

Guaranty Trust Bank Plc and Subsidiary Companies

**Interim Group Financial Statements for the six-month
period ended -- 30 June 2009
Together with Directors' and Auditor's Reports**

CORPORATE GOVERNANCE

Introduction

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

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

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

Board of Directors

The Board of Guaranty Trust Bank Plc comprises fourteen members; eight (8) of whom (inclusive of the Chairman of the Board) are Non-Executive Directors, while six (6) are Executive Directors. The Directors are listed in the Directors' report. The Bank's Board is made up of a crop of seasoned professionals who have excelled in their various professions including banking, oil and gas and law and possess the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations.

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

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

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

Disclosure of the individual Executive and Non-Executive Directors' emoluments and shareholdings are set out in the Directors' Report. The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolution, as provided for in the Articles of Association. The Non-Executive Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. During the 6 months period that the Bank operated in the 2009 financial year, the Board met three (3) times.

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

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

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

Board Risk Management Committee

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

The Committee is made up of the following members:

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met twice during the 6 months period ended 30 June 2009.

Board Credit Committee

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

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

The Committee meets at least quarterly. However, additional meetings are convened as required. The Committee met twice during the 6 months period ended 30 June 2009.

Board Human Resources and Remuneration Committee

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

The table below shows the frequency of meetings of the Board of Directors and Board Committees, and Members' attendance for the financial period (six months) ended June 30, 2009.

Directors	Board	Board Credit Committee	Board Risk Management Committee
Number of Meetings	4	2	2
Owelle Gilbert Chikelu	4	N/A	N/A
Mr. Tayo Aderinokun	4	N/A	2
Mr. Olusegun Agbaje	4	2	N/A
Mr. Victor Osibodu	3	2	N/A
Alhaji Mohammed Jada	4	2	N/A
Mr. Tokunbo Adesanya	4	N/A	2
Mr. Egbert U. Imomoh	4	N/A	2
Mr. Oluwole Oduyemi	4	2	N/A
Mr. Andrew A. Alli	3	N/A	2
Mr. Akindele Akintoye	4	2	N/A
Mr. Jide Ogundare	4	N/A	2
Mrs. Cathy Echeozo	4	2	N/A
Mrs. G.T Osuntoki	3	N/A	2
Mr. Farouk Bello (Resigned on March 18, 2009)	2	1	N/A
Mr Akin George-Taylor (Appointed on January 21 2009)	2	N/A	N/A

*N/A means not applicable

Audit Committee

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

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

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

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

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

Meetings are held quarterly and are attended by the internal and external auditors, the Chief Financial Officer and, on invitation, appropriate members of management. The Audit Committee met twice during the 6 months period ended 30 June 2009.

Management Committees

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

Assets and Liability Committee

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

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

Management Credit Committee

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

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

Criticized Assets Committee

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

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

Shareholders

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

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

RISK MANAGEMENT

RISK MANAGEMENT PHILOSOPHY

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

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

RISK MANAGEMENT FRAMEWORK

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

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

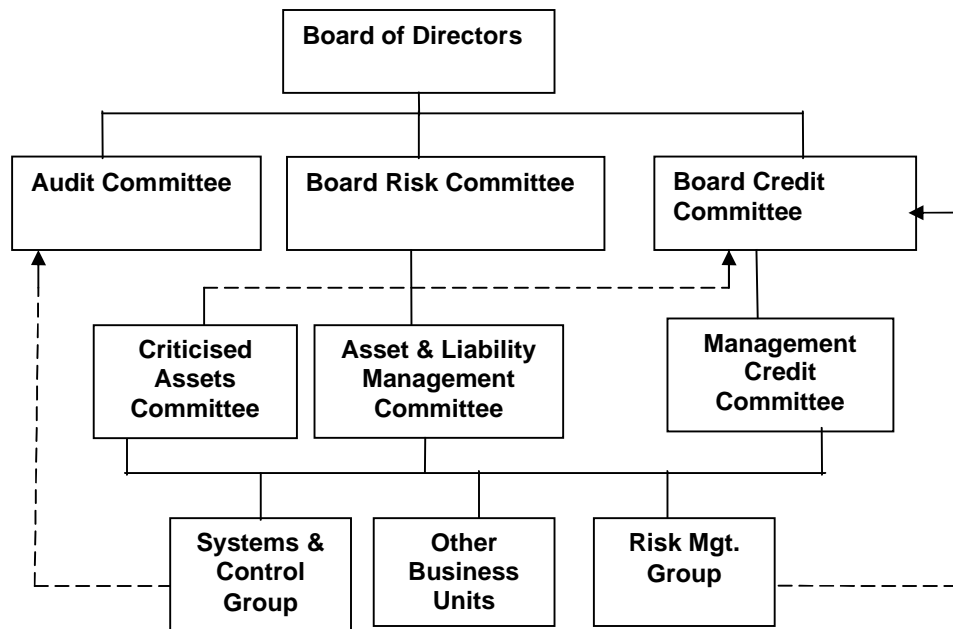
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Bank. These committees are:

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

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

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

The Risk Management Organogram of the Bank is as follows:



RISK MANAGEMENT METHODOLOGY

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

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

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

- Monthly 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 OUTLOOK

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

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

ERM VISION:

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

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

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

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

OUR RISK APPETITE

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

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

RISK GOVERNANCE STRUCTURE

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

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

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

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

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

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

CREDIT RISK MANAGEMENT

Lending and other financial activities form the core business of Guaranty Trust Bank. The Bank recognises this and has laid great emphasis on effective management of its exposure to credit risk. The Bank defines credit risk as the risk of counterparty's failure to meet the terms of any lending contracts

with the Bank or otherwise to perform as agreed. Credit risk arises anytime the Bank's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

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

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

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

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

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

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

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

MARKET RISK MANAGEMENT

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

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

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

Overall authority for the management and reporting of market and liquidity risks inherent in our businesses across the Bank is vested in the Assets and Liability Management Committee. However, an independent group within Risk Management Division is responsible for the development of Market Risk Management policy and monitors specific market risk inherent in our business. Market Risk & ALM group addresses compliance with the market risk policy objectives, constraints, and legal requirements, including any exceptions to established policies, procedures, and limits.

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

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

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

OPERATIONAL RISK MANAGEMENT

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

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

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

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

STRATEGY RISK MANAGEMENT

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

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

Directors' Report

For the period ended 30 June 2009

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc (“the Bank”) and subsidiaries (“the Group”), together with the interim group audited financial statements and the auditor’s report for the 6 months period ended 30 June 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 Guaranty Trust Asset Management Limited, an asset management and securities trading Company.

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

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

Operating results

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

	<u>30 June 2009</u>	<u>30 June 2008</u>
	N'000	N'000
Profit attributable to group shareholders	9,032,453	9,289,811
Transfer to statutory reserve	(3,338,832)	(2,974,430)
Shareholders' funds	177,091,995	161,131,314
Earnings per share - (Basic)	48k	62k
- (Adjusted)	-	50k

Statement of Directors' Responsibilities in Relation to the Financial Statements for the period ended 30 June 2009

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

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

The responsibilities include ensuring that:

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

Directors and their interests

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

		Number of Ordinary Shares of 50 kobo held as at <u>30/06/09</u>	Number of Ordinary Shares of 50 kobo held as at <u>30/06/08</u>
Owelle G.P.O. Chikelu	- Chairman	136,663,491	100,219,911
Mr. O.A. Aderinokun	- Managing Director	379,228,028	311,246,520
Mr. J.K.O. Agbaje	- Deputy Managing Director	26,641,957	19,537,496
Mr. A.B. Adesanya		80,570,523	67,058,332
Alhaji M.K. Jada		3,765,075	1,815,055
Mr. V.G. Osibodu		248,012,152	130,409,978
Mr. E.U. Imomoh		5,545,598	5,895,884
Mr. O.S. Oduyemi		1,101,807	1,037,186
Mr. M.B. Ogundare	- Executive Director	4,844,150	3,739,000
Mrs. C. N. Echeozo	- Executive Director	3,485,076	2,910,809
Mr. A. George-Taylor	- Appointed – 21 January 2009	236,342	-
Mrs. G.T. Osuntoki	- Executive Director	7,286,697	4,309,865
Mr. F. B. Bunza	- Executive Director		
	Resigned – 18 March 2009	-	9,250,000
Mr. A. Alli	- Director	-	-
Mr. A. Akintoye	- Director	-	-

Analysis of Shareholding

The analysis of the distribution of the shares of the Bank at 30 June 2009 is as follows:

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% Holding
1-1,000	41,762	11.84	21,613,048	0.12
1,001 – 5,000	179,942	51.00	432,049,175	2.31
5,001 – 10,000	41,750	11.83	300,010,690	1.61
10,001 – 50,000	66,882	18.96	1,408,064,035	7.55
50,001 – 100,000	9,801	2.78	682,383,219	3.66
100,001 – 500,000	9,999	2.83	1,989,883,308	10.67
500,001 – 1,000,000	1,211	0.34	836,060,928	4.48
1,000,001 and above	1,466	0.42	12,983,684,210	69.60
TOTAL:	<u>352,813</u>	<u>100.00</u>	<u>18,653,748,613</u>	<u>100.00</u>

No individual shareholder held up to 10% of the issued share capital as at 30 June 2009.

Fixed assets

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

Donations and charitable gifts

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of ₦87,622,663 (June 2008: ₦83,631,852) was given out as donations and charitable contributions during the period. These comprise contributions to charitable organisations amounting to ₦69,285,401 (June 2008: ₦48,692,417) and donations amounting to ₦18,337,262 (June 2008: ₦34,939,436) 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	14,935,604
- St. George's Boys and Girls School, Falomo Lagos	4,906,350
- Government Day Secondary School, Bauchi	200,000
African University of Science and Technology	15,000,000
Red Cross Society of Nigeria	13,927,355
American University of Nigeria, Yola	5,000,000
Student In Free Enterprise	4,314,622
Special Olympics Nigeria	2,500,000
Sponsorship of Lagos State Principal's Cup Fate Foundation	2,158,970
Fate Foundation	1,000,000
Lagos State Traditional Sports Association	1,000,000
The National Society of Autism	1,000,000
The Youth Education and Empowerment	1,000,000
Courage Education Foundation	600,000
Patrick Speech & Languages	520,000
Sponsorship of "17 Secrets of High Flying Student" Textbooks	472,500
Emergency Medical Services	250,000
International Centre for Leadership and Entrepreneur Development	250,000
Yes Foundation Launch	250,000
	<u>69,285,401</u>
Non-Charitable Organisations	
Sponsorship of 2009 West African Investment Forum	11,800,000
Dr. J.K. Randle Swimming Competition	1,000,000

Inspire Africa Foundation	1,000,000
Nepad Business Group	1,000,000
Sponsorship of 3 rd Anti-money Laundering Summit	1,000,000
Sponsorship of Supa Strikas Cartoon Series	795,262
Ikoyi Club	500,000
Others Below N200,000	1,242,000
	18,337,262
Total	87,622,663

Research and Development

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

Employment of disabled persons

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

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

Health, Safety and Welfare of Employees

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

Employee Involvement and Training

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

Auditors

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

BY ORDER OF THE BOARD



Olutola Omotola

Company Secretary

Plot 1669, Oyin Jolayemi Street

Victoria Island, Lagos

27 August 2009

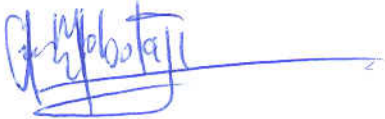
Report of the Audit Committee

For the period ended 30 June 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 30 June 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 insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦10,355,269,000 (31 Dec 2008: ₦11,542,887,000) was outstanding as at 30 June 2009, all of which are performing. See Note 30.
- ◆ We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.



