Guaranty Trust Bank Plc and Subsidiary Companies

Group Financial Statements -- 31 December 2009 Together with Directors' and Auditor's Reports

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CORPORATE GOVERNANCE

Introduction

Guaranty Trust Bank Plc has acquired over the years, an enviable reputation built on a solid foundation of integrity, professionalism, quality and value adding service delivery, and excellent corporate governance practices. Our guiding principles ("the Orange Rules") are Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation. These principles on which the Bank was founded, remain the bedrock upon which we have built and developed our exemplary corporate governance practices. At Guaranty Trust Bank Plc, the principles of good corporate governance practices remain one of our core values and an important ingredient in creating and sustaining shareholder value, while ensuring that behaviour is ethical, legal and transparent.

As a company publicly quoted on the Nigerian Stock Exchange with Global Depositary Receipts (GDRs) listed on the London Stock Exchange, the Bank is mindful of its obligations to remain committed to safeguarding and improving shareholders' value through transparent best practices fashioned along local regulatory standards as well as international best practice.

Our commitment to strong corporate governance practices has enable us surmount the severe challenges in our domestic economy occasioned by the effects of the global economic crises. We however would not rest on our oars and accordingly continue to benchmark ourselves against international best practices as well as ensure compliance with the Codes of Corporate Governance issued by the Securities and Exchange Commission ("SEC"), the Central Bank of Nigeria ("CBN") and the Bank.

To ensure that our governance practices remain best in class, we undertake monthly internal reviews of our compliance with defined corporate governance practices and submit reports on our compliance status to the CBN. We also undertake continuous training of Directors on best governance practices as well as an annual Board Appraisal review conducted by an Independent Consultant whose report is submitted to the CBN and presented to Shareholders at the Annual General Meeting.

The corporate governance practices of the Bank are designed to ensure accountability of the Board and Management to all stakeholders.

The Board

The business of the Bank is driven by the Board of Directors which exercises its oversight function through its various Committees, namely, Board Risk Management Committee, Board Credit Committee, Board Human Resources and Remuneration Committee and the Audit Committee.

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.

The Board of Directors comprises fourteen members, eight (8) of whom are Non-Executive Directors (including the Chairman of the Board), while six (6) are Executive Directors. Two (2) of the Non-Executive Directors are Independent Directors, appointed based on criteria laid down by the CBN for the appointment of independent Directors and the core values enshrined in the Bank's Code of

Corporate Governance. Both Independent Directors do not have any direct material relationship with the Bank or any of its officers, major shareholders, subsidiaries and affiliates; a relationship which may impair the director's ability to make independent judgments or compromise the director's objectivity in line with Corporate Governance best practices. The Directors of the Bank 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 as well as law, and possess the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations. In furtherance of best corporate governance practices, the Board engaged an independent consultant, J. K. Randle International Limited, in 2009, 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 has consistently rated the Board and Directors "very high".

Responsibilities
The ultimate responsibility for governance of the Bank resides with the Board of Directors which is accountable to shareholders for creating and delivering sustainable shareholders' value through the management of the Bank's business.

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 of 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 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 yearly and full year financial statements, significant changes in accounting policy and practice, the appointment or removal of Directors and the Company Secretary, change to the Bank's capital structure and major acquisitions, mergers, disposals or capital expenditure.

Roles of Chairman and Chief Executive
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. The Chairman 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 between Executive and Non-executive Directors, both inside and outside the Boardroom.

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.

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 of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met seven (7) times during the 2009 financial year.

Board Committees

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 the Board's quarterly meetings.

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

Board Risk Management Committee

The Board Risk Management 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 risks;
- reviewing and approving the contingency plan for specific risks;
- ensuring that all departments in the Bank are fully aware of the risks involved in their functions;
- monitoring the implementation of the Enterprise-wide Risk Management (ERM) Framework approved by the Board of Directors.

The Chief Risk Officer of the Bank presents regular briefings to the Committee at its meetings.

The Board Risk Management 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 (Independent)	-	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 four (4) times during the 2009 financial year.

Board Credit Committee

The Board Credit Committee is responsible for the 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 strong 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 Board Credit 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 (Independent)	-	Member
6.	Mrs. Cathy Echeozo	-	Executive Director	-	Member
7.	Mr. Akin George -Taylor	-	Executive Director	-	Member

The Board Credit Committee meets at least quarterly. However, additional meetings are convened as required. The Committee met four (4) times during the 2009 financial year.

Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration 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 enhance business performance and support the long-term success and growth of the Bank. The protection of the welfare of employees is an integral part of the Committee's responsibilities.

The Committee is made up of the following Members.

1.	Alhaji Mohammed K.Jada	-	Non-Executive Director	-	Chairman
2.	Mr. Victor Osibodu	-	Non-Executive Director	-	Member
3.	Mr. Adetokunbo Adesanya	-	Non-Executive Director	-	Member
4.	Mr. Oluwole S. Oduyemi	-	Non Executive Director	-	Member
5.	Mr. Egbert Imomoh	-	Non-Executive Director	-	Member

6.	Mr. Andrew Alli	-	Non-Executive Director (Independent)	-	Member
7.	Mr. Akindele Akintoye	-	Non-Executive Director (Independent)	-	Member

The Committee met once during the 2009 financial year.

Attendance of Board and Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the financial year ended December 31, 2009.

Directors	**Board**	**Board Credit Committee**	**Board Risk Management Committee**
Frequency of Meetings	**7**	**4**	**4**
Owelle Gilbert Chikelu	7	N/A	N/A
Mr. Tayo Aderinokun	7	N/A	4
Mr. Olusegun Agbaje	7	4	N/A
Mr. Victor Osibodu	6	4	N/A
Alhaji Mohammed Jada	7	4	N/A
Mr. Tokunbo Adesanya	7	N/A	4
Mr. Egbert U. Imomoh	7	N/A	4
Mr. Oluwole Oduyemi	7	4	N/A
Mr. Andrew A. Alli	6	N/A	4
Mr. Akindele Akintoye	7	4	N/A
Mr. Jide Ogundare	7	N/A	4
Mrs. Cathy Echeozo	7	4	N/A
Mrs. G.T Osuntoki	6	N/A	4
Mr. Akin George-Taylor (Appointed on January 21, 2009)	6	1	N/A
Mr. Farouk Bello Bunza (Resigned on March 18, 2009)	2	1	N/A

*N/A means not applicable

Audit Committee

The Audit 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 charged with the responsibility of ensuring that the Bank complies with all the relevant policies and procedures as laid down by the regulators and 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 and, 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 as well as areas of judgement involved in the compilation of the Bank's results. The Committee's terms of reference also include various aspects of risk management and compliance.

The 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.

Meetings are attended by the Internal and External auditors, the Chief Financial Officer and, on invitation, appropriate members of Management. The Audit Committee met four (4) times during the 2009 financial year.

The Committee is made up of the following members:

Name	Status	Designation	Attendance
Mr. M. F. Lawal	Shareholders' Representative	Chairman	4
Alhaji M. A. Usman	Shareholders' Representative	Member	4
Mrs. S. Mbagwu-Fagbemi*	Shareholders' Representative	Member	2
Mr. A. G. A. Kosoko**	Shareholders' Representative	Member	2
Mr. O. S. Oduyemi	Non-Executive Director	Member	4
Alhaji M. K. Jada	Non-Executive Director	Member	4
Mr. A. B. Adesanya	Non-Executive Director	Member	4

*Appointed as a member at the 19th Annual General Meeting held on May 20, 2009
** Ceased to be a member with effect from May 20, 2009

Management Committees
In addition to the Board Committees, there are three standing Management Committees: Assets and Liability Management Committee, Management Credit Committee and Criticized 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.

The Management Committees comprise members of Senior Management of the Bank. The Committees are risk driven and are 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.

Assets and Liability Committee

The Assets and Liability Committee (ALCO) 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 risk analysis, balance sheet structuring, regulatory considerations and monitoring of the

status of implemented assets and liability strategies.

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

The Management Credit Committee is 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 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 make up its membership, including the Managing Director, Deputy Managing Director and other Executive Directors.

Criticized Assets Committee

The Criticized Assets 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 on delinquent assets 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.

Access to Senior Management

There is an open line of communication, both formal and informal, between Board members and Senior Management staff. Board members interact with Senior Management and can request for the presence of any member of Senior Management to provide information required in their decision making.

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 that 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.

The Bank ensures that institutional investors and international holders of the GDRs get frequent updates on the Bank's progress via interactive conference calls, local and international local investor presentations and meetings. These conference calls and investor meetings provide our investors with direct access to senior and executive Management.

Whistle Blowing procedures

In line with the Bank's commitment to instil the best corporate governance practices, the Bank has established a whistle blowing procedure that ensures anonymity. The Bank has a hotline and dedicated e-mail address for whistle-blowing procedures. The hotline numbers are 01-2716275 and 01-2715483 and the email address is hotline@gtbank.com.

Internally, the Bank has a direct link on the Bank's Intranet (internal web page) for dissemination of information, to enable members of staff report all identified breaches of the Bank's Code of Corporate Governance.

The Chief Compliance Officer forwards monthly returns to the Central Bank of Nigeria on all whistle-blowing reports and corporate governance breaches.

Code of Professional Conduct

The Bank has an internal Code of Professional Conduct which all members of staff are expected to subscribe to upon assumption of duties and reaffirm their commitment to the Bank's Code annually.

All staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as prescribed in the Code of Professional Conduct which prescribes the common ethical standards, policies and procedures of the Bank relating to employee values.

Directors' Report

For the year ended 31 December 2009

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the year ended 31 December 2009.

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 GTB 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 all the subsidiaries have been consolidated in these financial statements.

Operating results

Gross earnings increased by 61.57% and profit before tax of the Group decreased by 20.8%. During the year, a dividend of ₦14,922,998,891 was paid in respect of the period ended 31 December 2008. (2008: ₦9,575,591,000 was paid in respect of year ended 28 February 2008). The directors recommend the approval of a final dividend of ₦0.75 (December 2008: ₦1.00) on the issued share capital of 18,663,748,614 shares of 50kobo each. Highlights of the Group's operating results for the year are as follows:

	Group 31 Dec. 2009 ₦'000 12 Months	Group 31 Dec. 2008 ₦'000 12 Months	Bank 31 Dec. 2009 ₦'000 12 Months	Bank 31 Dec. 2008 ₦'000 10 months
Gross earnings	162,550,418	100,605,806	151,698,107	93,017,258
Profit before taxation	27,963,003	35,329,129	26,959,809	34,609,117
Taxation	(4,276,160)	(7,013,568)	(3,111,748)	(6,535,865)
Profit after taxation	23,686,843	28,315,561	23,848,061	28,073,252
Minority interest	(11,248)	(707,003)	-	-
Profit attributable to the equity holders' of the parent company	23,675,595	27,608,558	23,848,061	28,073,252
Appropriations:				
Transfer to statutory reserve	8,002,767	8,681,010	7,154,418	8,421,976
Transfer to statutory contingency reserves	142,930	239,345	-	-
Bonus issue	2,331,719	1,865,375	2,331,719	1,865,375
Transfer to retained earnings reserve	13,198,179	16,822,828	14,361,924	17,785,901
	23,675,595	27,608,558	23,848,061	28,073,252
Total non-performing loans and advances	70,826,085	7,778,467	70,123,787	7,334,528
Total non-performing loans to total gross loans and advances (%)	11.84%	1.83%	12.26%	1.73%
EPS (Basic)	127k	185k	128k	188k
EPS (Adjusted)	127k	148k	128k	150k

<u>Dividends</u>

The Directors recommend the payment of dividend of ₦0.75 per share (December 2008: ₦1.00 per share) on the issued share capital of 18,653,748,614 shares of 50kobo each. Withholding tax will be deducted at the time of payment.

<u>Bonus</u>

Pursuant to Article 125 of the Bank's Articles of Association, the Directors recommend to the shareholders the creation of 4,663,437,153 ordinary shares by the capitalization of ₦2,331,718,577 from the Bonus Shares Reserve Account to pay for bonus shares, which shall be appropriated at the ratio of one new share for every four shares held by shareholders.

Directors and their interests

The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is noted:

Number of ordinary shares of 50k each held as at 31 December

	Direct	Indirect	Direct	Indirect
	2009	2009	2008	2008
Owelle G.P.O Chikelu – Chairman	121,663,491	-	109,330,793	-
Mr O.A Aderinokun - Managing Director	23,348,767	325,663,352	18,679,034	299,703,409
Mr J.K.O. Agbaje - Deputy Managing Director	26,641,957	-	21,313,586	-
Mr. A.B. Adesanya	-	72,570,523	-	65,256,419
Alhaji M.K. Jada	-	3,765,075	-	1,980,060
Mr.V.G. Osibodu	90,270,837	132,842,139	117,716,688	121,148,181
Mr. E.U. Imomoh	4,701,506	-	4,436,479	-
Mr. O.S. Oduyemi	1,101,807	-	881,466	-
Mr. M.B. Ogundare - Executive Director	3,284,400	-	3,875,350	-
Mrs. C.N. Echeozo - Executive Director	3,485,076	-	2,788,071	-
Mrs. G.T. Osuntoki - Executive Director	7,286,697	-	4,701,388	-
Mr. A. George-Taylor – Appointed 21 January 2009	236,342	-	-	-
Mr. F.B. Bunza - Executive Director Resigned – 18 March 2009	-	-	10,220,909	-
Mr. A. Alli – Director	281,250	-	-	-
Mr. A. Akintoye – Director	-	-	-	-

Directors' Interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act 1990, none of the directors declared any direct or indirect interest in contracts or proposed contracts with the Company during the year.

Property and equipment

Information relating to changes in property and equipment is given in Note 22a & 22b to the financial statements. In the directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2009 is as stated below:

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% Holding
1 - 10,000	269,701	75.90	759,981,510	4.07
10,001 - 50,000	65,798	18.23	1,361,250,227	7.30
50,001 - 100,000	9,249	2.60	644,051,462	3.45
100,001 - 500,000	9,213	2.59	1,831,283,550	9.82
500,001 - 1,000,000	1,100	0.31	760,258,198	4.08
1,000,001 - 5,000,000	1,059	0.30	2,095,209,708	11.23
5,000,001 - 10,000,000	98	0.03	689,717,388	3.70
10,000,001 - 50,000,000	108	0.03	2,142,431,983	11.49
50,000,001 - 100,000,000	16	0.00	1,149,097,539	6.16
100,000,001 - 500,000,000	13	0.00	2,811,458,366	15.07
500,000,001 - 1,000,000,000	1	0.00	732,126,993	3.92
1,000,000,001 - 2,000,000,000	1	0.00	1,212,656,739	6.50
Total:	355,357	100.00	16,189,523,663	86.79
Foreign shareholders Stanbic Nominee Domestic GDR (underlying shares)	1	0.00	2,464,224,950	13.21
TOTAL:	355,358	100.00	18,653,748,613	100.00

According to the register of members at 31 December 2009, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

Shareholder	No. of Shares held	Percentage of Shareholding (%)
*Stanbic Nominee Domestic GDR (underlying shares)	2,464,224,950	13.21%
**Stanbic Nominee Nig, Ltd	1,480,867,226	7.94%

***** Stanbic held the 2,464,224,950 unit of shares in its capacity as custodian for the underlying shares of the Global Depository Receipts (GDRs) issued by the Bank in July 2007 and listed on the London Stock Exchange. Stanbic does not exercise any rights over the underlying shares. All the rights reside with the various GRD holders.

**Stanbic held 7.94% of the Bank's shares in a trading account on behalf of various investors.

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 ₦246,150,889 (Dec. 2008: ₦139,737,101) was given out as donations and charitable contributions during the period. These comprise contributions to charitable organisations amounting to ₦158,433,053 (Dec. 2008: ₦96,698,246) and donations amounting to ₦87,717,835 (Dec 2008: ₦43,038,864) to other non-charitable organisations. Details of the donations and charitable contributions are as follows:

Charitable Organisations

Adopt a School Project:	₦	₦
-Baboko Community Secondary School, Ilorin	29,739,050	
-Government Day Secondary School, Bauchi	200,000	
-St. George Boys & Girls School, Ikoyi	11,676,320	
Lagos State Principal's Cup	42,328,537	
Students In Free Enterprise (SIFE)	17,166,622	
African University of Science and Technology	15,000,000	
Swiss Red Cross Ball	14,803,355	
Pan-African Poetry	5,312,280	
American University of Nigeria, Yola	5,000,000	
Special Olympics Nigeria	4,000,000	
Promotion of Indigenous Art through Stage Drama at Terra Kulture Ltd	2,000,000	
Dr. J.K.Randle Swimming Competition	1,350,000	
Patrick Speech & Languages Center	1,270,000	
FATE Foundation	1,000,000	
Lagos State Traditional Sports Association	1,000,000	
The Bloom Cancer Care & Support	1,000,000	
The National Society Of Autism	1,000,000	
The Youth Education and Empowerment Programme	1,000,000	
Massey Street Hospital	999,500	
Courage Education Foundation	600,000	
Sponsorship of "17 Secrets Of High Flying Student" Textbooks	472,500	
Honey Bee Foundations Programme	364,890	
National Orthopaedic Hospital Lagos	250,000	
International Centre For Leadership and Entrepreneur Development	250,000	
Youth Empowerment programme: Yes Foundation	250,000	
Association of Nigerian Authors	200,000	
Queens College	200,000	
		158,433,054
Non-Charitable		
Ikoyi Club	23,789,169	
Sponsorship of International Arts Exhibition: Nigeria 50th Anniversary	21,521,475	
Sponsorship of 2009 West African Investment Forum	11,800,000	

Sponsorship of Supa Strikas Cartoon Series	7,712,762	
Coronation Anniversaries celebration of the Alake of Egbaland	2,000,000	
The 10th Annual Olowu Day Anniversary celebration	2,000,000	
Sponsorship of Katsina State Delegates to 2010 African Nations Cup	2,000,000	
Crescent Universitys Convocation	1,000,000	
Inspire Africa Foundation	1,000,000	
NEPAD Business Group Investment Forum	1,000,000	
3rd Anti Money Laundering Summit	1,000,000	
The Metropolitan Club	1,000,000	
Sponsorship of Tourism Development Initiative in Ghana	999,608	
Lagos Business School (LBS)	990,000	
Promotion of Local Journalism through Capacity Building	750,000	
Social Enterprise Report And Awards (SERA)	750,000	
Power Business of Art & Craft Workshop	600,000	
London Chamber Of Commerce and Industry's Trade Mission	595,700	
Community Sustainable Development Forum: Iru/Victoria Island	500,000	
Iyin Progressive Federal Union	500,000	
Sponsorhip of "Oluronbi" Theatre Art Productions	400,000	
National Youth Summit- The Youth & Gender Network	250,000	
Community Sustainable Development Forum- OPIC Residents' Association	250,000	
Special Edition of Story Time with Aunty Noma	250,000	
The German Suzuki Association Training Workshop	250,000	
Others	4,809,121	
		87,717,835
		246,150,889

Post Balance Sheet Events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2009 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

Research and Development

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

Human Resources

(i) 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.

(ii) 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 retains top-class hospitals where medical facilities are provided for its employees and their immediate families at its expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

The Bank operates both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 as well as a terminal gratuity scheme for its employees.

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

The Auditors, KPMG Professional Services, have indicated their willingness to continue in office as auditors. In accordance with Section 357(2) of the Companies and Allied Matters Act 1990, a resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY ORDER OF THE BOARD

Olutola Omotola
Company Secretary
Plot 1669, Oyin Jolayemi Street
Victoria Island, Lagos
22 February 2010

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2009

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, Banks and Other Financial Institutions Act, 1991, Prudential Guidelines, Nigerian Accounting Standards and relevant Circulars issued by the Central Bank of Nigeria;

(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.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with Statements of Accounting Standards, the requirements of the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act, 1991, Prudential Guidelines, and relevant Circulars issued by the Central Bank of Nigeria.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and Group and of the profit for the year.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS BY:

TAYO ADERINOKUN	SEGUN AGBAJE
22 February 2010	22 February 2010

Report of the Audit Committee

For the period ended 31 December 2009

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 2009 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 directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦10,016,822,000 (31 December 2008: ₦11,542,887,000) was outstanding as at 31 December 2009. The status of performance of insider related credits is as disclosed in Note 40.

- 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 to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

Mr. M.F Lawal
Chairman, Audit Committee
22 February 2010

Members of the Audit Committee are:

1. Mr. M.F. Lawal - Chairman
2. Mr. A.B. Adesanya
3. Alhaji M.K. Jada
4. Mr. O.S. Oduyemi
5. Alhaji M.A. Usman
6. Mr. A.G.A Kosoko - Resigned May 20, 2009
7. Mrs. Sandra Mbagwu-Fagbemi - Appointed May 20, 2009

In attendance:
Mr. George Uwakwe - Secretary

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

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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 (together "the Group"), which comprise the balance sheets as at 31 December, 2009, and the profit and loss accounts, statements of cash flows and value added statements for the year then ended, and the statement of accounting policies, notes to the financial statements, and the five year financial summaries, as set out on pages 21 to 133.

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, these financial statements give a true and fair view of the financial position of Guaranty Trust Bank Plc ("the Bank) and its subsidiaries (together "the Group") as at 31 December, 2009, and of the Group and Bank's 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 did not contravene any provisions of Section 27(2) of the Banks and Other Financial Institution Act of Nigeria during the 2009 financial year.

ii. Related party transactions and balances are disclosed in note (40) of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

22 February 2010

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; except for the waiver of 1% general provisions on performing loans as described in note g.

(a) **Basis of preparation**

These financial statements are the consolidated financial statements of Guaranty Trust Bank Plc, a company incorporated in Nigeria on 20 July 1990, and its subsidiaries (hereinafter collectively referred to as "the Group"). The financial statements are prepared under the historical cost convention modified by the revaluation of certain investment securities, and comply with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board (NASB).

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

(b) **Basis of consolidation**

(i) *Subsidiaries*

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have been consolidated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for minority interest.

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 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. The Group established GTB Finance B.V., Netherlands as a special purpose entity to raise its $350 million Eurobond Guaranteed Notes. Accordingly the financial statements of GTB Finance B.V. have been consolidated.

(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, at the date of the acquisition.

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) **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.

(e) **Foreign currency translation**

i. Reporting currency

The consolidated financial statements are presented in Nigerian Naira, which is the Bank's reporting currency.

ii.Transactions and balances

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.

iii .Group companies

The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date except for share capital and pre-acquisition reserves, which are translated at their historical rates;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions, in which case income and expenses are translated at the dates of the transactions); and
- all exchange differences arising on consolidation are recognised in the translation reserves.

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders' funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and other adjustments (e.g. previously unrecognised deferred tax assets) arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(f) **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.

- *Income from advances under finance leases* is recognized on a basis that provides a constant yield on the outstanding principal over the lease term.

- *Income arising on investments held by the life business* is recognized in the life fund whilst income derived from investments held by the general business is credited to the profit and loss account.

- *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* **-** recognised when the right to receive the dividend is established.

(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 for Licensed Banks from a specific assessment of each customer's account as stated below:

Period principal or interest has been outstanding	Classification	% Allowance on Carrying amount
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

Upon classification of facility as non-performing, interests previously accrued and not received are reversed from revenue account and credited into interest in suspense account. Future interest charged on the account is credited to the same account until such facilities becomes performing.

A minimum of 1% general allowance is made on all loans and advances not specifically provided for. In the current year the Bank did not make a general provision on loans and advances except for margin facilities which are marked to market. The general provision carried forward have been reversed to the profit and loss account (See note 14(j)). The change, which represents a change in accounting estimates was based on a publication by the Nigerian Accounting Standard Board (NASB) dated 08 February 2010 at the request of Central Bank of Nigeria (CBN) in which a waiver was granted on the 1% general provision required by paragraph 55 of "Statement of

Accounting Standards – SAS 10 on Accounting for Banks and Non-bank financial institutions" and provisions of Prudential Guidelines for the financial statements ended on or before 31 December 2009.

All margin facilities are included in performing loans balances and are assessed for impairment by marking the underlying securities to market. The excess of loan amounts above the market value of the underlying securities is charged to profit loss account to accommodate actual and expected losses on the facility amounts and is reported in specific provisions for margin loans.

When a loan in respect of which a provision for impairment has already been made is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Loans in respect of which a previous provision was not made are written off directly to the profit and loss account when they are deemed to be not collectible.

