



Guaranty Trust Bank plc
RC 152321



2012

Annual Report

TOUCHING LIVES



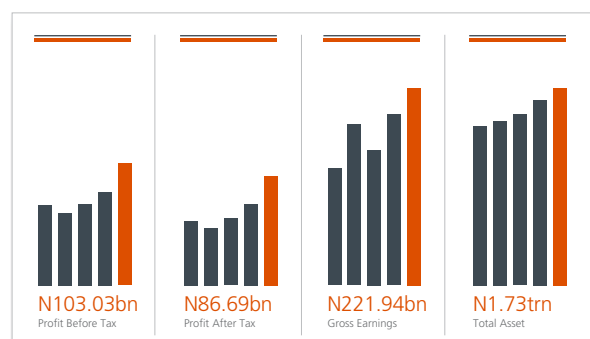
INTRODUCTION

Guaranty Trust Bank plc's Consolidated Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding Annual Financial Statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the year ended 31 December 2012. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The power of possible innovations that lies in us ... **it's infinity**

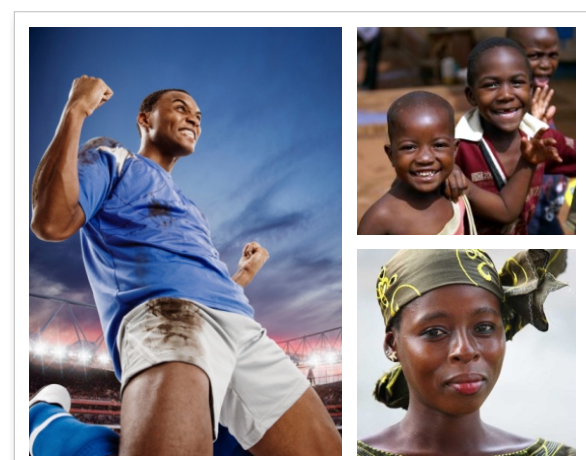
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WE ARE ABLE TO INVEST FOR THE FUTURE AND WILL INCREASE FURTHER OUR BUSINESS IN EMERGING MARKETS, EXHIBITIONS AND SUBSCRIPTION PRODUCTS

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< In 2011, 74% of all publishing revenues were derived from digital activities



VISION AND MISSION STATEMENT

VISION

We are a team driven to deliver the utmost in customer service.

We are synonymous with innovation, building excellence and superior financial performance and creating role models for society.

MISSION

We are a high quality financial services provider with the urge to be the best at all times whilst adding value to all stakeholders.

DIRECTORS

Mr. O. S. Oduyemi	Chairman, Board of Directors
Mr. J. K. O Agbaje	Managing Director / CEO
Mrs. C. N. Echeozo	Deputy Managing Director
Mr. E. U. Imomoh	Non-Executive Director
Mr. A O. Akintoye	Non-Executive (Independent) Director
Mr. A. F. Alli	Non-Executive (Independent) Director
Dr. (Mrs.) S. C. Okoli	Non-Executive Director
Mr. O. M. Augusto	Non-Executive Director
Mr. K. A. Adeola	Non-Executive Director
Mr. I. Hassan	Non-Executive Director
Mrs. O. O. Omotola	Executive Director
Mr. A. A. Odeyemi	Executive Director
Mr. O. Ohiwerei	Executive Director
Mr. A. A. Oyedeji	Executive Director

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Company Secretary

Mrs. O. O. Omotola
FRC/2013/ICSAN/00000001781

Registered Office

Plot 635, Akin Adesola Street
Victoria Island, Lagos

Auditors

PricewaterhouseCoopers
252e, Muri Okunola Street
Victoria Island, Lagos

Registrar & Transfer Office

Datamax Registrars Limited
(Formerly GTB Registrars Limited)
7, Anthony Village Road
Anthony Village
Lagos
P.M.B. 10014, Shomolu,
Lagos State.
Tel: (+234) 1 2716090 - 4, 8419257 - 8
Fax: (+234) 1 2716094
E-mail: datamax@datamaxregistrars.com



GROSS EARNINGS	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	PROFIT AFTER TAX
N221.94billion	N103.03billion	N86.69billion

	Group 31 Dec. 2012 N' Million	Group 31 Dec. 2011 N' Million	Increased / (Decreased) %	Bank 31 Dec. 2012 N' Million	Bank 31 Dec. 2011 N' Million	Increased / (Decreased) %
Major Profit and Loss Account Items						
Gross Earnings	221,940	182,409	22	204,324	172,601	18
Profit before tax on continuing operations	103,028	62,080	66	100,142	64,745	55
Profit after tax	86,687	47,803	81	85,264	51,653	65
Earnings per share (kobo)	306	169	81	290	177	64
Major Balance Sheet Items						
Deposits from customers	1,148,197	1,026,119	12	1,054,123	962,486	10
Loans and advances to customers	779,050	706,893	10	742,437	679,359	9
Total assets	1,734,878	1,608,653	8	1,620,317	1,523,528	6
Total equity	283,441	230,393	23	288,154	234,180	23

NOTICE IS HEREBY GIVEN that the Twenty-third Annual General Meeting of **GUARANTY TRUST BANK PLC** will hold at Zinnia Hall, Eko Hotel and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos on Thursday, April 25, 2013, at 10.00 a.m. to transact the following business:


ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2012, and the Reports of the Directors, Auditor and Audit Committee thereon;
2. To declare a dividend;
3. To elect Directors;
4. To authorize Directors to fix the remuneration of the Auditor;
5. To elect Members of the Audit Committee.

PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar, GTB Registrars Limited, No. 7, Anthony Village Road, Anthony Village, Lagos, not less than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.

BY THE ORDER OF THE BOARD



Olutola Omotola

Company Secretary
FRC/2013/ICSAN/00000001781
Plot 635, Akin Adesola Street
Victoria Island, Lagos

April 2, 2012

NOTES:

1. Dividend

If approved, dividend will be payable on Thursday, April 25, 2013, to shareholders whose names are registered in the Register of Members at the close of business on April 10, 2013. Shareholders who have completed e-dividend Mandate Forms will receive a direct credit of the dividend into their bank accounts on the date of the Annual General Meeting, while dividend warrants for shareholders who have not completed the e-dividend Mandate Form shall be posted on April 26, 2013. Note however, that holders of the Company's Global Depository Receipts listed on the London Stock Exchange will receive their dividend payments seven (7) business days after the local payment date.

2. Closure of Register

The Register of Members will be closed on April 11, 2013, to enable the Registrar prepare for payment of dividend.

3. Audit Committee

In accordance with section 359 (5) of the Companies and Allied Matters Act, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

Corporate Governance



TOUCHING LIVES.

