-
N1,400,001 - N2,050,000	74	57	2	2
N2,190,001 - N2,330,000	4	11	-	-
N2,330,001 - N2,840,000	692	515	661	510
N2,840,001 - N3,000,000	2	7	-	-
N3,130,001 - N3,830,000	11	6	-	-
N3,830,001 - N4,530,000	627	535	610	532
N4,530,001 - N5,930,000	408	349	401	348
N6,300,001 - N6,800,000	294	201	287	200
N6,800,001 - N7,300,000	6	-	-	-
N7,300,001 - N7,800,000	144	99	144	99
N7,800,001 - N8,600,000	-	-	-	-
N8,600,001 - N11,800,000	166	115	155	112
Above N11,800,000	91	80	82	78
	<u>3,154</u>	<u>2,477</u>	<u>2,355</u>	<u>1,894</u>

(c) **Directors' remuneration**

Directors' remuneration was provided as follows:

	<u>31 Dec. 2008</u> ₦'000	<u>29 Feb. 2008</u> ₦'000
Fees as directors	38,000	11,200
Other allowances	67,933	33,535
	<u>105,933</u>	<u>44,735</u>
Executive compensation	212,021	153,011
	<u>317,954</u>	<u>197,746</u>

The directors' remuneration shown above (excluding pension contributions and certain benefits) includes:

	<u>Dec. 2008</u>	<u>Feb. 2008</u>
	N'000	N'000
Chairman	11,112	6,569
Highest-paid director	64,547	56,627

The emoluments of all other directors fell within the following ranges:

	<u>Dec. 2008</u>	<u>Feb. 2008</u>
	N'000	N'000
N6,500,001 - N7,000,000	-	5
N11,000,001 - N11,500,000	6	-
N11,500,001 - N12,000,000	1	-
N12,000,001 - N12,500,000	-	-
N12,500,001 - N13,000,000	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N 22,500,000	3	4
Above N22, 500,001	3	-
	13	9

26. Taxation charge

(a) The tax charge for the year comprises:

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	31 Dec.2008	29 Feb.2008	31 Dec. 2008	29 Feb.2008
	<u>10 months</u>	<u>12 months</u>	<u>10 months</u>	<u>12 months</u>
	N'000	N'000	N'000	N'000
Company income tax	5,528,759	4,046,792	5,029,950	3,646,307
Education tax	445,013	421,344	441,554	401,860
	5,973,772	4,468,136	5,471,504	4,048,167
Prior period under-provision/ (over-provision)	257,492	-	248,277	-
Deferred tax charge (see note 14)	646,451	1,722,605	664,033	1,660,652
Deferred tax (credit)/charge (see note 8)	(16,198)	8,120	-	-
	6,861,517	6,198,861	6,383,814	5,708,819

27. Earnings and dividend per share

Earnings and declared dividend per share have been computed based on profit after taxation and the weighted average number of ordinary shares of 14,922,998,891 (29 Feb. 2008: 12,452,944,000) in issue during the period; and on dividend and the number of shares qualifying for the dividend.

Adjusted earnings per share has been computed based on weighted average number of shares of 14,922,998,891 after taking into consideration the bonus issued during the period.

28. Net cash flow from operating activities

This comprises:

	Group 31 Dec.2008 <u>10 months</u> N'000	Group 29 Feb.2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb.2008 <u>12 months</u> N'000
Profit after tax	28,315,561	21,169,477	28,073,252	21,489,885
Add back: Taxation charge	6,861,517	6,198,861	6,383,814	5,708,819
	<hr/>	<hr/>	<hr/>	<hr/>
Profit before tax	35,177,078	27,368,338	34,457,066	27,198,704
Non controlling interest	(707,003)	(369,030)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	34,470,075	26,999,308	34,457,066	27,198,704
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Depreciation of fixed assets	4,014,847	3,684,922	3,588,570	3,429,086
Gain on disposal of fixed assets	(37,382)	(82,410)	(35,563)	(80,706)
Increase in foreign currency translation reserve	353,466	(250,518)	-	-
Exchange gain on borrowing	10,797,470	(5,095,862)	10,797,470	(5,095,862)
Allowance for bad and doubtful loans	3,429,592	3,934,017	3,325,290	3,845,258
Allowance for doubtful other assets	439,628	596,162	343,120	578,377
Reversal of allowance for doubtful other assets	(550,300)	-	(550,300)	-
Revaluation loss on gratuity investment	784,954	-	784,954	-
Dividend income from equity investments	(230,398)	(338,762)	(136,253)	(338,762)
Interest paid on borrowings	2,183,844	2,717,538	2,183,844	2,717,538
Interest paid on finance lease	281,925	393,553	281,925	393,553
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash flow from operating activities before changes in operating assets	55,937,721	32,557,948	55,040,123	32,647,186
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