Mr. M.F Lawal
Chairman, Audit Committee

27 August 2009

Members of the Audit Committee are:

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

In attendance:

Mr. George Uwakwe - Secretary



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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying interim financial statements of **Guaranty Trust Bank Plc** ("the Bank") and its subsidiary companies (together "the Group"), which comprise the balance sheets as at 30 June, 2009, and the profit and loss accounts, statements of cash flows and value added statements for the six-month period then ended, and the statement of accounting policies and notes to the interim financial statements as set out on pages 25 to 78.

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 financial position of Guaranty Trust Bank ("the Bank") and its subsidiaries (together "the Group") as at 30 June, 2009, and of the Group and Bank's financial performance and cash flows for the six-month period 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 Sections 27 (2) of the Banks and Other Financial Institutions Act of Nigeria during the period.
- ii. Related party transactions and balances are disclosed in note (30) to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

27 August 2009

Lagos, Nigeria



Statement of Accounting Policies

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

(a) **Basis of accounting**

The financial statements are prepared under the historical cost convention.

(b) **Basis of consolidation**

(i) *Subsidiaries*

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

(ii) *Special purpose entities*

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

(iii) *Foreign entities*

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

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

(c) **Goodwill on consolidation**

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

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

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

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

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

(e) **Investments**

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

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

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

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

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

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

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

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

(f) **Trading properties**

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

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

(g) **Loans and advances**

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

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

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

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

(h) **Advances under finance leases**

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

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

(i) **Equipment on lease**

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

(j) **Leases**

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

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

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

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

(k) **Fixed assets**

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

Leasehold improvemenst	-	Over the lease period
Buildings	-	2%
Machinery and equipment	-	20%
Computer hardware	-	331/3%
Computer software	-	20%
Furniture and fittings	-	20%
Motor vehicles	-	25%
Other transportation equipment	-	10%

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

(l) **Taxation**

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

(m) **Deferred taxation**

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

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

(n) **Provisions**

A provision is recognized where, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) **Dividends**

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

(p) **Borrowings**

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

(q) **Off balance sheet transactions**

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

Acceptances

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

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

Guarantees and performance bonds

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

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

Commitments

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

Letters of credit

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

(r) **Income recognition**

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

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

(s) **Insurance premium**

Insurance premiums are recognised in the period earned.

(t) **Claims expenses**

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

(u) **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 swaps transactions with counterparties. The interest rate swaps are initially recognised in the balance sheet at fair value, with a corresponding debit or credit as applicable in the income statement. Any changes in fair value are recognised immediately in the profit and loss account.

(v) **Foreign currency items**

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

(w) **Retirement benefits**

Pension costs

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

Gratuity scheme

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

(x) **Repurchase agreements**

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

(y) **Segment reporting**

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

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

(z) **Earnings per share**

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

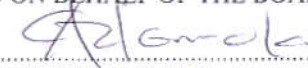

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

Balance Sheets

As at 30 June 2009

	Notes	Group 30 June 2009 N'000	Group 31Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31Dec 2008 N'000
ASSETS					
Cash and short-term funds	1	270,780,172	282,342,056	237,783,337	252,003,983
Short term investments	2	108,082,291	141,972,602	97,913,059	127,549,286
Loans and advances	3	576,972,949	418,778,900	560,537,507	416,444,077
Advances under finance lease	4	8,925	23,835	8,925	23,835
Trading properties	5	3,798,319	15,085,846	-	-
Other assets	6	16,604,404	52,676,400	14,421,897	49,707,152
Long term investments	7	15,443,406	11,821,685	42,540,871	40,058,002
Deferred tax assets	8	8,566	36,847	-	-
Fixed assets	9	44,175,325	39,629,765	39,751,082	36,030,992
Goodwill on consolidation	10	390,671	354,328	-	-
TOTAL ASSETS		1,036,265,028	962,722,264	992,956,678	921,817,327
LIABILITIES					
Deposits and other accounts	11	626,357,723	472,270,503	597,043,266	446,818,523
Taxation payable	12	7,342,611	9,484,919	6,698,719	9,085,877
Other liabilities	13	159,266,108	232,561,576	147,444,351	220,069,962
Deferred tax liabilities	14	817,063	3,474,838	623,647	3,395,712
Dividend payable	15	-	-	-	-
Borrowings	16	65,389,528	62,896,528	65,389,528	62,896,528
TOTAL LIABILITIES		859,173,033	780,688,364	817,199,511	742,266,602
NET ASSETS		177,091,995	182,033,900	175,757,167	179,550,725
CAPITAL AND RESERVES					
Share capital	17	9,326,875	7,461,500	9,326,875	7,461,500
Share premium		119,076,565	119,076,565	119,076,565	119,076,565
Other reserves	18(a)	43,559,810	51,453,710	47,353,727	53,012,660
SHAREHOLDERS' FUNDS		171,963,250	177,991,775	175,757,167	179,550,725
Non controlling interest	19	5,128,745	4,042,125	-	-
		177,091,995	182,033,900	175,757,167	179,550,725
Guarantees and other commitments on behalf of customers	20	324,343,585	414,474,819	312,895,901	403,649,163

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


 TAYO ADERINOKUN)
) Directors

 TITI OSUNTOKI)

Approved by the Board of Directors on 27 August 2009

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

Profit and Loss Accounts
For the period ended 30 June 2009

	Notes	Group 30 June 2009 6months N'000	Group 30 June 2008 4 months N'000	Bank 30 June 2009 6 months N'000	Bank 30 June 2008 4 months N'000
GROSS EARNINGS		85,090,622	36,084,102	77,809,131	33,380,647
INTEREST AND DISCOUNT INCOME	21	57,112,795	23,730,680	53,028,975	23,281,513
Lease finance income		1,636	932	1,636	932
Interest expense	22	(20,481,529)	(7,412,929)	(19,342,036)	(6,924,177)
INTEREST MARGIN		36,632,902	16,318,683	33,688,575	16,358,268
Loan loss expense (net)	3(a)(iv)	(24,250,547)	(1,727,413)	(24,113,926)	(1,673,521)
		12,382,355	14,591,270	9,574,649	14,684,747
Allowance for other risk assets	3(a)(v)	(3,177,064)	(52,240)	(2,527,475)	-
Other income	23	27,976,191	12,352,490	24,778,520	10,098,202
Operating expenses	24(a)	(28,855,759)	(15,063,775)	(21,807,310)	(12,613,578)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,325,723	11,827,745	10,018,384	12,169,371
Taxation	25	432,607	(2,307,078)	1,111,057	(2,254,603)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,758,330	9,520,667	11,129,441	9,914,768
Non controlling interest	19	274,123	(230,856)	-	-
PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS		9,032,453	9,289,811	11,129,441	9,914,768
APPROPRIATIONS					
Transfer to statutory reserves	18(b)	(3,338,832)	(2,974,430)	(3,338,832)	(2,974,430)
Transfer to bonus shares reserve	18(f)	-	-	-	-
Transfer to small scale industries reserve	18(d)	-	-	-	-
Transfer to retained earnings	18(c)	5,693,621	6,315,381	7,790,609	6,940,338
Earnings per share (Kobo) - Basic	26	48k	62k	60k	66k
- Adjusted	26	-	50k	-	53k

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

Statements of Cash Flows

For the period ended 30 June 2009

	Notes	Group 30 June 2009 6months N'000	Group 30 June 2008 4 months N'000	Bank 30 June 2009 6 months N'000	Bank 30 June 2008 4 months N'000
Operating activities					
Net cash flow from operating activities before changes in operating assets	27	46,102,224	16,611,806	44,181,748	16,673,485
Changes in operating assets	28	(34,965,130)	237,140,028	(26,927,994)	237,568,645
Income tax paid		(4,328,401)	(1,673,802)	(4,048,166)	(1,469,814)
Net cash flows from operating activities		6,808,693	252,078,032	13,205,588	252,772,316
Investing activities:					
Proceeds from disposal of fixed assets		744,895	59,246	708,801	37,044
Purchase of fixed assets		(7,898,289)	(3,374,201)	(6,773,291)	(2,758,377)
Purchase of investments		(6,073,435)	(3,987,797)	(3,574,611)	(5,428,662)
Proceeds from sale of investments		327,541	237,299	327,541	237,299
Proceeds from disposal of trading properties		12,062,730	-	-	-
Dividend income		198,764	18,606	1,051,004	18,838
Lease finance charge		-	-	(196,895)	-
Net cash flows from investing activities		(637,794)	(7,046,847)	(8,457,451)	(7,893,858)
Financing activities:					
Dividend paid		(14,922,999)	(9,575,591)	(14,922,999)	(9,575,591)
Long-term borrowings					
- Repayment of borrowings		(1,354,828)	(316,543)	(1,354,828)	(316,543)
- Interest paid on borrowings		(2,183,844)	(1,072,265)	(2,183,844)	(1,072,265)
Finance lease					
- Finance lease repayments		(173,221)	(73,026)	(173,221)	(73,026)
- Interest paid on finance lease		(333,891)	(116,416)	(333,891)	(116,416)
Inflows from non-controlling interest		1,829,353	218,047	-	-
Dividend paid to non-controlling interest		(441,381)	(138,060)	-	-
Net cash flows from financing activities		(17,580,811)	(11,073,854)	(18,968,783)	(11,153,841)
Net (decrease) /increase in cash and short term funds		(11,409,912)	233,957,331	(14,220,646)	233,724,617
Cash and short term funds, beginning of period/year		282,342,056	119,206,071	252,003,983	103,519,908
Effect of exchange rate fluctuations on cash held		(151,972)	65,308	-	-
Cash and short term funds, end of period/year	1	270,780,172	353,228,710	237,783,337	337,244,525

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

Notes to the Financial Statements

For the period ended 30 June 2009

1. Cash and short-term funds

(a) Cash and short-term funds comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Bank and cash balances				
in Nigeria				
- Cash	10,080,069	10,458,025	10,079,946	10,455,525
- Balances held with the				
Central Bank of Nigeria				
- Current account	11,088,277	44,811,308	11,088,277	44,811,308
- Cash reserve	3,894,465	7,312,617	3,894,465	7,312,617
- Statutory deposit	500,000	500,000	-	-
- Balances held with other				
local banks and discount				
houses	14,969,684	9,503,733	-	-
- Placements (see note				
(a)(i) below)	63,287,891	39,792,892	48,660,000	39,875,546
Bank and cash balances outside				
Nigeria				
- Cash	1,587,483	1,767,564	-	-
- Balances held with				
Central Banks	3,071,132	2,960,532	-	-
- Balances held with				
other banks outside				
Nigeria (see note				
(a)(ii) below)	158,344,385	146,410,904	155,019,255	142,442,045
- Placements with foreign banks	3,956,786	18,824,481	9,041,394	7,106,942
	<u>270,780,172</u>	<u>282,342,056</u>	<u>237,783,337</u>	<u>252,003,983</u>

(a)(i) Included in placements is an amount of ₦39,160,000,000 (31 Dec 2008: ₦16,300,000,000) representing placements with local banks secured by treasury bills under open buy back agreement.