INTRODUCTION

For us in Guaranty Trust Bank Plc (“the Bank”), we believe the fundamental purpose of any company is the creation and delivery of long-term sustainable value in a manner consistent with our obligations as a responsible corporate citizen. The Bank therefore views corporate governance not as an end in itself but a vital facilitator to the creation of long-term value for our stakeholders. The Bank is conscious that value creation is influenced by many factors both external and internal and that is why the Bank continues to review its corporate governance processes and practices carefully to ensure that they are fit for purpose. In reviewing our corporate governance practices, our aim is to understand the external factors that present risks and opportunities for our business in order to ensure that our strategy is appropriate; building strong and stable relationships with our customers, employees and suppliers; and ensuring that we manage our risks and resources including capital appropriately. Over the years the Bank has built an enviable reputation as an institution which has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

Our guiding principles (“the Orange Rules”) are Simplicity, Professionalism, Service, Friendliness, Excellence, Trustworthiness, Social Responsibility and Innovation. These Principles, on which the Bank was founded, remain the bedrock upon which we have built and developed our exemplary corporate governance practices. At Guaranty Trust Bank plc, the principles of good corporate governance practices remain one of our core values and an important ingredient in creating and sustaining shareholder value, while ensuring that behaviour is ethical, legal and transparent.

As a company publicly quoted on The Nigerian Stock Exchange with Global Depositary Receipts (GDRs) listed on the London Stock Exchange, the Bank remains focused on its responsibilities and commitment to protect and increase shareholder value through transparent corporate governance practices. The Bank has over time developed policies and structures which help ensure compliance with laws and regulations and provide a clear line of sight for decision making and accountability which imbibe local regulatory standards as well as international best practices.

The Bank ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission with effect from April, 2011 (“the SEC Code”), the Code of Corporate Governance for Banks in Nigeria Post Consolidation issued by the Central Bank of Nigeria (“the CBN Code”), as well as disclosure requirements under the Disclosure and Transparency Rules of the Financial Services Authority (FSA), United Kingdom, which are applicable to non-United Kingdom companies with Global Depositary Receipts (GDRs) listed on the London Stock Exchange.

In order to remain a pace setter in the area of good corporate governance practices, the Bank continuously reviews its Code to align with additional legal and regulatory requirements and global best practices. In addition to the code of corporate governance the Bank aggressively promotes the Bank’s core values to its employees through its Code of Professional Conduct and in furtherance of this, the Board of Directors of the Bank recently approved an Ethics Policy which would regulate employee relations with internal and external parties. This is a pointer to the Bank’s dogged determination to ensure that its employees remain professional at all times in their business practices and ethics.

In compliance with the requirements of the Central Bank of Nigeria (CBN), the Bank undertakes monthly internal reviews of its compliance status with defined corporate governance practices and submits reports on the Bank’s compliance status to the CBN and the Nigeria Deposit Insurance Corporation. An annual Board Appraisal is also conducted by an Independent Consultant appointed by the Bank whose report is submitted to the CBN and presented to Shareholders at the Annual General Meeting of the Bank in compliance with the provisions of the CBN Code of Corporate Governance.

The Bank fosters a culture of openness in which healthy debate is encouraged and employees are expected to report improper activity. As the Bank continues to work towards serving the customers, clients and communities; and generate returns for stakeholders, we are guided by our creed that success is only meaningful when it is achieved the right way with the right values. Our commitment to this

principle is for us the key to sustaining public trust and confidence in our Bank and the key to our continued long-term success

GOVERNANCE STRUCTURE

The Board

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

In order to deliver on its strategic objectives the Bank needs the right people and one of the Bank's key priorities is to ensure that we continue to have a Board and an executive management team with the appropriate skills knowledge and experience to operate effectively in an ever challenging environment. One way to ensure that we continue to have the right people is to have a rigorous appointment and an effective succession planning process in place for Board and key management roles. In furtherance of this objective during the course of the financial year ended December 31, 2012, the Board approved the establishment of the Board Human Resources and Nomination Committee (as replacement for the Board Human Resources and Remuneration Committee) as well as a Board Remuneration Committee. The Board Human Resources and Nominations Committee has a key role in reviewing certain categories of new appointments and succession planning, while the Board Remuneration Committee has a paramount function in ensuring that all employees are appropriately rewarded and their pay reflects performance whilst at the same time ensuring that people are not incentivised to take inappropriate levels of risk. The decision to split the Board Human Resources and Remuneration Committee into two was taken by the Board to enhance the oversight functions of the Board in respect of human resources and governance issues.

In furtherance of its oversight responsibility in respect of the planning and execution of strategic investment in Information Technology, the Board also approved the establishment of the Board Information Strategy Committee to provide advice on the strategic direction of

Information Technology, to inform and advise the Board on important Information Technology issues and to monitor overall Information Technology performance and practices. The establishment of these Committees brought the number of Committees to six (6), namely, Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nomination Committee, Board Remuneration Committee, Board Information Technology Strategy Committee and the Audit Committee of the Bank.

The Board Committees play an important role in working with Management to ensure that the Bank is financially strong, well governed and risks are identified and well mitigated. The Board through the instrumentality of its Committees working closely with Management ensures that the Bank generates income in a sustainable way and risks are managed properly without eroding the controls in place.

Through these Committees, interactive dialogue is employed to set broad policy guidelines, and to ensure the proper management and direction of the Bank on a regular basis.

The Board comprises fourteen members, eight (8) of whom are Non-Executive Directors (including the Chairman of the Board), while six (6) are Executive Directors.

Two (2) of the Non-Executive Directors are "Independent Directors", appointed based on criteria laid down by the CBN for the appointment of Independent Directors and the core values enshrined in the Bank's Code of Corporate Governance. Both Independent Directors do not have any significant shareholding interest or any special business relationship with the Bank.

The CBN Guidelines prescribe that the term of office of an Independent Director shall be four (4) years for a single term with a maximum of two consecutive terms if re-elected upon the expiration of the first term.

The initial term of four (4) years for the two independent Directors expired on June 25, 2012. The Board, in recognition of their immense contributions to the Board, approved the renewal of the terms of office of the said Directors for a second and final term of four (4) years each.

The renewal process was seamless and is a pointer to the robustness of the Bank's corporate governance principles/practices.

Board composition is critical in ensuring effective and value-adding corporate governance and the effectiveness of the Board derives from the appropriate balance and mix of skills and experience of Directors, both Executive and Non-Executive. The Bank's Board is made up of a crop of seasoned professionals, who have excelled in their various professions including banking, accounting, pharmacy, engineering, oil and gas as well as law, and possesses the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board.

The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met four (4) times during the year ended December 31, 2012.

Responsibilities of the Board

The Board determines the strategic objectives and policies of the Bank to deliver long-term value by 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.