29. Changes in operating assets and liabilities

This comprises:

	Group 31 Dec.2008 <u>10 months</u> N'000	Group 29 Feb.2008 <u>12 months</u> N'000	Bank 31 Dec. 2008 <u>10 months</u> N'000	Bank 29 Feb.2008 <u>12 months</u> N'000
(Increase)/decrease in operating assets:				
Short-term investments	37,613,373	(17,068,571)	47,063,462	(14,649,607)
Loans and advances	(134,056,098)	(176,385,047)	(128,238,534)	(181,715,553)
Advances under finance leases	(5,800)	(18,276)	(5,800)	(18,276)
Other assets	42,536,859	(46,522,885)	44,947,020	(46,853,523)
Other facilities	-	4,488,605	-	4,488,605
Goodwill arising during the period/year	(187,896)	(25,690)	-	-
Non controlling interest	707,050	740,158	-	-
Increase/(decrease) in operating liabilities:				
Deposits and other accounts	109,334,110	70,094,995	89,812,395	66,213,756
Other liabilities	89,715,030	65,914,542	86,284,920	60,204,766
	<u>145,656,628</u>	<u>(98,782,169)</u>	<u>139,863,463</u>	<u>(112,329,832)</u>

30. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Business segments charge and earn interest among themselves on a transfer pricing arrangement to reflect the allocation of assets and liabilities.

Business Segments

The Group operates the following main business segments:

- Corporate Banking - Includes loans, deposits and other transactions and balances with corporate customers
- Commercial Banking - Includes loans, deposits and other transactions and balances with medium-sized companies
- Retail Banking - Includes loans, deposits and other transactions and balances with retail and public sector customers
- Insurance - Includes insurance transactions with individual and corporate customers

Guaranty Trust Bank Plc and Subsidiary Companies
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(a) **Business segments:**

	Corporate Banking		Retail		Commercial Banking		Insurance		Asset Mgt		Total	Total
	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000
Derived from external customers	51,060,193	44,567,939	28,034,656	21,435,958	20,160,922	12,927,089	4,692,347	2,564,622	172,028	-	104,120,146	81,495,608
Derived from other business segments	(8,715,577)	(7,278,508)	5,196,875	4,033,339	3,518,702	3,245,169	-	-	-	-	-	-
Total Revenue	42,344,616	37,289,431	33,231,531	25,469,297	23,679,624	16,172,258	4,692,347	2,564,622	172,028	-	104,120,146	81,495,608
Interest Expenses	(11,797,547)	(10,728,198)	(6,312,930)	(5,285,008)	(4,250,865)	(3,402,854)	(1,625)	-	-	-	(22,362,967)	(19,416,060)
	30,547,069	26,561,233	26,918,601	20,184,289	19,428,759	12,769,404	4,690,722	2,564,622	172,028	-	81,757,179	62,079,548
Expense:												
Operating Expenses	7,977,842	5,670,315	20,927,395	15,537,358	6,331,430	4,450,461	2,592,420	1,434,137	693,785	-	38,522,872	27,092,271
Loan Loss Expenses	2,733,590	2,534,846	619,841	610,479	688,951	788,692	-	-	-	-	4,042,382	3,934,017
Depreciation	678,316	581,965	2,345,000	2,232,346	875,630	804,067	95,470	66,544	20,431	-	4,014,847	3,684,922
Total Cost	11,389,748	8,787,126	23,892,236	18,380,183	7,896,011	6,043,220	2,687,890	1,500,681	714,216	-	46,580,101	34,711,210
Profit on Ordinary Activities before Taxation	19,157,321	17,774,107	3,026,365	1,804,106	11,532,748	6,726,184	2,002,832	1,063,941	(542,188)	-	35,177,078	27,368,338
Assets and Liabilities:												
Total Tangible Assets	465,738,854	376,858,406	238,475,196	178,344,321	239,624,167	169,372,031	16,567,466	10,951,716	1,962,253	-	962,367,936	735,526,474
Intangible assets	354,328	166,432								-	354,328	166,432
Total Assets	466,093,182	377,024,838	238,475,196	178,344,321	239,624,167	169,372,031	16,567,466	10,951,716	1,962,253	-	962,722,264	735,692,906
Total Liabilities	306,492,023	252,463,933	347,089,034	235,579,400	122,717,701	82,638,346	4,135,163	1,667,286	254,443	-	780,688,364	572,348,965
Net Assets	159,601,159	124,560,905	(108,613,838)	(57,235,079)	116,906,466	86,733,685	12,432,303	9,284,430	1,707,810	-	182,033,900	163,343,941