(a)(ii) Included in balances held with other banks outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦47,396,455,000 (31 Dec.2008: ₦119,883,550,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note (13)).

(b) Included in cash and bank balances held in Nigeria is an amount of ₦6,041,516,135 (31 Dec 2008: ₦2,658,234,192) representing unclaimed dividend held in the account of the Registrars and included in other liabilities (see note 13)

2. Short term investments

These comprise:

	<u>Group</u> <u>30 June 2009</u> ₦'000	<u>Group</u> <u>31 Dec 2008</u> ₦'000	<u>Bank</u> <u>30 June 2009</u> ₦'000	<u>Bank</u> <u>31 Dec 2008</u> ₦'000
Treasury bills (see note (a) below)	17,645,346	62,216,318	9,639,237	52,715,562
FGN bonds - trading (see note (b) below)	87,723,663	73,225,072	87,723,663	73,225,072
Treasury bearer bonds	-	1,335,118	-	-
Proprietary investments (see note (c) below)	2,163,123	3,520,956	-	-
Underwritten shares (see note (d) below)	550,159	1,608,652	550,159	1,608,652
Commercial bills	-	66,486	-	-
	<u>108,082,291</u>	<u>141,972,602</u>	<u>97,913,059</u>	<u>127,549,286</u>

(a)(i) Included in treasury bills is ₦8,560,000,000 (31 Dec 2008: ₦17,560,000,000) worth of treasury bills pledged as collateral to Central Bank of Nigeria, Nigeria Interbank Settlement System, Federal Inland Revenue Services and Valucard Nigeria Limited, at period end.

(a)(ii) The original cost of treasury bills as at 30 June 2009 was ₦9,841,365,000 (31 Dec 2008: ₦53,765,703,000)

(b)(i) FGN bonds-trading comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
3rd FGN Bond Series 3 (14.50%)	2,167,190	-	2,167,190	-
3rd FGN Bond Series 5 (14.50%)	-	-	-	-
3rd FGN Bond Series 7 (13.50%)	4,289,239	-	4,289,239	-
3rd FGN Bond Series 8 (12.00%)	5,242,858	-	5,242,858	-
3rd FGN Bond Series 10 (16.00%)	2,364,349	-	2,364,349	-
3rd FGN Bond Series 11 (12.50%)	1,210,680	2,390,670	1,210,680	2,390,670
3rd FGN Bond Series 12 (12.00%)	1,318,980	3,649,140	1,318,980	3,649,140
3rd FGN Bond Series 13 (12.99%)	109,720	1,417,056	109,720	1,417,056
3rd FGN Bond Series 14 (12.74%)	1,083,400	-	1,083,400	-
3rd FGN Bond Series 15 (10.98%)	-	-	-	-
4th FGN Bond Series 1 (10.75%)	-	1,646,768	-	1,646,768
4th FGN Bond Series 2 (9.50%)	-	685,716	-	685,716
4th FGN Bond Series 3 (10.75%)	-	-	-	-
4th FGN Bond Series 4 (9.00%)	1,426,180	5,017,513	1,426,180	5,017,513
4th FGN Bond Series 5 (9.23%)	1,492,950	4,036,708	1,492,950	4,036,708
4th FGN Bond Series 6 (9.20%)	96,517	2,699,716	96,517	2,699,716
4th FGN Bond Series 7 (7.95%)	302,010	2,847,464	302,010	2,847,464
4th FGN Bond Series 8 (9.85%)	-	478,003	-	478,003
4th FGN Bond Series 9 (9.35%)	916,800	-	916,800	-
4th FGN Bond Series 10 (9.50%)	6,194,458	3,720,809	6,194,458	3,720,809
4th FGN Bond Series 11 (9.25%)	98,820	673,223	98,820	673,223
4th FGN Bond Series 12 (7.00%)	296,970	97,454	296,970	97,454
4th FGN Bond Series 13 (9.20%)	152,895	99,327	152,895	99,327
4th FGN Bond Series 14 (8.99%)	22,882,080	26,225,263	22,882,080	26,225,263
5th FGN Bond Series 1 (9.45%)	3,571,412	243,650	3,571,412	243,650
5th FGN Bond Series 2 (10.70%)	2,390,402	198,597	2,390,402	198,597
5th FGN Bond Series 3 (10.50%)	14,780,798	6,723,937	14,780,798	6,723,937
5th FGN Bond Series 4 (10.50%)	1,521,205	-	1,521,205	-
5th FGN Bond Series 5 (15.00%)	2,782,120	-	2,782,120	-
6th FGN Bond Series 1 (9.92%)	203,020	-	203,020	-
6th FGN Bond Series 2 (10.50%)	102,580	-	102,580	-
6th FGN Bond Series 3 (12.49%)	730,730	-	730,730	-
FGN Pension Bond (12.50%)	9,000,000	9,424,358	9,000,000	9,424,358
FMBN Mortgage Bond (9.98%)	-	949,700	-	949,700
FMBN Mortgage Bond (13.50%)	995,300	-	995,300	-
	<u>87,723,663</u>	<u>73,225,072</u>	<u>87,723,663</u>	<u>73,225,072</u>

(b)(ii) The original cost of FGN bonds-trading as at 30 June 2009 was ₦85,724,636,000 (31 Dec 2008: ₦73,333,905,000)

(c) Proprietary investment represents Guaranty Trust Assurance Plc's and Guaranty Trust Asset Management Limited trading investments in quoted stocks. The market value of the investments was ₦2,473,260,000 (31 Dec 2008: ₦3,726,663,000).

(d)(i) Underwritten shares comprise:

	<u>Group</u> <u>30 June 2009</u> ₦'000	<u>Group</u> <u>31 Dec 2008</u> ₦'000	<u>Bank</u> <u>30 June 2009</u> ₦'000	<u>Bank</u> <u>31 Dec 2008</u> ₦'000
African Petroleum (see note (d)(ii) below)	1,608,652	1,608,652	1,608,652	1,608,652
Provision for diminution	(1,058,493)	-	(1,058,493)	-
	<u>550,159</u>	<u>1,608,652</u>	<u>550,159</u>	<u>1,608,652</u>

(d)(ii) This represents the cost of 6,434,608 ordinary shares of African Petroleum Plc held by the Bank as a result of an underwriting agreement dated 5 August 2008. The market value of the shares as at 30 June 2009 was ₦550,159,000 (31 December 2008: ₦1,891,646,060).

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

	<u>Group</u> <u>30 June 2009</u> ₦'000	<u>Group</u> <u>31 Dec 2008</u> ₦'000	<u>Bank</u> <u>30 June 2009</u> ₦'000	<u>Bank</u> <u>31 Dec 2008</u> ₦'000
Under 1 month	4,616,272	3,883,027	4,146,510	3,831,346
1 – 3 months	14,963,092	21,455,782	12,416,332	19,601,844
3 – 6 months	8,622,735	33,035,697	4,139,384	24,581,602
Over 6 months	78,328,827	80,443,803	77,210,833	79,534,494
Proprietary investments	1,551,365	3,154,293	-	-
	<u>108,082,291</u>	<u>141,972,602</u>	<u>97,913,059</u>	<u>127,549,286</u>

3. Loans and advances

(a) Loans and advances by security comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Secured against real estate	203,258,411	149,848,590	197,217,282	150,225,601
Otherwise secured	391,576,618	267,395,574	381,040,826	264,588,119
Unsecured	14,838,790	10,743,145	14,480,908	10,550,916
	<u>609,673,819</u>	<u>427,987,309</u>	<u>592,739,016</u>	<u>425,364,636</u>
Less: Allowances for bad and doubtful loans				
Specific (see note (a)(i) below)	(17,348,764)	(2,689,984)	(17,062,933)	(2,540,971)
General (see note (a)(ii) below)	(13,508,642)	(5,440,413)	(13,320,318)	(5,337,866)
Interest in suspense (see note (a)(iii) below)	(1,843,464)	(1,078,012)	(1,818,258)	(1,041,722)
	<u>576,972,949</u>	<u>418,778,900</u>	<u>560,537,507</u>	<u>416,444,077</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	2,689,984	2,547,043	2,540,971	2,442,237
Exchange difference	49,089	(3,681)	-	-
Allowances made during the period/year	16,348,739	1,937,783	16,278,514	1,786,162
Allowances no longer required	(9,115)	(357,154)	-	(243,661)
Allowances written-off during the period/year	(1,576,352)	(1,434,007)	(1,602,971)	(1,443,767)
Recoveries	(153,581)	-	(153,581)	-
Balance, end of period/year	<u>17,348,764</u>	<u>2,689,984</u>	<u>17,062,933</u>	<u>2,540,971</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	5,440,413	2,985,225	5,337,866	2,945,587
Exchange difference	10,266	(3,265)	-	-
Allowances made during the period/year	8,057,963	2,458,453	7,982,452	2,392,279
Balance, end of period/year	<u>13,508,642</u>	<u>5,440,413</u>	<u>13,320,318</u>	<u>5,337,866</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	1,078,012	705,866	1,041,722	692,851
Exchange difference	(27,048)	1,628	-	-
Interest suspended during the period/year	1,153,417	811,504	1,137,453	786,953
Interest recovered	(5,909)	(20,042)	(5,909)	(20,042)
Interest written-off	(355,008)	(420,944)	(355,008)	(418,040)
Balance, end of period/year	<u>1,843,464</u>	<u>1,078,012</u>	<u>1,818,258</u>	<u>1,041,722</u>

(iv) The analysis of loan/other losses expense is shown below:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>30 June 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>30 June 2008</u> N'000
Specific allowances on risk assets	16,348,739	991,586	16,278,514	934,816
General allowance on loans and finance leases	8,057,812	852,451	7,982,301	832,630
Allowance no longer required	(9,115)	(27,295)	-	-
Write back of specific allowances on other facilities	(153,581)	(95,807)	(153,581)	(94,871)
Loan amounts written off	6,692	6,478	6,692	946
Loan loss expense, net	<u>24,250,547</u>	<u>1,727,413</u>	<u>24,113,926</u>	<u>1,673,521</u>

(v) The directors, having considered the effects of the current economic downturn on the risk assets of the Bank as at 30 June 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. These provisions also include the additional provision recommended by the CBN/NDIC joint special examination conducted on the risk assets of the Bank as at 31 May 2009.