Powers reserved for the Board include the approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices; appointment or removal of Company Secretary; approval of major change to the Bank's corporate structure (excluding internal reorganizations) and changes relating to the Bank's capital structure or its status as a public limited company; the determination and approval of the strategic objectives and

policies of the Bank to deliver long-term value; approval of the Bank's strategy, medium and short term plan and its annual operating and capital expenditure budget; recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors; approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators.

Other powers reserved for the Board are the determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and senior management and Board Committee membership; approval of mergers and acquisitions, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Managing Director and other Board members, appointment of the Managing Director and other Directors of subsidiaries nominated by the Bank; approval of the Board performance evaluation process, corporate governance framework and review of the performance of the Managing Director; approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Credit, Corporate governance and Anti – Money Laundering, and approval of all matters of importance to the Bank as a whole because of their strategic, financial, risk or reputational implications or consequences.

Roles of Chairman and Chief Executive

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

The Board has delegated the responsibility for the day-to-

day management of the Bank to the Managing Director/Chief Executive Officer, who is supported by Executive Management, comprising the 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.

Director Nomination Process

The Criteria for the desired experience and competencies of new Directors is agreed upon by the Board, upon the recommendation of the Board Human Resources and Nominations Committee which is charged with the responsibility of leading the process for Board appointments and for identifying and nominating suitable candidates for the approval of the Board.

The balance and mix of appropriate skills and experience of Non-Executive Directors is taken into account when considering a proposed appointment. In reviewing Board composition, the Board ensures a mix with representatives from different industry sectors.

The following core values are considered critical in nominating a new Director;

- (i) Integrity
- (ii) Professionalism
- (iii) Career Success
- (iv) Recognition
- (v) Ability to add value to the Bank.

Shareholding in the Bank is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of the Central Bank of Nigeria.

Induction and Continuous Training

On appointment to the Board and to Board Committees, all Directors receive a formal induction tailored to meet their individual requirements.

The induction, which is arranged by the Company Secretary, may include meetings with senior management staff and key external advisors, to assist Directors in building a detailed understanding of the Bank's operations, its strategic plan, its business environment, the key issues the Bank faces, and to introduce Directors to their fiduciary duties and responsibilities.

Training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the Bank's business and operating environment. The Bank attaches great premium to training its Directors; all the Non-Executive Directors attended foreign and local courses during the year ended December 31, 2012.

Changes on the Board

There were no changes on the Board during the period under review.

Non-Executive Directors Remuneration

The Bank's policy on remuneration of Non-Executive Directors is guided by the provisions of the CBN Code which stipulates that Non-Executive Directors' remuneration should be limited to sitting allowances, Directors' fees and reimbursable travel and hotel expenses.

Details of remuneration paid to Executive and Non-Executive Directors in the financial year ended December 31, 2012 is contained in Note 47(h) of this Annual Report.

Board Committees

The Board carries out its responsibilities through its Standing Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has five (5) Standing Committees in addition to the Audit Committee of the Bank, namely; Board Risk Management Committee, Board Credit Committee, Board Human Resources and Nomination Committee, Board Remuneration Committee, Board Information Strategy Committee.

Through these Committees, the Board is able to more

effectively deal with complex and specialized issues, and to fully utilize its expertise to formulate strategies for the Bank. The Committees make recommendations to the Board, which retains responsibility for final decision making.

All Committees in the exercise of their powers so delegated conform to the regulations laid down by the Board, with well defined terms of reference contained in the Charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

A summary of the roles, responsibilities, composition and frequency of meetings 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. The coverage of supervision includes the following: credit risk, reputation risk, operations risk, technology risk, market and rate risks, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time.

The Terms of Reference of the Board Risk Management Committee include:

1. To review and recommend for the approval of the Board, the Bank's Risk Management Policies including the risk profile and limits;
2. To determine the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls;
3. To evaluate the Group's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the activities and risk profile of the Bank and its subsidiaries;
4. To oversee Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection and reporting mechanisms;
5. To review and recommend to the Board for approval,

the contingency plan for specific risks;

6. To review the Bank's compliance level with applicable laws and regulatory requirements which may impact on the Bank's risk profile;
7. To conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile;
8. To handle any other issue referred to the Committee from time to time by the Board.

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times in the year ended December, 31 2012.

The Board Risk Management Committee comprised the following members during the period under review:

S/No	Name	Status	Designation
1	Mr. E. U. Imomoh	Non-Executive Director	Chairman
2	Mr. J. K. O. Agbaje	Managing Director	Member
3	Mr. A.F. Alli	Non-Executive (Independent) Director	Member
4	Dr. (Mrs.) S. C. Okoli	Non-Executive Director	Member
5	Mr. A. A. Odeyemi	Executive Director	Member
6	Mrs O. O. Omotola	Executive Director	Member

Board Credit Committee

This Committee is responsible for approval of credit facilities in the Bank. The Terms of Reference of the Board Credit Committee include:

1. To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time
2. To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration;

3. To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures;
4. To notify all Director related loans to the Board;
5. To monitor and notify the top debtors to the attention of the Board
6. To review the Bank's internal control procedures in relation to credit risk assets and ensure that they are sufficient to safeguard the quality of the Bank's risk assets;
7. To review the Asset and Liability Management of the Bank;
8. To ensure that the Bank complies with regulatory requirements regarding the grant of credit facilities;
9. To handle any other issue referred to the Committee from time to time by the Board.

In view of the volume of transactions that require Board Credit Committee approvals, there are instances where the need arises for credits to be approved by members expeditiously between Board Credit Committee Meetings. Such urgent credits are circulated amongst the members for consideration and approval 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 special meetings convened for that purpose.

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met six (6) times during the full year period ended December 31, 2012.

The Board Credit Committee is made up of the following members:

S/No	Name	Status	Designation
1.	Mr. A.O. Akintoye	Non-Executive (Independent) Director	Chairman
2	Mrs. C. N. Echeozo	Deputy Managing Director	Member
3	Mr. K. A. Adeola	Non-Executive Director	Member
4	Mr. O. M. Agosto	Non-Executive Director	Member
5	Mr. I. Hassan	Non-Executive Director	Member
6	Mr. O. Ohiwerei	Executive Director	Member
7	Mr. A. A. Oyedeji	Executive Director	Member

Board Human Resources and Nominations Committee

The Board, at its Meeting held on April 18, 2012, established the Board Human Resources and Nominations Committee (in replacement of the Board Human Resources and Remuneration Committee).

The Committee is responsible for the approval of human resources matters, identification and nomination of candidates for appointment to the Board and board governance issues such as annual evaluation of the performance of the Managing Director and the Board, induction and continuous education, approval of promotion of top management staff, corporate governance, succession planning, conflicts of Interest situations and compliance with legal and regulatory provisions.