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(b) Geographical:

	Nigeria		Rest of west Africa		Europe		Total	
	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000	Dec. 2008 N'000	Feb. 2008 N'000
Revenue	99,303,246	79,294,073	4,599,382	2,166,318	217,518	35,217	104,120,146	81,495,608
Interest Expenses	(17,572,229)	(15,758,323)	(1,219,023)	(458,833)	(3,571,715)	(3,198,904)	(22,362,967)	(19,416,060)
Net revenue	81,731,017	63,535,750	3,380,359	1,707,485	(3,354,197)	(3,163,687)	81,757,179	62,079,548
Expense:								
Operating Expenses	35,553,624	25,456,225	1,896,439	1,360,924	1,072,809	275,122	38,522,872	27,092,271
Loan Loss Expenses	3,957,766	3,845,258	84,616	88,759	-	-	4,042,382	3,934,017
Depreciation	3,730,042	3,508,695	242,582	176,227	42,223	-	4,014,847	3,684,922
Total Cost	43,241,432	32,810,178	2,223,637	1,625,910	1,115,032	275,122	46,580,101	34,711,210
Profit on Ordinary Activities before Taxation	38,489,585	30,725,572	1,156,722	81,575	(4,469,229)	(3,438,809)	35,177,078	27,368,338
Assets and Liabilities:								
Total (Tangible) Assets	863,726,328	672,955,902	36,863,338	16,283,654	61,778,270	46,286,918	962,367,936	735,526,474
Intangible assets	354,328	166,432	-	-	-	-	354,328	166,432
	864,080,656	673,122,334	36,863,338	16,283,654	61,778,270	46,286,918	962,722,264	735,692,906
Total Liabilities	690,116,390	517,141,138	32,174,052	12,405,207	58,397,922	42,802,620	780,688,364	572,348,965
Net Assets	173,964,266	155,981,196	4,689,286	3,878,447	3,380,348	3,484,298	182,033,900	163,343,941

31. Related party transactions:

During the period, the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦11,542,887,000 (29 Feb. 2008: ₦8,112,727,820) was outstanding on these various facilities at the end of the period, all of which were classified as performing.

32. Claims and Litigation

The Bank, in its ordinary course of business, is presently involved in 98 cases as a defendant (29 Feb. 2008: 82) and 32 cases as a plaintiff (29 Feb. 2008 33). The total amount claimed in the 98 cases against the Bank is estimated at ₦8,487,020,960 and \$20,750 (29 Feb 2008: ₦3,974,660,882 and \$43,862,000) while the total amount claimed in the 32 cases instituted by the Bank is ₦472,820,325 (29 Feb. 2008: ₦710,300,179). However, the Solicitors of the Bank are of the opinion that the contingent liability arising from the cases pending against the Bank is not likely to exceed ₦132,490,819 (29 Feb. 2008: ₦46,445,738). The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

33. Contraventions

Details of banking legislation which the bank contravened are as follows:

(a)	Section of BOFIA	Nature of Contravention	Penalties ₦'000
	20(2)(f)	Construction and expansion of branches before obtaining CBN's approval	4,000
	20(2)(g)	Transfer of title before obtaining CBN's approval	2,000
	21(c)	Acquisition of over 40% equity in a company	2,000
	33(3)&(4)	Misclassification of information	2,000

34. Prior period corresponding balances

Certain prior period balances have been reclassified in line with current period presentation.