(vi) Allowance for other risk assets comprises:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>30 June 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>30 June 2008</u> N'000
Allowances on other assets (see note 6 (d))	769,601	52,240	704,781	-
Diminution in value of underwritten shares (see note 2 (d)(i))	1,058,493	-	1,058,493	-
Diminution in value of SME Investments (see note 7 (xiv))	500,000	-	500,000	-
Diminution in value of other investments (see note 7)	848,970	-	264,201	-
	<u>3,177,064</u>	<u>52,240</u>	<u>2,527,475</u>	<u>-</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Under 1 month	144,384,518	150,180,091	139,564,893	149,526,957
1 – 3 months	49,062,807	44,907,841	48,374,279	42,712,242
3 – 6 months	37,824,773	23,291,613	36,685,859	19,670,991
6 – 12 months	94,632,517	41,732,070	92,042,823	38,652,101
Over 12 months	283,769,204	167,875,694	276,071,162	174,802,345
	<u>609,673,819</u>	<u>427,987,309</u>	<u>592,739,016</u>	<u>425,364,636</u>

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Insider related loans (see note (c)(i) below)	10,355,269	11,542,887	10,355,269	11,542,887
Other loans	599,318,550	416,444,422	582,383,747	413,821,749
	<u>609,673,819</u>	<u>427,987,309</u>	<u>592,739,016</u>	<u>425,364,636</u>

- (i) None of the insider related loans was non-performing as at the balance sheet date (31 Dec 2008: Nil)

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Agriculture	1,311,059	1,663,551	1,265,297	1,663,551
Mining, oil & gas	98,562,070	31,557,381	96,378,194	31,447,380
Manufacturing	127,026,648	91,424,152	123,637,977	90,273,609
Construction/Real estate	81,022,275	48,762,381	78,676,388	47,689,825
Government	264,572	1,373,858	255,337	1,071,695
Credit and financial institution	53,467,316	29,261,091	51,601,073	37,937,478
Transportation and communication	70,402,865	94,307,487	69,186,045	93,108,117
General commerce	177,617,014	129,637,408	171,738,705	122,172,981
	<u>609,673,819</u>	<u>427,987,309</u>	<u>592,739,016</u>	<u>425,364,636</u>

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Performing	587,050,235	420,208,842	570,890,870	418,030,108
Non-performing (see note (f)(i) below)				
- principal	20,780,120	6,700,455	20,029,888	6,292,806
- interest	1,843,464	1,078,012	1,818,258	1,041,722
	<u>609,673,819</u>	<u>427,987,309</u>	<u>592,739,016</u>	<u>425,364,636</u>

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Number of days past due				
90-180	1,117,171	3,545,021	895,202	3,247,068
180-360	5,596,715	2,491,929	5,043,246	2,440,506
Over 360	15,909,698	1,741,517	15,909,698	1,646,954
	22,623,584	7,778,467	21,848,146	7,334,528
	22,623,584	7,778,467	21,848,146	7,334,528

4 Advances under finance lease

(a) Advances under finance lease comprise:

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Gross investment in finance lease	9,621	26,378	9,621	26,378
Un-earned income	(606)	(2,302)	(606)	(2,302)
Net investment in finance lease	9,015	24,076	9,015	24,076
Less 1% general allowance (see note (a)(i) below)	(90)	(241)	(90)	(241)
Balance, end of period/year	8,925	23,835	8,925	23,835

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Balance, beginning of period/year	241	185	241	185
Allowances made (no longer required) during the period/year	(151)	56	(151)	56
Balance, end of period/year	90	241	90	241

(b) The net investment in finance lease by maturity is as follows:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Under 1 month	-	-	-	-
1 – 3 months	-	-	-	-
3 – 6 months	-	7,333	-	7,333
6 – 12 months	9,015	16,743	9,015	16,743
Over 12 months	-	-	-	-
	<u>9,015</u>	<u>24,076</u>	<u>9,015</u>	<u>24,076</u>

5. 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 period was as follows:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	15,085,846	12,062,730	-	-
Additions	775,203	3,023,116	-	-
Disposals (see note (b) below)	(12,062,730)	-	-	-
Balance, end of period/year	<u>3,798,319</u>	<u>15,085,846</u>	<u>-</u>	<u>-</u>

(b) The Group's interest in one of the trading properties was disposed of during the period as analysed below:

	<u>Group</u> <u>30 June 2009</u> N'000
Proceeds from disposal	12,062,730
Less:	
Cost of trading property	(12,062,730)
Other capitalized cost	(1,932,178)
Loss on disposal (see note 24)	<u>(1,932,178)</u>

6. Other assets

(a) Other assets comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Treasury bills on open buy back (see note 13)	-	31,500,000	-	31,500,000
Prepayments (See note (a)(i) below)	10,189,840	6,419,789	9,132,924	5,731,598
Discount paid in advance	1,450,487	1,228,876	1,324,630	1,228,876
Due from local banks (see Note (b) below)	1,178,207	1,762,763	1,178,207	1,762,763
Interest receivable	2,971,791	2,202,907	2,699,096	2,155,632
Receivable from bond trading (see note (c) below)	-	33,501	-	33,501
Other account receivables	2,385,225	10,426,809	1,566,008	8,068,969
Deposit for shares	96,700	-	-	-
	<u>18,272,250</u>	<u>53,574,645</u>	<u>15,900,865</u>	<u>50,481,339</u>
Allowance on other assets (see (d) below)	(1,667,846)	(898,245)	(1,478,968)	(774,187)
	<u><u>16,604,404</u></u>	<u><u>52,676,400</u></u>	<u><u>14,421,897</u></u>	<u><u>49,707,152</u></u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Under one year	9,971,076	1,442,665	9,132,924	796,312
Over one year	218,764	4,977,124	-	4,935,286
	<u>10,189,840</u>	<u>6,419,789</u>	<u>9,132,924</u>	<u>5,731,598</u>

(ii) Operating leases

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Operating leases which expire				
- within 5 years	203,994	203,994	203,994	203,994
- after 5 years	114,083	114,083	114,083	114,083
	<u>318,077</u>	<u>318,077</u>	<u>318,077</u>	<u>318,077</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	898,245	1,008,917	774,187	981,367
Allowance made during the period/year	769,601	439,628	704,781	343,120
Recoveries during the period	-	(550,300)	-	(550,300)
Balance, end of period/year	<u>1,667,846</u>	<u>898,245</u>	<u>1,478,968</u>	<u>774,187</u>

7. Long-term investments

Long term investments comprise:

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
<i>Investment in subsidiaries:</i>				
GTB Gambia (see note (i) below)	-	-	574,278	574,278
GTB Sierra Leone (see note (ii) below)	-	-	597,038	597,038
GT Assurance Plc (see note (iii) below)	-	-	8,507,571	8,507,571
GTB Ghana (see note (iv) below)	-	-	8,114,710	8,114,710
GTB Finance B.V. (see note (v) below)	-	-	3,220	3,220
GTB Registrars (see note (vi) below)	-	-	50,000	50,000
GT Homes Limited (see note (vii) below)	-	-	3,500,000	2,000,000
GTB UK Limited (see note (viii) below)	-	-	5,000,000	5,000,000
GTB Asset Management Limited (see note (ix) below)	-	-	2,250,000	2,250,000
GTB Liberia Limited (see note (x) below)	-	-	1,178,000	1,178,000
	-	-	29,774,817	28,274,817
<i>Other investments:(see note (xi) below)</i>				
- Kakawa Discount House Ltd	34,100	34,100	34,100	34,100
- Valucard Nigeria Plc	90,153	90,153	90,153	90,153
- Nigeria Automated Clearing System	47,547	47,547	47,547	47,547
- Afrexim	14,131	14,131	14,131	14,131
- ICHL Nigeria Limited	264,201	264,201	264,201	264,201
- Africa Finance Corporation	636,048	636,048	636,048	636,048
- ARM Pension Managers Ltd	37,500	37,500	-	-
- Other diversified portfolio	103,500	1,000	-	-
- Investment in quoted entities	2,559,167	-	-	-
	3,786,347	1,124,680	1,086,180	1,086,180
Less: diminution in value of investment	(848,970)	-	(264,201)	-
	2,937,377	1,124,680	821,979	1,086,180

- Federal Government Bonds (see note (xii) below)	5,629,954	5,954,995	5,629,954	5,954,995
- State Government Bonds	2,100,000	-	2,000,000	-
- Eurobond (see note (xiii) below)	461,954	-	-	-
	8,191,908	5,954,995	7,629,954	5,954,995
- Small and medium industries investments (see note (xiv) below)	4,314,121	4,742,010	4,314,121	4,742,010
	15,443,406	11,821,685	42,540,871	40,058,002

- i This represents the Bank's 77.92% equity holding in GTB Gambia.
- ii This represents the Bank's 84.3% equity holding in GTB Sierra Leone.
- iii This represents the Bank's 71.24% equity holding in Guaranty Trust Assurance Plc.
- iv This represents the Bank's 96% equity holding in Guaranty Trust Bank Ghana.
- v This represents the Bank's 100% holding of the equity of GTB Finance B.V., Netherlands. An obligation also exists between the Bank and GTB Finance B.V, for which GTB Finance B.V was expected to lend the Bank the sum of ₦307.870 million (\$2,608,000) as a share premium loan. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a Borrower or Lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.
- vi This represents the Bank's 99.9% holding of the equity of GTB Registrars Limited.
- vii This represents the Bank's 75% holding of the equity of GT Homes Limited.
- viii This represents the Bank's 100% holding of the equity of Guaranty Trust Bank (UK) Limited.
- ix This represents the Bank's 99.9% holding in the equity of GT Asset Management Limited.
- x This represents the cost of the Bank's 100% holding in the equity of Guaranty Trust Bank (Liberia) Limited.
- xi Other investments represent equity investments where the Bank's shareholding is less than 20%.

xii The analysis of FGN Bonds is as follows:

	Group	Group	Bank	Bank
	<u>30 June 2009</u>	<u>31 Dec 2008</u>	<u>30 June 2009</u>	<u>31 Dec 2008</u>
	N'000	N'000	N'000	N'000
3 rd FGN Bond Series 3 (14.5%)	280,959	253,929	280,959	253,929
3 rd FGN Bond Series 5 (14.5%)	358,071	634,993	358,071	634,993
3 rd FGN Bond Series 12 (12%)	1,158,908	1,168,074	1,158,908	1,168,074
4 th FGN Bond Series 2 (9.5%)	52,260	53,122	52,260	53,122
4 th FGN Bond Series 14 (15.5%)	3,779,756	3,844,877	3,779,756	3,844,877
	<u>5,629,954</u>	<u>5,954,995</u>	<u>5,629,954</u>	<u>5,954,995</u>

(xiii) This represents Guaranty Trust Assurance's investment in Eurobonds.