The Committee is also responsible for the oversight of strategic people issues, including employee retention, equality and diversity as well as other significant employee relations matters.

Prior to the establishment of the Board Human Resources and Nominations Committee (in replacement of the Board Human Resources and Remuneration Committee), the Board Human Resources and Remuneration Committee was made up of all Non-Executive Directors of the Bank (excluding the Chairman of the Board) as listed below:

S/No	Name	Status	Designation
1	Mr. A. F. Alli	Non-Executive (Independent) Director	Chairman
2	Mr. E. U. Imomoh	Non-Executive Director	Member
3	Mr. A. O. Akintoye	Non-Executive (Independent) Director	Member
4	Mr. K. A Adeola	Non-Executive Director	Member
5	Mr. O. M. Augusto	Non-Executive Director	Member
6	Mr. I. Hassan	Non-Executive Director	Member
7	Dr. (Mrs.) S. C. Okoli	Non-Executive Director	Member

However, following the establishment of the Board Human Resources and Nominations Committee in April 2012, the membership of the Committee is as follows:

S/No	Name	Status	Designation
1	Mr. A.F. Alli	Non-Executive (Independent) Director	Chairman
2	Mr. J.K.O. Agbaje	Managing Director	Member
3	Mr. A.O. Akintoye	Non-Executive (Independent) Director	Member
4	Mr. I. Hassan	Non-Executive Director	Member
5	Dr. (Mrs.) S.C. Okoli	Non-Executive Director	Member
6	Mrs. O.O. Omotola	Executive Director	Member

The Committee met two (2) times during the year under review.

Board Remuneration Committee

The Board Remuneration Committee was also established by the Board at its meeting held on April 18, 2012, and has the responsibility of setting the parameters of Remuneration Policy across the Bank, determining the policy of the Bank on the remuneration of the Managing Director and other Executive Directors and the specific remuneration packages and to approve the policy relating to all remuneration schemes and long term incentives for employees of the Bank.

The Board Remuneration Committee comprised the following members during the period under review:

S/No	Name	Status	Designation
1	Mr. E. U. Imomoh	Non-Executive Director	Chairman
2	Mr. K. A. Adeola	Non-Executive Director	Member
3	Mr. O. M. Augusto	Non-Executive Director	Member

The Committee held its inaugural meeting on October 17, 2012.

Board Information Technology Strategy Committee

The Board Information Technology Strategy Committee is responsible for the provision of strategic guidance to Management on Information Technology issues and monitoring the effectiveness and efficiency of Information Technology within the Bank and the adequacy of controls.

The Terms of Reference of the Board Risk Management Committee include:

1. To provide advice on the strategic direction of Information Technology issues in the Bank;
2. To inform and advise the Board on important Information Technology issues in the Bank;
3. To monitor overall Information Technology performance and practices in the Bank.

The Board Information Technology Strategy Committee comprised the following members during the period under review:

S/No	Name	Status	Designation
1	Mr K. A. Adeola	Non-Executive Director	Chairman
2	Mr J. K. O. Agbaje	Managing Director	Member
3	Mr A. A. Odeyemi	Executive Director	Member
4	Mr O. Ohiwerei	Executive Director	Member

The Committee held its inaugural meeting on July 16, 2012.

Audit Committee of the Bank

This Committee is responsible for 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 auditors, 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 examinations and to ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices.

The Committee also reviews the Bank's annual and interim financial statements, particularly the effectiveness of the Bank's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation of the Bank's results. The Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

The Committee is made up of three (3) Non-Executive Directors and three (3) Shareholders of the Bank appointed at Annual General Meetings, while the Chief Inspector of the Bank serves as the secretary to the Committee. The membership of the Committee at the Board level is based on relevant experience of the Board members, while one of the shareholders serves as the Chairman of the Committee.

The internal and external auditors are invited from time to time to attend the Meetings of the Committee. The Chief Financial Officer and appropriate members of Management also attend the Meetings upon invitation. The Committee meets at least four (4) times in a year. The Audit Committee of the Bank met four (4) times during the period.

The following members served on the Committee during the financial year ended December 31, 2012:

S/No	Name	Status	Designation	Attendance
1.	Alhaji M. F. Lawal	Shareholders' Representative	Chairman	4
2	Alhaji M.O. Usman	Shareholders' Representative	Member	4
3	Mrs. S. O. J. Mbagwu-Fagbemi	Shareholders' Representative	Member	4
4	Mr. A. F. Alli	Non-Executive (Independent) Director	Member	4
5	Mr. O. M. Augusto	Non-Executive Director	Member	4
6	Mr. I. Hassan	Non-Executive Director	Member	4

Attendance of Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the financial year ended December 31, 2012.

S/No		BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & NOMINATIONS COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD IT STRATEGY COMMITTEE	Total
	Date of Meetings	January 25, 2012 April 18, 2012 July 18, 2012 October 17, 2012	January 24, 2012 February 13, 2012 April 17, 2012 May 10, 2012 July 17, 2012 October 16, 2012	January 24, 2012 April 17, 2012 July 17, 2012 October 16, 2012	January 25, 2012 July 18, 2012	October 17, 2012	July 12, 2012	
	No. of Meetings	4	6	4	2	1	1	18
1	Mr. O. S. Oduyemi	3	N/A	N/A	N/A	N/A	N/A	3
2	Mr. J. K. O Agbaje	4	N/A	4	1	N/A	1	10
3	Mrs. C. N. Echeozo	4	6	N/A	1	N/A	N/A	11
4	Mr. E. U. Imomoh	4	N/A	4	1	1	N/A	10
5	Mr. A O. Akintoye	4	6	N/A	1	N/A	N/A	11
6	Mr. A. F. Alli	4	N/A	4	1	N/A	N/A	9
7	Dr. (Mrs.) S. C. Okoli	4	N/A	4	2	N/A	N/A	10
8	Mr. O. M. Agosto	4	6	N/A	1	1	N/A	12
9	Mr. K. A. Adeola	4	6	N/A	1	1	1	13
10	Mr. I. Hassan	4	6	N/A	2	N/A	N/A	12
11	Mr. A. A. Odeyemi	4	N/A	4	N/A	N/A	1	9
12	Mr. O. Ohiwerei	4	6	N/A	N/A	N/A	1	11
13	Mrs. O. O. Omotola	4	N/A	4	1	N/A	N/A	9
14	Mr. A. A. Oyedeji	4	6	N/A	N/A	N/A	N/A	10

N/A - Not applicable

Tenure of Directors

In order to ensure both continuity and injection of fresh ideas, the tenure for Non-Executive Directors is limited to a maximum of three (3) terms of four (4) years each, i.e. twelve (12) years whilst the maximum tenure for Independent Non-Executive Directors is limited to a maximum of two (2) terms of four (4) years each, i.e. eight (8) years, subject to retirement upon attaining the age of seventy (70) years.