(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) **Underwriting profits**

The Group conducts life assurance and non-life insurance business through its insurance subsidiary. The Group offers a full range of insurance underwriting services.

i. Underwriting profits for non-life insurance business

The underwriting profits for non-life insurance business are determined on an annual basis whereby the incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- Premiums written related to risks assumed during the year, and include estimates of premium due but not yet received, less an allowance for cancellations.

- Unearned premiums represent the proportion of the premiums written in per`iods up to the accounting date which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated on the basis of time apportionment.

- Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR").

- Provisions for unexpired risks are the estimated amounts required over and above provisions for unearned premiums to meet future claims and related expenses on businesses in force at the end of the accounting period

- Expenses are allocated to the relevant revenue accounts as incurred in the management of each class of business.

ii. Underwriting profits for life assurance business

The underwriting profits for life assurance business are determined on a fund. The incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- Premiums written relate to risks assumed during the year, and include estimates of premiums due but not yet received, less an allowance for estimated lapses.

- Claims arising on maturity are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

- Expenses and commissions are allocated to the life fund as incurred in the management of the life business.

- The life assurance contracts (accounted for in the life fund) are assessed every three years by qualified consulting actuaries in accordance with Section 29 of the Insurance Act. Any resulting actuarial loss is made up by additional provisions charged to the Group's profit and loss account.

Actuarial surpluses are allocated between the shareholders and the policy holders. Any balance remaining is retained in the life fund and attributable to "with profit" policyholders as the date of actuarial valuation.

In accordance with Section 22(1) of the Insurance Act 2003, an additional reserve (contingency reserves) of not less than 25% of the net written premium for every year between each valuation date, is maintained.

(j) **Deferred acquisition and maintenance cost**

Prepaid expenses include deferred acquisition expenses and deferred maintenance expenses. These expenses are incurred as a result of direct business earned from brokers. The deferred portion is calculated based on the percentage of unearned premium to written premium.

(k) **Outstanding claims and provisions**

Full provision is made for the estimated cost of all claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time.

In non-life insurance business, a provision is also made for the cost of claims incurred but not reported (IBNR) until after the balance sheet date on the basis of 10% of claims notified but not settled in compliance with the provisions of Section 20 (1) (b) of the Insurance Act, 2003.

Similarly, provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding as at that date, including IBNR. Differences between the provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the Revenue Account of the following year.

(l) **Investment securities**

The Group categorises its investments into the following categories: short-term investments, long-term investments and investments in subsidiaries. Investment securities (short-term and long-term investments) are initially recognized at cost and management determines the classification at initial investment. 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.

i. Short term investments

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. In addition, management intends to hold such investment for not more than one year.

Short-term investments in treasury bills and other marketable securities are stated at net realisable value. The gain/loss on revaluation is credited/charged to profit and loss account during the year/period.

All other short-term investments are stated at the lower of cost and market value (quoted bid prices). The amount by which cost exceeds market value (unrealized loss) is charged to the profit and loss account during the year.

ii. Long term investments

Long-term investments are investments held over a long period of time to earn income. Long-term investments may include debt and equity securities.

Long term investments in marketable securities are stated at the lower of cost and net realizable value.

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.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

iii. Investments in subsidiaries

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

(m). **Trading properties**

Trading properties are carried 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.

(n) **Property and equipment**

All property and equipments are initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as capital work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation is calculated on a straight line basis to write down the cost of property and equipments to their residual values over their estimated useful lives as follows:

Leasehold improvements	-	Over the lease period
Buildings	-	50 years
Machinery and equipment	-	5 years
Computer hardware	-	3 years
Computer software	-	5 years
Furniture and fittings	-	5 years
Motor vehicles	-	4 years
Other transportation equipment	-	10 years

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit and loss account for the year.

(o) **Leases**

The Group classifies a lease as a finance lease if the following conditions are met:

(a) Lease is non-cancelable, and
(b) any of the following is applicable
  i. the lease term covers substantially (80% or more) the estimated useful life of the asset or,
  ii. the net present value of the lease at its inception using the minimum lease payments and implicit interest rate is equal to or greater than the fair value of the leased asset or,
  iii. the lease has a purchase option which is likely to be exercised.

A lease that does not quality as a finance lease as specified above is treated as an operating lease.

A Group company can be a lessor or a lessee in either a finance lease or an operating lease.

i. *A Group Company is the lessor*

When assets are held subject to a finance lease, the transactions are recognized in the books of the Group at the net investments in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is defined as the difference between the gross investment and the present value of the asset under the lease.

The discount is recognized as unearned in the books of the Group and amortized to income as they are earned over the life of the lease at a basis that reflects a constant rate of return on the Group's net investment in the lease.

Finance lease are treated as risk assets and the net investment in the lease are subject to the provisioning policy listed in note (g) above.

When assets are held subject to an operating lease, the assets are recognized as property and equipment based on the nature of the asset and the Group's normal depreciation policy for that class of asset applies.

Lease income is recognized on a straight line over the lease term.

All indirect costs associated with the operating lease are charged as incurred to the profit and loss account.

ii. *A Group Company is the lessee*

When the assets leased are subject to operating lease, the total payments made under operating leases are charged to profit and loss on a systematic basis in line with the time pattern of the user's benefit.

When the assets are subject to a finance lease, the Group accounts for it by recording the lease as an acquisition of an asset and the incurrence of a liability.

To capitalize the lease right, the Group determines the following:

- the initial value of the leased asset and the corresponding liability
- the amortization rate or amount, and
- the amount by which the lease liability is to be reduced.

At the beginning of the lease term, the Group records the initial asset and liability at amounts equal to the fair value of the leased asset less the present value of an un-guaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. The discount factor to apply in calculating the present value of the un-guaranteed residual value accruing to the lessor is the interest rate implicit in the lease.

Where the Group cannot determine the fair value of the leased asset at the inception of the lease or is unable to make a reasonable estimate of the residual value of the lease without which the interest rate implicit in the lease could not be computed, the initial asset and liability are recorded at amounts equal to the present value

The leased asset is depreciated or the rights under the leased asset are amortized in a manner consistent with the Group's own assets.

The minimum lease payment in respect of each accounting period is allocated between finance charge and the reduction of the outstanding lease liability. The finance charge is determined by applying the rate implicit in the lease to the outstanding liability at the beginning of the year.

(p) **Cash and cash equivalents**

(i) *Cash and balance with CBN*

Cash comprises cash on hand and demand deposits denominated in Naira and foreign currencies and cash balances with Central Bank of Nigeria (CBN). Cash equivalents are short-term, highly liquid instruments which are:

- readily convertible into cash, whether in local or foreign currency; and
- so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

(ii) *Due from other banks*

Due from other banks represents cash held in other banks in Nigeria and banks outside Nigeria.

(iii) *Treasury bills*

Short term investments in treasury bills held-for-trading are presented net of unearned discount. Unearned discount is deferred and amortised as earned.

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

(q) **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.

(r) **Off balance sheet transactions/contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to eventuate.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is never recognised rather they are disclosed in the financial statements when they arise.

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 uncollaterized 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.

(s) **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 continuous full years of service. Employees' terminal benefits are determined by an independent actuarial valuation every year using the "projected benefit cost method".

Gains on actuarial valuation are immediately taken as deductions from current or future retirement costs while losses are treated as additions and charged to the profit and loss account.

The Bank ensures that adequate provisions are made to meet its obligations under the scheme.

(t) **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. Currently enacted tax rates are used to determine deferred income tax.

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.

(u) **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.

(v) **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.

(w) **Ordinary share capital**

Share issue costs

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(x) **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.

(y) **Sale of loans or securities**

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet.

Profits or losses on sale of loans or securities without recourse to the seller is recognised by the seller when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse.

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding cost; and
- there must not be any repurchase obligations

A sale or transfer of loans or securities with recourse where there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognised as a liability.

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can be reasonably estimated.

Where there is no obligation to or assumption of repurchase, the sale should be treated as a disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

(z) **Derivative financial instruments**

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 similar response to changes in market conditions and that is settled at a future date.

The Bank engaged in interest rate swap 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.

(aa) **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.

(bb) **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Consolidated Profit and Loss Accounts

For the year ended 31 December 2009

	Notes	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
GROSS EARNINGS		162,550,418	100,605,806	151,698,107	93,017,258
Interest and similar income	3	119,567,654	67,217,099	110,889,700	64,192,456
Interest and similar expenses	4	(40,540,465)	(19,467,500)	(37,421,590)	(18,430,138)
Net interest margin		79,027,189	47,749,599	73,468,110	45,762,318
Fee and commission income	5	30,904,820	23,987,886	28,070,390	22,622,594
Fee and commission expenses		(349,726)	(175,208)	(349,726)	(175,208)
Net fee and commission income		30,555,094	23,812,678	27,720,664	22,447,386
Net foreign exchange income	6	6,035,587	4,512,201	5,042,456	3,744,846
Underwriting profit	7	1,392,365	1,200,115	-	-
Income from investments	8	4,649,992	3,688,505	7,695,561	2,457,362
Operating income		121,660,227	80,963,098	113,926,791	74,411,912
Operating expenses	9	(56,170,495)	(41,055,452)	(49,963,277)	(35,521,595)
Loan loss expenses	14(l)	(35,953,728)	(4,042,381)	(35,539,035)	(3,938,080)
Diminution in other asset values	14(m)	(1,573,001)	(536,136)	(1,464,670)	(343,120)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		27,963,003	35,329,129	26,959,809	34,609,117
Taxation	10(a)	(4,276,160)	(7,013,568)	(3,111,748)	(6,535,865)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		23,686,843	28,315,561	23,848,061	28,073,252
Non-controlling interest	38(b)	(11,248)	(707,003)	-	-
Profit attributable to equity holders of the Bank		23,675,595	27,608,558	23,848,061	28,073,252
APPROPRIATIONS					
Transfer to statutory reserve	37(a)&(b)	8,002,767	8,681,010	7,154,418	8,421,976
Transfer to statutory contingency reserve	37(a)&(b)	142,930	239,345	-	-
Transfer to bonus shares reserve	37(a)&(b)	2,331,719	1,865,375	2,331,719	1,865,375
Transfer to retained earnings	37(a)&(b)	13,198,179	16,822,828	14,361,924	17,785,901
		23,675,595	27,608,558	23,848,061	28,073,252
Earnings per share (kobo) - Basic	42	127k	185k	128k	188k
Earnings per share (kobo) - Adjusted	42	127k	148k	128k	150k
Declared Dividend per share	41	100k	70k	100k	70k

The board of directors have proposed a dividend of ₦0.75 per share on the issued share capital of 18,653,748,614 ordinary shares of 50k each subject to the approval of the shareholders at the next annual general meeting.

The accounting policies on pages 21 to 35 and and notes on page 39 to 132 form an integral part of these financial statements.

Consolidated Balance Sheets

As at 31 December 2009

	Notes	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
ASSETS		₦'000	₦'000	₦'000	₦'000
Cash in hand and balances with CBN	11	35,889,931	64,349,514	34,890,767	62,579,450
Treasury bills	12	36,936,014	62,216,318	29,405,616	52,715,562
Due from other banks	13	225,330,111	219,821,791	202,810,278	191,187,296
Loans and advances to customers	14	563,488,164	416,318,640	538,137,569	413,983,817
Advances under finance lease	15	6,070	23,835	1,288	23,835
Insurance receivables	16	809,546	562,687	-	-
Investment securities	17	136,193,629	91,511,483	134,126,992	86,616,909
Investment in subsidiaries	18	-	-	29,774,817	28,274,817
Trading properties	20	5,070,666	15,085,846	-	-
Other assets	21	15,523,244	49,272,639	9,478,730	46,866,078
Deferred tax assets	31(b)	410,864	36,847	-	-
Property and equipment	22	46,491,151	39,629,765	41,285,479	36,030,992
Goodwill on consolidation	23	354,328	354,328	-	-
TOTAL ASSETS		1,066,503,718	959,183,693	1,019,911,536	918,278,756
LIABILITIES					
Customers' deposits	24	683,080,902	470,605,806	662,261,026	445,740,212
Due to other banks	25	14,981,705	27,965,203	1,083,016	27,965,203
Claims payable	26	350,631	188,588	-	-
Finance lease obligations	27	2,211,130	2,125,260	2,211,130	2,125,260
Liability on investment contracts	28	1,115,094	586,386	-	-
Liabilities on insurance contracts	29	1,126,011	794,546	-	-
Current income tax payable	10(b)	3,483,561	9,636,970	2,373,006	9,237,928
Other liabilities	30	85,491,872	198,400,658	81,284,082	186,892,178
Deferred tax liabilities	31(c)	4,346,591	3,474,838	4,134,454	3,395,712
Dividend payable	32	-	-	-	-
Retirement benefit obligations	33	253,075	475,010	240,811	475,010
Debt securities in issue	34	65,485,550	48,838,125	65,515,655	48,838,125
Other borrowings	35	12,332,568	14,058,403	12,332,568	14,058,403
TOTAL LIABILITIES		874,258,690	777,149,793	831,435,748	738,728,031
NET ASSETS		192,245,028	182,033,900	188,475,788	179,550,725
CAPITAL AND RESERVES					
Share capital	36	9,326,875	7,461,500	9,326,875	7,461,500
Share premium		119,076,566	119,076,565	119,076,566	119,076,565
Translation reserve	37(a)&(b)	12,200	(346,662)	-	-
Retained earnings	37(a)&(b)	15,424,515	16,083,910	18,641,439	18,137,089
Other reserves	37(a)&(b)	43,263,078	35,716,462	41,430,908	34,875,571
EQUITY ATTRIBUTABLE TO EQUITY-HOLDERS OF THE PARENT		187,103,234	177,991,775	188,475,788	179,550,725
Non-controlling interest	38	5,141,794	4,042,125	-	-
TOTAL EQUITY		192,245,028	182,033,900	188,475,788	179,550,725
Guarantees and other commitments on behalf of customers	39(c)(i)	332,820,260	400,369,438	316,381,113	389,543,782

The accounting policies on pages 21 to 35 and financial statements and notes on pages 39 to 132 were approved by the Board of Directors on 22 February 2010 and signed on its behalf by:

TAYO ADERINOKUN)
) Directors
SEGUN AGBAJE)

Statements of Cash Flows

For the year ended 31 December 2009

	Notes	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
OPERATING ACTIVITIES					
Net cash flow from operating activities	43	(141,872)	197,036,319	27,746,947	185,612,880
Income tax paid	10(b)	(9,866,763)	(2,597,543)	(9,237,928)	(2,151,885)
Net cash flows from operating activities		(10,008,635)	194,438,776	18,509,019	183,460,995
FINANCING ACTIVITIES					
Dividend paid	32	(14,922,999)	(9,575,591)	(14,922,999)	(9,575,591)
Inflow from debt securities	34(b)	13,135,000	-	13,165,000	-
Borrowings					
- Repayment of borrowings	35(b)	(2,737,048)	(4,043,518)	(2,736,942)	(4,043,518)
- Interest paid on borrowings	4	(6,053,331)	(2,183,844)	(5,554,944)	(2,183,844)
Finance lease					
- Finance lease repayment	27(b)	(335,534)	(225,187)	(335,534)	(225,187)
- Interest paid on finance lease		(386,462)	(281,925)	(386,462)	(281,925)
Inflow from non-controlling interest	38(b)	1,747,988	395,842	-	-
Dividend paid to non-controlling interest	38(b)	(521,275)	(138,060)	-	-
Net cash flows from financing activities		(10,073,661)	(16,052,283)	(10,771,881)	(16,310,065)
INVESTING ACTIVITIES					
Purchase of long term investments	17(f)	(8,716,096)	(7,220,528)	(8,305,379)	(7,220,528)
Dividend income received	8	358,620	230,398	1,530,245	136,253
Purchase of property and equipment	22(a)&(b)	(12,993,177)	(9,744,044)	(10,643,282)	(8,039,703)
Proceeds from disposal of property and equipment		218,696	134,035	162,829	108,163
Additional investment in subsidiaries		-	-	(1,500,000)	(13,252,576)
Proceeds from disposal of long term investments	17(f)	-	484,248	-	310,830
Redemption of long term investments	17(f)	1,024,893	-	1,496,018	-
Purchase of trading properties	20(a)	(2,195,080)	(4,304,560)	-	-
Proceeds from disposal of trading properties		10,278,083	3,200,000	-	-
Investment in gratuity scheme	33(c)	(1,419,186)	(1,538,139)	(1,419,186)	(1,538,139)
Net cash flows from investing activities		(13,443,247)	(18,758,590)	(18,678,755)	(29,495,700)
Net (decrease)/increase in cash and cash equivalents		(33,525,543)	159,627,903	(10,941,617)	137,655,230
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents, beginning of year/period		(311,109,803)	(151,893,649)	(271,204,488)	(133,549,258)
Effect of exchange rate fluctuations on foreign cash held		170,683	411,749	-	-
Cash and cash equivalents, end of year/period	44	277,413,577	311,109,803	260,262,871	271,204,488
Net (decrease)/increase in cash and cash equivalents		(33,525,543)	159,627,903	(10,941,617)	137,655,230

The accounting policies on pages 21 to 35 and financial statements and noted on page 36 to 132 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2009

1 General information

Guaranty Trust Bank Plc ("the Bank") was incorporated in Nigeria on 20 July 1990 under the Companies & Allied Matters Act 1990 as a private limited liability company. The Bank was granted a license to operate as a commercial bank on 1 August 1990 and commenced business on 11 February 1991. The Bank, in readiness for a listing on the Nigerian Stock Exchange (NSE), converted to a public limited liability company on 2 April 1996, and was listed on the NSE by way of introduction on 9 September 1996. The Bank was issued a universal banking licence by the Central Bank of Nigeria on 5 February 2001.

The Bank has ten (10) subsidiaries as shown below:

	Country of Incorporation	**Percentage holding**
Guaranty Trust Assurance Plc	Nigeria	71.24%
GTB Asset Management Ltd	Nigeria	99.90%
GT Homes Limited	Nigeria	75.11%
GT Registrars Limited	Nigeria	99.99%
GTB Finance, B.V. (Netherlands)	Netherlands	100.00%
GTB (UK) Limited	United Kingdom	100.00%
GTB (Liberia) Limited	Liberia	100.00%
GTB (Sierra Leone) Limited	Sierra Leone	84.30%
GTB (Gambia) Limited	Gambia	77.92%
GTB (Ghana) Limited	Ghana	96.00%

2 Segment analysis

(a) By geographical segment

The Group's business is organized along three (3) main geographical areas

(i) Nigeria
(ii) Rest of West Africa
(iii) Europe

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged on these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

2 (a) **Segment report by geographical location:**

	Nigeria		Rest of West Africa		Europe		Total	
	Dec. 2009 12 months ₦'000	Dec. 2008 10 months ₦'000	Dec. 2009 12 months ₦'000	Dec. 2008 10 months ₦'000	Dec. 2009 12 months ₦'000	Dec. 2008 10 months ₦'000	Dec. 2009 12 months ₦'000	Dec. 2008 10 months ₦'000
External revenue	152,610,110	95,674,992	9,251,737	4,600,212	493,503	217,518	162,355,350	100,492,722
Revenue from other segments	195,068	113,084	-	-	-	-	195,068	113,084
Interest and similar expenses	(37,653,537)	(18,601,670)	(2,553,351)	(1,219,023)	(333,577)	353,193	(40,540,465)	(19,467,500)
Fee and commission expenses	(349,726)	(175,208)	-	-	-	-	(349,726)	(175,208)
0perating income/loss	114,801,915	77,011,198	6,698,386	3,381,189	159,926	570,711	121,660,227	80,963,098
Profit before tax	26,587,308	34,715,898	2,492,102	1,157,552	(1,116,407)	(544,321)	27,963,003	35,329,129
Income tax expense	(3,482,999)	(6,698,537)	(793,161)	(302,658)	-	(12,373)	(4,276,160)	(7,013,568)
Profit after tax	23,104,309	28,017,361	1,698,941	854,894	(1,116,407)	(556,694)	23,686,843	28,315,561
Assets and liabilities:								
Segment assets	1,030,079,758	912,144,808	36,586,674	36,863,338	(517,042)	9,821,219	1,066,149,390	958,829,365
Intangible assets	354,328	354,328	-	-	-	-	354,328	354,328
Total assets	1,030,434,086	912,499,136	36,586,674	36,863,338	(517,042)	9,821,219	1,066,503,718	959,183,693
Segment liabilities	838,403,450	737,321,887	34,288,447	32,174,052	1,566,793	7,653,854	874,258,690	777,149,793
Total liabilities	838,403,450	737,321,887	34,288,447	32,174,052	1,566,793	7,653,854	874,258,690	777,149,793
Other segment items								
Depreciation	5,507,799	3,730,042	433,414	242,582	72,340	42,223	6,013,553	4,014,847
Amortisation	-	-	-	-	-	-	-	-

2 (b) **By business segment**

The Group is divided into five main business segments on a worldwide basis:

(b) (i) *Retail banking*
Retail banking incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, customer loans and mortgages.

(b) (ii) *Corporate banking*
Corporate banking incorporates direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products.

(b) (iii) *Commercial banking*
Commercial banking incorporates direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for medium-sized companies.

(b) (iv) *Insurance*
Includes insurance transactions with individuals and corporate customers.

(b) (v) *Asset management*
Includes portfolio and asset management transactions with individuals and corporate customers.

2 (b) Business segments:

	Corporate Banking		Retail		Commercial Banking		Insurance		Asset Mgt		Group	
	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
	12 months	10 months	12 months	10 months	12 months	10 months	12 months	10 months	12 months	10 months	12 months	10 months
Gross earnings:												
Derived from external customers	80,783,626	48,933,723	34,375,104	28,034,656	43,930,108	20,160,922	3,044,419	3,304,477	417,161	172,028	162,550,418	100,605,806
Derived from other business segments	(10,116,981)	(8,715,577)	17,667,347	5,196,875	(7,550,366)	3,518,702	-	-	-	-	-	-
	70,666,645	40,218,146	52,042,451	33,231,531	36,379,742	23,679,624	3,044,419	3,304,477	417,161	172,028	162,550,418	100,605,806
Interest and similar expenses	(21,993,554)	(8,989,017)	(11,987,532)	(6,262,359)	(6,455,657)	(4,214,499)	(19,689)	(1,625)	(84,033)	-	(40,540,465)	(19,467,500)
Fee and commission expenses	(177,587)	(88,270)	(75,567)	(50,571)	(96,572)	(36,367)	-	-	-	-	(349,726)	(175,208)
	48,495,504	31,140,859	39,979,352	26,918,601	29,827,513	19,428,758	3,024,730	3,302,852	333,128	172,028	121,660,227	80,963,098
Expense:												
Loan loss expenses/allowance on other assets	20,757,796	3,269,726	4,113,874	619,841	12,503,053	688,950	151,506	-	500	-	37,526,729	4,578,517
Depreciation	1,347,739	678,316	3,132,346	2,345,000	1,369,811	875,630	119,286	95,470	44,371	20,431	6,013,553	4,014,847
Other operating expenses	5,747,710	7,883,445	29,265,853	20,927,395	13,325,120	6,331,430	1,492,287	1,204,550	325,972	693,785	50,156,942	37,040,605
Total Cost	27,853,245	11,831,487	36,512,073	23,892,236	27,197,984	7,896,010	1,763,079	1,300,020	370,843	714,216	93,697,224	45,633,969
Profit on Ordinary Activities before Taxation	20,642,259	19,309,372	3,467,279	3,026,365	2,629,529	11,532,748	1,261,651	2,002,832	(37,715)	(542,188)	27,963,003	35,329,129
Income tax expense											(4,276,160)	(7,013,568)
Profit after tax											23,686,843	28,315,561
Assets and Liabilities:												
Tangible segment assets	578,758,337	462,200,283	201,722,742	238,475,196	266,639,477	239,624,167	16,794,411	16,567,466	2,234,423	1,962,253	1,066,149,390	958,829,365
Intangible segment assets	354,328	354,328	-	-	-	-	-	-	-	-	354,328	354,328
Unallocated segment assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	579,112,665	462,554,611	201,722,742	238,475,196	266,639,477	239,624,167	16,794,411	16,567,466	2,234,423	1,962,253	1,066,503,718	959,183,693
Segment liabilities	267,940,346	302,953,452	376,408,810	347,089,034	225,203,464	122,717,701	4,123,706	4,135,163	582,364	254,443	874,258,690	777,149,793
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	267,940,346	302,953,452	376,408,810	347,089,034	225,203,464	122,717,701	4,123,706	4,135,163	582,364	254,443	874,258,690	777,149,793
Net Assets	311,172,319	159,601,159	(174,686,068)	(108,613,838)	41,436,013	116,906,466	12,670,705	12,432,303	1,652,059	1,707,810	192,245,028	182,033,900

3 Interest and similar income

Interest and similar income was derived as follows:

(a) Source

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months ₦'000	10 months ₦'000	12 months ₦'000	10 months ₦'000
Placements	9,805,634	4,423,365	7,742,749	3,203,233
Treasury bills and investment securities	15,891,768	7,955,443	14,021,192	7,103,742
Loans and advances	93,868,035	54,835,402	89,123,542	53,882,592
Advances under finance lease	2,217	2,889	2,217	2,889
	119,567,654	67,217,099	110,889,700	64,192,456

(b) Geographical location

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months ₦'000	10 months ₦'000	12 months ₦'000	10 months ₦'000
Interest income earned in Nigeria	107,609,800	59,794,240	105,759,359	59,735,586
Interest income earned outside Nigeria	11,957,854	7,422,859	5,130,341	4,456,870
	119,567,654	67,217,099	110,889,700	64,192,456

4 Interest and similar expenses

Interest and similar expenses comprise:

(a) Source:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months ₦'000	10 months ₦'000	12 months ₦'000	10 months ₦'000
Current accounts	3,606,851	2,662,328	3,568,530	2,662,328
Savings accounts	842,241	514,246	783,956	510,221
Time deposits	28,611,651	12,797,299	26,082,120	11,486,774
Inter-bank takings	1,426,391	1,377,411	1,432,040	1,654,599
Borrowed funds	6,053,331	2,116,216	5,554,944	2,116,216
	40,540,465	19,467,500	37,421,590	18,430,138

(b) Geographical Location:

	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Paid in Nigeria	30,015,530	13,807,782	29,588,515	13,807,782
Paid outside Nigeria	10,524,935	5,659,718	7,833,075	4,622,356
	40,540,465	19,467,500	37,421,590	18,430,138

Included in paid outside Nigeria is an amount of ₦4,763,407,000 (December 2008: ₦1,282,494,000) representin interest paid on Eurobonds debt securities.