(xiv) This represents the Bank's investment made from funds set aside in the small scale industries reserve account (see note 18d). An additional investment of N74,611,115 was made during the period.

The details of the investment are shown below:

	Group	Group	Bank	Bank
	<u>30 June 2009</u>	<u>31 Dec 2008</u>	<u>30 June 2009</u>	<u>31 Dec 2008</u>
	N'000	N'000	N'000	N'000
Forrilon Translantic Ltd.	1,080,851	1,080,851	1,080,851	1,080,851
Sokoia 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 Limited	40,000	40,000	40,000	40,000
Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
National e-Government Strategies	25,000	25,000	25,000	25,000
Interswitch Nigeria	20,840	20,840	20,840	20,840
Central Securities Clearing System	10,500	10,500	10,500	10,500
Patrick Speech & Language Centre Ltd.	30,000	30,000	30,000	30,000
Bookcraft Limited	20,000	20,000	20,000	20,000
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
Credit Reference Company Nigeria Ltd.	61,111	50,000	61,111	50,000
Cards Technology Ltd.	265,000	265,000	265,000	265,000
Thisday Events Center	500,000	500,000	500,000	500,000
HITV Limited	500,000	500,000	500,000	500,000
Tai Farm International Limited	63,500	-	63,500	-
	<u>4,814,121</u>	<u>4,742,010</u>	<u>4,814,121</u>	<u>4,742,010</u>
Less: diminution in value of investment	(500,000)	-	(500,000)	-
	<u>4,314,121</u>	<u>4,742,010</u>	<u>4,314,121</u>	<u>4,742,010</u>

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

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

<i>Country of Incorporation</i>	<i>Company name</i>	<i>Nature of Business</i>	<i>Percentage of equity capital held</i>	<i>Period end</i>
Nigeria	GT Assurance Plc	Insurance	71.24%	30/06/09
Nigeria	GT Asset Management Ltd	Asset management	99.9%	30/06/09
Nigeria	GT Homes	Mortgage	75%	30/06/09
Nigeria	GT Registrars Limited	Registrar	99.9%	30/06/09
Netherlands	GTB Finance, B.V.	SPV	100%	30/06/09
United Kingdom	GT UK	Banking	100%	30/06/09
Liberia	GTB Liberia	Banking	100%	30/06/09
Sierra Leone	GTB Sierra Leone	Banking	84.30%	30/06/09
The Gambia	GTB Gambia	Banking	77.92%	30/06/09
Ghana	GTB Ghana	Banking	96%	30/06/09

(a)(ii) The condensed financial data of the consolidated entities are as follows:

<i>Subsidiary companies/parent company</i>	<i>Total assets</i> N'000	<i>Total liabilities</i> N'000	<i>Net assets</i> N'000	<i>Gross earnings</i> N'000	<i>Profit/(loss) before tax</i> N'000	<i>Cash and cash equivalents</i> N'000
GT Assurance Plc	17,759,122	4,726,632	13,032,490	3,235,655	651,185	8,115,008
GT Asset Management Ltd	2,397,311	616,831	1,780,480	286,389	83,770	1,137,988
GT Homes	5,020,829	2,495,660	2,525,169	395,312	(1,805,291)	142,242
GT Registrars Limited	6,156,813	6,097,139	59,674	36,992	(3,741)	6,115,768
GTB Finance BV	54,010,187	53,830,822	179,365	2,172,567	35,545	1,925
GTB UK	13,101,494	9,945,290	3,156,204	143,672	(395,663)	12,580,673
GTB Liberia	1,605,714	288,416	1,317,298	13,452	(91,464)	1,105,965
GTB Sierra Leone	7,233,775	6,166,625	1,067,150	786,093	186,495	1,886,516
GTB Gambia	7,845,240	6,620,323	1,224,917	918,147	221,654	2,159,248
GTB Ghana	21,807,280	13,849,090	7,958,190	2,447,885	736,849	6,422,196
GTB Nigeria	992,956,678	817,199,511	175,757,167	77,809,131	10,018,384	237,783,337
Eliminations	(93,629,415)	(62,663,306)	(30,966,109)	(3,154,673)	(1,312,000)	(6,670,694)
Total	1,036,265,028	859,173,033	177,091,995	85,090,622	8,325,723	270,780,172

8. Deferred tax assets

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	36,847	20,649	-	-
Reversal/charge during the period/year (see note (25))	(28,281)	16,198	-	-
Balance, end of period/year	<u>8,566</u>	<u>36,847</u>	<u>-</u>	<u>-</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Fixed assets	8,566	6,891	-	-
Unrelieved losses	-	29,956	-	-
	<u>8,566</u>	<u>36,847</u>	<u>-</u>	<u>-</u>

9. Fixed assets

(a) **Group**

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

	Leasehold Improvements <u>Land and Buildings</u> N'000	Machinery & Equipment N'000	Computers & Accessories N'000	Furniture and Fittings N'000	Motor Vehicle N'000	Other Transportation Equipment N'000	Capital Work in Progress N'000	<u>Total</u> N'000
COST								
Balance, beginning of period/year	16,657,857	6,117,233	9,084,037	2,661,835	4,865,054	2,545,136	11,273,863	53,205,015
Exchange difference	123,878	(16,146)	(2,676)	747	(11,612)	-	(29,916)	64,275
Additions	1,062,279	699,427	1,000,285	148,524	1,163,415	-	3,824,359	7,898,289
Disposals	(28,504)	(7,075)	(9,799)	(12,268)	(406,522)	-	(474,403)	(938,571)
Reclassifications	1,648,961	409,890	156,950	34,861	-	-	(2,250,662)	-
Balance, end of period/year	<u>19,464,471</u>	<u>7,203,329</u>	<u>10,228,797</u>	<u>2,833,699</u>	<u>5,610,335</u>	<u>2,545,136</u>	<u>12,343,241</u>	<u>60,229,008</u>
ACCUMULATED DEPRECIATION								
Balance, beginning of period/year	1,827,900	2,853,179	5,022,488	1,266,536	2,159,748	445,399	-	13,575,250
Exchange difference	6,463	(2,000)	(3,214)	(19,666)	1,387	-	-	(17,030)
Charge for the period/year	306,069	580,912	1,017,598	234,264	608,622	127,257	-	2,874,722
Disposals	(3,830)	(5,774)	(9,799)	(9,355)	(350,501)	-	-	(379,259)
Balance, end of period/year	<u>2,136,602</u>	<u>3,426,317</u>	<u>6,027,073</u>	<u>1,471,779</u>	<u>2,419,256</u>	<u>572,656</u>	<u>-</u>	<u>16,053,683</u>
NET BOOK VALUE								
End of period/year	<u>17,327,869</u>	<u>3,777,012</u>	<u>4,201,724</u>	<u>1,361,920</u>	<u>3,191,079</u>	<u>1,972,480</u>	<u>12,343,241</u>	<u>44,175,325</u>
Beginning of period/year	<u>14,829,957</u>	<u>3,264,054</u>	<u>4,061,549</u>	<u>1,395,299</u>	<u>2,705,306</u>	<u>2,099,737</u>	<u>11,273,863</u>	<u>39,629,765</u>

- i. Leased assets with a net book value of N1,972,480,000 (31 Dec 2008 N2,099,737,090) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 13 (c).
- ii. The Group had capital commitments of N1,082,269,862 (31 Dec 2008: N438,154,403) as at the balance sheet date.

9. Fixed assets

(b) Bank

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

	Leasehold Improvements Land and Buildings ₦'000	Machinery & Equipment ₦'000	Computers & Accessories ₦'000	Furniture and Fittings ₦'000	Motor Vehicle ₦'000	Other Transportation Equipment ₦'000	Capital Work in Progress ₦'000	Total ₦'000
COST								
Balance, beginning of period/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	568,789	547,180	822,031	58,456	942,010	-	3,834,825	6,773,291
Disposals	(3,830)	(7,075)	(9,799)	(11,962)	(390,403)	-	(474,403)	(897,472)
Reclassifications	1,561,638	409,890	156,950	32,921	-	-	(2,161,399)	-
Balance, end of period/year	<u>17,036,633</u>	<u>6,574,062</u>	<u>9,209,040</u>	<u>2,418,331</u>	<u>4,759,627</u>	<u>2,545,136</u>	<u>11,862,984</u>	<u>54,405,813</u>
ACCUMULATED DEPRECIATION								
Balance, beginning of period/year	1,713,835	2,699,572	4,594,745	1,100,226	1,945,225	445,399	-	12,499,002
Charge for the period/year	252,142	529,315	917,059	202,398	500,016	127,257	-	2,528,187
Disposals	(3,830)	(5,774)	(9,799)	(9,355)	(343,700)	-	-	(372,458)
Balance, end of period/year	<u>1,962,147</u>	<u>3,223,113</u>	<u>5,502,005</u>	<u>1,293,269</u>	<u>2,101,541</u>	<u>572,656</u>	<u>-</u>	<u>14,654,731</u>
NET BOOK VALUE								
End of period/year	<u>15,074,486</u>	<u>3,350,949</u>	<u>3,707,035</u>	<u>1,125,062</u>	<u>2,658,086</u>	<u>1,972,480</u>	<u>11,862,984</u>	<u>39,751,082</u>
Beginning of period/year	<u>13,196,201</u>	<u>2,924,495</u>	<u>3,645,113</u>	<u>1,238,690</u>	<u>2,262,795</u>	<u>2,099,737</u>	<u>10,663,961</u>	<u>36,030,992</u>

- i. Leased assets amounting to ₦1,972,480,000 (31 Dec 2008: ₦2,099,737,090) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 13 (c).
- ii. The Bank had capital commitments of ₦1,082,269,862 (31 Dec 2008: ₦438,154,403) as at the balance sheet date.