35. Reporting period

The Bank changed its financial year end from 28 February to 31 December. Accordingly, these financial statements cover a period of 10 months from 1 March 2008 to 31 December 2008, whilst the corresponding balances are for the 12 months ending 28 February 2008

Value Added Statement

For the 10 months period ended 31 December 2008

Group

	Dec. 2008	%	Feb. 2008	%
	<u>10 months</u>		<u>12 months</u>	
	N'000		N'000	
Gross earnings	104,120,146		81,495,608	
Interest expense:				
- Local	(16,703,249)		(15,717,359)	
- Foreign	(5,659,718)		(3,698,701)	
	<u>81,757,179</u>		<u>62,079,548</u>	
Loan loss expense	(4,042,382)		(3,934,017)	
	<u>77,714,797</u>		<u>58,145,531</u>	
Bought-in materials and services				
- Local	(25,789,789)		(16,871,375)	
- Foreign	(472,449)		(1,263,500)	
Value added	<u>51,452,559</u>	100	<u>40,010,656</u>	100
Applied to pay:				
Employees as wages, salaries and pensions	12,260,634	24	8,957,396	22
Government as taxes	6,861,517	13	6,198,861	16
Depreciation of fixed assets	4,014,847	8	3,684,922	9
Profit for the year (including minority interest, statutory and bonus shares reserves)	13,392,562	26	11,593,886	29
Proposed dividend	14,922,999	29	9,575,591	24
	<u>51,452,559</u>	100	<u>40,010,656</u>	100

Value Added Statement

For the 10 months period ended 31 December 2008

Bank

	Dec. 2008	%	Feb. 2008	%
	<u>10 months</u>		<u>12 months</u>	
	N'000		N'000	
Gross earnings	95,144,561		77,464,019	
Interest expense:				
- Local	(16,703,249)		(15,717,359)	
- Foreign	(4,622,356)		(3,275,360)	
	<u>73,818,956</u>		<u>58,471,300</u>	
Loan loss expense	(3,938,080)		(3,845,258)	
	<u>69,880,876</u>		<u>54,626,042</u>	
Bought-in materials and services:				
- Local	(20,841,852)		(15,597,324)	
- Foreign	(472,449)		(374,563)	
Value added	<u>48,566,575</u>	<u>100</u>	<u>38,654,155</u>	<u>100</u>
Applied to pay:				
Employees as wages, salaries and pensions	10,520,939	22	8,026,365	21
Government as taxes	6,383,814	13	5,708,819	15
Retained in the business:				
Depreciation of fixed assets	3,588,570	7	3,429,086	9
Profit for the year (including minority interest, statutory and bonus shares reserves)	13,150,253	27	11,914,294	30
Proposed dividend	14,922,999	31	9,575,591	25
	<u>48,566,575</u>	<u>100</u>	<u>38,654,155</u>	<u>100</u>

Five - Year Financial Summary Group

	Dec-2008 N'000	Feb-2008 N'000	Feb-2007 N'000	Feb-2006 N'000	Feb-2005 N'000
ASSETS					
Cash and short-term funds	282,342,056	119,206,071	127,381,363	74,039,147	47,471,360
Short term investments	141,972,602	179,585,974	162,517,402	104,671,366	44,559,224
Loans and advances	418,778,900	288,152,339	115,746,009	84,200,695	65,515,276
Other facilities	-	-	4,443,719	4,460,852	-
Advances under finance lease	23,835	18,091	-	-	920
Trading properties	15,085,846	12,062,730	-	-	-
Other assets	52,676,400	95,102,586	49,175,863	17,015,652	16,161,832
Long term investments	11,821,685	7,408,498	6,176,961	11,852,571	3,159,693
Deferred tax asset	36,847	20,649	28,769	-	-
Equipment on lease	-	-	-	1,250	241,967
Fixed assets	39,629,765	33,969,536	20,880,251	12,100,006	7,940,279
Goodwill on consolidation	354,328	166,432	140,742	69,203	100,692
Total assets	962,722,264	735,692,906	486,491,079	308,410,742	185,151,243
LIABILITIES					
Deposits and other accounts	472,270,503	362,936,393	294,545,903	215,773,715	97,444,855
Other facilities	-	-	4,488,605	4,505,911	-
Other liabilities, including tax and dividend payable (restated)*	245,521,333	153,269,996	79,407,553	38,135,221	44,123,313
Borrowings	62,896,528	56,142,576	58,063,369	9,237,585	6,909,788
Total liabilities	780,688,364	572,348,965	436,505,430	267,652,432	148,477,956
Net assets	182,033,900	163,343,941	49,985,649	40,758,310	36,673,287
CAPITAL AND RESERVES					
Share capital	7,461,500	6,839,708	4,000,000	3,000,000	3,000,000
Share premium	119,076,565	119,076,565	21,391,928	21,391,928	21,391,928
Other reserves (restated)*	51,453,710	34,092,593	21,932,190	16,157,905	11,951,256
SHAREHOLDERS' FUND	177,991,775	160,008,866	47,324,118	40,549,833	36,343,184
Non controlling Interest	4,042,125	3,335,075	2,661,531	208,477	330,103
	182,033,900	163,343,941	49,985,649	40,758,310	36,673,287
Gross earnings	104,120,146	78,825,791	49,051,209	33,614,668	25,458,623
Profit on ordinary activities before taxation	35,177,078	27,368,338	15,716,309	10,488,558	7,257,814
Taxation	(6,861,517)	(6,198,861)	(2,522,550)	(2,181,780)	(1,824,066)
Profit on ordinary activities after taxation	28,315,561	21,169,477	13,193,759	8,306,778	5,433,748
Extra-ordinary income	-	-	-	283,487	-
Profit after taxation and extraordinary income	28,315,561	21,169,477	13,193,759	8,590,265	5,433,748
Non controlling Interest	(707,003)	(369,030)	(200,707)	(44,269)	(72,180)
Profit attributable to Group shareholders	27,608,558	20,800,447	12,993,052	8,545,996	5,361,568
Earnings per share (Unadjusted)	185k	167K	162K	142K	112K
Declared Dividend per share**	70k	75K	103K	70K	62K