This is in compliance with the directives of the CBN Code, the Code of Corporate Governance of the Bank and international best practices.

Retirement by Rotation

In compliance with the provisions of the Articles of Association of the Bank which requires one third of Directors (excluding Executive Directors) or if their number is not a multiple of three, the number nearest to but not

greater than one third to retire from office at each biennial Annual General Meeting, Mr. E. U. Imomoh and Mr. O. S. Oduyemi will retire at this Annual General Meeting. Mr. Imomoh being eligible, offers himself for re-election as a Director.

However, in compliance with the Code of Corporate Governance of the Bank which prescribes that Non-Executive Directors should retire from the Board upon attaining the age of seventy (70) years, Mr. Oduyemi, the Chairman of the Board, shall retire at the end of this Meeting, as he attains the age of 70 in May, 2013. Mr. Oduyemi will continue to act as a Director until the end of this General Meeting in line with the Articles of Association of the Bank, which authorises a retiring Director to continue to act as a Director throughout the meeting at which he retires.

Profile of Mr. Imomoh

Mr. Egbert Ulogo Imomoh joined the Board of Guaranty Trust Bank plc in June 2005. He is an accomplished and highly respected professional in the Petroleum and Exploration industry both locally and internationally.

Mr. Imomoh started his career at the Shell Petroleum Development Company (SPDC) in 1968 after he obtained his Bachelor of Science degree in Mechanical Engineering from the University of Birmingham, United Kingdom, and rose through the ranks to become the second ever Nigerian Deputy Managing Director in charge of Operations, a position he held from 1997 to 2002. He held several other top positions within SPDC, its related companies and other organisations notably amongst which are Senior Corporate Adviser Shell International, London, England in 2002, First Regional Director for Africa of Society of Petroleum Engineers (SPE) from 2000 to 2003 in addition to serving on the Board of several of SPDC's subsidiaries from 1993 to 2002.

Mr. Imomoh is currently the Chairman of Afren Plc, United Kingdom (a Pan African Exploration & Production company) and Chief Executive of Afren Energy Resources Limited, Nigeria, its Nigerian subsidiary, which he co-founded. He is also the Chairman of Investment One Financial Services Limited (formerly GTB Asset Management Limited) and sits on the Board of First Hydrocarbon Nigeria Limited and current Worldwide President of the Society of Petroleum Engineers.

Mr. Imomoh was conferred with the national honour of Commander of the Order of the Niger (CON) by the Federal Government of Nigeria in November 2011. He was also awarded an honorary Doctorate Degree in Science by the University of Port Harcourt in April 2012.

He served as Chairman of the Board Risk Management Committee from 2010 till date and Chairman of the Board Remuneration Committee from 2012 till date.

Mr. Imomoh has made immense contributions to Board deliberations and has an excellent record of attendance at Meetings as shown in page 17 of this Annual Report and Accounts.

Board Appraisal

In the Bank's customary manner of imbibing the best

corporate governance practices, the Board engaged an Independent Consultant, J. K. Randle International, to carry out the Annual Board and Directors' Appraisal for the 2012 financial year. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Bank's compliance status with the provisions of the CBN and SEC Codes.

The Independent Consultant adjudged the performance of the Board as highly commendable and rated the performance of each individual Director as well above requirements.

A copy of the Annual Board and Directors Review/Appraisal Report for the 2012 financial year has been sent to the Central Bank of Nigeria, in compliance with the requirements of the CBN Code.

Shareholders

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 Bank has an Investors Relations Unit, which deals directly with enquiries from shareholders and ensures that shareholders' views are escalated to Management and the Board. In addition, quarterly, half-yearly and annual financial results are published in widely read national newspapers.

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

Protection of Shareholders Rights

The Board ensures the protection of the statutory and

general rights of shareholders at all times, particularly their right to vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication Policy

The Board and Management of the Bank ensure that communication and dissemination of information regarding the operations and management of the company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Bank's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Bank's website, www.gtbank.com. The website is constantly updated with information as events occur.

The website also has an Investors Relations portal where the company's annual reports and other relevant information about the company is published and made accessible to its shareholders, stakeholders and the general public.

The main objective of the Bank's Communication Policy is to support the Bank in achieving the overall goals described in the Bank's core values which strengthens the Bank's culture of transparency in pursuit of best corporate governance practices.

In order to reach its overall goal on information dissemination, the Bank is guided by the following principles:

- (i) **Compliance with Rules and Regulations:** The Bank complies with the legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Banks and other Financial Institutions Act (BOFIA), the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by the Central Bank of Nigeria as well as the Securities and Exchange Commission, the United Kingdom Listing Authority ("UKLA") (by virtue of the listing of Global Depositary Receipts by the Bank on the London Stock Exchange in July 2007);
- (ii) **Efficiency:** The Bank uses modern communication technologies in a timely manner to convey its messages to its target groups. Synergies are sought when it comes to using different communication channels. The Bank replies without unnecessary delay to information requests by the media and the public;
- (iii) **Transparency:** As an international financial institution, the Bank strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Bank and its customers, and bank secrecy. This contributes to maintaining a high level of accountability;
- (iv) **Pro-activity:** The Bank proactively develops contacts with its target groups and identifies topics of possible mutual interest;
- (v) **Clarity:** The Bank aims at clarity, i.e. to send uniform and clear messages on key issues;
- (vi) **Cultural awareness:** As an international financial institution, the Bank operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment;
- (vii) **Feedback:** The Bank actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used to fine-tune communication activities.

Information Flows

It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Bank's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities.

The Company Secretary

The Company Secretary provides a point of reference and support for all Directors. The Company Secretary also consults regularly with Directors to ensure that they receive required information promptly. The Board may obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.

The Company Secretary is also responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance of the Bank, coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors; assisting

the Chairman and Managing Director to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organizing Board meetings and ensuring that the minutes of Board meetings clearly and properly capture Board discussions and decisions.

Independent Advice

Independent professional advice is available, on request, to all Directors at the Bank's expense when such advice is required to enable a Member of the Board effectively perform certain responsibilities.

The Bank meets the costs of independent professional advice obtained jointly or severally by a Director or Directors where such advice is necessary to enable the obligations imposed on an individual, through membership of the Board, to be properly fulfilled.

Insider Trading and price sensitive information

Directors, insiders and their related persons in possession of confidential price sensitive information ("insider information") are prohibited from dealing with the securities of the Bank where such would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Bank for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Bank from time to time.