10. Goodwill on consolidation

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	354,328	166,432	-	-
Goodwill arising during the period/year	36,343	187,896	-	-
Balance, end of period/year	<u>390,671</u>	<u>354,328</u>	<u>-</u>	<u>-</u>

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

GTB Sierra Leone	49,975	49,975	-	-
GTB Gambia	948	948	-	-
GTA	339,748	303,405	-	-
Balance, end of period/year	<u>390,671</u>	<u>354,328</u>	<u>-</u>	<u>-</u>

11. Deposits and other accounts

(a) Deposits and other accounts comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Demand				
- Local	219,508,402	220,822,094	205,053,222	213,184,482
- Domiciliary	51,525,145	51,198,043	55,402,910	51,198,042
Time	301,999,610	155,035,728	287,709,883	140,148,166
Savings	53,324,566	45,214,638	48,877,251	42,287,833
	<u>626,357,723</u>	<u>472,270,503</u>	<u>597,043,266</u>	<u>446,818,523</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Under 1 month	472,431,107	457,758,215	450,592,855	444,718,846
1 – 3 months	148,659,699	9,912,685	146,314,644	2,077,053
3 – 6 months	2,362,096	1,771,255	129,626	19,224
6 – 12 months	1,932,923	2,204,228	6,141	2,660
Over 12 months	971,898	624,121	-	740
	<u>626,357,723</u>	<u>472,270,504</u>	<u>597,043,266</u>	<u>446,818,523</u>

12. Taxation payable

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	9,484,919	5,851,198	9,085,877	5,517,981
Exchange difference	9,146	-	-	-
Charge for the period/year: (See note (25))	2,176,947	5,973,772	1,661,008	5,471,504
Payments during the period/year	(4,328,401)	(2,597,543)	(4,048,166)	(2,151,885)
Prior period under/(over) provision	-	257,492	-	248,277
Balance, end of period/year	<u>7,342,611</u>	<u>9,484,919</u>	<u>6,698,719</u>	<u>9,085,877</u>

13. Other liabilities

Other liabilities comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Foreign currency denominated liabilities (see note 1 (a)(ii))	47,451,966	119,883,550	47,396,455	119,310,560
Secured buy back takings (see note 6)	-	31,500,000	-	31,500,000
Due to other local banks (see note (a) below)	2,705,816	27,965,203	2,705,816	27,965,203
Certified cheques	14,611,887	13,297,171	14,217,759	13,297,171
Customers' deposits for forex	71,970,546	-	71,970,546	-
Unearned interest and discount	4,396,533	2,463,850	4,158,397	2,463,850
Interest payable	4,877,218	4,401,427	2,844,818	2,623,413
Gratuity provisions (see note (b) below)	-	444,021	-	444,021
Finance lease obligations (see note (c) below)	1,952,039	2,125,260	1,952,039	2,125,260
Other accounts payable	3,712,790	24,811,078	2,198,521	20,340,484
Deposit for shares	9,937	2,028,648	-	-
Unclaimed dividend (see notes 1(b) and 15(b))	6,041,516	2,658,234	-	-
Insurance funds	1,535,860	983,134	-	-
	<u>159,266,108</u>	<u>232,561,576</u>	<u>147,444,351</u>	<u>220,069,962</u>

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

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	444,021	1,204,806	444,021	1,204,806
Charge for the period/year	-	777,354	-	777,354
Transfer to external trustees	(444,021)	(1,538,139)	(444,021)	(1,538,139)
Balance, end of period/year	<u>-</u>	<u>444,021</u>	<u>-</u>	<u>444,021</u>

(ii) Gratuity provision as at period end represents the balance as actuarially determined as at 31 December 2008. The Directors are of the opinion that there were no significant events that will render the previous estimate misleading.

(c) Finance lease obligation

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Falling due within one year				
- 2009	-	608,534	-	608,534
Falling due over one year				
- 2010	608,534	608,534	608,534	608,534
- 2011	608,534	608,534	608,534	608,534
- 2012	608,533	608,533	608,533	608,533
- 2013	608,533	608,533	608,533	608,533
- 2014	550,343	152,149	550,343	152,149
	<u>2,984,477</u>	<u>3,194,817</u>	<u>2,984,477</u>	<u>3,194,817</u>
Less: Future interest	(1,032,438)	(1,069,557)	(1,032,438)	(1,069,557)
Balance, end of period/year	<u>1,952,039</u>	<u>2,125,260</u>	<u>1,952,039</u>	<u>2,125,260</u>

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Gross obligation, beginning of the period/year	2,125,260	2,350,447	2,125,260	2,350,447
Repayments during the period/year	(173,221)	(225,187)	(173,221)	(225,187)
Balance, end of period/year	<u>1,952,039</u>	<u>2,125,260</u>	<u>1,952,039</u>	<u>2,125,260</u>

14. Deferred taxation liabilities

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

	Group 30 June 2009 N'000	Group 31 Dec 2008 N'000	Bank 30 June 2009 N'000	Bank 31 Dec 2008 N'000
Balance, beginning of period/year	3,474,838	2,808,927	3,395,712	2,731,679
Translation difference	(19,940)	19,460	-	-
(Credit)/Charge for the period/year (see note (25))	(2,636,727)	646,451	(2,772,065)	664,033
Reversal during the period (see note (25))	(1,108)	-	-	-
Balance, end of period/year	<u>817,063</u>	<u>3,474,838</u>	<u>623,647</u>	<u>3,395,712</u>

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

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Fixed assets	4,838,231	3,927,241	4,641,802	3,851,876
General provisions	(3,999,082)	(1,603,692)	(3,996,069)	(1,601,360)
Other assets	-	1,385,352	-	1,385,352
Gratuity provision	-	(135,997)	-	(133,206)
Unrealised gain on short term investments	-	8,884	-	-
Other provisions	(22,086)	(106,950)	(22,086)	(106,950)
	<u>817,063</u>	<u>3,474,838</u>	<u>623,647</u>	<u>3,395,712</u>

15. Dividend payable

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	-	-	-	-
Final dividend declared	14,922,999	9,575,591	14,922,999	9,575,591
Payment during the period/year	(14,922,999)	(9,575,591)	(14,922,999)	(9,575,591)
Balance, end of period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (b) Unclaimed dividend amounting to N6,041,516,135 (31 Dec 2008: N2,658,234,192), has been included in other liabilities (see note 13).

16. Borrowings

(a) Borrowings comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Due to IFC (see note (a))				
(i) below	9,109,068	9,244,359	9,109,068	9,244,359
Due to EIB (see note (a))				
(ii) below	111,056	209,306	111,056	209,306
Due to ADB (see note (a))				
(iii) below	4,343,504	4,604,738	4,343,504	4,604,738
Debt securities issued (see note (a) (iv) below)	51,825,900	48,838,125	51,825,900	48,838,125
	<u>65,389,528</u>	<u>62,896,528</u>	<u>65,389,528</u>	<u>62,896,528</u>

- (a) i. The amount of ₦9,109,068,000 (USD 61,517,000) 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 ₦111,056,000 (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.
- (a)iii. The amount of ₦4,343,504,000 (USD 29,333,333) 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 7years. The principal amount is repayable in 12 equal instalments after a moratorium of 1 year, while interest is payable half yearly at a rate per annum determined by the Bank to be the sum of LIBOR or its successor rate for such interest periods plus 245 basis points per annum.
- (a)iv. The amount of ₦51,825,900,000 (USD 350,000,000) represents dollar guaranteed notes issued by GTB Finance B.V., Netherlands in January 2007 for a period of 5 years. The principal amount is repayable at the end of the tenor while interest on the notes is payable semi-annually at 8.5% per annum.

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	62,896,528	56,142,576	62,896,528	56,142,576
Payments during the period/year	(1,354,828)	(4,043,518)	(1,354,828)	(4,043,518)
Translation (gain)/loss	3,847,828	10,797,470	3,847,828	10,797,470
Balance, end of period/year	<u>65,389,528</u>	<u>62,896,528</u>	<u>65,389,528</u>	<u>62,896,528</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Below 1 year	111,056	1,755,847	111,056	1,755,847
1 – 7 years	65,278,472	61,140,681	65,278,472	61,140,681
	<u>65,389,528</u>	<u>62,896,528</u>	<u>65,389,528</u>	<u>62,896,528</u>

17. Share capital

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
(a) Authorised: 30,000,000,000 Ordinary shares of 50k each (31 Dec 2008: 30,000,000,000 of 50k each)	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000

(b)(i) Issued and fully paid:

18,653,748,614 Ordinary shares of 50k each (31 Dec 2008: 14,922,998,891 ordinary shares of 50k each)	<u>9,326,875</u>	<u>7,461,500</u>	<u>9,326,875</u>	<u>7,461,500</u>
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(ii) Issued and fully paid up shares comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
11,973,486,240 ordinary shares of 50k each (30 June 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 shares (30 June 2008: 2,703,718,73)	1,474,757	1,474,757	1,474,757	1,474,757
Balance, end of period/year	<u>9,326,875</u>	<u>7,461,500</u>	<u>9,326,875</u>	<u>7,461,500</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	7,461,500	6,839,708	7,461,500	6,839,708
Bonus shares capitalized (see note 18 (e))	1,865,375	621,792	1,865,375	621,792
Balance, end of period/year	<u>9,326,875</u>	<u>7,461,500</u>	<u>9,326,875</u>	<u>7,461,500</u>

(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.

18. Other reserves

(a) Other reserves comprise:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Statutory reserve (see note (b) below)	31,051,124	27,712,292	31,051,124	27,712,292
Retained earnings (see note (c) below)	8,195,423	16,924,801	11,504,699	18,137,089
Small scale industries (SSI) reserve (see note (d) below)	4,797,904	5,297,904	4,797,904	5,297,904
Foreign currency translation reserve (see note (e) below)	(484,641)	(346,662)	-	-
Bonus reserve (see note (f) below)	-	1,865,375	-	1,865,375
Balance, end of the period/year	<u>43,559,810</u>	<u>51,453,710</u>	<u>47,353,727</u>	<u>53,012,660</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	27,712,292	19,290,316	27,712,292	19,290,316
Transfer from profit and loss account	3,338,832	8,421,976	3,338,832	8,421,976
Balance, end of period/year	<u>31,051,124</u>	<u>27,712,292</u>	<u>31,051,124</u>	<u>27,712,292</u>

In accordance with existing legislation, the Bank transferred 30% (31 Dec 2008: 30%) of its profit after taxation to statutory reserves.