* Restated to account for the retrospective adoption of SAS 23 (Note 15 to the financial statements)

** Declared dividend represents the interim dividend declared and paid during the year plus the final dividend proposed for the preceding year but declared during the current year.

Five - Year Financial Summary

Bank

	Dec-2008 N'000	Feb-2008 N'000	Feb-2007 N'000	Feb-2006 N'000	Feb-2005 N'000
ASSETS					
Cash and short-term funds	252,003,983	103,519,908	122,228,115	72,305,298	46,293,166
Short term investments	127,549,286	174,612,748	159,963,141	103,806,539	28,477,211
Loans and advances	416,444,077	291,530,777	113,705,183	83,476,852	65,035,248
Other facilities	-	-	4,443,719	4,460,852	-
Advances under finance lease	23,835	18,091	-	-	920
Other assets	49,707,152	94,446,992	48,171,846	16,677,604	16,593,043
Long term investments	40,058,002	22,218,821	10,107,687	12,622,734	3,856,213
Equipment on lease	-	-	-	1,250	241,967
Fixed assets	36,030,992	31,652,460	19,749,488	11,729,436	7,399,936
Total assets	921,817,327	717,999,797	478,369,179	305,080,565	167,897,704
LIABILITIES					
Deposits and other accounts	446,818,523	357,006,128	290,792,372	212,833,770	95,563,587
Other facilities	-	-	4,488,605	4,505,911	-
Other liabilities, including tax and dividend payable (restated)*	232,551,551	143,770,268	77,591,645	37,857,757	29,256,293
Borrowings	62,896,528	56,142,576	58,063,369	9,237,585	6,909,788
Total liabilities	742,266,602	556,918,972	430,935,991	264,435,023	131,729,668
Net assets	179,550,725	161,080,825	47,433,188	40,645,542	36,168,036
CAPITAL AND RESERVES					
Share capital	7,461,500	6,839,708	4,000,000	3,000,000	3,000,000
Share premium	119,076,565	119,076,565	21,391,928	21,391,928	21,391,928
Other reserves (restated)*	53,012,660	35,164,552	22,041,260	16,253,614	11,776,108
SHAREHOLDERS' FUND	179,550,725	161,080,825	47,433,188	40,645,542	36,168,036
Gross earnings	95,144,561	74,794,202	46,856,581	31,970,318	23,833,771
Profit on ordinary activities before taxation	34,457,066	27,198,704	15,350,231	10,024,936	7,004,243
Taxation	(6,383,814)	(5,681,058)	(2,337,085)	(2,119,430)	(1,673,447)
Profit on ordinary activities after taxation	28,073,252	21,517,646	13,013,146	7,905,506	5,330,796
Extra-ordinary income	-	-	-	772,000	-
Profit after taxation and extraordinary income	28,073,252	21,517,646	13,013,146	8,677,506	5,330,796
Earnings per share (Unadjusted)	188k	173K	163K	145K	110K
Declared Dividend per share**	70k	75K	103K	70K	62K

* Restated to account for the retrospective adoption of SAS 23 (Note 15 to the financial statements)

** Declared dividend represents the interim dividend declared and paid during the year plus the final dividend proposed for the preceding year but declared during the current year.