5 Fee and commission income

Fee and commission income comprises:

	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Commission on turnover	9,971,014	8,581,970	9,634,633	7,473,782
Commission on letter of credit transactions	2,380,321	(41,800)	2,234,941	(41,800)
Remittance fees	3,050,604	1,677,039	2,580,421	1,677,039
Facility management fees	12,625,577	11,753,737	11,733,286	11,753,737
Other fees and commissions	2,495,861	1,764,431	1,859,861	1,759,305
Other income	381,443	252,509	27,248	531
	30,904,820	23,987,886	28,070,390	22,622,594

6 Foreign exchange income

Net foreign exchange income comprises:

	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Foreign currency trading	6,364,603	3,134,779	5,675,935	2,367,424
Exchange (loss)/gain	(329,016)	1,377,422	(633,479)	1,377,422
	6,035,587	4,512,201	5,042,456	3,744,846

7 Underwriting profit

(a) Underwriting profit comprises of underwriting profit on general insurance and life assurance businesses, and were derived as follows:

(a) (i) General insurance

	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Gross premium	5,667,433	4,399,516	-	-
Outward insurance premium	(2,199,214)	(1,583,973)	-	-
Increase in unexpired risks (see note 29(c))	(255,719)	(106,787)	-	-
Commission received	240,601	134,846	-	-
Claims incurred	(945,662)	(585,259)	-	-
Underwriting expenses	(520,341)	(350,492)	-	-
			-	-
(a) (ii) Life assurance				
Gross premium	(289,931)	(255,617)	-	-
Claims incurred	(130,348)	(212,466)	-	-
Underwriting expenses	(98,708)	(107,139)	-	-
Increase in life funds (see note 29(b)(i))	(75,746)	(132,514)	-	-
Underwriting profit	1,392,365	1,200,115	-	-

8 Income from investments

Income from investments comprises:

	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Dividend income	358,620	230,398	1,530,245	136,253
Profit on sale of securities	3,019,357	1,790,642	3,014,545	2,572,200
Unrealised gain/(loss) on valuation of securities	3,204,192	(251,091)	3,150,771	(251,091)
(Loss)/gain on sale of trading properties	(1,932,177)	1,918,556	-	-
	4,649,992	3,688,505	7,695,561	2,457,362

9 Operating expenses

(a) (i) Analysis of operating expenses:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months	10 months	12 months	10 months
	₦'000	₦'000	₦'000	₦'000
Staff salaries and allowances	17,302,333	12,260,634	14,120,149	10,520,939
Other staff cost - gratuity	1,100,000	777,354	1,100,000	777,354
Depreciation (see note 22(a) & (b))	6,013,553	4,014,847	5,307,232	3,588,570
Profit on disposal of property and equipment	(81,665)	(37,382)	(81,264)	(35,563)
Repairs and maintenance	2,927,403	1,623,880	2,882,908	1,622,178
Insurance	143,826	819,428	110,550	814,286
Professional fees	184,602	206,189	161,075	193,099
Director's emoluments	139,801	105,933	139,801	105,933
Contract services	4,536,452	3,060,132	4,494,917	3,060,132
NDIC premium	2,257,601	1,193,561	2,238,132	1,193,561
Lease finance charges	386,684	288,751	386,684	288,751
Operating lease expenses	520,354	318,077	456,515	318,077
Occupancy costs	2,497,798	1,642,516	2,480,134	1,642,516
Advert, promotion and corporate gifts	3,973,740	2,860,571	3,856,262	2,860,571
Auditor's remuneration (see note (a)(ii) below)	175,689	133,928	132,813	106,250
Stationery and postage	1,793,216	1,164,358	1,793,216	1,164,358
Business travel expenses	1,033,171	639,888	1,033,171	639,888
Other operating expenses	11,265,937	9,982,787	9,350,982	6,660,695
	56,170,495	41,055,452	49,963,277	35,521,595

(a) (ii) Auditor's remuneration represents fees for two audits of the Bank: for the period ended 30 June 2009 and year ended 31 December 2009.

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

(b) (i) Employee costs, including executive directors, during the year is shown below:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months	10 months	12 months	10 months
	₦'000	₦'000	₦'000	₦'000
Wages and salaries	16,644,159	11,852,313	13,614,110	10,158,875
Pension cost : -				
Defined contribution plans	658,175	408,321	506,039	362,064
	17,302,334	12,260,634	14,120,149	10,520,939
Defined benefit plan (see note 33(c)(i))	1,112,264	777,354	1,100,000	777,354
	18,414,598	13,037,988	15,220,149	11,298,293

(b) (ii) The average number of persons employed by the Group during the year was as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	Number	Number	Number	Number
Executive directors	6	6	6	6
Management	149	108	56	53
Non-management	3,556	3,040	2,504	2,296
	3,711	3,154	2,566	2,355

(b) (iii) The average number of persons in employment during the year is shown below:

	Group Dec. 2009 12 months Number	Group Dec. 2008 10 months Number	Bank Dec. 2009 12 months Number	Bank Dec. 2008 10 months Number
Abuja and north central	74	120	74	120
North east division	27	83	27	83
North west division	37	64	37	64
South east division	95	102	95	102
South west division	105	96	105	96
Lagos division	381	321	186	162
Financial control & strategy	56	37	31	26
General services and external affairs	208	96	85	74
Institutional banking division	197	204	185	180
Commercial banking	45	36	-	-
Retail	584	508	481	293
Management and corporate services	77	161	30	43
Payment and settlement	334	330	296	289
Risk management	56	50	55	50
Systems and control	93	66	71	52
Transaction services group	1,057	870	808	721
Public sector group	12	10	-	-
Others	273	-	-	-
	3,711	3,154	2,566	2,355

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

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months Number	10 months Number	12 months Number	10 months Number
₦ 720,001 - ₦ 740,000	181	291	-	-
₦ 830,001 - ₦ 840,000	17	37	-	-
₦ 930,001 - ₦ 980,000	64	160	-	-
₦1,100,001 - ₦1,260,000	10	60	-	-
₦1,270,001 - ₦1,280,000	17	-	-	-
₦1,300,001 - ₦1,310,000	-	-	-	-
₦1,310,001 - ₦1,340,000	13	46	13	13
₦1,340,001 - ₦1,400,000	240	41	-	-
₦1,400,001 - ₦2,050,000	29	74	2	2
₦2,190,001 - ₦2,330,000	7	4	-	-
₦2,330,001 - ₦2,840,000	695	692	673	661
₦2,840,001 - ₦3,000,000	307	2	-	-
₦3,130,001 - ₦3,830,000	13	11	-	-
₦3,830,001 - ₦4,530,000	797	627	598	610
₦4,530,001 - ₦5,930,000	471	408	462	401
₦6,300,001 - ₦6,800,000	367	294	362	287
₦6,800,001 - ₦7,300,000	10	6	-	-
₦7,300,001 - ₦7,800,000	188	144	188	144
₦7,800,001 - ₦8,600,000	-	-	-	-
₦8,600,001 - ₦11,800,000	183	166	175	155
Above ₦11,800,000	102	91	93	82
	3,711	3,154	2,566	2,355

(c) **Directors' remuneration:**

(c) (i) Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months ₦'000	10 months ₦'000	12 months ₦'000	10 months ₦'000
Fees as directors	103,712	81,457	42,500	38,000
Other allowances	132,064	72,920	97,301	67,933
	235,776	154,377	139,801	105,933
Executive compensation	406,665	293,079	253,719	212,021
	642,441	447,456	393,520	317,954

(c) (ii) The directors' remuneration shown above includes:

	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Chairman	14,894	11,112
Highest paid director	76,656	64,547

(c) (iii) The emoluments of all other directors fell within the following ranges:

	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
₦ 6,500,001 - ₦11,000,000	1	-
₦11,000,001 - ₦11,500,000	-	6
₦11,500,001 - ₦12,000,000	-	1
₦12,000,001 - ₦12,500,000	-	-
₦12,500,001 - ₦13,000,000	-	-
₦13,000,001 - ₦13,500,000	-	-
₦13,500,001 - ₦22,500,000	7	3
Above ₦22,500,001	5	3
	13	13

10 Taxation

(a) Tax charge

The tax charge for the year comprises:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months	10 months	12 months	10 months
	₦'000	₦'000	₦'000	₦'000
Company income tax	2,396,462	5,528,759	1,287,834	5,029,950
Education tax	295,454	445,013	234,206	441,554
NITDA levy	344,571	152,051	344,571	152,051
	3,036,487	6,125,823	1,866,611	5,623,555
Prior period under-provision (see note 10(b))	741,262	257,492	506,395	248,277
Deferred tax charge (see note 31(c)(i))	872,428	646,451	738,742	664,033
Deferred tax credit (see note 31(b)(i))	(374,017)	(16,198)	-	-
	4,276,160	7,013,568	3,111,748	6,535,865

(b) Current income tax payable

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

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year/period	9,636,970	5,851,198	9,237,928	5,517,981
Exchange difference on translation	(64,395)	-	-	-
Charge for the year (see note 10(a))	3,036,487	6,125,823	1,866,611	5,623,555
Payments during the year/period	(9,866,763)	(2,597,543)	(9,237,928)	(2,151,885)
Prior period under-provision (see note 10(a))	741,262	257,492	506,395	248,277
Balance, end of year/period	3,483,561	9,636,970	2,373,006	9,237,928

11 Cash in hand and balances with CBN (Central Bank of Nigeria)

(a) Cash in hand and balances with regulatory bodies comprise:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Cash in hand	15,318,073	12,225,589	14,318,909	10,455,525
Operating account held with the Central Bank of Nigeria (CBN)	14,811,084	44,811,308	14,811,084	44,811,308
	30,129,157	57,036,897	29,129,993	55,266,833
Mandatory reserve deposits with Central Bank of Nigeria (CBN)	5,760,774	7,312,617	5,760,774	7,312,617
	35,889,931	64,349,514	34,890,767	62,579,450

(b) Mandatory reserve deposits are not available for use in the Group's day-to-day operations.

(c) Included in Group's cash in hand is an amount of ₦3,847,641,000 (31 December 2008: ₦2,658,234,000) representing unclaimed dividend held in the account of GTB Registrars and included in other liabilities. (see note 30).

12 Treasury bills

These comprise:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Treasury bills (see note a) below	36,936,014	62,216,318	29,405,616	52,715,562
	36,936,014	62,216,318	29,405,616	52,715,562

(a) (i) Included in treasury bills is ₦6,800,000,000 (31 December 2008: ₦17,560,000,000) worth of treasury bills pledged as collateral to the Central Bank of Nigeria, Nigeria Interbank Settlement System, Federal Inland Revenue Services and Valucard Nigeria Limited as at year end.

(a) (ii) The original cost of treasury bills as at 31 December 2009 was ₦29,178,489,000 (31 December 2008: ₦53,765,703,000).

13 Due from other banks

(a) Due from other banks comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balances held with other local banks and discount houses				
- Settlement accounts	-	11,266,496	-	1,762,763
- Placements (see note (a)(i) below)	88,513,207	39,792,892	80,000,000	39,875,546
- Commercial bills	577,219	66,486	-	-
Mandatory reserve deposit with NAICOM (National Insurance Commission)	500,000	500,000	-	-
Balances and cash balances outside Nigeria				
- Balances held with Central Banks	4,072,223	2,960,532	-	-
- Balances held with other banks outside Nigeria (see note (a)(ii) below)	106,915,375	146,410,904	107,751,567	142,442,045
- Placements with foreign Banks (see note (a)(iii) below)	24,752,087	18,824,481	15,058,711	7,106,942
	225,330,111	219,821,791	202,810,278	191,187,296

(a) (i) All placements with local banks in Nigeria are backed by CBN guarantees valid until 31 December 2010.

(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 ₦60,283,827,000 (31 December 2008: ₦119,883,550,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note 30). The amount is not available for the day-to-day operations of the Bank.

(a) (iii) Included in balances with other banks outside Nigeria are restricted amounts totalling ₦3,508,046,000. (December 2008: Nil).

14 Loans and advances to customers:

(a) (i) Loans and advances to customers comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Overdrafts	157,051,870	93,853,146	147,098,062	90,960,925
Term loans	332,426,809	295,146,240	318,127,380	295,415,788
Others (see note(a)(ii))	108,615,706	36,527,663	106,784,280	36,527,663
	598,094,385	425,527,049	572,009,722	422,904,376
Less: allowances for bad and doubtful loans				
- specific allowance (see note (h) below)	(17,651,783)	(2,689,984)	(17,224,213)	(2,540,971)
- allowance for margin facilities see note (i)(i) below)	(13,933,289)	-	(13,933,289)	-
- general allowance (see note (j)(i) below)	(230,981)	(5,440,413)	-	(5,337,866)
- Interest in suspense (see note (k) below)	(2,790,168)	(1,078,012)	(2,714,651)	(1,041,722)
	563,488,164	416,318,640	538,137,569	413,983,817

(a) (ii) Included in other loans and advances are Bankers' Acceptance (BA's) and Commercial Papers (CP's) of ₦78,568,501,000. (December 2008: Nil). The balance was re-classified from off balance sheet BA's and CP's to loans and advances in line with CBN circular BSD/DIR/GEN/CIR/03/018 issued on 23 July 2009 on "Suspension of BA's and CP's as off balance-sheet items".

(b) (i) Loans and advances by security comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Secured against real estate	206,706,912	147,388,330	199,317,105	150,161,318
Secured by shares of quoted companies	63,224,123	56,047,150	63,224,123	56,047,150
Otherwise secured	313,170,284	211,348,424	296,568,468	206,144,992
Unsecured	14,993,066	10,743,145	12,900,026	10,550,916
	598,094,385	425,527,049	572,009,722	422,904,376

(b) (ii) Included in loans and advances is a total loan amount of ₦13,957,089,000 secured by cash held in various deposit accounts on behalf of customers.

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Under 1 month	284,532,330	140,021,669	277,714,164	146,318,975
1 - 3 months	38,512,089	44,114,217	35,717,361	42,712,242
3 - 6 months	21,793,284	21,806,170	19,649,220	19,670,991
6 - 12 months	31,384,881	42,493,503	24,218,203	38,652,101
Over 12 months	221,871,801	177,091,490	214,710,774	175,550,067
	598,094,385	425,527,049	572,009,722	422,904,376

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Agriculture	2,364,009	1,663,551	1,651,864	1,364,943
Capital Market	20,838,957	18,810,792	20,420,857	18,810,792
Communication	53,612,219	18,702,577	52,888,325	18,702,577
Consumer Credit	40,749,774	42,134,674	40,091,985	37,897,933
Education	7,017,104	1,373,858	3,374,985	2,860,791
Finance and Insurance	22,195,672	-	21,677,247	32,634,278
Government	13,875,607	304,252	12,775,430	304,252
Manufacturing	111,279,641	111,818,844	110,299,174	79,610,309
Mining and Quarrying	20,679,955	29,557,832	20,679,955	29,557,832
Mortgage	33,720,866	26,570,182	33,720,866	26,570,182
Oil and gas	80,220,613	22,259,510	80,220,613	22,259,510
Other Public Utilities	-	-	-	-
Others	132,456,301	109,164,439	116,192,612	109,164,439
Power	-	-	-	-
Real Estate and Construction	41,867,944	29,335,343	40,800,084	29,335,343
Transportation	17,215,725	13,831,195	17,215,725	13,831,195
	598,094,385	425,527,049	572,009,722	422,904,376

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Insider related loans (see note 40(b))	10,016,822	11,542,887	10,016,822	11,542,887
Other loans	588,077,564	413,984,162	561,992,900	411,361,489
	598,094,386	425,527,049	572,009,722	422,904,376

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Performing	527,268,300	417,748,582	501,885,935	415,569,848
Non-performing (see note (g) below):				
- Principal	68,035,917	6,700,455	67,409,136	6,292,806
- Interest	2,790,168	1,078,012	2,714,651	1,041,722
	598,094,385	425,527,049	572,009,722	422,904,376

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
90-180 (sub-standard)	54,872,053	3,545,021	54,425,048	3,247,068
180-360 (doubtful)	2,632,669	2,491,929	2,524,756	2,440,506
Over 360 (lost)	10,531,195	663,505	10,459,332	605,232
Interest in suspense	2,790,168	1,078,012	2,714,651	1,041,722
	70,826,085	7,778,467	70,123,787	7,334,528

(h) The movements on specific loan loss allowance during the year was as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	2,689,984	2,547,043	2,540,971	2,442,237
Exchange difference	(13,586)	(3,681)	-	-
Allowances made during the year/period (see (l) below)	27,122,877	1,937,783	26,837,581	1,786,162
Allowances no longer required	(14,921)	(357,154)	-	(243,661)
Allowances written-off during the year/period	(11,903,937)	(1,434,007)	(11,925,705)	(1,443,767)
Recoveries (see (l) below)	(228,634)	-	(228,634)	-
Balance, end of year/period	17,651,783	2,689,984	17,224,213	2,540,971

(i) (i) The movement in margin loan allowance during the year is as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year/period	-	-	-	-
Allowances made during the year/period (see (l) below)	13,933,289	-	13,933,289	-
Balance, end of year/period	13,933,289	-	13,933,289	-

(i) (ii) The directors, having considered the effects of the economic downturn on the risk assets of the Bank as at 31 December 2009, have made provisions on risk assets, including exposures on margin facilities resulting from the devaluation of the underlying collateral to accommodate actual and expected losses.

(j) (i) The movement in general loan loss allowance during the year is as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year/period	5,440,413	2,985,225	5,337,866	2,945,587
Exchange difference	5,001	(3,265)	-	-
Allowances made during the year/period (see (l) below)	123,433	2,458,453	-	2,392,279
Write back of allowance during the year (see (l) and (j)(ii) below)	(5,337,866)	-	(5,337,866)	-
Balance, end of year/period	230,981	5,440,413	-	5,337,866

(j) (ii) In the current year, the Bank did not make a general provision on loans and advances and reversed the general provision of ₦5,337,866,000 carried forward from prior period. The change which represents a change in accounting estimates was based on a publication by the Nigerian Accounting Standard Board (NASB) dated 08 February 2010 at the request of Central Bank of Nigeria (CBN) in which a waiver was granted on the 1% general provision required by paragraph 55 of “Statement of Accounting Standards – SAS 10 on Accounting for Banks and Non-bank financial institutions” and provisions of Prudential Guidelines for the financial statements ended on or before 31 December 2009.

Pursuant to the above and having ensured that full provisions were made on a case by case basis for all loan impairments by the Bank, the Board of Directors reversed the balance of ₦5,337,866,000 of general provisions which stood to the credit of the Bank as at the beginning of the current year ended 31 December 2009. The reversal has been accounted for as a change in accounting estimate.

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	1,078,012	705,866	1,041,722	692,851
Exchange difference	(2,179)	1,628	-	-
Interest suspended during the year/period	3,547,439	811,504	3,492,431	786,953
Interest recovered	(34,952)	(20,042)	(21,350)	(20,042)
Interest written off	(1,798,152)	(420,944)	(1,798,152)	(418,040)
Balance, end of year/period	2,790,168	1,078,012	2,714,651	1,041,722

(l) Loan loss expenses

The analysis of loan loss expense is shown below:

	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Specific allowances on risk assets (see (h) above)	27,122,877	1,937,783	26,837,581	1,786,162
Margin loan loss allowance (see (i)(i) above)	13,933,289	-	13,933,289	-
General allowance on loans and advances (see (j)(i) above)	123,433	2,458,452	-	2,392,279
(Writeback)/ General allowance on advance under finance lease (see note 15(a)(i))	(241)	56	(241)	56
Write-back of general allowance on loans and advances (see (j)(i) above)	(5,337,866)	-	(5,337,866)	-
Allowance no longer required	(14,921)	(357,154)	-	(243,661)
Loan amounts written off	355,791	3,244	334,906	3,244
Recoveries (see note (h) above)	(228,634)	-	(228,634)	-
	35,953,728	4,042,381	35,539,035	3,938,080

(m) Diminution in other assets value

This comprises:

	Group Dec. 2009 12 months ₦'000	Group Dec. 2008 10 months ₦'000	Bank Dec. 2009 12 months ₦'000	Bank Dec. 2008 10 months ₦'000
Diminution in value of SMEEIS Investments	1,065,426	-	1,065,426	-
Diminution in value of other investments	264,201	-	264,201	-
(see note 17(a)(ii))	1,329,627	-	1,329,627	-
Allowances on other assets (see note 21(d))	139,858	439,628	135,043	343,120
Allowance on insurance receivables (see note 16(b))	103,516	96,508	-	-
	1,573,001	536,136	1,464,670	343,120

15 Advances under finance lease

(a) Advances under finance lease comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Gross investment in finance lease	6,093	26,378	1,311	26,378
Less: Un-earned income	(23)	(2,302)	(23)	(2,302)
Net investment in finance lease	6,070	24,076	1,288	24,076
Less 1% general allowance (see note (a)(i) below)	-	(241)	-	(241)
Balance, end of year	6,070	23,835	1,288	23,835

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	241	185	241	185
(Writeback)/allowance made during the year/period (see note 14(j)(ii) & 14(l))	(241)	56	(241)	56
Balance, end of year	-	241	-	241

(a) (ii) The maturity profile of the net investment in advances under finance lease is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Under 1 month	1,288	-	1,288	-
1 - 3 months	-	-	-	-
3 - 6 months	-	7,333	-	7,333
6 - 12 months	4,782	16,743	-	16,743
Over 12 months	-	-	-	-
	6,070	24,076	1,288	24,076

(a) (iii) The performance analysis of gross advance under finance lease is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Performing	6,070	24,076	1,288	24,076
Non performing	-	-	-	-
	6,070	24,076	1,288	24,076

16 Insurance receivables

(a) Insurance receivables comprise of:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Due from contract holders	236,020	139,227	-	-
Due from agents and brokers	553,815	526,510	-	-
Due from reinsurers	213,285	21,008	-	-
	1,003,120	686,745	-	-
Allowance for doubtful receivables (see (b) below)	(193,574)	(124,058)	-	-
	809,546	562,687	-	-

(b) Movement in allowance for doubtful insurance receivables is as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year/period	124,058	27,550	-	-
Additions during the year/period (see note 14(m) above)	103,516	96,508	-	-
Recoveries during the year	(34,000)	-	-	-
Balance, end of the year/period	193,574	124,058	-	-

17 Investment securities

Investment securities comprise of:

(a) ***Investment securities - long term***

		Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
		₦'000	₦'000	₦'000	₦'000
(a) (i)	*Unlisted debt securities - at cost*				
	- GTB UK Subordinated loan	-	-	1,212,983	-
	- Federal Govt. Bonds (see note (c) below)	4,931,477	5,954,995	4,461,477	5,954,995
	- State Government Bonds	7,000,000	-	7,000,000	-
	- Corporate Bonds	132,700	-	-	-
(a) (ii)	*Unlisted equity securities - at cost*				
	- Kakawa Discount House Limited	34,100	34,100	34,100	34,100
	- Valucard Nigeria Plc	90,153	90,153	90,153	90,153
	- Nigeria Automated Clearing Systems	47,547	47,547	47,547	47,547
	- Afrexim	14,131	14,131	14,131	14,131
	- ICHL Nigeria Limited	264,201	264,201	264,201	264,201
	- Africa Finance Corporation	636,048	636,048	636,048	636,048
	- ARM Pension Managers Limited	38,625	37,500	-	-
	- Other diversified portfolio	1,000	1,000	-	-
	- Other unquoted investments	1,491,000	-	-	-
	- Small and medium industries investments (see note (d) below)	4,831,906	4,742,010	4,831,906	4,742,010
		19,512,888	11,821,685	18,592,546	11,783,185
	Less: diminution in value of investment (see note 14(m))	(1,329,627)	-	(1,329,627)	-
		18,183,261	11,821,685	17,262,919	11,783,185

(b) ***Investment securities- short term.***

(b) (i)	*Listed equity securities*				
	Proprietary investments (see note (h) below)	985,968	3,520,956	-	-
	Underwritten shares (see note (i) below)	-	1,608,652	-	1,608,652
	Investment in other funds	160,327	-	-	-
(b) (ii)	*Unlisted debt securities*				
	FGN Bonds- trading (see note (j) below)	116,864,073	73,225,072	116,864,073	73,225,072
	Treasury bearer bonds	-	1,335,118	-	-
		118,010,368	79,689,798	116,864,073	74,833,724
		136,193,629	91,511,483	134,126,992	86,616,909

(c) (i) The analysis of FGN Bonds - held to maturity is as follows

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
3rd FGN Bond Series 3 (14.5%)	268,394	253,929	268,394	253,929
3rd FGN Bond Series 5 (14.5%)	358,071	634,993	358,071	634,993
3rd FGN Bond Series 12 (12%)	-	1,168,074	-	1,168,074
4th FGN Bond Series 2 (9.50%)	52,269	53,122	52,269	53,122
4th FGN Bond Series 14 (15.5%)	4,252,743	3,844,877	3,782,743	3,844,877
	4,931,477	5,954,995	4,461,477	5,954,995

(c) (ii) Included in FGN(Federal Government of Nigeria) Bonds is an amount ₦3,785,000,000 (December 2008: Nil) representing the face value of FGN Bonds pledged to the Central Bank of Nigeria (CBN) discount office, to act as settlement bank and also for its participation in clearing activities with the CBN.