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	16,924,801	9,179,185	18,137,089	9,926,779
Final dividend paid	(14,922,999)	(9,575,591)	(14,922,999)	(9,575,591)
Transfer from profit and loss account	5,693,621	17,321,207	7,790,609	17,785,901
Transfer from SME reserve	500,000	-	500,000	-
Balance, end of period/year	<u>8,195,423</u>	<u>16,924,801</u>	<u>11,504,699</u>	<u>18,137,089</u>

- (d) The movement on the SME reserve account during the period was as follows:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	5,297,904	5,297,904	5,297,904	5,297,904
Transfer to general reserve	(500,000)	-	(500,000)	-
Balance, end of period/year	<u>4,797,904</u>	<u>5,297,904</u>	<u>4,797,904</u>	<u>5,297,904</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	(346,662)	(296,604)	-	-
Translation gain during the period/year	(137,979)	(50,058)	-	-
Balance, end of period/year	<u>(484,641)</u>	<u>(346,662)</u>	<u>-</u>	<u>-</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Balance, beginning of period/year	1,865,375	621,792	1,865,375	621,792
Bonus capitalized	(1,865,375)	(621,792)	(1,865,375)	(621,792)
Transfer from profit and loss account	-	1,865,375	-	1,865,375
Balance, end of period/year	<u>-</u>	<u>1,865,375</u>	<u>-</u>	<u>1,865,375</u>

19 Non controlling interest

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000
GTB Gambia Limited	270,462	257,778
GTB Sierra Leone Limited	163,228	168,709
Guaranty Trust Assurance Plc.	3,748,144	3,294,813
GTB Ghana Limited	318,328	320,825
GTB Homes Limited	628,583	-
	<u>5,128,745</u>	<u>4,042,125</u>

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

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000
Balance, beginning of the period/year	4,042,125	3,335,075
Cash paid by non controlling interest	1,829,353	395,842
Retained (loss)/earnings for the period/year	(274,123)	707,003
Dilution in non controlling interest	39,475	(257,735)
Effect of exchange difference	(66,704)	-
Dividend paid to minority interest	(441,381)	(138,060)
	<u>5,128,745</u>	<u>4,042,125</u>

20. Guarantees and other commitments on behalf of customers

This comprises:

	<u>Group</u> <u>30 June 2009</u> N'000	<u>Group</u> <u>31 Dec 2008</u> N'000	<u>Bank</u> <u>30 June 2009</u> N'000	<u>Bank</u> <u>31 Dec 2008</u> N'000
Transaction-related bonds and guarantees (see note (a))	210,268,737	170,281,067	207,515,171	168,618,094
Guaranteed commercial papers and bankers acceptances	2,230,044	146,373,722	-	144,145,232
Clean line facilities and irrevocable letters of credit	83,200,381	71,788,236	77,384,476	65,114,095
Commitments on foreign exchange contracts	27,989,030	25,420,700	27,957,754	25,392,363
Treasury bills held on behalf of customers	38,500	352,078	38,500	120,363
Guaranteed facilities	616,893	259,016	-	259,016
	<u>324,343,585</u>	<u>414,474,819</u>	<u>312,895,901</u>	<u>403,649,163</u>

(a) N11,338,814,000 (31 Dec 2008: N26,120,245,000) out of the bonds and guarantees issued by the Bank were cash collateralised.

21. Interest and discount income

Interest and discount income was derived as follows:

(a) Source

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Financial institutions	2,280,897	1,718,881	1,392,453	1,362,225
Customers	46,390,797	17,202,317	44,343,280	17,427,497
Securities trading	8,441,101	4,809,482	7,293,242	4,491,791
	<u>57,112,795</u>	<u>23,730,680</u>	<u>53,028,975</u>	<u>23,281,513</u>

(b) Geographical location

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Earned in Nigeria	50,825,845	23,249,699	49,786,745	23,848,324
Earned outside Nigeria	6,286,950	480,981	3,242,230	(566,811)
	<u>57,112,795</u>	<u>23,730,680</u>	<u>53,028,975</u>	<u>23,281,513</u>

22. Interest expense

Interest expense comprises:

(a) Source

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Financial institutions	2,888,096	1,896,240	2,983,762	1,870,593
Customers' deposits	15,427,440	5,256,248	14,192,281	4,844,995
Securities trading	2,165,993	260,441	2,165,993	208,589
	<u>20,481,529</u>	<u>7,412,929</u>	<u>19,342,036</u>	<u>6,924,177</u>

(b) Geographical location:

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Paid in Nigeria	15,038,424	5,450,509	15,139,020	5,450,509
Paid outside Nigeria	5,443,105	1,962,420	4,203,016	1,473,668
	<u>20,481,529</u>	<u>7,412,929</u>	<u>19,342,036</u>	<u>6,924,177</u>

23. Other income

This comprises:

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Foreign exchange earnings (see note (a) below)	4,068,820	689,136	3,610,428	493,154
Commissions and similar income	12,551,756	4,053,646	11,351,480	3,563,916
Other fees and charges	8,830,408	6,631,153	8,581,821	6,013,204
Dividend income from equity investments	198,764	18,605	1,051,004	18,838
Premium on insurance contracts (see note (b) below)	2,043,091	949,152	-	-
Revaluation gain on short term investment	97,768	-	-	-
Gain on disposal of fixed assets	185,584	10,798	183,787	9,090
	<u>27,976,191</u>	<u>12,352,490</u>	<u>24,778,520</u>	<u>10,098,202</u>

(a) Foreign exchange earnings comprise:

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Foreign currency trading	4,212,806	811,779	3,754,414	619,786
Exchange gain/(loss)	(143,986)	(122,643)	(143,986)	(126,632)
	<u>4,068,820</u>	<u>689,136</u>	<u>3,610,428</u>	<u>493,154</u>

(b) Premium on insurance contracts comprises:

	Group 30 June 2009 6months N'000	Group 30 June 2008 4 months N'000	Bank 30 June 2009 6 months N'000	Bank 30 June 2008 4 months N'000
Gross premium	4,459,901	2,453,909	-	-
Outward insurance premium	(1,829,696)	(1,127,265)	-	-
Unexpired premium reserve	(587,114)	(377,492)	-	-
	<u>2,043,091</u>	<u>949,152</u>	<u>-</u>	<u>-</u>

24. Operating expenses

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

	Group 30 June 2009 6months N'000	Group 30 June 2008 4 months N'000	Bank 30 June 2009 6 months N'000	Bank 30 June 2008 4 months N'000
Staff salaries and allowances	8,166,939	4,300,159	6,929,666	3,657,522
Depreciation	2,852,856	1,533,122	2,528,187	1,342,207
Repairs and maintenance	1,363,226	678,382	1,356,306	678,382
Insurance	10,023	330,802	6,938	330,802
Professional fees	161,093	54,265	158,009	42,622
Contract services	2,165,743	1,160,380	2,152,882	1,160,380
NDIC premium	1,119,066	442,164	1,119,066	442,164
Claims incurred on insurance contracts	563,279	279,166	-	-
Lease finance charge	196,895	116,416	196,895	116,416
Underwriting expenses	383,200	182,887	-	-
Operating lease expenses				
Bank premises	-	117,677	-	117,677
Other operating expenses	9,860,247	5,782,752	7,304,049	4,672,281
Loss on disposal of trading properties (see note 5(b))	1,932,178	-	-	-
Auditor's remuneration (see note (i) below)	81,014	85,603	55,312	53,125
	<u>28,855,759</u>	<u>15,063,775</u>	<u>21,807,310</u>	<u>12,613,578</u>

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

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

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Wages and salaries	7,893,027	4,146,250	6,688,653	3,526,204
Other pension costs	273,912	153,908	241,013	131,318
	<u>8,166,939</u>	<u>4,300,158</u>	<u>6,929,666</u>	<u>3,657,522</u>

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

	<u>Group</u> <u>30 June 2009</u> 6months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Abuja and north central	76	133	76	133
North east division	32	68	32	68
North west division	38	61	38	61
South east division	96	173	96	173
South west division	102	85	102	85
Lagos division	332	299	173	166
Financial control & strategy	49	42	31	31
General services and external affairs	194	69	85	54
Institutional banking division	207	298	192	185
Commercial banking	43	33	-	-
Retail	561	252	483	194
Management and corporate services	212	206	125	102
Payment and settlement	229	247	187	206
Risk management	53	35	53	35
Systems and control	88	62	73	51
Transaction services group	982	783	807	621
Public sector group	16	15	-	-
	<u>3,310</u>	<u>2,861</u>	<u>2,553</u>	<u>2,165</u>

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

	<u>Group</u> <u>30 June 2009</u> 6 months ₦'000	<u>Group</u> <u>30 June 2008</u> 4 months ₦'000	<u>Bank</u> <u>30 June 2009</u> 6 months ₦'000	<u>Bank</u> <u>30 June 2008</u> 4 months ₦'000
N 720,001 - N 740,000	291	335	-	-
N 830,001 - N 840,000	37	27	-	-
N 930,001 - N 980,000	74	162	-	-
N1,100,001 - N 1,260,000	50	58	-	-
N1,270,001 - N1,280,000	2	4	-	-
N1,300,001 - N1,310,000	19	-	-	-
N1,310,001 - N1,340,000	46	22	13	13
N1,340,001 - N1,400,000	35	16	-	-
N1,400,001 - N2,050,000	86	50	2	2
N2,190,001 - N2,330,000	4	4	-	-
N2,330,001 - N2,840,000	606	474	604	453
N2,840,001 - N3,000,000	2	-	-	-
N3,130,001 - N3,830,000	19	7	-	-
N3,830,001 - N4,530,000	634	588	623	582
N4,530,001 - N5,930,000	498	428	481	426
N6,300,001 - N6,800,000	382	299	374	298
N6,800,001 - N7,300,000	45	-	-	-
N7,300,001 - N7,800,000	195	146	195	146
N8,600,001 - N11,800,000	191	171	180	170
Above N11,800,000	84	68	75	68
	<u>3,300</u>	<u>2,859</u>	<u>2,547</u>	<u>2,158</u>

(c) **Directors' remuneration**

Directors' remuneration was provided as follows:

	<u>30 June 2009</u> 6 months ₦'000	<u>30 June 2008</u> 4 months ₦'000
Fees as directors	42,500	28,000
Other allowances	85,300	50,000
	<u>127,800</u>	<u>78,000</u>
Executive compensation	128,831	79,730
	<u>256,631</u>	<u>157,730</u>

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

	<u>30 June 2009</u>	<u>30 June 2008</u>
	6 months	4 months
	N'000	N'000
Chairman	13,644	11,112
Highest-paid director	41,828	64,547

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

	<u>30 June 2009</u>	<u>30 June 2008</u>
	6 months	4 months
	Number	Number
N6,500,001 - N7,000,000	1	0
N11,000,001 - N11,500,000	0	6
N11,500,001 - N12,000,000	0	1
N12,000,001 - N12,500,000	0	0
N12,500,001 - N13,000,000	0	0
N13,000,001 - N13,500,000	0	0
N13,500,001 - N 22,500,000	11	3
Above N22, 500,001	1	3
	13	13

25. Taxation charge

(a) The tax charge for the year comprises:

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	6 months	4 months	6 months	4 months
	N'000	N'000	N'000	N'000
Company income tax	1,955,883	1,883,051	1,445,760	1,811,623
Education tax	221,064	125,537	215,248	120,775
	2,176,947	2,008,588	1,661,008	1,932,398
Deferred tax credit (see note 14)	(2,636,727)	-	(2,772,065)	-
Reversal during the period	(1,108)	-	-	-
Deferred tax charge (see note 8)	28,281	298,490	-	322,205
	(432,607)	2,307,078	(1,111,057)	2,254,603

26. Earnings and dividend per share

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

Adjusted earnings per share has been computed based on weighted average number of shares of 18,653,748,614 after taking into consideration the bonus issued during the period.