Management Committees

These are Committees comprising senior management staff of the Bank. The Committees are risk driven as they 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 inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as necessary to immediately take action and decisions within the confines of their powers.

The standing Management Committees in the Bank are:

- Management Risk Committee;
- Management Credit Committee;
- Criticized Assets Committee;
- Assets and Liability Management Committee;
- Information Technology (IT) Steering Committee;
- Information Technology (IT) Risk Management Committee.

Management Risk Committee

This Committee is responsible for regular analysis and consideration of risks in the Bank. The Committee meets from time to time and at least quarterly. However, additional meetings may be held if required. The Committee reviews and analyses environmental issues and policies impacting either directly or remotely on the Bank, brainstorms on such issues and recommends steps to be taken by the Bank. The Committee's approach is risk based.

The Committee provides inputs for the Board Risk Management Committee and also ensures that the decisions and policies emanating from the Committee's meetings are implemented.

The mandate of the Committee includes;

- To review the effectiveness of the Bank's overall risk management strategy at the enterprise level;
- To follow-up on management action plans based on the status of implementation compiled by the Management Risk Committee;
- To identify and evaluate new strategic risks including corporate matters involving regulatory, business development issues, (e.t.c.) and agree on suitable mitigants;
- To review the enterprise risk scorecard and determine the risks to be escalated to the Board on a quarterly basis.

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 reviews and approves credit facilities to individual obligors not exceeding an aggregate sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval limit of the Managing Director as determined by the Board. The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of credits is carried out. The Committee meets weekly depending on the number of credit applications to be considered.

The secretary of the Committee is the Head of the Credit Administration Unit of the Bank.

Criticized Assets Committee

This Committee is responsible for the assessment of the risk asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the internal and external regulatory framework, and directs appropriate actions in respect of delinquent assets. The Committee ensures that adequate provisions are taken in line with the regulatory guidelines.

Assets and Liability Management 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. The members of the Committee include the Managing Director, Executive Directors, the Treasurer, the Head of the Financial Control Group, the Chief Risk Officer as well as a representative of the Assets and Liability Management Unit.

Information Technology (IT) Steering Committee

The Committee is responsible for assisting Management with the implementation of IT strategy approved by the Board. The roles and responsibilities of the Committee includes:

1. Planning, Budgeting and Monitoring

- Review and approve the Bank's IT plan and budget

(short and long term).

- Review IT performance against plans and budgets, and recommend changes, as required.
- Review, prioritise and approve IT investment initiatives.
- Establish a balance in overall IT investment portfolio in terms of risk, return and strategy.

2. Ensuring Operational Excellence

- Provide recommendations to Management on strategies for new technology and systems.
- Review and approve changes to IT structure, key accountabilities, and practices.
- Ensure project priorities and success measures are clearly defined, and effectively monitored.
- Conduct a review of exceptions and projects on selected basis.
- Perform service catalogue reviews for continued strategic relevance.
- Review and approve current and future technology architecture for the Bank.
- Monitor service levels, improvements and IT service delivery.
- Assess and improve the Bank's overall IT competitiveness.

3. IT Risk Assurance

- Review and approve governance, risk and control framework.
- Monitor compliance with defined standards and agreed performance metrics.
- Ensure that vulnerability assessments of new technology are performed.
- Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
- Ensuring the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
- Reviewing key IT risk and security issues relevant to the Bank's IT processes / systems.
- Ensuring the Bank's compliance with relevant laws and regulations.

Information Technology (IT) Risk Management Committee

The Information Technology Risk Management Committee has the responsibility for establishing standardised IT risk management practices and ensuring compliance, for institutionalising IT risk management in the Bank's operations at all levels; and identifying and implementing

cost efficient solutions for IT risk mitigation. The Committee is also responsible for the continuous development of IT risk management expertise and ensuring that a proactive risk management approach is adopted throughout the Bank to drive competitive advantage.

MONITORING COMPLIANCE WITH CORPORATE GOVERNANCE

Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the Corporate Governance Code of the Bank.

The Chief Compliance Officer together with the Chief Executive of the Bank certify each year to the Central Bank of Nigeria that they are not aware of any other violation of the Corporate Governance Code, other than as disclosed to the CBN during the course of the year.

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

Whistle Blowing procedures

In line with the Bank's commitment to instill the best corporate governance practices, the Bank has established a whistle blowing procedure that ensures anonymity. The Bank has two (2) hotlines and a dedicated e-mail address for whistle-blowing procedures. The hotline numbers are 01-4480905 and 01-4480906, and the email address is hotline@gtbank.com.

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

Code of Professional Conduct for Employees

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

All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of

Professional Conduct which prescribes the common ethical standards, policies and procedures of the Bank relating to employee values.

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 48 of this Annual Report.

Employee Share-ownership Scheme

The Bank has in place an employee share ownership scheme called the Staff Investment Trust (SIT) scheme. Under the Bank's Articles of Association, the Scheme is authorized to hold up to a specified percentage of ordinary shares of the Bank for the benefit of eligible employees of the Bank.

The Scheme was established for the benefit of the Bank's staff as an incentive mechanism, by enabling eligible staff invest in ordinary shares of the Bank at a discount (the prevailing Net Assets Value (NAV)), and buying-back their stock from the Bank at the market price, subject to attaining a determined length of service at the point of disengagement from the Bank.

Internal Management Structure

The Bank operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility.

Sustainability Statement



TOUCHING LIVES.

Guaranty Trust Bank has had an Environmental and Social Management System (ESMS) Policy since 2002 which has been subsequently updated and amended in line with global best practices with the approval of the Board. The subsisting Board approved policy ensures that the Bank remains at the forefront of using its banking operations in influencing the sustainability behaviour of its stakeholders – customers, suppliers, workers and communities where it operates.

As one of the drafters of and signatory to the Nigerian Sustainable Banking Principles, Guaranty Trust Bank has adopted these Principles which include:

Principle 1 | Our Business Activities¹ : Environmental and Social Risk Management

We will integrate environmental and social considerations into decision-making processes relating to our Business Activities to avoid, minimise or offset negative impacts.

Principle 2 | Our Business Operations² : Environmental and Social Footprint³

We will avoid, minimise or offset the negative impacts of our Business Operations on the environment and local communities in which we operate and, where possible, promote positive impacts.

Principle 3 | Human Rights

We will respect human rights in our Business Operations and Business Activities.

Principle 4 | Women's Economic Empowerment

We will promote women's economic empowerment through a gender inclusive workplace culture in our Business Operations and seek to provide products and services designed specifically for women through our Business Activities.

Principle 5 | Financial Inclusion

We will promote financial inclusion, seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.