(c) (iii) The market value of FGN Bonds held to maturity was ₦4,622,869,000 (December 2008: ₦5,880,467,000)

(d) Investment in SMEEIS

(d) (i) The details of the investment are shown below:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
Sokoa Chair Centre	61,288	61,288	61,288	61,288
Terra Kulture Ltd	189,999	192,499	189,999	192,499
Tinapa Business Resort	500,000	500,000	500,000	500,000
Iscare Nigeria Ltd	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 Center Ltd	30,000	30,000	30,000	30,000
Bookcraft Limited	20,000	20,000	20,000	20,000
3 Peat Investment Limited	855,532	855,532	855,532	855,532
Shonga F.H. Nigeria Limited	200,000	200,000	200,000	200,000
Safe Nigeria Ltd	350,000	350,000	350,000	350,000
CRC Credit Bureau Limited	61,111	50,000	61,111	50,000
Cards Technology Limited	265,000	265,000	265,000	265,000
Thisday Events Center	500,000	500,000	500,000	500,000
HITV Limited	500,000	500,000	500,000	500,000
Tai Farm International Limited	81,285	-	81,285	-
	4,831,906	4,742,010	4,831,906	4,742,010
Less: diminution in the value of investment	(1,065,426)	-	(1,065,426)	-
	3,766,480	4,742,010	3,766,480	4,742,010

(d) (ii) The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the bank's investment under the Small and Medium Industries Equity Investment Scheme (SMEEIS)). A total of ₦4,831,906,000 (December 2008: ₦4,742,010,000) has been so far invested under the scheme. Due to the effective percentage holding of the Bank in these companies, some of them qualify as subsidiaries and associates. However, they are not consolidated as the investments are held for sale and the value of the Bank's residual interest in the individual investee companies is not material.

(f) The movement in investment securities-long term is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of the year/period	11,821,685	5,085,405	11,783,185	4,873,487
Investments purchased during the year/ period	8,716,096	7,220,528	8,305,379	7,220,528
Redemption of long term investments	(1,024,893)	-	(1,496,018)	-
Disposal of long term investments	-	(484,248)	-	(310,830)
Provision for diminution	(1,329,627)	-	(1,329,627)	-
Balance, end of year/period	18,183,261	11,821,685	17,262,919	11,783,185

(g) The directors are of the opinion that the market value of long term investments is not lower than cost.

(h) Proprietary investments as at 31 December 2009, represents Guaranty Trust Assurance Plc and GTB Asset Management Limited's trading investment in quoted equities on the stock market. The cost of the investments at that date was ₦1,273,464,000 (Market value as at 31 December 2008: ₦3,726,663,000).

(i) (i) Underwritten shares comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of the year/period	1,608,652	-	1,608,652	-
African Petroleum (see note (i)(ii) below)	-	1,608,652	-	1,608,652
Transferred to loans and advances	(1,608,652)	-	(1,608,652)	-
Balance, end of the year/period	-	1,608,652	-	1,608,652

(i) (ii) The underwritten commitment has been transferred to loans and advances during the year and specific provision taken in line with the CBN circulars.

(j) (i) FGN Bonds - trading comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
3rd FGN Bond Series 3 (14.5%)	1,043,260	-	1,043,260	-
3rd FGN Bond Series 7 (12.5%)	431,400	-	431,400	-
3rd FGN Bond Series 11 (12.5%)	-	2,390,670	-	2,390,670
3rd FGN Bond Series 12 (12.00%)	-	3,649,140	-	3,649,140
3rd FGN Bond Series 13 (12.99%)	-	1,417,056	-	1,417,056
4th FGN Bond Series 1 (10.75%)	1,012,600	1,646,768	1,012,600	1,646,768
4th FGN Bond Series 2 (9.50%)	-	685,716	-	685,716
4th FGN Bond Series 4 (9.00%)	5,375,790	5,017,513	5,375,790	5,017,513
4th FGN Bond Series 5 (9.23%)	3,910,875	4,036,708	3,910,875	4,036,708
4th FGN Bond Series 6 (9.20%)	206,440	2,699,716	206,440	2,699,716
4th FGN Bond Series 7 (7.95%)	2,942,630	2,847,464	2,942,630	2,847,464
4th FGN Bond Series 8 (9.85%)	-	478,003	-	478,003
4th FGN Bond Series 9 (9.35%)	1,506,695	-	1,506,695	-
4th FGN Bond Series 10 (9.50%)	6,286,992	3,720,809	6,286,992	3,720,809
4th FGN Bond Series 11 (9.25%)	107,470	673,223	107,470	673,223
4th FGN Bond Series 12 (7.00%)	304,950	97,454	304,950	97,454
4th FGN Bond Series 13 (9.20%)	-	99,327	-	99,327
4th FGN Bond Series 14 (8.99%)	28,820,400	26,225,263	28,820,400	26,225,263
5th FGN Bond Series 1 (9.45%)	10,003,895	243,650	10,003,895	243,650
5th FGN Bond Series 2 (10.70%)	821,132	198,597	821,132	198,597
5th FGN Bond Series 3 (10.50%)	14,255,670	6,723,937	14,255,670	6,723,937
5th FGN Bond Series 4 (10.5%)	18,167,294	-	18,167,294	-
5th FGN Bond Series 5 (15%)	406,525	-	406,525	-
6th FGN Bond Series 1 (9.92%)	1,794,010	-	1,794,010	-
6th FGN Bond Series 2 (10.5%)	11,107,200	-	11,107,200	-
6th FGN Bond Series 3 (12.49%)	6,365,816	-	6,365,816	-
6th FGN Bond Series 4 (7%)	392,189	-	392,189	-
6th FGN Bond Series 5 (8.5%)	600,840	-	600,840	-
FGN Pension Bond (12.50%)	-	9,424,360	-	9,424,360
FMBN Mortgage Bonds (9.89%)	1,000,000	949,700	1,000,000	949,700
Total	116,864,073	73,225,072	116,864,073	73,225,072

(j) (ii) The original cost of FGN bonds-trading as at 31 December 2009 was ₦113,763,108,000 (31 December 2008: ₦73,333,905,000).

(j) (iii) Included in FGN (Federal Government of Nigeria) Bonds is an amount of ₦11,215,000,000 (December 2008: Nil) representing the face value of FGN Bonds pledged to the Central Bank of Nigeria (CBN) discount office, to act as settlement bank and also for its participation in clearing activities with the CBN.

18 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
GTB Gambia (see note (c) below)	-	-	574,278	574,278
GTB Sierra Leone (see note (d) below)	-	-	597,038	597,038
GT Assurance Plc (see note (e) below)	-	-	8,507,571	8,507,571
GTB Ghana (see note (f) below)	-	-	8,114,710	8,114,710
GTB Finance B.V. (See note (g) below)	-	-	3,220	3,220
GTB Registrars (see note (h) below)	-	-	50,000	50,000
GT Homes Limited (see note (i) below)	-	-	3,500,000	2,000,000
GTB UK Limited (see note (j) below)	-	-	5,000,000	5,000,000
GTB Asset Management Limited (see note (k) below	-	-	2,250,000	2,250,000
GTB Liberia Limited (see note (l) below)	-	-	1,178,000	1,178,000
	-	-	29,774,817	28,274,817

(b) (i) The subsidiary companies, country of incorporation, nature of business, percentage equity holding and period consolidated with the parent company is as detailed below:

	Country of Incorporation	*Company Name*	*Nature of Business*	*Percentage of equity capital held*	*Year end*
1	Gambia	GTB Gambia Limited	Banking	77.92%	31/12/2009
2	Sierra Leone	GTB Sierra Leone Limited	Banking	84.30%	31/12/2009
3	Nigeria	GT Assurance Plc	Insurance	71.24%	31/12/2009
4	Ghana	GTB Ghana Limited	Banking	96.00%	31/12/2009
5	Netherlands	GTB Finance, B.V.	SPV	100.00%	31/12/2009
6	Nigeria	GT Registrars Limited	Registrar	99.90%	31/12/2009
7	Nigeria	GT Homes Limited	Mortgage	75.11%	31/12/2009
8	United Kingdom	GTB UK, Limited	Banking	100.00%	31/12/2009
9	Nigeria	GTB Asset Management Limited	Asset Mgt.	99.90%	31/12/2009
10	Liberia	GTB Liberia Limited	Banking	100.00%	31/12/2009

(c) This represents the cost of the Bank's 77.92% equity holding in GTB Gambia. The company was incorporated in September 2001 and commenced operations in January 2002.

(d) This represents the cost of the Bank's 84.3% equity holding in GTB Sierra Leone. It was incorporated in September 2001 and commenced operations in January 2002.

(e) This represents the cost of the Bank's 71.24% equity holding in Guaranty Trust Assurance Plc. The Company was incorporated on 23 June 1989 as Heritage Assurance Limited. However, GTB Plc acquired a majority shareholding in the Company in September 2004.

(f) This represents the cost of the Bank's 96% equity holding in Guaranty Trust Bank Ghana. The Company was incorporated in October 2004 and commenced operations in March 2006.

(g) This represents the cost of 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 ₦307.87 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 recongised in the Bank's financial statements. GTB Finance B.V was incorporated in December 2006 and commenced operations in December 2006.

(h) This represents the cost of the Bank's 99.9% holding of the equity of GTB Registrars. The Company was incorporated in February 2006 and commenced operations in September 2006.

(i) This represents the cost of the Bank's 75% holding of the equity of GT homes Limited. The Company was incorporated in 1992 as Citizens Savings and Loans Limited. Its name was changed to New Patriot Building Society in 1997. However, GTB Plc acquired majority shareholding in August 2007, consequent upon which the name was changed to GTHomes Limited. It commenced operations under this name in January 2008.

(j) This represents the cost of the Bank's 100% holding of the equity of Guaranty Trust Bank (UK) Limited. It was incorporated in February 2007 and commenced operations in January 2008.

(k) This represents the cost of the Bank's 99.9% holding in the equity of GT Asset Management Company Limited. The Company provides security brokerage and asset management services and was incorporated on 14 January 2008 and commenced operations in April 2008.

(l) This represents the cost of the Bank's 100% holding in the equity of Guaranty Trust Bank (Liberia) Limited. GTB (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.

(m) The condensed financial statements of the consolidated subsidiaries are included in Note 19.

19 Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at **31 December 2009,** are as follows:

Subsidiary companies/parent company	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed profit and loss													
Operating income	121,660,227	(1,335,171)	113,926,791	3,026,290	333,127	77,258	(1,386,391)	(267,053)	4,044,753	1,489,757	56,135	426,981	1,267,750
Operating expenses	(56,170,494)	1,335,171	(49,963,277)	(1,551,379)	(370,340)	(80,013)	(300,213)	(11,128)	(2,035,464)	(962,037)	(209,571)	(1,265,206)	(757,037)
Loan loss expenss	(35,953,728)	-	(35,539,035)	-	(500)	-	(12,010)	-	(234,815)	(68,457)	(6,886)	-	(92,025)
Diminution on other risk values	(1,573,002)	-	(1,464,670)	(103,517)	(4,815)	-	-	-	-	-	-	-	-
Profit before tax	27,963,003	-	26,959,809	1,371,394	(42,528)	(2,755)	(1,698,614)	(278,181)	1,774,474	459,263	(160,322)	(838,225)	418,688
Taxation	(4,276,160)	-	(3,111,748)	(764,192)	(13,226)	(1,655)	407,822	-	(500,944)	(109,643)	-	-	(182,574)
Profit after tax	23,686,843	-	23,848,061	607,202	(55,754)	(4,410)	(1,290,792)	(278,181)	1,273,530	349,620	(160,322)	(838,225)	236,114

December 2009

	Group balance	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed financial position													
Assets													
Cash and balances with Central Bank of Nigeria	35,889,931	-	34,890,767	51	192	1	18	-	256,609	172,756	80,321	67,442	421,774
Treasury bills	36,936,014	-	29,405,616	-	-	-	-	-	3,838,279	298,285	-	-	3,393,834
Due from other banks	225,330,111	(23,242,323)	202,810,278	8,914,295	1,165,192	88,812	1,066,870	15,256	8,477,195	1,015,705	958,015	21,034,087	3,026,729
Loans and advances to	-												
customers	563,488,164	(52,350,655)	538,137,569	-	61,508	-	3,233,807	52,350,550	11,154,905	4,903,271	337,132	2,773,849	2,886,228
Advances under finance lease	6,070	-	1,288	-	-	-	-	-	-	-	-	-	4,782
Insurance receivables	809,546	-	-	809,546	-	-	-	-	-	-	-	-	-
Investment securities	136,193,629	(1,242,983)	134,126,992	2,717,723	459,197	-	-	-	-	-	-	132,700	-
Investment in subsidiaries	-	(29,774,817)	29,774,817	-	-	-	-	-	-	-	-	-	-
Trading properties	5,070,666	-	-	2,519,241	300,000	-	2,251,425	-	-	-	-	-	-
Deferred tax assets	410,864	-	-	1,106	-	-	409,758	-	-	-	-	-	-
Other assets	15,523,244	(2,269,726)	9,478,730	814,958	135,583	13,736	20,100	2,241,873	4,428,989	138,352	127,936	125,422	267,291
Property and equipment	46,491,151	-	41,285,479	910,030	112,748	13,094	93,855	-	1,536,386	549,138	518,270	708,139	764,012
Goodwill on consolidation	354,328	354,328	-	-	-	-	-	-	-	-	-	-	-
Total assets	1,066,503,718	(108,526,176)	1,019,911,536	16,686,950	2,234,420	115,643	7,075,833	54,607,679	29,692,363	7,077,507	2,021,674	24,841,639	10,764,650

December 2009

	Group balance	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financed by:													
Customers' deposits	683,080,902	(22,805,040)	662,261,026	-	449,396	-	3,420,660	-	18,714,127	5,615,210	739,040	6,597,169	8,089,314
Due to other banks	14,981,705	-	1,083,016	-	-	-	12,474	-	-	-	44,872	13,841,343	-
Claims payable	350,631	-	-	350,631	-	-	-	-	-	-	-	-	-
Finance lease obligations	2,211,130	-	2,211,130	-	-	-	-	-	-	-	-	-	-
Liability on investment contracts	1,115,094	-	-	1,115,094	-	-	-	-	-	-	-	-	-
Liabilities on insurance contracts	1,126,011	-	-	1,126,011	-	-	-	-	-	-	-	-	-
Current income tax payable	3,483,561	-	2,373,006	542,398	7,838	3,390	15,825	-	473,543	27,927	-	-	39,634
Other liabilities	85,491,872	(2,822,441)	81,284,082	637,045	125,130	48,664	585,801	2,390,578	1,327,838	345,347	14,658	137,310	1,417,860
Deferred tax liabilities	4,346,591	-	4,134,454	198,917	-	3,170	-	-	6,058	3,992	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	253,075	-	240,811	-	-	-	-	-	-	12,264	-	-	-
Debt securities in issue	65,485,550	(1,243,088)	65,515,655	-	-	-	-	-	-	-	-	1,212,983	-
Other borrowings	12,332,568	(52,350,550)	12,332,568	-	-	-	-	52,350,550	-	-	-	-	-
Equity and reserve	192,245,028	(29,305,057)	188,475,788	12,716,854	1,652,056	60,419	3,041,073	(133,449)	9,170,797	1,072,767	1,223,104	3,052,834	1,217,842
	1,066,503,718	(108,526,176)	1,019,911,536	16,686,950	2,234,420	115,643	7,075,833	54,607,679	29,692,363	7,077,507	2,021,674	24,841,639	10,764,650

December 2009

Subsidiary companies/parent company	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed cash flow													
Net cash flow from operating activities	(10,008,635)	(29,754,723)	18,509,019	1,697,047	52,639	8,261	(13,071,957)	-	2,042,195	1,757,753	245,649	7,843,630	661,852
Net cash flow from investing activities	(13,443,247)	(6,555,926)	(18,678,755)	(526,668)	(64,587)	(5,163)	11,202,567	-	1,625,743	56,659	321,729	(573,741)	(245,105)
Net cash flow from financing activities	(10,073,661)	(1,870,180)	(10,771,881)	(417,410)	(84,043)	-	1,883,000	-	-	92,010	-	1,212,983	(118,140)
Increase in cash and cash equivalents	(33,525,543)	(38,180,829)	(10,941,617)	752,969	(95,991)	3,098	13,610	-	3,667,938	1,906,422	567,378	8,482,872	298,607
Cash balance, beginning of year	311,109,803	549,911,938	(271,204,488)	7,661,375	161,388	85,715	54	1,674	5,820,847	3,480,605	1,078,348	12,184,677	1,927,670
Effect of exchange difference	(170,683)	-	-	-	-	-	-	110	(754,981)	(125,364)	88,195	449,506	171,851
Cash balance, end of year	277,413,577	511,731,109	(282,146,105)	8,414,344	65,397	88,813	13,664	1,784	8,733,804	5,261,663	1,733,921	21,117,055	2,398,128

19 (b) Condensed results of the consolidated entities as at **31 December 2008**, are as follows:

December 2008

Subsidiary companies/parent company	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed profit and loss													
Operating income	80,963,098	(2,461,093)	74,411,912	4,683,693	172,028	52,113	153,376	363,335	1,537,773	824,247	9,031	207,376	1,009,307
Operating expenses	(41,055,452)	1,441,992	(35,521,595)	(2,682,352)	(714,216)	(43,886)	(281,342)	(309,499)	(944,119)	(544,629)	(25,238)	(805,533)	(625,035)
Loan loss expenss	(4,042,381)	-	(3,938,080)	-	-	-	(19,686)	-	(97,467)	(18,009)	-	-	30,861
Diminution on other risk values	(536,136)	-	(343,120)	(193,016)	-	-	-	-	-	-	-	-	-
Profit before tax	35,329,129	(1,019,101)	34,609,117	1,808,325	(542,188)	8,227	(147,652)	53,836	496,187	261,609	(16,207)	(598,157)	415,133
Taxation	(7,013,568)	-	(6,535,865)	(124,415)	-	(1,450)	(31,681)	-	(80,996)	(84,150)	-	(12,373)	(142,638)
Profit after tax	28,315,561	(1,019,101)	28,073,252	1,683,910	(542,188)	6,777	(179,333)	53,836	415,191	177,459	(16,207)	(610,530)	272,495

December 2008

	Group balance	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed financial position													
Assets													
Cash and balances with Central Bank of Nigeria	64,349,514	-	62,579,450	66	140	8	54	-	491,295	1,039,294	2,233	10,851	226,123
Treasury bills	62,216,318	-	52,715,562	-	-	-	-	-	6,696,512	710,096	-	-	2,094,148
Due from other banks	219,821,791	(1,907,172)	191,187,296	8,227,794	572,378	85,708	-	1,535	5,111,404	2,330,032	1,224,060	10,455,406	2,533,350
Loans and advances to customers	416,318,640	(57,563,559)	413,983,817	-	-	-	1,249,008	48,838,125	4,733,153	2,849,678	-	51,649	2,176,769
Advances under finance lease	23,835	-	23,835	-	-	-	-	-	-	-	-	-	-
Insurance receivables	562,687	-	-	562,687	-	-	-	-	-	-	-	-	-
Investment securities	91,511,483	(1,176,717)	86,616,909	3,126,308	1,053,757	-	556,109	-	1,335,117	-	-	-	-
Investment in subsidiaries	-	(28,274,817)	28,274,817	-	-	-	-	-	-	-	-	-	-
Trading properties	15,085,846	-	-	1,611,293	-	-	13,474,553	-	-	-	-	-	-
Deferred tax assets	36,847	-	-	36,847	-	-	-	-	-	-	-	-	-
Other assets	49,272,639	(4,810,821)	46,866,078	2,130,427	181,442	16,806	1,689,091	2,055,946	651,979	186,450	-	81,392	223,849
Property and equipment	39,629,765	-	36,030,992	794,939	154,537	17,975	100,161	-	996,032	510,586	150,840	283,366	590,337
Goodwill on consolidation	354,328	354,328	-	-	-	-	-	-	-	-	-	-	-
Total assets	959,183,693	(93,378,758)	918,278,756	16,490,361	1,962,254	120,497	17,068,976	50,895,606	20,015,492	7,626,136	1,377,133	10,882,664	7,844,576

December 2008

	Group balance	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financed by:													
Customers' deposits	470,605,806	(5,742,124)	445,740,212	-	211,176	-	2,154,762	-	9,918,804	5,265,684	-	7,089,981	5,967,311
Due to other banks	27,965,203	-	27,965,203	-	-	-	-	-	-	-	-	-	-
Claims payable	188,588	-	-	188,588	-	-	-	-	-	-	-	-	-
Finance lease obligations	2,125,260	-	2,125,260	-	-	-	-	-	-	-	-	-	-
Liability on investment contracts	586,386	-	-	586,386	-	-	-	-	-	-	-	-	-
Liabilities on insurance contracts	794,546	-	-	794,546	-	-	-	-	-	-	-	-	-
Current income tax payable	9,636,970	-	9,237,928	179,678	-	4,555	17,948	-	96,294	52,325	-	11,053	37,189
Other liabilities	198,400,658	(17,240,487)	186,892,178	2,184,948	43,267	46,206	13,210,669	1,922,779	8,923,939	1,208,573	-	535,984	672,602
Deferred tax liabilities	3,474,838	-	3,395,712	29,157	-	4,905	13,733	-	7,039	24,292	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	475,010	-	475,010	-	-	-	-	-	-	-	-	-	-
Debt securities in issue	48,838,125	-	48,838,125	-	-	-	-	-	-	-	-	-	-
Other borrowings	14,058,403	(48,838,125)	14,058,403	-	-	-	-	48,838,125	-	-	-	-	-
Equity and reserve	182,033,900	(21,558,021)	179,550,725	12,527,058	1,707,811	64,829	1,671,864	134,701	1,069,417	1,075,263	1,377,132	3,245,647	1,167,474
	959,183,693	(93,378,757)	918,278,756	16,490,361	1,962,254	120,495	17,068,976	50,895,605	20,015,493	7,626,137	1,377,132	10,882,665	7,844,576

December 2008

Subsidiary companies/parent company	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed cash flow													
Net cash flow from operating activities	194,438,776	(3,241,663)	183,460,995	2,597,880	(1,811,187)	3,790	(481,807)	-	5,305,187	1,394,603	(18,243)	6,553,394	675,827
Net cash flow from investing activities	(18,758,590)	12,860,971	(29,495,700)	(2,499,827)	2,250,000	(3,991)	(1,420,672)	-	(582,048)	410,941	150,882	(138,267)	(290,879)
Net cash flow from financing activities	(16,052,283)	(7,616,074)	(16,310,065)	4,351,475	(174,968)	-	1,900,000	-	-	70,846	1,395,375	-	331,128
Increase in cash and cash equivalents	159,627,903	2,003,234	137,655,230	4,449,528	263,845	(201)	(2,479)	-	4,723,139	1,876,390	1,528,014	6,415,127	716,076
Cash balance, beginning of year	151,893,649	1,555,709	133,549,258	3,211,847	-	85,917	2,533	1,674	2,535,604	2,461,566	-	7,052,879	1,436,662
Effect of exchange difference	(411,749)		-	-	-	-	-	-	(91,190)	303,491	-	(637,751)	13,701
Cash balance, end of year	311,109,803	3,558,943	271,204,488	7,661,375	263,845	85,716	54	1,674	7,167,553	4,641,447	1,528,014	12,830,255	2,166,439

20 Trading properties

(a) This represents the cost of real estate properties held by the Bank's subsidiaries, which are designated for resale to customers. The movement on the trading properties account during the year was as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year/period	15,085,846	12,062,730	-	-
Additions	2,195,080	4,304,560	-	-
Disposals	(12,210,260)	(1,281,444)	-	-
Balance, end of year/period	5,070,666	15,085,846	-	-

21 Other assets

(a) (i) Other assets comprise:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Treasury bills on open buy back (see note (30) & a(ii) below)	-	31,500,000	-	31,500,000
Prepayments (see (a)(iii) below)	7,342,414	6,419,789	6,109,389	5,731,598
Interest receivable	2,920,769	2,202,907	2,710,042	2,155,632
Subscription for shares	50,000	-	-	-
Receivable from bond trading (see (b) below)	-	33,501	-	33,501
Other accounts receivable	5,916,834	9,665,333	1,568,529	8,219,534
Deferred acquisition cost (see (c) below)	207,272	225,296	-	-
	16,437,289	50,046,826	10,387,960	47,640,265
Allowances on other assets (see (d) below)	(914,045)	(774,187)	(909,230)	(774,187)
	15,523,244	49,272,639	9,478,730	46,866,078

(a) (ii) Treasury bills sold under repurchase agreement are classified as other assets balances in accordance with the Central Bank of Nigeria circular BSD/8/2003. The corresponding liability is recognised in other liabilities. (see note 30).