27. Net cash flow from operating activities

This comprises:

	<u>Group</u> <u>30 June 2009</u> 6 months N'000	<u>Group</u> <u>30 June 2008</u> 4 months N'000	<u>Bank</u> <u>30 June 2009</u> 6 months N'000	<u>Bank</u> <u>30 June 2008</u> 4 months N'000
Profit after tax	8,758,330	10,807,817	11,129,441	11,487,301
Add back: Taxation charge	(432,607)	1,019,928	(1,111,057)	682,070
	<hr/>	<hr/>	<hr/>	<hr/>
Profit before tax	8,325,723	11,827,745	10,018,384	12,169,371
Non controlling interest	274,123	(230,856)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,599,846	11,596,889	10,018,384	12,169,371
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Depreciation of fixed assets	2,874,722	1,530,172	2,528,187	1,342,207
Gain on disposal of fixed assets	(185,584)	(10,798)	(183,787)	(9,090)
Increase in foreign currency translation reserve	(78,106)	218,183	-	-
Non controlling interest	(301,352)	-	-	-
Exchange gain on borrowing	3,847,828	377,633	3,847,828	377,633
Allowance for bad and doubtful loans	24,250,547	1,727,412	24,113,926	1,673,521
Allowance for other risk assets	2,118,572	52,240	1,468,982	-
Loss on disposal of trading properties	1,932,178	-	-	-
Diminution in underwritten shares	1,058,493	-	1,058,493	-
Reversal of allowance for doubtful other assets	-	(50,000)	-	(50,000)
Dividend income from equity investments	(198,764)	(18,606)	(1,051,004)	(18,838)
Interest paid on finance charge	-	-	196,895	-
Interest paid on borrowings	2,183,844	1,072,265	2,183,844	1,072,265
Interest paid on finance lease	-	116,416	-	116,416
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash flow from operating activities before changes in operating assets	46,102,224	16,611,806	44,181,748	16,673,485
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

28. Changes in operating assets and liabilities

This comprises:

	Group	Group	Bank	Bank
	<u>30 June 2009</u>	<u>30 June 2008</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
	6 months	4 months	6 months	4 months
	N'000	N'000	N'000	N'000
(Increase)/decrease in operating assets:				
Short-term investments	32,831,818	83,762,595	28,577,734	87,929,539
Loans and advances	(182,444,748)	(84,878,339)	(168,207,507)	(83,882,755)
Advances under finance leases	15,061	4,007	15,061	4,007
Other assets	33,370,217	(7,024,576)	34,580,474	(5,820,834)
Goodwill arising during the period	(36,343)	(947)	-	-
Gratuity scheme asset	-	(10,775)	-	(10,775)
Increase/(decrease) in operating liabilities:				
Deposits and other accounts	154,087,219	41,248,078	150,224,743	36,801,165
Other liabilities	(72,788,354)	204,039,985	(72,118,499)	202,548,298
	<u>(34,965,130)</u>	<u>237,140,028</u>	<u>(26,927,994)</u>	<u>237,568,645</u>

29. Segment reporting

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

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

Business segments

The Group operates the following main business segments:

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

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

	Corporate Banking		Retail		Commercial Banking		Insurance		Asset Mgt		Total	Total
	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000
Derived from external customers	38,839,110	16,694,345	21,382,911	8,920,504	21,346,429	9,175,407	3,235,783	1,293,845	286,389	-	85,090,622	36,084,101
Derived from other business segments	(2,951,510)	-	3,100,308	-	(148,798)	-	-	-	-	-	-	-
Total Revenue	35,887,600	16,694,345	24,483,219	8,920,504	21,197,631	9,175,407	3,235,783	1,293,845	286,389	-	85,090,622	36,084,101
Interest Expenses	(12,056,442)	(4,365,512)	(4,807,915)	(1,737,677)	(3,615,207)	(1,309,029)	(1,965)	(712)	-	-	(20,481,529)	(7,412,930)
	23,831,158	12,328,833	19,675,304	7,182,827	17,582,424	7,866,378	3,233,818	1,293,133	286,389	-	64,609,093	28,671,171
Expense:												
Operating Expenses	5,763,733	4,630,411	14,298,546	5,376,533	6,430,088	2,664,343	2,529,905	911,605	135,829	-	29,158,101	13,582,892
Loan Loss Expenses	12,130,660	811,823	2,457,712	169,056	9,662,175	746,533	-	-	-	-	24,250,547	1,727,412
Depreciation	587,126	315,521	1,545,306	818,694	682,302	366,669	58,302	32,238	1,686	-	2,874,722	1,533,122
Total Cost	18,481,519	5,757,755	18,301,564	6,364,283	16,774,565	3,777,545	2,588,207	943,843	137,515	-	56,283,370	16,843,426
Profit on Ordinary Activities before Taxation	5,349,639	6,571,078	1,373,740	818,544	807,859	4,088,833	645,611	349,290	148,874	-	8,325,723	11,827,745
Assets and Liabilities:	June 2009	Dec. 2008	June 2009	Dec. 2008	June 2009	Dec. 2008	June 2009	Dec. 2008	June 2009	Dec. 2008	June 2009	Dec. 2008
Total Tangible Assets	362,355,588	465,738,854	261,122,510	238,475,196	288,827,529	239,624,167	17,766,229	16,567,466	3,232,591	1,962,253	1,035,874,357	962,367,936
Intangible assets	390,671	354,328	-	-	-	-	-	-	-	-	390,671	354,328
Total Assets	362,745,729	466,093,182	261,122,510	238,475,196	288,827,529	239,624,167	17,766,229	16,567,466	3,232,591	1,962,253	1,036,265,028	962,722,264
Total Liabilities	274,544,189	306,492,023	312,705,836	347,089,034	151,503,237	122,717,701	4,733,371	4,135,163	1,451,890	254,443	859,173,033	780,688,364
Net Assets	88,201,540	159,601,159	(51,583,326)	(108,613,838)	137,324,292	116,906,466	13,032,858	12,432,303	1,780,701	1,707,810	177,091,995	182,033,900

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	Nigeria		Rest of west Africa		Europe		Total	
	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000	June 2009 N'000	June 2008 N'000
Revenue	80,783,252	33,380,647	4,165,577	2,621,542	141,793	81,913	85,090,622	36,084,102
Interest Expenses	(17,189,708)	(6,924,177)	(1,153,567)	(469,890)	(2,138,254)	(18,863)	(20,481,529)	(7,412,930)
Net revenue	63,593,544	26,456,470	3,012,010	2,151,652	(1,996,461)	63,050	64,609,093	28,671,172
Expense:								
Operating Expenses	27,037,723	11,271,371	1,612,391	2,122,688	507,937	188,833	29,158,051	13,582,892
Loan loss expenses	24,122,679	1,673,521	127,868	53,891	-	-	24,250,547	1,727,412
Depreciation	2,627,722	1,342,207	216,883	174,753	30,167	16,162	2,874,772	1,533,122
Total Cost	53,788,124	14,287,099	1,957,142	2,351,332	538,104	204,995	56,283,370	16,843,426
Profit on Ordinary Activities before Taxation	9,805,421	12,169,371	1,054,867	(199,680)	(2,534,565)	(141,945)	8,325,723	11,827,746
	June 2009 N'000	Dec. 2008 N'000	June 2009 N'000	Dec. 2008 N'000	June 2009 N'000	Dec. 2008 N'000	June 2009 N'000	Dec. 2008 N'000
Assets and Liabilities:								
Total (Tangible) Assets	930,270,666	863,726,328	38,492,010	36,863,338	67,111,681	61,778,270	1,035,874,357	962,367,936
Intangible assets	390,671	354,328	-	-	-	-	390,671	354,328
	930,661,337	864,080,656	38,492,010	36,863,338	67,111,681	61,778,270	1,036,265,028	962,722,264
Total Liabilities	768,472,468	690,116,390	26,924,453	32,174,052	63,776,112	58,397,922	859,173,033	780,688,364
Net Assets	162,188,869	173,964,266	11,567,557	4,689,286	3,335,569	3,380,348	177,091,995	182,033,900

30. Related party transactions:

During the period, the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦10,355,269,000 (31 Dec 2008: ₦11,542,887,000) was outstanding on these various facilities at the end of the period, all of which were classified as performing.

31. Litigation and claims

The Bank, in its ordinary course of business, is presently involved in 129 cases as a defendant (31 December 2008: 98) and 36 cases as a plaintiff (31 December 2008: 32). The total amount claimed in the 129 cases against the Bank is estimated at ₦29,578,562,568 and \$8,300 (31 December 2008: ₦8,487,020,960 and \$20,750) while the total amount claimed in the 36 cases instituted by the Bank is ₦6,486,319,918 and \$7,312,162 (31 December 2008: ₦472,820,325). However, the Solicitors of the Bank are of the opinion that the contingent liability arising from the cases pending against the Bank is not likely to exceed ₦18,178,490,244 (31 December 2008: ₦132,490,819). The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

Value Added Statement

For the period ended 30 June 2009

Group

	June 2009 N'000	%	June 2008 N'000	%
Gross earnings	85,090,622		36,084,102	
Interest expense:				
- Local	(15,038,424)		(5,450,508)	
- Foreign	(5,443,105)		(1,962,421)	
	<u>64,609,093</u>		<u>28,671,173</u>	
Loan loss expense	(24,250,547)		(1,727,413)	
	<u>40,358,546</u>		<u>26,943,760</u>	
Bought-in materials and services				
- Local	(20,169,692)		(8,810,285)	
- Foreign	(547,347)		(472,449)	
	<u>19,641,507</u>	<u>100</u>	<u>17,661,026</u>	<u>100</u>
Distribution of value added:				
To government:				
Taxes	(432,607)	(2)	2,307,078	13
To employees:				
Wages, salaries and pensions	8,166,939	41	4,300,159	24
Retained in the business:				
Depreciation of fixed assets	2,874,722	15	1,533,122	9
To augment reserves	9,032,453	46	9,520,667	54
Value added	<u><u>19,641,507</u></u>	<u><u>100</u></u>	<u><u>17,661,026</u></u>	<u><u>100</u></u>

Value Added Statement

For the period ended 30 June 2009

Bank

	June 2009 N'000	%	June 2008 N'000	%
Gross earnings	77,809,131		33,380,647	
Interest expense:				
- Local	(15,139,020)		(5,450,509)	
- Foreign	(4,203,016)		(1,473,668)	
	<u>58,467,095</u>		<u>26,456,470</u>	
Loan loss expense	(24,113,926)		(1,673,521)	
	<u>34,353,169</u>		<u>24,782,949</u>	
Bought-in materials and services:				
- Local	(14,331,585)		(7,141,400)	
- Foreign	(545,347)		(472,449)	
Value added	<u>19,476,237</u>	<u>100</u>	<u>17,169,100</u>	<u>100</u>
Distribution of value added:				
To government:				
Taxes	(1,111,057)	(6)	2,254,603	13
To employees:				
Wages, salaries and pensions	6,929,666	36	3,657,522	21
Retained in the business:				
Depreciation of fixed assets	2,528,187	13	1,342,207	8
To augment reserves	11,129,441	57	9,914,768	58
Value added	<u>19,476,237</u>	<u>100</u>	<u>17,169,100</u>	<u>100</u>