Principle 6 | E&S Governance

We will implement robust and transparent E&S governance practices in Guaranty Trust Bank and assess the E&S

governance practices of our clients.

Principle 7 | Capacity Building

We will develop individual institutional and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our Business Activities and Business Operations.

Principle 8 | Collaborative Partnerships

We will collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one, ensuring our approach is consistent with international standards and Nigerian development needs.

Principle 9 | Reporting

We will regularly review and report on our progress in meeting these Principles at the individual institution and sector level.

In addition to the foregoing, Guaranty Trust Bank conducts environmental and social due diligence on credit requests against the performance standards of reputable international finance institutions (the International Finance Corporation's (IFC) performance standard is the benchmark for the bank), the IFC Exclusive list and national laws and regulations.

Guaranty Trust Bank has instituted a Sustainability Committee consisting of various Units and departments within the bank that meet quarterly to review and report the Bank's Sustainability performance, make recommendations and collate information towards the Bank's Annual Sustainability Report.

Guaranty Trust Bank strategically builds and integrates sustainability into its financing and investing activities. Its leadership position also entrusts it with the responsibility of creating awareness to its customers and other stakeholders.

¹**Business Activities:** The provision of financial products and services to clients including, but not limited to: corporate finance, investment banking (corporate advisory, structured lending and capital, trading), equity investments, project finance, project finance advisory, structured commodity finance, small and medium business lending, retail banking, trade and leasing, and other forms of direct lending.

²**Business Operations:** The undertakings of employees and the physical human capital, assets and infrastructure (e.g. offices, branches, equipment) that a Bank engages in the course of facilitating its Business Activities. This would also include suppliers, contractors and third party service providers engaged by a Bank in the course of facilitating its Business Operations and Business Activities.

³**Environmental & Social Footprint:** The total effect or impact that a Bank's Business Operations have on the environment and society in which it operates (e.g. the amount of natural resources used, the amount of waste produced, or the effects on local/host communities or the Bank's human capital).

Complaints & Feedback



TOUCHING LIVES.

Introduction

Guaranty Trust Bank plc values its relationship with its customers and considers customers' feedback as an important tool in gauging our customers' response to our products and services.

Over the years, the Bank has built the relationship with its customers, into a partnership that hinges on trust and friendliness. Feedback provided by customers is regarded as a necessary and important factor in our desire to always treat our customers fairly.

Treating Customer Fairly (TCF)

At Guaranty Trust Bank plc, we consider treating customers fairly a pivotal part of our business strategy. We believe that our customers are critical and key stakeholders in our business and we therefore ensure that fair treatment of all our customers forms an integral and important part of our business processes.

In keeping with our vision to deliver the utmost in customer service, we have formulated some salient principles which guide every aspect of our relationship with our customers in ensuring that our customers are treated fairly at all times.

These principles have been prepared to guide Management and employees in understanding the following:

- The essence of Treating Customers Fairly (TCF)
- The need for obtaining customers' feedback
- The importance of providing feedback to Management to assist in decision making
- The relevance of self audit in monitoring TCF activities

Complaints and Feedback Channels

In recognizing the need and importance of customers' feedback, the Bank has made available various channels for customers to provide feedback on the Bank's products, services and processes. The available platforms provided by the Bank include:

- The Complaints portal on the Bank's website,
- Correspondence from customers,
- SMS from customers via the SMS unhappy platform,
- GTConnect (a 24 hours self service interactive call center),

In addition to the social media platform established by the Bank, customers can also visit any of the Bank's branches to provide their feedback.

Resolution Structure

The Bank's complaints and feedback structure ensures the prompt resolution of customers' complaints. The Bank has a dedicated Complaints Unit which is responsible for receiving; prompt investigation and resolution of customers' complaints. The Complaints Unit serves as the liaison between the Bank and its customers in ensuring that complaints are satisfactorily resolved.

Complaints are stream-lined into various categories to ensure proper monitoring and efficient management.

The process flow of customer complaints and resolution is as follows:

- Upon receipt, a customer's complaint is duly and formally acknowledged;
- The complaint is reviewed to determine if it could be resolved at the point of receipt;
- Where a complaint can be resolved at the point of receipt, a resolution is provided to the customer;
- If a complaint cannot be resolved at the point of receipt, the complaint is referred to the appropriate unit in the Bank to handle;
- Upon resolution, the customer is contacted and the resolution is explained to the customer;
- The complaint is closed and marked as resolved.

Customers' feedback on products

The Bank also periodically evaluates public/customers' opinion about our services, products and policies. The evaluation is conducted in various ways, including:

- One-on-one focus meetings with key customers.
- Interviews with select customers.
- Opinion cards placed in banking halls
- Questionnaires administered to customers.

This is to afford the Bank the opportunity of gaining customers' perception about the Bank, and to intensify all efforts at ensuring that any identified gap in our service, process or product is closed.

Feedback on customers' complaints to the Bank

Feedback on customers' complaints is provided to the Management, relevant units and groups in the Bank to ensure that complaints and issues raised by customers do not reoccur. This serves as a learning point for the various units within the Bank on the Bank's products and services.

The feedback gathered ensures that:

- The Bank retains its customers as such customers feel appreciated and respected;
- The quality of service delivery set by the Bank is maintained and made uniform across board;
- A reliable source of identifying improvement opportunities is presented to management;
- A reliable source of data on customers' complaints and expectations is collated.

In addition, the Bank provides monthly reports to the Central Bank of Nigeria (CBN) in line with the CBN's guidelines on resolution of customers' complaints.

Report of Complaints received and resolved by the Bank between January and December 2012 pursuant to CBN circular dated August 16, 2011.

Period	Number of Complaints Received during the period	Number Resolved	Number not resolved but reported to CBN for intervention	Total Disputed Amounts
1st Quarter	1,138	1,138	nil	nil
2nd Quarter	644	644	nil	nil
3rd Quarter	533	533	nil	nil
4th Quarter	655	591*	nil	nil

*Outstanding complaints as at December 31, 2012 are mainly International dispense errors or International card unauthorised transactions that are yet to be resolved by international card operators.

Internal Control and Risk Management Systems



TOUCHING LIVES.

Internal control and Risk Management Systems in relation to the financial reporting

Guaranty Trust Bank's internal control and risk management systems ensure that material errors or inconsistencies in the financial statements are identified and corrected. The bank's internal control framework is patterned after the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Framework.

COSO defines internal control as "a process effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives" in three categories-- effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. The scope of internal control therefore extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavors of all types at all levels of the bank.