(a) (iii) The analysis of prepayments is as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Under one year	2,224,753	1,442,665	1,311,705	796,312
Over one year	5,117,661	4,977,124	4,797,684	4,935,286
	7,342,414	6,419,789	6,109,389	5,731,598

(a) (iv) Operating leases

Included in prepayments are operating lease rentals in respect of land and buildings. The rents payable 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:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Operating leases which expire				
- within one year	25,332	13,607	25,332	13,607
- after one year	436,081	304,470	436,081	304,470
	461,413	318,077	461,413	318,077

(b) Amount represents receivables in respect of Federal Government of Nigeria's Bonds sold as at year end.

(c) This represents commission on unearned premium relating to the unexpired period of risks.

(d) The movement on allowance on other assets during the year was as follows:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year/period	774,187	884,859	774,187	981,367
Allowance made during the year/period (see note 14(m))	139,858	439,628	135,043	343,120
Recoveries during the year/period	-	(550,300)	-	(550,300)
Balance, end of year/period	914,045	774,187	909,230	774,187

22 Property and equipment

(a) **Group**

The movement in these accounts during the year was as follows:

	Leasehold improvements/ land and buildings	Machinery & equipment	Computer & accessories	Furniture & fittings	Motor vehicles	Other transportation equipment	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
(a) (i) **Cost**								
Balance, beginning of the year	16,657,857	5,834,864	9,084,037	2,944,204	4,865,054	2,545,136	11,273,863	53,205,015
Exchange difference	3,265	28,887	(7,124)	(43,986)	21,459	-	(43,708)	(41,207)
Additions	1,864,777	1,108,846	2,094,746	607,750	1,581,459	-	5,735,599	12,993,177
Disposals	(28,852)	(19,633)	(10,333)	(17,440)	(632,018)	-	-	(708,276)
Transfers	2,863,095	600,991	259,279	90,445	13,309	-	(3,827,119)	-
								-
Balance, end of the year	21,360,142	7,553,955	11,420,605	3,580,973	5,849,263	2,545,136	13,138,635	65,448,709
(a) (ii) **Accumulated depreciation**								
Balance, beginning of the year	1,827,900	2,787,664	5,022,488	1,332,051	2,159,748	445,399	-	13,575,250
Exchange difference	(7,690)	4,741	(29,982)	(42,628)	15,559	-	-	(60,000)
Charge for the year	692,246	1,180,312	2,113,109	545,079	1,228,294	254,513	-	6,013,553
Disposals	(5,187)	(16,629)	(9,929)	(14,342)	(525,158)	-	-	(571,245)
Balance, end of the year	2,507,269	3,956,088	7,095,686	1,820,160	2,878,443	699,912	-	18,957,558
(a) (iii) **Net Book Value**								
End of year	18,852,873	3,597,867	4,324,919	1,760,813	2,970,820	1,845,224	13,138,635	46,491,151
Beginning of the year	14,829,957	3,047,200	4,061,549	1,612,153	2,705,306	2,099,737	11,273,863	39,629,765

(a) (iv) Leased assets amounting to ₦1,845,224,000 (31 December 2008: ₦2,099,737,090) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 27(a).

(a) (v) The Group had capital commitments of ₦211,212,000 (31 December 2008: ₦438,154,403) as at the balance sheet date in respect of authorized and contracted capital projects.

(a) (vi) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

22 (b) **Bank:**

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

(b) (i) **Cost**

	Leasehold improvements/ land and buildings	Machinery & equipment	Computer & accessories	Furniture & fittings	Motor vehicles	Other transportation equipment	Capital work in progress	Total
Balance, beginning of the year	14,910,036	5,624,067	8,239,858	2,338,916	4,208,020	2,545,136	10,663,961	48,529,994
Additions	1,231,343	1,053,072	1,803,345	178,578	1,283,769	-	5,093,175	10,643,282
Disposals	(3,830)	(19,633)	(9,929)	(16,949)	(578,927)	-	-	(629,268)
Transfers	2,388,227	581,218	232,699	59,754	-	-	(3,261,898)	-
								-
Balance, end of the year	18,525,776	7,238,724	10,265,973	2,560,299	4,912,862	2,545,136	12,495,238	58,544,008
(b) (ii) Accumulated depreciation								
Balance, beginning of the year	1,713,835	2,699,572	4,594,745	1,100,226	1,945,225	445,399	-	12,499,002
Charge for the year	571,903	1,130,876	1,896,631	413,107	1,040,202	254,513	-	5,307,232
Disposals	(3,830)	(16,629)	(9,929)	(14,342)	(502,975)	-	-	(547,705)
Balance, end of the year	2,281,908	3,813,819	6,481,447	1,498,991	2,482,452	699,912	-	17,258,529
Net Book Value								
End of year	16,243,868	3,424,905	3,784,526	1,061,308	2,430,410	1,845,224	12,495,238	41,285,479
Beginning of the year	13,196,201	2,924,495	3,645,113	1,238,690	2,262,795	2,099,737	10,663,961	36,030,992

(b) (iv) Leased assets amounting to ₦1,845,224,000 (31 December 2008: ₦2,099,737,090) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 27(a).

(b) (v) The Bank had capital commitments of ₦211,212,000 (31 December 2008: ₦438,154,403) as at the balance sheet date in respect of authorized and contracted capital projects.

(b) (vi) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

23 Goodwill on consolidation

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

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year/period	354,328	166,432	-	-
Goodwill arising during the period	-	187,896	-	-
Balance, end of year	354,328	354,328	-	-

(b) Goodwill on consolidation was derived from the following entities:

	Group Dec. 2009	Group Dec. 2008
	₦'000	₦'000
GTB (Sierra Leone) Limited	49,975	49,975
GTB (Gambia) Limited	948	948
Guaranty Trust Assurance Plc	303,405	303,405
Balance, end of year	354,328	354,328

24 Customers' deposits

(a) Customers' deposits comprise:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Demand				
- Current	230,283,955	220,822,094	214,250,295	213,184,482
- Domiciliary	58,565,034	51,198,043	71,962,427	51,198,042
Time	334,178,584	153,957,417	317,934,470	139,069,855
Savings	60,053,329	44,628,252	58,113,834	42,287,833
	683,080,902	470,605,806	662,261,026	445,740,212

(b) The maturity profile of customers' deposits is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Under 1 month	607,219,842	456,093,517	610,649,233	443,640,535
1 - 3 months	51,711,442	9,912,685	37,756,292	2,077,053
3 - 6 months	17,540,588	1,771,255	11,646,791	19,224
6 - 12 months	3,901,788	2,204,228	1,537,810	2,660
Over 12 months	2,707,242	624,121	670,900	740
	683,080,902	470,605,806	662,261,026	445,740,212

25 Due to other banks

(a) Due to other banks comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Items in the course of collection	6,879,580	26,373,100	932,812	26,373,100
Current balances of banks	8,102,125	1,592,103	150,204	1,592,103
	14,981,705	27,965,203	1,083,016	27,965,203

(b) Amounts due to other banks represents the credit balances outstanding in favour of some banks for which the Group serves as the clearing and settlement bank.

26 Claims payable

Outstanding claims on insurance contracts comprise of:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
General insurance policies	350,631	140,963	-	-
Life assurance policies	-	47,625	-	-
	350,631	188,588	-	-

27 Finance lease obligations

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Falling due within one year				
- 2009	-	608,534	-	608,534
- 2010	721,595	608,534	721,595	608,534
Falling due over one year				
- 2011	721,595	608,534	721,595	608,534
- 2012	721,595	608,533	721,595	608,533
- 2013	721,595	608,533	721,595	608,533
- 2014	180,399	152,149	180,399	152,149
	3,066,779	3,194,817	3,066,779	3,194,817
Less: future interest	(855,649)	(1,069,557)	(855,649)	(1,069,557)
	2,211,130	2,125,260	2,211,130	2,125,260

(b) The movement on the lease obligation during the year was as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Gross obligation, beginning of the year/period	2,125,260	2,350,447	2,125,260	2,350,447
Repayments during the year	(335,534)	(225,187)	(335,534)	(225,187)
Exchange loss on lease obligations	421,404	-	421,404	-
Balance, end of year/period	2,211,130	2,125,260	2,211,130	2,125,260

28 Liability on investment contracts

(a) Liability on investment contracts comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Deposit administration funds (see note(b) below)	1,115,094	586,386	-	-
	1,115,094	586,386	-	-

(b) (i) Movement in deposit administration funds:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of the year/period	586,386	336,514	-	-
Additions	1,446,866	216,543	-	-
Withdrawals	(962,157)	-	-	-
Interest payable on life fund	43,999	33,329	-	-
Balance, end of the year/period	1,115,094	586,386	-	-

(b) (ii) Deposit administration funds arose from investment contracts of the insurance subsidiary of the Group. Holders of such contracts are guaranteed their funds plus a guaranteed interest rate for the tenor of the contract. These contracts have additional benefits - Life assurance cover and death benefits.

29 Liabilities on insurance contracts

(a) Liabilities on insurance contracts comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Life Fund (see (b)(i) below)	298,518	222,772	-	-
Provision for unexpired risks (see (c)(i) below)	827,493	571,774	-	-
	1,126,011	794,546	-	-

(b) (i) The movement in life fund is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of the year/period	222,772	90,258	-	-
Increase in life funds (see note 7 (a)(ii))	75,746	132,514	-	-
Balance, end of the year/period	298,518	222,772	-	-

(b) (ii) An actuarial valuation has been performed on the long term life policies, thus a deficit has been transferred to the profit and loss account. Whilst section 29(1) of the insurance act of 2003, requires an actuarial valuation at least once every three years, the Group performs life actuarial valuations on a yearly basis.

(c) The movement in provision for unexpired risk is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of the year/period	571,774	464,987	-	-
Increase in unexpired risks premium (see note 7(a) (i))	255,719	106,787	-	-
Balance, end of the year/period	827,493	571,774	-	-

30 Other liabilities

Other liabilities comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Customers' deposits for letter of credit (see note 13(a)(ii))	60,283,827	119,883,550	64,543,057	119,310,560
Secured buy back takings (see note 21)	-	31,500,000	-	31,500,000
Certified cheques	12,594,704	13,297,171	12,567,247	13,297,171
Unearned interest and discount	650,464	3,590	1,468	3,590
Interest payable	2,696,495	4,401,427	2,079,283	2,623,413
Other current liabilities	2,593,071	-	1,156,625	-
Other accounts payable	2,824,173	24,628,038	936,402	20,157,444
Deposit for shares	1,497	2,028,648	-	-
Unclaimed dividend (see note 11(c) & 32(b))	3,847,641	2,658,234	-	-
	85,491,872	198,400,658	81,284,082	186,892,178

31 Deferred taxation

(a) Deferred taxation comprises:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Deferred tax assets (see note (b)(i) below)	410,864	36,847	-	-
Deferred tax liabilities (see note (c)(ii) below)	(4,346,591)	(3,474,838)	(4,134,454)	(3,395,712)
	(3,935,727)	(3,437,991)	(4,134,454)	(3,395,712)

(b) (i) Deferred tax assets

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	36,847	20,649	-	-
Credit to income statement during the year/period (see note (10a))	374,017	16,198	-	-
Balance, end of year/period	410,864	36,847	-	-

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Fixed assets	7,529	6,891	-	-
Unrelieved losses	403,335	29,956	-	-
	410,864	36,847	-	-

(c) (i) Deferred tax liabilities

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of the year/period	3,474,838	2,808,927	3,395,712	2,731,679
Translation difference	(675)	19,460	-	-
(Credit)/Charge to income statements for the year/period (see note (10)(a))	872,428	646,451	738,742	664,033
Balance, end of the year/period	4,346,591	3,474,838	4,134,454	3,395,712

(c) (ii) The recognised deferred tax liabilities are attributable to the following:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Fixed assets	4,473,018	3,927,241	4,361,949	3,851,876
General provisions	-	(1,603,692)	-	(1,601,360)
Other assets	-	1,385,352	-	1,385,352
Gratuity provisions	(37,451)	(135,997)	(37,451)	(133,206)
Unrealised exchange loss	(102,196)	8,884	(190,044)	-
Other provisions	13,220	(106,950)	-	(106,950)
	4,346,591	3,474,838	4,134,454	3,395,712

(d) 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.

32 Dividend payable:

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	-	-	-	-
Final dividend declared	14,922,999	9,575,591	14,922,999	9,575,591
Payment during the year/period	(14,922,999)	(9,575,591)	(14,922,999)	(9,575,591)
Balance, end of year/period	-	-	-	-

(b) Unclaimed dividend amounting to ₦3,847,641,000 (31 December 2008: ₦2,658,234,192) has been included in other liabilities.(see note 30).

33 Retirement benefit obligations

(a) Retirement benefit obligations comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Defined contribution schemes (see note (b) below)	115,976	30,989	115,976	30,989
Defined benefit schemes (see note (c)(i) below)	137,099	444,021	124,835	444,021
	253,075	475,010	240,811	475,010

(b) *Defined contribution schemes*

The movement in defined contribution liability recognised is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	30,989	172,044	30,989	172,044
Charge for the year/period	896,069	640,795	896,069	640,795
Contribution remitted	(811,082)	(781,850)	(811,082)	(781,850)
	-			
Balance, end of year	115,976	30,989	115,976	30,989

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal Pension Fund Administrators. The oustanding balance as at year end of ₦115,976,000 (December 2008: ₦30,989,000) was settled subsequent to that date.

(c) (i) *Defined benefit schemes*

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	444,021	1,204,806	444,021	1,204,806
Charge for the year/period (see note 9(b))	1,112,264	777,354	1,100,000	777,354
Contribution remitted	(1,419,186)	(1,538,139)	(1,419,186)	(1,538,139)
Balance, end of year	137,099	444,021	124,835	444,021

The Group operates a defined benefit scheme where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of 10 years and gross salary on date of retirement.

During the year, the Bank's obligations due to the scheme were transferred to an a pension fund custodian, as the assets are administered by a pension fund administrator.

The balance of ₦137,099,000 (December 2008: ₦444,021,000) represents balance yet to be transferred to the pension fund custodian.

(c) (ii) The defined benefit obligation at the end of year/period represents the balance as actuarially determined by Alexander Forbes Consulting Actuaries Nigeria Limited. The Bank ensures that adequate provisions are made to meet its obligations under the scheme.

(c) (iii) The principal actuarial assumptions used were as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
- discount rate	12%	12%	12%	12%
- average rate of inflation	11% - 12%	11% - 12%	11% - 12%	11% - 12%
- future salary increases	9% - 10%	9% - 10%	9% - 10%	9% - 10%

34 Debt securities in issue

(a) (i) Debt securities in issue comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Corporate bonds (see note (a)(ii) below)	13,135,000	-	13,165,000	-
Eurobond debt security (see note (a)(iii) below)	52,350,550	48,838,125	52,350,655	48,838,125
	65,485,550	48,838,125	65,515,655	48,838,125

(a) (ii) The amount of ₦13,165,000,000 represents fixed rate senior unsecured non-convertible bonds issued by the Bank in December 2009. The debt security is redeemable in December 2014 and coupon is payable half yearly at 13.5% per annum. The amount represents the first tranche of a N200billion debt issuance programme.

(a) (iii) The amount of ₦52,350,655,000 (USD350,000,000) 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 follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	48,838,125	40,960,500	48,838,125	40,960,500
Issued during the year	13,135,000	-	13,165,000	-
Exchange loss	3,512,425	7,877,625	3,512,530	7,877,625
Balance, end of year/period	65,485,550	48,838,125	65,515,655	48,838,125

(c) The maturity profile of debt securities is as follows:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Below 1 year	-	-	-	-
Between 1 - 7 years	65,485,550	48,838,125	65,515,655	48,838,125
	65,485,550	48,838,125	65,515,655	48,838,125

35 Other borrowings:

(a) Borrowings comprise:

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Due to IFC (see note (a) (i) below)	8,493,520	9,244,359	8,493,520	9,244,359
Due to EIB (see note (a) (ii) below)	-	209,306	-	209,306
Due to ADB (see note (a) (iii) below)	3,839,048	4,604,738	3,839,048	4,604,738
	12,332,568	14,058,403	12,332,568	14,058,403

(a) (i) The amount of ₦8,493,520,000(USD 56,785,000) 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 amount of (USD 750,000) 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. The amount was fully repaid during the year.

(a) (iii) The amount of ₦3,839,048,000 (USD25,667,000) 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.

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Balance, beginning of year/period	14,058,403	15,182,076	14,058,403	15,182,076
Payments during the year/period	(2,737,048)	(4,043,518)	(2,736,942)	(4,043,518)
Exchange loss	1,011,213	2,919,845	1,011,107	2,919,845
Balance, end of year/period	12,332,568	14,058,403	12,332,568	14,058,403

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

	Group Dec. 2009 ₦'000	Group Dec. 2008 ₦'000	Bank Dec. 2009 ₦'000	Bank Dec. 2008 ₦'000
Below 1 year	-	1,755,847	-	1,755,847
Between 1 - 7 years	12,332,568	12,302,556	12,332,568	12,302,556
	12,332,568	14,058,403	12,332,568	14,058,403

36 Share Capital

		Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
		₦'000	₦'000	₦'000	₦'000
(a)	Authorised:				
	30,000,000,000 Ordinary shares of 50 kobo each (31 December 2008: 30,000,000,000 of 50k each)	15,000,000	15,000,000	15,000,000	15,000,000
(b) (i)	Issued and fully-paid:				
	18,653,748,614 Ordinary shares of 50 kobo each (31 December 2008: 14,922,998,891 Ordinary shares of 50k each)	9,326,875	7,461,500	9,326,875	7,461,500

(ii) Issued and fully paid-up shares comprise:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
15,704,236,614 ordinary shares of 50k each (31 December 2008: 10,975,696,920)	7,852,118	5,986,743	7,852,118	5,986,743
2,949,512,000 ordinary shares (GDR) of 50k each (31 December 2008: 2,949,512,000)	1,474,757	1,474,757	1,474,757	1,474,757
	9,326,875	7,461,500	9,326,875	7,461,500

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

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year/period	7,461,500	6,839,708	7,461,500	6,839,708
Bonus shares capitalized (see note 37(a) & (b))	1,865,375	621,792	1,865,375	621,792
Balance, end of year/period	9,326,875	7,461,500	9,326,875	7,461,500

(d) 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 at meetings of the Bank.

The Board of Directors appproved from the Bank's Profit during the year the issue of bonus shares of 1 new ordinary share for every 4 held, during the Annual General Meeting held on 20 May 2009. The bonus issue was capitalized during the year.

37 Reserves

(a) (i) Group

	Statutory Reserves	Contingency Reserves	SMEEIS Reserves	Translation Reserves	Bonus Reserves	Retained Earnings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year/period	28,151,818	401,365	5,297,904	(346,662)	1,865,375	16,083,910	51,453,710
Dividend paid (see note 32(a))	-		-	-	-	(14,922,999)	(14,922,999)
Transferred from profit and loss account	8,002,767	142,930	-	-	2,331,719	13,198,179	23,675,595
Transferred to retained earnings	-		(1,065,425)	-	-	1,065,425	-
Translation gain during the year/period	-		-	358,862	-	-	358,862
Transferred to share capital (see note 36(c))	-		-	-	(1,865,375)	-	(1,865,375)
Balance, end of the year/period	36,154,585	544,295	4,232,479	12,200	2,331,719	15,424,515	58,699,793

(a) (ii) As required by insurance regulations, a contingency reserve is maintained for both the non life insurance and life insurance contracts underwritten by the Group.

The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year.

The appropriation of contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund.

The contingency reserve for the Group, is the post acquisition portion of the Group's holding in the contingency reserve of Guaranty Trust Assurance Plc as at year end.

37 (b) Bank

	Statutory Reserves	SMEEIS Reserves	Bonus Reserves	Retained Earnings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year/period	27,712,292	5,297,904	1,865,375	18,137,089	53,012,660
Dividend paid (see note 32(a))	-	-	-	(14,922,999)	(14,922,999)
Transferred from profit and loss account (see note c and d below)	7,154,418	-	2,331,719	14,361,924	23,848,061
Transferred to retained earnings	-	(1,065,425)	-	1,065,425	-
Transferred to share capital (see note 36(c))	-	-	(1,865,375)	-	(1,865,375)
Balance, end of the year/period	34,866,710	4,232,479	2,331,719	18,641,439	60,072,347

(c) Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. However, the Bank transferred 30% of its profit after tax to statutory reserves as at year end.

(d) Subsequent to the balance sheet date, the Board of Directors has approved the transfer of ₦2,331,719,000 (31 December 2008 ₦1,865,375,000) 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 (31 December 2008: 1 new ordinary share for every 4 ordinary shares held).

(e) The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by a CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax.
However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.
During the year, an amount of ₦500,000,000 representing diminution in value of SMEEIS investment was transferred to retained earnings.

38 Non-controlling interest

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

	Group Dec. 2009	Group Dec. 2008
	₦'000	₦'000
GTB (Gambia) Limited	268,899	257,778
GTB (Sierra Leone) Limited	168,317	168,709
GT Assurance Plc	3,580,741	3,294,813
GTB (Ghana) Limited	366,832	320,825
GT Homes Limited	757,005	-
	5,141,794	4,042,125

(b) The movement in the non-controlling interest account during the year is shown below:

	Group Dec. 2009	Group Dec. 2008
	₦'000	₦'000
Balance, beginning of the year/period	4,042,125	3,335,075
Cash paid by non-controlling interest	1,747,988	395,842
Retained earnings for the year/period	11,248	707,003
Dilution in non-controlling interest	(36,634)	(257,735)
Effect of exchange differences	(101,658)	-
Dividend paid to minority interest	(521,275)	(138,060)
Balance, end of year/period	5,141,794	4,042,125

39 Contingent liabilities, guarantees and other commitments on behalf of customers

(a) *Litigations and claims*

The Bank, in its ordinary course of business, is presently involved in 154 cases as a defendant (31 December 2008: 98) and 35 cases as a plaintiff (31 December 2008: 32). The total amount claimed in the 154 cases against the Bank is estimated at ₦122,746,173,027 and $2,757,603 (31 December 2008: ₦8,487,020,960 and $20,750) while the total amount claimed in the 35 cases instituted by the Bank is ₦ 4,270,189,728 and $16,352,426 (31 December 2008: ₦472,820,325). However, the solicitors of the Bank are of the view that the probable liability arising from the cases pending against the Bank is not likely to exceed ₦21,340,988 (31 December 2008:₦132,490,819). The amounts have been fully provided for in the financial statements.

Based on the advice of the solicitors, 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 they are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

(b) _Operating lease commitments_

The future minimum lease payments under non-cancellable rental operating leases are disclosed in note 21(a)(iv).

(c) (i) _Guarantees and other commitments on behalf of customers._

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	₦'000	₦'000	₦'000	₦'000
Transaction-related bonds and guarantees (see note (c)(ii))	250,006,249	170,281,067	246,997,271	168,618,094
Guaranteed commercial papers and bankers acceptances (see note (c)(iii))	1,684,681	146,373,722	-	144,145,232
Clean-line facilities & irrevocable letters of credit	66,196,010	73,799,424	55,375,467	67,096,946
Commitments on foreign exchange contracts	14,712,413	-	13,917,969	
Other commitments	130,501	9,656,209	-	9,424,494
Guaranteed facilities	90,406	259,016	90,406	259,016
	332,820,260	400,369,438	316,381,113	389,543,782

(c) (ii) All the transaction-related bonds and guarantees are fully collaterised. The cash component out of the balance was ₦16,477,432,157 (31 December 2008: ₦26,120,245,000).

(c) (iii) In compliance with the Central Bank of Nigeria (CBN) circular issued on 18 November 2009 "Guidelines on issuance and treatment of Bankers Acceptance (BAs) and Commercial Papers (CPs)", the Bank has classified its BAs and CPs on balance sheet as they do not meet the recognition criteria as prescribed by the guideline.

40 Related Party transactions

(a) A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, placements and off balance sheet transactions. The volumes of related-party transactions, outstanding balances at the year-end was as follows:

(b) Risk assets outstanding as at 31 December 2009
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 ₦10,016,822,000 (31 December 2008: ₦11,542,887,000) was outstanding on these facilities at the end of the period. The status of performance of each facility is as shown below:

Name of company /individual	*Relationship*	*Facility type*	*₦ '000*	*Status*	*Nature of Security*
The Rock Montessori	Director related	Term loan/overdraft	190,122	Performing	Mortgage
Adesanya Adetokunbo	Director	Term loan/overdraft	73,610	Performing	Mortgage
Titilayo Adeojo	Director related	Overdraft	1,010	Performing	Cash
Sleeves Limited	Director related	Overdraft	9,924	Performing	Real Estate
Yewande Ogundare	Director related	GT AUTO loan	3,304	Performing	Mortgage
Shade Ogundare & Co	Director related	Overdraft	5,074	Performing	Mortgage
Payless Butchers and Supermarket	Director related	Overdraft	8,353	Performing	Real Estate
Augusto Enterprises	Director related	Overdraft	9,928	Performing	Mortgage
Enwereji Nneka Stella	Director related	Mortgage	28,928	Performing	Real Estate
Grand Opengate Services	Director related	Term loan	1,859	Performing	Cash
Sikilu Petroleum & Gas	Director related	Overdraft	3,931	Performing	Cash
Afren Okoro Ltd	Director related	Term loan	824,332	Performing	Debenture
Afren Nig Limited	Director related	Term loan	4,985,777	Performing	Debenture
Fenguru Nigeria Limited	Director related	Advance Payment Guarantee	6,612	Performing	Real Estate & APG proceeds
Mayfield Investments Ltd	Director related	Term loan/overdraft	65,496	Non-performing	Mortgage
Citiserve Limited	Director related	Term loan	19,820	Performing	Mortgage/Shares
Mrs. Funke Osibodu	Director related	Term loan	107,782	Performing	Shares
Rockwool Products Nig.Ltd	Director related	Term loan/overdraft	35,596	Performing	Shares/APG
Vigeo Limited	Director related	Term loan/overdraft	882,527	Performing	Mortgage/Shares
Noblevine Timber Ind Ltd	Director related	Term loan/overdraft	23,510	Performing	Debenture
Osibodu V. G.	Director	Overdraft	9,587	Performing	Shares
Olubukunola Olubunmi Adeniran	Director related	Term loan	1,000	Performing	Cash
Global Utilities	Director related	Term loan	750,000	Performing	Real Estate
Owelle Chikelu Gilbert	Director	Term loan	129,000	Performing	Real Estate
Matterson Properties	Director related	Term loan	240,000	Performing	Real Estate/shares
Matterson Nigeria	Director related	Term loan	284,189	Performing	Real Estate
Jaykay Pharmacy Ltd	Director related	Term loan	83,496	Performing	Debenture/
Livingold Limited	Director related	Term loan	456,000	Performing	Mortgage
First Marina Trust Limited	Director related	Term loan	554,668	Performing	Mortgage
Richardson Oil And Gas	Director related	Term loan/overdraft	145,714	Performing	Mortgage
Asupoto Babatunde	Director related	Term loan/overdraft	31,709	Performing	Mortgage
First Ashbell	Director related	Term loan/overdraft	38,598	Performing	Mortgage
Adam and Eve	Director related	Term loan	4,359	Performing	Tripatite Mortgage
Stephen Aghatise Idada	Director related	Overdraft	1,007	Performing	Cash
Total			10,016,822		

(c) Placements and related balance outstanding as at 31 December 2009

Included in placements held in Banks outside Nigeria is₦8,050,886,000, held by various subsidiares as at year end (December 2008:₦4,575,546,000). Interest receivable on the placement as at 31 December 2009 was ₦3,645,000 (December 2008: ₦17,662,000).

Subsidiaries	*Relationship*	*Amount*	*Interest Receivable*
		₦ '000	*₦ '000*
GTB (Sierra Leone) Limited	Subsidiary	747,867	706
GTB (Gambia) Limited	Subsidiary	747,867	664
GTB (Ghana) Limited	Subsidiary	747,867	831
GTB (UK) Limited	Subsidiary	5,807,285	1,444
		8,050,886	3,645

(d) Deposits oustanding as at 31 December 2009.

(i) Director/insiders related deposit liabiilties

Name of company/Individual	*Relationship*	*Type of Deposit*	*2009*	*2008*
			₦	₦
First Marina Trust Ltd-Special Call	Director related	Time Deposit	1	1
Akin Akintoye & Co	Director related	Time Deposit	1	1
Agusto & Co. Limited	Director related	Time Deposit	10,028	13
Monmodu Investment Company Limited	Director	Demand Deposit	200	117
Fenguru Nigeria Limited	Director	Demand Deposit	0	1,312
Babiyom Investments Nigeria Limited	Director	Demand Deposit	31	7
Areago Elegbede Adesola	Insider related	Demand Deposit	47	0
Agbaje Joseph Olujimi Kolawole	Director	Demand Deposit	61	4
Oyeleke Abioye Y.	Insider related	Demand Deposit	110,726	30
Areago Elegbede Adesola	Insider related	Time Deposit	1	1
GTB Staff Investment Trust	Director	Time Deposit	3	3
			121,099	1,488

(ii) Subsidiaries' deposit account balances

Name of company/Individual	*Relationship*	*Type of Deposit*	*2009*	*2008*
			₦	₦
Guaranty Trust Assurance Plc	Subsidiaries	Demand Deposit	459,383	350,201
GTB Asset Management Ltd	Subsidiaries	Demand Deposit	48,913	572,378
GT Homes Limited	Subsidiaries	Demand Deposit	13,646	-
GT Registrars Limited	Subsidiaries	Demand Deposit	2,913	45,986
Guaranty Trust Assurance Plc	Subsidiaries	Demand Deposit	-	-
GTB Asset Management Ltd	Subsidiaries	Time Deposit	695,847	674,627
GT Homes Limited	Subsidiaries	Time Deposit	256,419	584,744
GT Registrars Limited	Subsidiaries	Time Deposit	-	39,722
			1,477,121	2,267,658

41 Dividend per share

	Group	Group	Bank	Bank
	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
	12 months	10 months	12 months	10 months
	₦'000	₦'000	₦'000	₦'000
Dividend declared ₦1.00 (31 December: 2008 ₦0.70) per share.	14,922,999	9,575,591	14,922,999	9,575,591

During the year, a dividend of ₦1.00 was declared and paid to ordinary share holders.

42 Earnings per share

Earnings per share (EPS) has been computed based on profit after taxation and the weighted average number of ordinary shares of 18,653,748,614 (31 December 2008: 14,922,998,891) in issue during the year.

Adjusted earnings per share has been computed based on 18,653,750,000 ordinary shares as at 31 December 2009.

	Group	Group	Bank	Bank
	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008
	12 months	10 months	12 months	10 months
	₦'000	₦'000	₦'000	₦'000
Profit attributable to group shareholders	23,675,595	27,608,558	23,848,061	28,073,252
Number of ordinary shares in issue as at year end	18,653,750	14,923,000	18,653,750	14,923,000
Basic earnings per share	127k	185k	128k	188k
Adjusted earnings per share	127k	148k	128k	150k

43 Net cash flow from operating activities

Reconciliation of profit before tax to cash generated from operating activities:

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months	10 months	12 months	10 months
	₦'000	₦'000	₦'000	₦'000
Profit after tax	23,686,843	28,315,561	23,848,061	28,073,252
Add back: taxation charge	4,276,160	7,013,568	3,111,748	6,535,865
	27,963,003	35,329,129	26,959,809	34,609,117
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Allowance for bad and doubtful loans	35,354,563	4,039,137	35,069,086	3,934,836
Loans written off	355,791	3,244	334,906	3,244
Allowance for other assets	139,858	439,628	135,043	343,120
Allowance for insurance receivables	103,516	96,508	-	-
Reversal of allowance for doubtful other assets	(34,000)	(550,300)	-	(550,300)
Loss on disposal of trading properties	1,932,177	(1,918,556)	-	-
Depreciation of property and equipment	6,013,552	4,014,847	5,307,232	3,588,570
Gain on disposal of property and equipment	(81,665)	(37,382)	(81,264)	(35,563)
Increase in foreign currency translation reserve	344,024	353,466	-	-
Unrelalised exchange loss on other borrowings (see note 35(b))	1,011,213	2,919,845	1,011,107	2,919,845
Unrealised exchange loss on debt securities issued (see note 34(b))	3,512,425	7,877,625	3,512,530	7,877,625
Unrealised exchange loss on finance lease obligations (see note 27(b))	421,404	-	421,404	-
Allowance for investments	1,329,627	-	1,329,627	-
Gratuity provisions	1,112,264	777,354	1,100,000	777,354
Revaluation loss on gratuity investment	-	784,954	-	784,954
Dividend income from equity investments	(358,620)	(230,398)	(1,530,245)	(136,253)
Interest paid on borrowings	6,053,331	2,183,844	5,554,944	2,183,844
Interest paid on finance lease	386,462	281,925	386,462	281,925
Net cash flow from operating activities before changes in operating assets	85,558,925	56,364,870	79,510,641	56,582,318

(Increase)/decrease in operating assets:

Cash reserve balances	1,551,843	1,354,906	1,551,843	1,354,906
Loans and advances	(182,880,119)	(137,129,148)	(159,557,985)	(131,311,584)
Advances under finance leases	18,006	(5,800)	22,788	(5,800)
Insurance receivables	(316,375)	(187,556)	-	-
Investment securities - short term	(38,320,570)	30,575,873	(42,030,349)	33,116,948
Interest receivable and prepayments	(1,640,487)	(888,688)	932,201	208,525
Other asset receivables	35,213,392	43,943,313	36,320,103	45,422,947
Goodwill arising during the year	-	(187,896)	-	-
	(186,374,310)	(62,524,996)	(162,761,399)	(51,214,058)
Increase/(decrease) in operating liabilities:				
Customers deposits	212,475,097	110,412,421	216,520,814	90,890,706
Customers' deposit for foreign currency denominated obligations	(59,599,723)	110,796,138	(54,767,503)	110,286,758
Investment contract liabilities	528,708	249,872	-	-
Insurance contract liabilities	331,465	169,474	-	-
Interest payable and unearned income	(1,058,058)	792,516	(546,252)	(955,115)
Other liabilities	(52,166,019)	(19,342,737)	(50,209,354)	(19,977,729)
Outstanding claims	162,043	118,761		
	100,673,513	203,196,445	110,997,705	180,244,620
Net cash flow from operating activities	(141,872)	197,036,319	27,746,947	185,612,880

44 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash, treasury bills and other eligible bills, operating account with other banks, amounts due from other banks and short-term government securities.

	Group Dec. 2009	Group Dec. 2008	Bank Dec. 2009	Bank Dec. 2008
	12 months	10 months	12 months	10 months
	₦'000	₦'000	₦'000	₦'000
Cash in hand and balances with CBN				
(less restricted balances) (see note 11(a))	30,129,157	57,036,897	29,129,993	55,266,833
Treasury bills (see note 12)	36,936,014	62,216,318	29,405,616	52,715,562
Due from other banks (see note 13)	225,330,111	219,821,791	202,810,278	191,187,296
Due to other banks (see note 25(a))	(14,981,705)	(27,965,203)	(1,083,016)	(27,965,203)
	277,413,577	311,109,803	260,262,871	271,204,488

45 Compliance with banking regulations

The bank did not contravene any regulations of the Banks and Other Financial Institutions Act 1991 or relevant circulars issued by the Central Bank of Nigeria.

Section	Nature	No of times	Penalty
-	-	-	-

46 Events after balance sheet date

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2009 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

47 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the the current year, as required by the 18 January 2010 CBN circular BSD/DIR/CEN/CIR/04/004 on "minimum information to be contained in the financial statements".

48 Financial Risk Management

For the year ended 31 December 2009

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 rolesand 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.

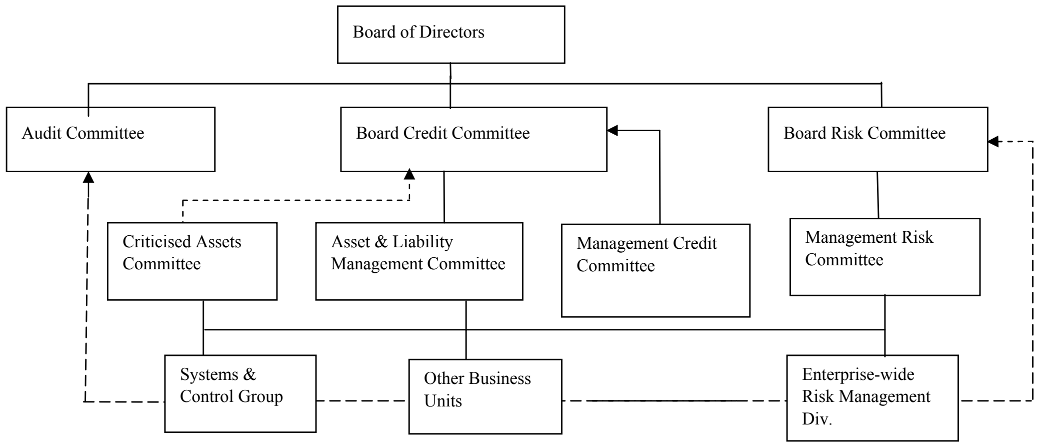
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Bank. These committees are:

- Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Management Risk Committee
- 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 risks 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 Guide
- ERM policies
- 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 Management 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 Overview

Guaranty Trust Bank operates a robust and functional Enterprise-wide Risk Management (ERM) Division that manages all aspects of risk – including threats and opportunities. The risk management infrastructure therefore encompasses a holistic, comprehensive and integrated approach to identifying, managing and reporting (i) the 3 main inherent risk groups – Credit, Market and Operational; (ii) residual risks such as Settlement and Legal risks; (iii) additional core risks being Reputational and Strategy risks; and (iv) monitoring of the Bank's subsidiaries' risks.

In addition to this, in compliance with the Central Bank of Nigeria's 'Risk-based Supervision' guidelines, and also to align with Basel II Capital Accord / best global practices, we are in the process of incorporating a strategic framework for even more efficient measurement and management of the bank's risks and capital. To this end, we have gone through the process of engaging with appropriate solution providers and plan, in the second quarter of 2010, to commence implementation of Basel II recommended capital measurement approaches (and the modeling and data collation required for these), economic capital to cope with unexpected losses, and other qualitative and quantitative measures that will assist us with enhancing our risk management workflows and creating a platform for more efficient risk-adjusted decision-making based on our aggregate exposures.

Risk Management Outlook

In the 2007/2008 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 enhance shareholder value by creating and maintaining a culture of intelligent risk-taking**"

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 unit.
- 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 integrates risk management into its strategy setting; so that an enterprise-wide approach to managing risks becomes an integral part of our DNA.
- 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 the 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, 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 **Management Risk Committee** is charged with the responsibility of ensuring that the risk the Bank is taking is within its risk acceptance criteria. It also reviews the Bank's risk policies, procedures and practices to ensure that the risk-reward profile supports the overall appetite and tolerance of the entire business units on an integrated basis.

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

Credit Risk

Guaranty Trust Bank defines credit risk as the risk that a counterparty will fail to honour its payment obligations to the Bank, leading to financial loss. Credit risk is the most critical risk for the Bank as credit exposures, arising from lending activities account for the major portion of the Bank's assets and source of its revenue. Thus, the Bank ensures that credit risk related exposures are properly monitored, managed and controlled. The Credit Risk Management Group is responsible for identifying, controlling, monitoring and reporting credit risk related issues.

The Bank’s Credit Risk Management Group is responsible for managing the Bank’s credit exposures, which arise as a result of the bank’s lending and investment activities as well other unfunded credit exposures that have default probabilities; such as off-balance sheet financial instruments. The Group also serves as the secretariat for the Management Credit Committee.

For credit risk capital adequacy computation, under Basel II Pillar l, the Bank will commence with the use of the **Standardized Approach** for credit risk measurement.

Credit Risk Measurement

(a) ***Loans and Advances***

Guaranty Trust Bank undertakes lending activities after careful analysis of the borrowers’ character, capacity to repay, cashflow, credit history, industry and other factors. The Bank acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

The Bank’s rating grades reflect the range of parameters developed to predict the default probabilities of each rating class. Currently, the Bank’s six grade internal risk rating system deals with all credit risk counterparties and this covers all the Bank’s credit exposure to corporate, commercial, retail and public sectors. The rating system, which has been applied since 1990, reflects quality of each credit transaction after considering the financial and non financial parameters of the obligors as well as the quality of the transaction and the credit risk mitigants.

The Bank also employs Moody’s Rating Scale concurrently with its six grade rating system. The former is currently being validated.

On the six grade rating scale, the first 3 (1-3) ratings cover active credits or newly proposed acceptable credits (ratings 1 & 2 represents the investment grade classes) while the last three (4-6) ratings apply to delinquent credits which are due to be called in or already handed over to solicitors for collection. Specifically, the ratings definitions are highlighted below:

- *Grade 1 – Superior Credits:* These are recognised as credits with overwhelming capacity to repay obligations. Attributes such as strong position in the industry, good track record, strong brand name, strong equity and assets, focused management with integrity, adequate cash flow and full cash cover are major factors to be considered.

- *Grade 2 – Above Average:* They possess most of the attributes of superior credits but may have weaknesses, which should not significantly impair repayment capacity.

- *Grade 3 – Acceptable Credits:* They have most of the attributes of above average credits but may have one or more weaknesses which, if not closely managed, could impair repayment capacity. Weaknesses such as short track record, low market share, highly cyclical demand, low capitalisation and price control on its products are considered.

- *Grade 4 – Watch list Credits:* These are existing facilities that have shown signs of deterioration because they have well defined weaknesses, which could affect the ability of borrower to repay. Weaknesses such as, but not restricted to, overdrawn accounts without significant movement for up to 3 months, evidence of funds diversion, loss in borrowers’ profit, poor information disclosure, delays in payment of principal and interest are considered.

- *Grade 5 – Doubtful & Substandard Credits:* This is applied when a strong doubt exists that full repayment of principal and interest will occur. Major weaknesses here are unpaid principal and/or interest that are past due for 90 days or more, losses experienced consistently for 2 years, eroded borrower's networth due to a major business failure or disaster and security offered has deteriorated in value and full repayment is not guaranteed from normal operating sources.

  Grade 6 – Bad & Lost: This applies when all or part of the outstanding loans are uncollectible based on existing conditions at the time. Major weaknesses include outstanding principal and/or interest for more than 180 days, legal process does not guarantee full recovery, borrower is under receivership or in the process of liquidation, borrower cannot be located and documentation is too inadequate to pursue recovery through legal means.

The Credit Risk Management Group centrally handles assessment of risk ratings and this is usually done on a quarterly basis with advice to relationship managers on the current risk ratings of their customers' facilities and the criteria employed to arrive at such ratings.

Risk Limit Control and Mitigation Policies

Guaranty Trust Bank applies limits to control credit risk concentration and ensure proper diversification of its risk assets portfolio. The Bank maintains limits for individual borrowers and groups of related borrowers, as well as industries. Obligor limits are set by the regulators and it is currently at 20% of the Bank's shareholder's funds. The obligor limit covers exposures to counterparties and related parties.

Although the Bank is guided by this regulatory limit, we apply additional parameters internally in determining the suitable limits that an individual borrower should have. These include: obligor rating, position in the industry and perceived requirements of key players (e.g. import finance limit may be determined by the customer's import cycle and volume during each cycle), financial analysis, etc.

The Bank imposes industry/economic sector limits to guide against concentration risk as a result of exposures to sets of counterparties operating in a particular industry. The industry limits are arrived at after rigorous analysis of the risks inherent in the industry. The limits are usually recommended by the Bank's Portfolio Management Unit under Credit Risk Management Group. The limits are presented for approval at any of the following meetings:

- Corporate planning and review meetings
- Annual Budget meetings
- Monthly Performance Review (MPR) meetings
- Quarterly Business Review meetings
- Management Risk Committee meetings
- Criticised Assets Committee meetings
- Assets and Liability Management Committee meetings

The limits set for each industry or economic sector depend on the historical performance of the sector as well as the intelligence report on the outlook of the sector. During the year, limits can be realigned (outright removal, reduction or increase to meet the exigencies of the prevailing macroeconomic events.

The Bank also sets internal credit approval limits for various levels of officers in the credit process. Approval decisions are guided by the Bank's strategic focus as well as the stated risk appetite and the other limits established by the board or regulatory authorities such as Aggregate Large Exposure Limits, Single Obligor Limits, Geographical Limits, Industry/ Sectora limits etc.

The lending authority in the Bank flows through the management hierarchy with the final authority residing with the Board of Directors as indicated below:

Board of Directors	Up to Bank's one Obligor limit as advised by Central Bank of Nigeria from time to time but currently put at 20% of share Shareholders' funds
Management Credit Committee	Up to ₦500 Million
Managing Director	Up to ₦200 Million
Deputy Managing Director	Up to ₦150 Million
Other Approving Officers	as delegated by The Managing Director

The above limits are subject to the following exceptional approvals:

- Except where a facility is cash collateralized, all new facilities below ₦10million require the approval of the Credit Committee.
- The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.
- Totally new facilities require one-up approval i.e. approval at a level higher than that of the person that would ordinarily approve it.

The amount being approved must be within the appropriate authority limit; otherwise the credit goes to the next level of lending authority or consultative forum such as the Management Credit Committee (MCC) or the Board, for review and approval as required. New products are also presented to the MCC for review and approval.

Some other specific control and mitigation measures are outlined below:

(a) ***Collateral policies***

The Bank ensures that each credit is reviewed and granted based on the strength of the borrowers' cashflow. However, the Bank also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the Bank's credit policy guide. These include the following policy statements amongst others:

(i) Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Bank. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the Bank.

(ii) Client's account balances must be within the scope of cover provided by its collateral.

(iii) All collateral offered must have the following attributes:

- There must be good legal title.
- The title must be easy to transfer.
- It should be easy and relatively cheap to value.

- The value should be appreciating or at least stable.
- The security must be easy to sell.

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank.

All cash collateralized facilities shall have a 20% margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor.

The main collateral types acceptable to the Bank for loans and advances include:

(i) Mortgages over residential properties.
(ii) Charges over business premises, fixed and floating assets as well as the inventory.
(iii) Charges over financial instruments such as equities, treasury bills etc.

The Bank ensures that other financial assets, aside from loans and advances, such as Bank placements, are secured with treasury bills or a Central Bank of Nigeria guarantee.

(b) ***Off-balance sheet engagements***

These instruments are contingent in nature and they carry the same credit risk as loans and advances. As a policy, the Bank ensures that all its off-balance sheet exposures are subjected to the same rigorous credit analysis, like that of the on-balance sheet exposures, before availment. The major off-balance sheet items in the Bank’s books are Bonds and Guarantees, which the Bank will only issue where it has full cash collateral or a counter indemnity from a first class bank, or another acceptable security.

(c) ***Placements***

The Bank has placement lines for its Bank counterparties. The lines cover the settlement risks inherent in our activities with these counterparties. The limits are arrived at after conducting fundamental analysis of the counterparties and must be presented to and approved by the Bank’s Management Credit Committee. The lines are monitored by Credit Risk Management Group. As a rule, the Bank’s placements with local Banks are backed with treasury bills or guarantees of the Central Bank of Nigeria. However, the exposures must be within the Bank’s one obligor position.

Provisioning policies

The Credit Risk Management Group of the Bank conducts detailed review of the risk assets portfolio and applies objective and subjective criteria in classifying loans with repayment difficulties. The classification and the attendant provisioning is derived from the statutory requirement for non-performing loans as prescribed by the Central Bank of Nigeria.

The Bank’s provisioning benchmark is highlighted in the table below:

No of Days Overdrawn	Classification	% Provision taken
90 – 180	Substandard	10%
180 – 360	Doubtful	50%
Over 360	Lost	100%

In addition, immediately an account is classified as non-performing, the interest is accounted for on non-accrual basis i.e. interest is not recognized as income but suspended.

Furthermore, if the occurrence of a loss event is certain, appropriate provisions will be made regardless of the fact that such loan does not fall into any of the above categories.

Risk Assets (Loans and Advances, Advances under Finance Leases, off-balance sheet direct credit substitutes etc)

Loans and advances are summarised as follows:

	Group 2009 ₦'000	**Group 2008 ₦'000**	**Bank 2009 ₦'000**	**Bank 2008 ₦'000**
Performing	527,268,300	417,748,582	501,885,935	415,569,848
Non-Performing				
Substandard	52,157,402	3,545,021	51,710,397	3,247,068
Doubtful	2,632,669	2,491,929	2,524,756	2,440,506
Lost	13,245,846	663,505	13,173,983	605,232
Interest in suspense	2,790,168	1,078,012	2,714,651	1,041,722
TOTAL	598,094,385	425,527,049	572,009,722	422,904,376

Performing but Past Due Loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

Group

As at 31 December 2009	Corporate 2009 ₦'000	Public Sector 2009 ₦'000	Retail 2009 ₦'000	Commercial 2009 ₦'000	Total 2009 ₦'000
Past due 0 - 30 days	66,563	4,008	99,901	138,024	308,496
Past due up to 30 - 60 days	21,131	-	3,076	-	24,207
Past due up to 60 - 90 days	43,912	57,661	1,132	244,343	347,048
	131,606	61,669	104,109	382,367	679,751

Group

As at 31 December 2008	Corporate 2008 ₦'000	Public Sector 2008 ₦'000	Retail 2008 ₦'000	Commercial 2008 ₦'000	Total 2008 ₦'000
Past due 0 to 30 days	32,273	387	84,661	12,826	130,147
Past due up to 30 - 60 days	2,953	1,092	14,735	4,878	23,658
Past due up to 60 - 90 days	1,324,872	20,608	271,998	295,497	1,912,975
	1,360,098	22,087	371,394	313,201	2,066,780

Bank

As at 31 December 2009	Corporate 2009 ₦'000	Public Sector 2009 ₦'000	Retail 2009 ₦'000	Commercial 2009 ₦'000	Total 2009 ₦'000
Past due 0 - 30 days	11,353	4,008	97,632	138,024	251,017
Past due up to 30 - 60 days	-	-	1,445	-	1,445
Past due up to 60 - 90 days	39,098	57,661	1,017	244,343	342,119
	50,451	61,669	100,094	382,367	594,581

Bank

As at 31 December 2008	Corporate 2008 ₦'000	Public Sector 2008 ₦'000	Retail 2008 ₦'000	Commercial 2008 ₦'000	Total 2008 ₦'000
Past due 0 to 30 days	18,381	387	84,661	12,826	116,255
Past due up to 30 - 60 days	-	1,092	14,735	4,878	20,705
Past due up to 60 - 90 days	1,321,678	20,608	271,998	295,497	1,909,781
	1,340,059	22,087	371,394	313,201	2,046,741

Non-Performing Loans by Industry

	Group 2009 ₦'000	Group 2008 ₦'000	Bank 2009 ₦'000	Bank 2008 ₦'000
Agriculture	786,629	297,476	659,131	289,014
General Commerce	2,860,380	884,258	2,820,879	788,046
Consumer Credit	22,032	-	-	-
Manufacturing	26,157,653	426,008	26,157,653	425,991
Mining, Oil and Gas	7,558,654	34,995	7,535,703	2
Real Estate and Construction	21,803,317	350,738	21,784,603	257,849
Credit and Financial Institutions	1,563,407	2,449,833	1,563,407	2,449,833
Transportation and Communication	4,955,962	1,824,503	4,946,765	1,824,503
General Industry	5,118,051	1,510,656	4,655,646	1,299,290
TOTAL	70,826,085	7,778,467	70,123,787	7,334,528

Non-Performing Loans by Geography

	Group 2009	Group 2008	Bank 2009	Bank 2008
	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	1,445,857	2,306,072	1,445,857	2,306,072
Lagos	64,333,185	3,330,758	64,333,185	3,330,758
North East	677,397	458,125	677,397	458,125
North West	144,059	42,090	144,059	42,090
South East	1,765,471	794,702	1,765,471	794,702
South West	1,757,818	402,781	1,757,818	402,781
Rest of West Africa	702,298	443,939	-	-
Europe	-	-	-	-
TOTAL	70,826,085	7,778,467	70,123,787	7,334,528

Concentration of risks of financial assets with credit risk exposure

(a) **Geographical Sectors**

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2009. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

Group

As at 31 December 2009	Due from banks 2009	Loans 2009	Advances under finance lease 2009	Debt Instruments 2009	Total 2009
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	33,083,784	-	121,928,250	155,012,034
Lagos	87,346,825	420,973,854	-	2,000,000	510,320,679
North East	-	17,590,995	1,288	-	17,592,283
North West	-	9,518,986	-	-	9,518,986
South East	-	57,251,319	-	-	57,251,319
South West	-	36,918,295	-	5,000,000	41,918,295
Rest of west africa	13,222,261	19,983,408	4,782	-	33,210,451
Europe	73,913,201	2,773,744	-	-	76,686,945
Others	50,847,824	-	-	-	50,847,824
	225,330,111	598,094,385	6,070	128,928,250	952,358,816

Group

As at 31 December 2008	Due from banks 2008	Loans 2008	Advances under finance lease 2008	Debt Instruments 2008	Total 2008
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	30,474,543	-	80,515,185	110,989,728
Lagos	42,358,391	285,299,423	-	-	327,657,814
North East	-	25,343,686	24,076	-	25,367,762
North West	-	9,591,830	-	-	9,591,830
South East	-	27,948,548	-	-	27,948,548
South West	-	36,773,932	-	-	36,773,932
Rest of west africa	14,280,705	10,043,438	-	-	24,324,143
Europe	89,694,986	51,649	-	-	89,746,635
Others	73,487,709	-	-	-	73,487,709
	219,821,791	425,527,049	24,076	80,515,185	725,888,101

Bank

As at 31 December 2009	Due from banks 2009	Loans 2009	Advances under finance lease 2009	Debt Instruments 2009	Total 2009
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	33,083,784	-	122,538,533	155,622,317
Lagos	80,000,000	417,646,343	-	2,000,000	499,646,343
North East	-	17,590,995	1,288	-	17,592,283
North West	-	9,518,986	-	-	9,518,986
South East	-	57,251,319	-	-	57,251,319
South West	-	36,918,295	-	5,000,000	41,918,295
Rest of west africa	4,144,440	-	-	-	4,144,440
Europe	67,818,014	-	-	-	67,818,014
Others	50,847,824	-	-	-	50,847,824
	202,810,278	572,009,722	1,288	129,538,533	904,359,821

Bank

As at 31 December 2008	Due from banks 2008	Loans 2008	Advances under finance lease 2008	Debt Instruments 2008	Total 2008
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	30,474,543	-	80,515,185	110,989,728
Lagos	35,242,242	294,024,856	-	-	329,267,098
North East	-	25,343,686	24,076	-	25,367,762
North West	-	9,607,505	-	-	9,607,505
South East	-	27,948,548	-	-	27,948,548
South West	-	35,505,238	-	-	35,505,238
Rest of west africa	3,230,151	-	-	-	3,230,151
Europe	79,227,194	-	-	-	79,227,194
Others	73,487,709	-	-	-	73,487,709
	191,187,296	422,904,376	24,076	80,515,185	694,630,933

Group
Industry Sectors

As at 31 December 2009	Due from banks 2009	Loans 2009	Advances under finance lease 2009	Debt Instruments 2009	Total 2009
	₦'000	₦'000	₦'000	₦'000	₦'000
Agriculture	-	2,364,009	-	-	2,364,009
Capital Market	-	24,295,644	-	-	24,295,644
Communication	-	53,612,219	-	-	53,612,219
Consumer Credit	-	40,749,774	-	-	40,749,774
Education	-	7,017,104	-	-	7,017,104
Finance and Insurance	218,630,530	18,738,985	1,288	128,928,250	366,299,053
Government		13,875,607	-	-	13,875,607
Manufacturing	-	111,279,641			111,279,641
Mining and Quarrying	-	20,679,955	-	-	20,679,955
Mortgage	-	33,720,866	-	-	33,720,866
Oil and gas	-	80,220,613	-	-	80,220,613
Others	6,699,581	132,456,301	4,782		139,160,664
Real Estate and Construction	-	41,867,942	-	-	41,867,942
Transportation	-	17,215,725	-	-	17,215,725
	225,330,111	598,094,385	6,070	128,928,250	952,358,816

Group

As at 31 December 2008	Due from banks 2008 ₦'000	Loans 2008 ₦'000	Advances under finance lease 2008 ₦'000	Debt Instruments 2008 ₦'000	Total 2008 ₦'000
Agriculture	-	1,663,551	-	-	1,663,551
Capital Market	-	18,810,792	-	-	18,810,792
Communication		18,702,577			18,702,577
Consumer Credit	-	42,134,674	-	-	42,134,674
Education	-	1,373,858	-	-	1,373,858
Finance and Insurance	216,110,340	-	-	-	216,110,340
Government	-	304,252	24,076	80,515,185	80,843,513
Manufacturing	-	111,818,844	-	-	111,818,844
Mining and Quarrying	-	29,557,832		-	29,557,832
Mortgage	-	26,570,182	-	-	26,570,182
Oil and gas	-	22,259,510	-	-	22,259,510
Others	3,711,451	109,164,439	-	-	112,875,890
Real Estate and Construction	-	29,335,343	-	-	29,335,343
Transportation	-	13,831,195	-	-	13,831,195
	219,821,791	425,527,049	24,076	80,515,185	725,888,101

Bank

(b) **Industry Sectors**

As at 31 December 2009	Due from banks 2009 ₦'000	Loans 2009 ₦'000	Advances under finance lease 2009 ₦'000	Debt Instruments 2009 ₦'000	Total 2009 ₦'000
Agriculture	-	1,651,864	-	-	1,651,864
Capital Market	-	23,877,544	-	-	23,877,544
Communication	-	52,888,325	-	-	52,888,325
Consumer Credit	-	40,091,985	-	-	40,091,985
Education	-	3,374,985	-	-	3,374,985
Finance and Insurance	202,810,278	18,220,560	-	-	221,030,838
Government	-	12,775,430	1,288	129,538,533	142,315,251
Manufacturing	-	110,299,174	-	-	110,299,174
Mining and Quarrying	-	20,679,955	-	-	20,679,955
Mortgage	-	33,720,866	-	-	33,720,866
Oil and gas	-	80,220,613	-	-	80,220,613
Others	-	116,192,612	-	-	116,192,612
Real Estate and Construction	-	40,800,084	-	-	40,800,084
Transportation	-	17,215,725	-	-	17,215,725
	202,810,278	572,009,722	1,288	129,538,533	904,359,821

Bank

As at 31 December 2008	Due from banks 2008 ₦'000	Loans 2008 ₦'000	Advances under finance lease 2008 ₦'000	Debt Instruments 2008 ₦'000	Total 2008 ₦'000
Agriculture	-	1,364,943	-	-	1,364,943
Capital Market	-	18,810,792	-	-	18,810,792
Communication	-	18,702,577	-	-	18,702,577
Consumer Credit	-	37,897,933	-	-	37,897,933
Education	-	2,860,791	-	-	2,860,791
Finance and Insurance	191,187,296	32,634,278	-	-	223,821,574
Government	-	304,252	24,076	80,515,185	80,843,513
Manufacturing	-	79,610,309			79,610,309
Mining and Quarrying	-	29,557,832	-	-	29,557,832
Mortgage	-	26,570,182	-	-	26,570,182
Oil and gas	-	22,259,510	-	-	22,259,510
Others	-	109,164,439			109,164,439
Real Estate and Construction	-	29,335,343			29,335,343
Transportation	-	13,831,195			13,831,195
	191,187,296	422,904,376	24,076	80,515,185	694,630,933

Analysis by Portfolio Distribution and Risk Rating

As at 31 December	Group 2009	Group 2008	Bank 2009	Bank 2008
Risk rating	₦'000	₦'000	₦'000	₦'000
Rating 1 - 2	331,977,014	218,464,263	329,140,014	225,936,677
Rating 3	174,072,469	177,206,398	170,713,681	174,964,552
Rating 4	2,032,240	14,668,620	2,032,240	14,668,620
Rating 5 - 6	70,123,787	7,334,527	70,123,787	7,334,527
Unrated	19,888,875	7,853,241	-	-
Total	598,094,385	425,527,049	572,009,722	422,904,376

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 rate risk, exchange rate risk, liquidity risk, Investment risk and 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, including 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 purposes.

Overall authority for the management and reporting of market and liquidity risks inherent in our businesses across the Bank is vested in the Market Risk Management Committee. However, the Market Risk Management group within the ERM Division is responsible for the development of market risk management policy and monitors specific market and liquidity risks inherent in our business. The group is also responsible for ensuring that any exposure is efficiently identified, measured, monitored and managed.

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

The Bank makes use of limit monitoring, as well as Sensitivity Analyses (including Value-at-Risk and other stress testing techniques) as the principal tools to measure and control the market risk exposures within its trading portfolio and risk assets or deposit liabilities. Specific limits have been set (eg. open position limits, placement limits, etc.) The Market Risk Management group ensures that these limits are adhered to by the Bank.

For market risk capital adequacy computations under Basel II Pillar l, 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, whilst keeping a bird's eye view on Reputational and Strategy risks".

The following tools and methodologies are being utilized:

- Business Continuity Management (BCM);
- Documentation of a detailed and comprehensive Business Continuity Plan (BCP);
- Risk & Control Self Assessments (RCSAs);
- Key Risk Indicators;
- Risk Register for cataloguing ORM events;
- Occupational Health and Safety procedures and initiatives;
- Information Risk Management Awareness;
- Fraud Risk Management initiatives;
- Compliance and Legal Risk Management;
- A Loss Incident Reporting facility to be available on the intranet for collation of operational risk loss events.

Reports are sent out on a monthly and quarterly basis to Management and various stakeholders.

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

The bank has also commenced management of its Reputational and Strategy risks.

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 its 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.

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency.

Group

31 December 2009	Naira Dec 2009 ₦'000	Dollar Dec 2009 ₦'000	GBP Dec 2009 ₦'000	Euro Dec 2009 ₦'000	Others Dec 2009 ₦'000	Total Dec 2009 ₦'000
Assets:						
Cash and balances with central banks	31,380,823	2,235,797	860,080	687,951	725,280	35,889,931
Treasury bills	29,405,616	-	-	-	7,530,398	36,936,014
Due from other banks	89,590,426	98,941,742	8,536,115	18,278,993	9,982,835	225,330,111
Loans and advances to customers	433,967,080	111,020,786	869,675	11	17,630,612	563,488,164
Advances under finance lease	1,288	-	-	-	4,782	6,070
Trading properties	5,070,666	-	-	-	-	5,070,666
Insurance receivables	809,546	-	-	-	-	809,546
Investment securities	136,060,928	132,700	1	-	-	136,193,629
Other assets	10,050,549	832,710	-	563	4,639,422	15,523,244
Deferred tax asset	410,864	-	-	-	-	410,864
Property and equipment	46,491,151	-	-	-	-	46,491,151
Goodwill on consolidation	354,328	-	-	-	-	354,328
Total financial assets	783,593,265	213,163,735	10,265,871	18,967,518	40,513,329	1,066,503,718
Liabilities:						
Customer deposits	588,676,304	56,745,985	8,655,704	2,746,484	26,256,425	683,080,902
Due to other banks	1,095,490	11,554,424	1,717,084	511,647	103,060	14,981,705
Claims payable	350,631	-	-	-	-	350,631
Finance lease obligations	-	2,211,130	-	-	-	2,211,130
Liability on investment contract	1,115,094	-	-	-	-	1,115,094
Liability on insurance contract	1,126,011	-	-	-	-	1,126,011
Current income tax	2,942,457	-	-	-	541,104	3,483,561
Other liabilities	17,260,028	47,813,198	2,694,002	15,106,906	2,617,738	85,491,872
Deferred tax liabilities	4,336,541	-	-	-	10,050	4,346,591
Retirement benefit obligations	240,811	-	-	-	12,264	253,075
Debt securities in issue	-	65,485,550	-	-	-	65,485,550
Other borrowings	-	12,332,568	-	-	-	12,332,568
Total liabilities	617,143,367	196,142,855	13,066,790	18,365,037	29,540,641	874,258,690
Net on-balance sheet financial position	166,449,898	17,020,880	(2,800,919)	602,481	10,972,688	192,245,028
Off balance sheet	219,125,643	101,167,554	728,798	8,235,110	3,563,155	332,820,260

31 December 2008	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Total financial assets	635,382,128	257,931,467	8,790,299	29,070,933	28,008,866	959,183,693
Total financial liabilities	510,460,599	210,123,581	7,963,270	29,765,069	18,837,274	777,149,793
Net on-balance sheet financial position	124,921,529	47,807,886	827,029	(694,136)	9,171,592	182,033,900
Off balance sheet	277,081,715	108,213,900	72,737	9,027,654	5,973,432	400,369,438

Bank

Concentrations of currency risk – on- and off-balance sheet financial instruments

31 December 2009	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Assets:						
Cash and balances with central banks	31,380,560	2,064,658	770,740	672,307	2,502	34,890,767
Treasury bills	29,405,616	-	-	-	-	29,405,616
Due from other banks	80,000,000	102,942,404	2,037,080	17,561,969	268,825	202,810,278
Loans and advances to customers	430,671,764	107,452,306	11,098	11	2,390	538,137,569
Advances under finance lease	1,288	-	-	-	-	1,288
Investment securities	132,914,008	-	1,212,984	-	-	134,126,992
Investment in subsidiaries	29,774,817	-	-	-	-	29,774,817
Other assets	9,066,169	412,561	-	-	-	9,478,730
Property and equipment	41,285,479	-	-	-	-	41,285,479
Total financial assets	784,499,701	212,871,929	4,031,902	18,234,287	273,717	1,019,911,536
Liabilities:						
Customer deposits	590,298,630	65,253,321	4,072,766	2,635,423	886	662,261,026
Due to other banks	1,083,016	-	-	-	-	1,083,016
Finance lease obligations	-	2,211,130	-	-	-	2,211,130
Current income tax	2,373,006	-	-	-	-	2,373,006
Other liabilities	16,325,289	47,381,050	2,358,935	15,106,285	112,523	81,284,082
Deferred tax liabilities	4,134,454	-	-	-	-	4,134,454
Retirement benefit obligations	240,811	-	-	-	-	240,811
Debt securities in issue	-	65,515,655	-	-	-	65,515,655
Other borrowings	-	12,332,568	-	-	-	12,332,568
Total liabilities	614,455,206	192,693,724	6,431,701	17,741,708	113,409	831,435,748
Net on-balance sheet financial position	170,044,495	20,178,205	(2,399,799)	492,579	160,308	188,475,788
Off balance sheet	211,875,157	94,997,289	728,798	8,039,425	740,444	316,381,113

31 December 2008	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Total financial assets	648,293,247	236,607,170	3,750,307	28,685,151	942,881	918,278,756
Total financial liabilities	502,347,874	203,398,411	3,037,531	29,430,292	513,923	738,728,031
Net on-balance sheet financial position	145,945,373	33,208,759	712,776	(745,141)	428,958	179,550,725
Off balance sheet	285,101,998	91,476,848	60,920	10,309,956	2,594,060	389,543,782

Liquidity risk

Liquidity Risk is the current and future risk to the Bank's earnings and capital arising from its inability to meet its financial obligations and commitments as and when due and at a reasonable price

Liquidity risk management process

The Bank's liquidity risk management process is primarily the responsibility of the Market Risk Management Group within the ERM Division. A brief overview of the bank's liquidity management processes includes the following:

- Maintenance of minimum levels of liquid and marketable assets above the regulatory requirement of 25%. The Bank has also set for itself more stringent in-house limits above this regulatory requirement to which it adheres.
- Monitoring of its cash flow and balance sheet trends. The Bank also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Bank.
- Regular measurement & monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits
- Regular monitoring of non-earning assets
- Monitoring of deposit concentration
- Ensure diversification of funding sources
- Monitoring of level of undrawn commitments
- Maintaining a contingency funding plan.

Funding approach

The Bank's overall approach to funding is as follows:

(i) Generation of large pool of low cost deposits.
(ii) Maintenance of efficiently diversified sources of funds along product lines, business segments and also regions.

The table below analyses assets and liabilities of the bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types.

The maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the bank and its exposure to changes in interest rates.

Maturity Profile - On Balance Sheet

Group **31 December 2009**	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000	Carrying value ₦'000
Assets:								
Cash and balances with central banks	35,446,814	328,429	101,311	13,377	-	-	35,889,931	35,889,931
Treasury bills and other eligible bills	3,175,856	13,899,988	18,889,044	971,126	-	-	36,936,014	36,936,014
Due from other banks	177,496,542	45,589,969	2,243,600	-	-	-	225,330,111	225,330,111
Loans and advances to customers	284,532,330	38,512,089	21,793,284	31,384,881	212,419,358	9,452,443	598,094,385	563,488,164
Advances under finance lease	-	1,288	-	4,782	-	-	6,070	6,070
Trading properties	2,819,241	-	-	2,251,425	-	-	5,070,666	5,070,666
Insurance receivables	809,546	-	-	-	-	-	809,546	809,546
Investment securities	119,581,805	266,197	-	52,269	11,541,898	6,081,087	137,523,256	136,193,629
Investment in subsidiaries	-	-	-	-	-	-	-	-
Deferred tax assets	1,106	-	-	-	409,758	-	410,864	410,864
Other assets	2,950,446	118,477	976,554	330,908	9,727,343	2,333,561	16,437,289	15,523,244
Property and equipment	792,894	42,833	85,666	171,332	24,569,999	20,828,427	46,491,151	46,491,151
Goodwill on consolidation	-	-	-	-	-	354,328	354,328	354,328
Total assets	627,606,580	98,759,270	44,089,459	35,180,100	258,668,356	39,049,846	1,103,353,611	1,066,503,718
Liabilities								
Customer deposits	606,924,265	53,712,549	17,540,291	3,903,525	1,000,272	-	683,080,902	683,080,902
Due to other banks	12,737,370	2,244,335	-	-	-	-	14,981,705	14,981,705
Claims payable	350,631	-	-	-	-	-	350,631	350,631
Finance lease obligations	38,297	82,773	124,032	225,510	1,740,518	-	2,211,130	2,211,130
Liability on investment contract	-	1,115,094	-	-	-	-	1,115,094	1,115,094
Liability on insurance contract	-	1,126,011	-	-	-	-	1,126,011	1,126,011
Debt securities in issue	-	-	-	-	65,485,550	-	65,485,550	65,485,550
Borrowings	-	-	-	-	12,332,568	-	12,332,568	12,332,568
Current income tax	1,490,231	791,002	1,186,504	15,824	-	-	3,483,561	3,483,561
Other liabilities	20,029,973	198,368	65,114,836	148,663	32	-	85,491,872	85,491,872
Deferred tax liabilities	4,803	-	-	207,334	4,134,454	-	4,346,591	4,346,591
Retirement benefit obligations	240,811	-	-	-	-	12,264	253,075	253,075
Total liabilities	641,816,381	59,270,132	83,965,663	4,500,856	84,693,394	12,264	874,258,690	874,258,690
Gap	14,209,801	(39,489,138)	39,876,204	(30,679,244)	(173,974,962)	(39,037,582)	(229,094,921)	(192,245,028)

Bank

31 December 2009	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000	Carrying value ₦'000
Assets:								
Cash and balances with central banks	34,447,650	328,429	101,311	13,377	-	-	34,890,767	34,890,767
Treasury bills and other eligible bills	1,494,606	8,195,409	18,744,475	971,126	-	-	29,405,616	29,405,616
Due from other banks	161,695,342	38,871,336	2,243,600	-	-	-	202,810,278	202,810,278
Loans and advances to customers	277,714,164	35,717,361	19,649,220	24,218,203	208,027,969	6,682,805	572,009,722	538,137,569
Advances under finance lease	-	1,288	-	-	-	-	1,288	1,288
Investment securities	116,864,073	-	-	52,269	11,409,207	7,131,070	135,456,619	134,126,992
Investment in subsidiaries	-	-	-	-	-	29,774,817	29,774,817	29,774,817
Other assets	-	-	660,617	-	9,727,343	-	10,387,960	9,478,730
Property and equipment	1,320	-	-	-	23,195,069	18,089,090	41,285,479	41,285,479
Total assets	592,217,155	83,113,823	41,399,223	25,254,975	252,359,588	61,677,782	1,056,022,546	1,019,911,536
Liabilities:								
Customer deposits	611,320,133	37,756,292	11,646,791	1,537,810	-	-	662,261,026	662,261,026
Due to other banks	1,083,016	-	-	-	-	-	1,083,016	1,083,016
Finance lease obligations	38,297	82,773	124,032	225,510	1,740,518	-	2,211,130	2,211,130
Debt securities in issue	-	-	-	-	65,515,655	-	65,515,655	65,515,655
Borrowings	-	-	-	-	12,332,568	-	12,332,568	12,332,568
Current income tax	395,501	791,002	1,186,503	-	-	-	2,373,006	2,373,006
Dividend payable	-	-	-	-	-	-	-	-
Other liabilities	16,975,421	18	64,308,643	-	-	-	81,284,082	81,284,082
Deferred tax liabilities	-	-	-	-	4,134,454	-	4,134,454	4,134,454
Retirement benefit obligations	240,811	-	-	-	-	-	240,811	240,811
Total liabilities	630,053,179	38,630,085	77,265,969	1,763,320	83,723,195	-	831,435,748	831,435,748
Gap	37,836,024	(44,483,738)	35,866,746	(23,491,655)	(168,636,393)	(61,677,782)	(224,586,798)	(188,475,788)

Group

31 December 2008	Up to 1 month	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Over 5 years	Total	Carrying value
Maturity Profile - On Balance Sheet	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:								
Cash and balances with central banks	64,322,901	26,243	315	44	11	-	64,349,514	64,349,514
Treasury bills and other eligible bills	4,233,672	23,155,790	6,269,086	28,557,770	-	-	62,216,318	62,216,318
Due from other banks	201,382,942	5,919,363	3,794,486	8,725,000	-	-	219,821,791	219,821,791
Loans and advances to customers	140,021,669	44,114,217	21,806,170	42,493,503	137,127,714	39,963,776	425,527,049	416,318,640
Advances under finance lease	-	-	-	7,333	16,743	-	24,076	23,835
Trading Properties	15,085,846	-	-	-	-	-	15,085,846	15,085,846
Insurance receivables	562,687	-	-	-	-	-	562,687	562,687
Investment securities	76,139,724	-	-	-	9,433,569	5,938,190	91,511,483	91,511,483
Deferred tax assets	-	-	-	-	36,847	-	36,847	36,847
Other assets	33,123,074	181,797	10,342,525	359,267	5,882,163	158,000	50,046,826	49,272,639
Property and equipment	658,569	31,890	63,781	127,564	21,693,368	17,054,593	39,629,765	39,629,765
Goodwill on consolidation	-	-	-	-	-	354,328	354,328	354,328
Total assets	535,531,084	73,429,300	42,276,363	80,270,481	174,190,415	63,468,887	969,166,530	959,183,693
Liabilities								
Customer deposits	450,676,297	13,650,061	3,620,371	2,658,337	740	-	470,605,806	470,605,806
Due to other banks	27,140,199	-	-	-	825,004	-	27,965,203	27,965,203
Claims payable	188,588	-	-	-	-	-	188,588	188,588
Finance lease obligations	-	-	-	608,534	1,516,726	-	2,125,260	2,125,260
Liability on investment contract	586,386	-	-	-	-	-	586,386	586,386
Liability on insurance contract	794,546	-	-	-	-	-	794,546	794,546
Debt securities in issue	-	-	-	-	48,838,125	-	48,838,125	48,838,125
Borrowings	-	-	-	-	14,058,403	-	14,058,403	14,058,403
Current income tax	322,143	-	-	9,314,827	-	-	9,636,970	9,636,970
Other liabilities	76,432,398	2,299,050	115,483,318	3,638,944	546,948	-	198,400,658	198,400,658
Deferred tax liabilities	30,000	-	-	7,039	3,437,799	-	3,474,838	3,474,838
Retirement benefit obligations	30,989	-	-	444,021	-	-	475,010	475,010
Total liabilities	556,201,546	15,949,111	119,103,689	16,671,702	69,223,745	-	777,149,793	777,149,793
Gap	20,670,462	(57,480,189)	76,827,326	(63,598,779)	(104,966,670)	(63,468,887)	(192,016,737)	(182,033,900)

Bank
Maturity Profile - On Balance Sheet
31 December 2008

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000	Carrying value ₦'000
Assets:								
Cash and balances with central banks	62,552,837	26,243	315	44	11	-	62,579,450	62,579,450
Treasury bills and other eligible bills	4,606,446	19,354,921	6,176,061	22,578,134	-	-	52,715,562	52,715,562
Due from other banks	187,194,587	2,207,912	1,784,797	-	-	-	191,187,296	191,187,296
Loans and advances to customers	146,318,975	42,712,242	19,670,991	38,652,101	135,874,141	39,675,926	422,904,376	413,983,817
Advances under finance lease	-	-	-	7,333	16,743	-	24,076	23,835
Investment securities	74,833,724	-	-	-	5,954,995	5,828,190	86,616,909	86,616,909
Investment in subsidiaries	-	-	-	-	-	28,274,817	28,274,817	28,274,817
Other assets	31,770,842	-	9,987,260	-	5,882,163	-	47,640,265	46,866,078
Property and equipment	58,781	-	-	-	19,312,433	16,659,778	36,030,992	36,030,992
Total assets	507,336,192	64,301,318	37,619,424	61,237,612	167,040,486	90,438,711	927,973,743	918,278,756
Liabilities:								
Customer deposits	443,640,535	2,077,053	19,224	2,660	740	-	445,740,212	445,740,212
Due to other banks	27,965,203	-	-	-	-	-	27,965,203	27,965,203
Finance lease obligations	-	-	-	608,534	1,516,726	-	2,125,260	2,125,260
Debt securities in issue	-	-	-	-	48,838,125	-	48,838,125	48,838,125
Borrowings	-	-	-	-	14,058,403	-	14,058,403	14,058,403
Current income tax	-	-	-	9,237,928	-	-	9,237,928	9,237,928
Other liabilities	65,561,381	2,020,237	119,310,560	-	-	-	186,892,178	186,892,178
Deferred tax liabilities	-	-	-	-	3,395,712	-	3,395,712	3,395,712
Retirement benefit obligations	30,989	-	-	444,021	-	-	475,010	475,010
Total liabilities	537,198,108	4,097,290	119,329,784	10,293,143	67,809,706	-	738,728,031	738,728,031
Gap	29,861,916	(60,204,028)	81,710,360	(50,944,469)	(99,230,780)	(90,438,711)	(189,245,712)	(179,550,725)

Maturity profile - Off Balance Sheet

(a) **Financial guarantees and other financial facilities**
These comprise performance bonds, guarantees and other guaranteed facilities

(b) **Contingent letters of credit**
This comprises letters of credit (Import-time and cash margin) and D- and C-lines

(c) **Bankers Acceptances**
This is made up of off-balance sheet bankers acceptances. The Bank had no off-balance sheet bankers acceptances as at year-end 2009.

(d) **Guaranteed Commercial Papers**
This is made up of off-balance sheet commercial papers. The Bank had no off-balance sheet commercial papers as at year-end 2009.

(e) **Operating lease commitments**
The Bank had no operating lease commitments as at year-end.

(f) **Capital commitments**
The Group had capital commitments of N211,212,000 (31 December 2008: N438,154,403) as at the balance sheet date.

(g) **Other commitments**
This comprises commitments on foreign exchange contracts

The age analysis of contingent liabilities is presented below:

Group
31 December 2009

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Performance bonds and financial guarantees	8,802,676	32,572,396	32,443,020	36,256,427	70,150,314	69,781,416	250,006,249
Contingent letters of credit	6,782,910	6,370,777	51,496,025	1,546,298	-	-	66,196,010
Bankers' acceptances	1,684,681	-	-	-	-	-	1,684,681
Other commitments	14,388,697	517,623	27,000	-	-	-	14,933,320
	31,658,964	39,460,796	83,966,045	37,802,725	70,150,314	69,781,416	332,820,260

Group
31 December 2008

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Performance bonds and financial guarantees	5,673,699	24,896,039	25,492,985	24,334,183	48,447,556	41,436,605	170,281,067
Contingent letters of credit	15,307,632	7,231,327	50,419,352	841,113	-	-	73,799,424
Bankers' acceptances	12,581,089	113,951	-	-	-	-	12,695,040
Guaranteed commercial papers	129,182,412	4,417,985	78,285	-	-	-	133,678,682
Other commitments	365,378	237,265	8,500	1,225,000	5,434,131	2,644,951	9,915,225
	163,110,210	36,896,567	75,999,122	26,400,296	53,881,687	44,081,556	400,369,438

Bank
31 December 2009

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Performance bonds and financial guarantees	8,124,315	31,743,472	31,391,835	35,805,919	70,150,314	69,781,416	246,997,271
Contingent letters of credit	381,409	5,233,252	49,069,311	691,495	-	-	55,375,467
Other commitments	13,957,875	23,500	27,000	-	-	-	14,008,375
	22,463,599	37,000,224	80,488,146	36,497,414	70,150,314	69,781,416	316,381,113

Bank
31 December 2008

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Performance bonds and financial guarantees	4,970,843	24,706,060	24,953,888	24,103,142	48,447,556	41,436,605	168,618,094
Contingent Letters of credit	14,015,618	5,957,058	47,025,912	98,358	-	-	67,096,946
Bankers' acceptances	10,353,657	113,951	-	-	-	-	10,467,608
Guaranteed commercial papers	129,182,412	4,416,927	78,285	-	-	-	133,677,624
Other commitments	106,362	264,566	8,500	1,225,000	5,434,131	2,644,951	9,683,510
	158,628,892	35,458,562	72,066,585	25,426,500	53,881,687	44,081,556	389,543,782

Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the balance sheet, are:

a. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;

b To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

c. To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN), for supervisory purposes. The required information is filed with the CBN on a monthly basis. Auditors to the Group are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC) that includes the computed capital adequacy ratio of the Group.

The CBN requires each bank to:

(i) Hold the minimum level of the regulatory capital of ₦25 billion, and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 10%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

The Group's regulatory capital as managed by its Financial Control and Treasury Units is divided into two tiers:

a. Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

b. Tier 2 capital: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to maximum of 1.25% of risk assets and hybrid instruments – convertible bonds.

Investments in unconsolidated subsidiaries and associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	Group 2009 ₦'000	Group 2008 ₦'000
Tier 1 capital		
Share capital	9,326,875	7,461,500
Share premium	119,076,566	119,076,565
Statutory reserves	36,154,585	28,151,818
SMIEIS reserve	4,232,479	5,297,904
Bonus issue reserve	2,331,719.00	1,865,375
Retained earnings	15,424,515	16,083,910
Less: goodwill and intangible assets	-	-
Total qualifying Tier 1 capital	186,546,739	177,937,072
Tier 2 capital		
Preference shares	-	-
Non controlling interest	5,141,794	4,042,125
Convertible bonds	-	-
Revaluation reserve - fixed assets	-	-
Revaluation reserve – investment securities	-	-
Translation reserve	12,200	-
General provision	230,981	-
Total qualifying Tier 2 capital	5,384,975	4,042,125
Total regulatory capital	191,931,714	181,979,197
Risk-weighted assets:		
On-balance sheet	671,992,897	567,581,673
Off-balance sheet	66,564,052	80,073,888
Total risk-weighted assets	738,556,949	647,655,561
Risk weighted Capital Adequacy Ratio (CAR)	**25.99%**	**28.10%**

Value Added Statement

For the Year Ended 31 December 2009

Group:

	2009 12 months ₦'000	%	2008 10 months ₦'000	%
Gross earnings	162,550,418		100,605,806	
Interest expense:				
-Local	(30,015,530)		(13,807,782)	
- Foreign	(10,524,935)		(5,659,718)	
	122,009,953		81,138,306	
Loan Loss expense/diminution in other risk assets	(37,526,729)		(4,578,517)	
	84,483,224		76,559,789	
Bought in materials and services				
- Local	(31,590,405)		(24,482,730)	
- Foreign	(1,613,930)		(472,449)	
Value added	51,278,889	100	51,604,610	100
Distribution				
Employees				
- Employees as wages, salaries and pensions	17,302,333	34	12,260,634	23
Government				
- Taxation	4,276,160	8	7,013,568	14
Retained in the Group				
- For replacement of fixed assets (depreciation)	6,013,553	12	4,014,847	8
- To pay proposed dividend	13,990,313	27	14,922,999	29
Profit for the year (including minority interest, statutory and bonus share reserves	9,696,530	19	13,392,562	26
	51,278,889	100	51,604,610	100

Value Added Statement

For the Year Ended 31 December 2009

Bank:

	2009 12 months ₦'000	%	2008 10 months ₦'000	%
Gross earnings	151,698,107		93,017,258	
Interest expense:				
-Local	(29,588,515)		(13,807,782)	
- Foreign	(7,833,075)		(4,622,356)	
	114,276,517		74,587,120	
Loan Loss expense/diminution on other risk assets	(37,003,705)		(4,281,200)	
	77,272,812		70,305,920	
Bought in materials and services				
- Local	(29,271,692)		(21,266,896)	
- Foreign	(1,613,930)		(472,449)	
Value added	46,387,190	100	48,566,575	100
Distribution				
Employees				
- Employees as wages, salaries and pensions	14,120,149	31	10,520,939	22
Government				
- Taxation	3,111,748	7	6,383,814	13
Retained in the bank				
- For replacement of fixed assets (depreciation)	5,307,232	11	3,588,570	7
- To pay proposed dividend	13,990,313	30	14,922,999	31
Profit for the year (including statutory and, bonus share reserves)	9,857,748	21	13,150,253	27
	46,387,190	100	48,566,575	100

Five Year Financial Summary

Group

	Dec. 2009	Dec. 2008	Feb. 2008	Feb. 2007	Feb. 2006
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and balances with CBN	35,889,931	64,349,514	38,969,829	32,620,877	31,126,796
Treasury bills	36,936,014	62,216,318	65,763,996	126,436,915	102,163,864
Due from other banks	225,330,111	219,821,791	79,910,345	101,472,394	42,912,351
Loans and advances to customers	563,488,164	416,318,640	288,152,339	115,746,009	84,200,695
Other facilities	-	-	-	4,443,719	4,460,852
Advances under finance lease	6,070	23,835	18,091	-	-
Insurance receivables	809,546	562,687	471,639	303,797	155,868
Investment securities	136,193,629	91,511,483	117,767,868	42,257,448	14,360,073
Deferred tax assets	410,864	36,847	20,649	28,769	-
Equipment on lease	-	-	-	-	1,250
Trading properties	5,070,666	15,085,846	12,062,730	-	-
Other assets	15,523,244	49,272,639	94,765,004	42,154,039	16,359,852
Property and equipment	46,491,151	39,629,765	33,969,536	20,880,251	12,100,006
Goodwill on consolidation	354,328	354,328	166,432	140,742	69,203
TOTAL ASSETS	1,066,503,718	959,183,693	732,038,458	486,484,960	307,910,810
LIABILITIES					
Share capital	9,326,875	7,461,500	6,839,708	4,000,000	3,000,000
Share premium	119,076,566	119,076,565	119,076,565	21,391,928	21,391,928
Reserves	58,699,793	51,453,710	34,092,593	21,932,190	16,157,905
Non-controlling interest	5,141,794	4,042,125	3,335,075	2,661,531	208,477
Customers' deposits	683,080,902	470,605,806	362,936,393	294,500,885	215,773,715
Due to other banks	14,981,705	27,965,203	324,844	45,018	356,497
Claims payable	350,631	188,588	69,827	30,810	11,956
Finance lease obligations	2,211,130	2,125,260	2,350,447	-	-
Liability on investment contracts	1,115,094	586,386	336,514	198,550	60,654
Liabilities on insurance contracts	1,126,011	794,546	625,072	322,503	53,817
Current income tax payable	3,483,561	9,636,970	6,124,638	3,486,165	2,206,703
Other liabilities	85,491,872	198,400,658	135,770,473	73,292,278	33,213,807
Deferred tax liabilities	4,346,591	3,474,838	2,808,927	1,086,322	1,087,291
Dividend payable*	-	-	-	-	-
Retirement benefit obligations	253,075	475,010	1,204,806	984,806	644,564
Debt securities in issue	65,485,550	48,838,125	-	-	-
Other facilities	-	-	-	4,488,605	4,505,911
Other borrowings	12,332,568	14,058,403	56,142,576	58,063,369	9,237,585
TOTAL LIABILITIES	1,066,503,718	959,183,693	732,038,458	486,484,960	307,910,810
Guarantees and other commitments on behalf of customers	332,820,260	400,369,438	325,600,406	116,282,231	82,376,841

	Dec. 2009	Dec. 2008	Feb. 2008	Feb. 2007	Feb. 2006
		10 months			
INCOME STATEMENT	₦'000	₦'000	₦'000	₦'000	₦'000
Net operating income	121,660,227	80,963,098	62,079,548	35,778,914	25,572,112
Operating expenses	(56,170,495)	(41,055,452)	(30,777,193)	(19,325,234)	(13,300,038)
Allowance for loan loss & other risk assets	(37,526,729)	(4,578,517)	(3,934,017)	(737,371)	(1,783,516)
Profit before taxation	27,963,003	35,329,129	27,368,338	15,716,309	10,488,558
Taxation	(4,276,160)	(7,013,568)	(6,198,861)	(2,522,550)	(2,181,780)
Profit after taxation	23,686,843	28,315,561	21,169,477	13,193,759	8,306,778
Extra-ordinary income	-	-	-	-	283,487
Profit after taxation and extra-ordinary income	23,686,843	28,315,561	21,169,477	13,193,759	8,590,265
Non-controlling interest	(11,248)	(707,003)	(369,030)	(200,707)	(44,269)
Profit attributable to shareholders	23,675,595	27,608,558	20,800,447	12,993,052	8,545,996
Earnings per share (Unadjusted)	127k	185k	167k	162k	142k
Declared Dividend per share **	100k	70k	75k	103k	70k

* Restated to account for the retrospective adoption of SAS 23 (Note 32 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. 2009	Dec. 2008	Feb. 2008	Feb. 2007	Feb. 2006
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash in hand and balances with CBN	34,890,767	62,579,450	38,969,734	32,346,472	30,894,808
Treasury bills	29,405,616	52,715,562	63,105,768	124,794,434	101,806,539
Due from other banks	202,810,278	191,187,296	64,224,277	96,593,552	41,410,490
Other facilities	-	-	-	4,443,719	4,460,852
Loans and advances to customers	538,137,569	413,983,817	291,530,777	113,705,183	83,476,852
Advances under finance lease	1,288	23,835	18,091	-	-
Investment securities	134,126,992	86,616,909	115,240,952	40,739,800	13,774,728
Investment in subsidiaries	29,774,817	28,274,817	15,022,241	4,536,594	848,006
Deferred tax assets	-	-	-	-	-
Other assets	9,478,730	46,866,078	94,581,049	41,453,819	16,177,673
Equipment on lease			-	-	1,250
Property and equipment	41,285,479	36,030,992	31,652,460	19,749,488	11,729,435
TOTAL ASSETS	1,019,911,536	918,278,756	714,345,349	478,363,061	304,580,633
LIABILITIES:					
Share capital	9,326,875	7,461,500	6,839,708	4,000,000	3,000,000
Share premium	119,076,566	119,076,565	119,076,565	21,391,928	21,391,928
Reserves	60,072,347	53,012,660	35,136,791	22,041,260	16,253,614
Customers' deposits	662,261,026	445,740,212	357,006,128	290,792,372	212,833,770
Due to other banks	1,083,016	27,965,203	324,844	-	356,497
Finance lease obligations	2,211,130	2,125,260	2,350,447	-	-
Current income tax payable	2,373,006	9,237,928	5,791,420	3,332,773	2,171,208
Other liabilities	81,284,082	186,892,178	127,740,385	72,196,921	33,041,144
Deferred tax liabilities	4,134,454	3,395,712	2,731,679	1,071,027	1,144,412
Dividend payable*	-	-	-	-	-
Retirement benefit obligations	240,811	475,010	1,204,806	984,806	644,564
Debt securities in issue	65,515,655	48,838,125	-	-	-
Other facilities	-	-	-	4,488,605	4,505,911
Other borrowings	12,332,568	14,058,403	56,142,576	58,063,369	9,237,585
TOTAL LIABILITIES	1,019,911,536	918,278,756	714,345,349	478,363,061	304,580,633
Guarantees and other commitments on behalf of customers	316,381,113	389,543,782	322,462,234	115,000,398	81,923,857

	Dec. 2009	Dec. 2008	Feb. 2008	Feb. 2007	Feb. 2006
	₦'000	₦'000	₦'000	₦'000	₦'000
		10 months			
Net operating income	113,926,791	74,411,912	58,471,300	33,756,269	23,988,023
Operating expenses	(49,963,277)	(35,521,595)	(27,427,338)	(17,688,652)	(12,199,196)
Allowance for loan loss & other risk assets	(37,003,705)	(4,281,200)	(3,845,258)	(717,386)	(1,763,891)
Profit on ordinary activities before taxation	26,959,809	34,609,117	27,198,704	15,350,231	10,024,936
Taxation	(3,111,748)	(6,535,865)	(5,708,819)	(2,337,085)	(2,119,430)
Profit after taxation	23,848,061	28,073,252	21,489,885	13,013,146	7,905,506
Extra-ordinary income	-	-	-	-	772,000
Profit after taxation and extra-ordinary income	23,848,061	28,073,252	21,489,885	13,013,146	8,677,506
Earnings per share (Unadjusted)	128k	188k	173k	163k	145k
Declared Dividend per share **	100k	70k	75k	103k	70k

* Restated to account for the retrospective adoption of SAS 23 (Note 32 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.