The internal control and risk management systems comprise the following areas:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Control Environment

The Bank has two Board Committees (Board Risk Committee and Board Credit Committee) that have oversight function on the Bank's Risk Management Processes. The Committees are responsible for setting risk management policies that ensure material risks inherent in the Bank's business are identified and mitigated or controlled. The Bank also has an Audit Committee which is made up of three shareholders' representatives and three Non-Executive Directors; one of the shareholders' representatives is the Chairman. The Audit Committee is therefore independent. Its oversight functions include among others, ensuring that quality accounting policies, internal controls and independent & objective statutory auditors are in place to prevent and detect fraud and material errors in financial reporting.

The Bank's management committees are responsible for implementing risk management policies set out by the Board. They are also responsible for setting internal control

policies and monitoring the effectiveness of the internal control systems. They ensure proper books of accounts are kept and accounting policies are in conformity with: International Financial Reporting Standards; Prudential Guidelines for licensed Banks; Circulars issued by the Central Bank of Nigeria; The requirements of the Banks and Other Financial Institutions Act; and The requirements of the Companies and Allied Matters Act.

Risk Assessment

The Board and Senior Management regularly assess the risks the Bank is exposed to, including risks relating to financial reporting. The Management Committee meets on a regular basis to assess the risks facing the bank in the areas of credit, market, interest rates, liquidity, legal and reputational. Senior Management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the financial reporting process.

The Board also assesses the effectiveness of the Bank's internal control over financial reporting on an ongoing basis and specifically at mid-year and financial year end. The Management letter issued by the external auditors which contains the auditors' observations on the control environment in the bank is discussed at the Audit Committee meetings.

Control Activities

Control activities are an integral part of the Bank's day to day operations. Senior Management has set up control structures to ensure control activities are defined at every business area.

Examples of the Bank's control activities include the following;

Top Management Reviews

- Internal Audit Reports eliciting control weaknesses are presented periodically to management and Board Audit Committee.
- Preparation of financial statements on a daily basis for management review.
- Monthly and quarterly profitability review, where the bank's financial performance is reviewed and compared with the set budgets. Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Bank and the mitigants deployed.

Activity Control

Control functions are embedded within each business area for self checking of activities within the areas (for instance, transactions call over for timely detection of errors is carried out by all posting units).

Physical Controls

There are policies guiding access to the Bank's physical and financial assets, including dual custody, use of overrides etc.

Compliance with Limits

The Bank sets internal limits guiding its trading book activities, liquidity and interest rate gaps, credit concentration limits. The limits are monitored on a daily basis by an independent unit outside the business areas.

Approval and Authorisation Limits

- There are segregation of duties; no officer can start and conclude transactions
- Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

Verifications and Reconciliations

All internal ledgers are regularly proofed and reconciled; exception reports are generated.

Information and Communication/ Monitoring

The Bank's management understands the need for a timely, reliable and accurate information flow within the Bank, for effective decision making and enhanced financial reporting. Every activity of the Bank is codified in the Bank's standard operating procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity. The SOP further highlights requirement for reporting, the frequency of reporting as well as those within the organization to whom the report would be directed to.

The following are some of the generic internal reports used by management for decision making and monitoring purposes:

- FINSTAT- Financial Statements Report
- BPR- Business Performance Review Report
- MPR- Monthly Profitability Report
- Liquidity Ratio Report
- OPR - Operations Performance Report
- APR- Account Profitability Report
- ECR- Expense Control Report
- CAC- Criticized Asset Committee Report
- CLR- Criticized Loans Report
- ALCO- Asset and Liability Committee Report
- Overdraft Efficiency Report

Chairman's Statement



TOUCHING LIVES.

Chairman's Statement

Creating Strategic Focus

OLUWOLE ODUYEMI



Distinguished shareholders, members of the board of directors, ladies and gentlemen, I am delighted to welcome you to the 23rd Annual General Meeting of our Bank and present the operating results and key achievements of our Bank in 2012.

I will give an overview of the macroeconomic environment, discuss the banking industry landscape, present the Bank's financial performance and conclude with our outlook for 2013.

At the beginning of 2012, we set out to strengthen our leadership position in all the market segments and economies we operate by focusing on core banking services, tailoring our service and delivery channels to meet our diverse customer needs and maintain our cost leadership.

We sought to achieve these by strategically increasing our branch network in the countries we operate while extending our franchise into the Franco-phone West African region. In addition to improving customer confidence and driving the adoption of electronic banking channels, our priority was to improve the security of our online banking channels in line with global trends. It was also imperative that we leveraged on the gains already recorded in the digital ecosystem to engage our stakeholders and offer them banking services within their online social space.

I am glad to report to you that in spite of the challenging operating environment, we met and surpassed our expectations for the year. In financial terms, we grew top and bottom lines through adherence to our clearly articulated business strategy, effective cost containment, efficiency and passionate commitment to our core values. Our performance in 2012 also reflects the strength of the customer franchise we have built.

Macroeconomic review

The Federal Government's 2012 Medium Term Expenditure Framework articulated government's revenue and expenditure plan till 2015. In it, the Federal Government emphasized diversification of the country's revenue sources, fiscal discipline through the reduction of recurrent expenditure and channeling capital expenditure to key growth sectors considered central to job creation and engendering a diversified economic growth.

In order to achieve these, a partial removal of subsidy on petroleum products was introduced in January, while ensuring that the savings therefrom and oil revenues in excess of the budget were accrued into Sovereign Wealth Fund. In addition, to drive local output, the Federal Government introduced tariffs on the importation of sugar, flour and rice while granting import reliefs on importation of agricultural machinery.

Overall, the Nigerian economy witnessed an increase in general price levels as inflationary pressures which receded in the third quarter re-emerged to reach a year high of 12.0% in December 2012 from 10.9% in December 2011. The inflationary pressures were driven by several events ranging from the partial repeal of subsidy on Premium Motor Spirit (PMS) and the accompanying nationwide strike, increased electricity tariff, flooding in 12 states and the lingering national security challenges.

In spite of these short term challenges, Standard and Poors upgraded Nigeria's credit rating to BB- from a B+. This credit rating upgrade was premised on the improvement in the country's external reserves, improvement in the country's banking sector, progress in the nation's power sector reforms amongst other notable policy reforms.

The overall performance of the economy as reported by the National Bureau of Statistics (NBS) shows that Nigeria's Gross Domestic Product (GDP) grew by 6.69% in the fourth quarter of 2012 compared to 7.76% recorded in the same quarter of 2011. The decline in growth was attributable to both the oil and non-oil sectors of the economy. Facility shut down and activities of vandals and oil thefts affected the oil and gas sector while weaker trade growth due to security issues in the north and recent floods impacted the non-oil sectors. GDP is likely to average 6.4% in 2012 from 7.5% in 2011 according to NBS.

With the bulk of the country's revenue derived from the sale of crude oil, output was broadly flat with a production of 2.06mbpd compared to 2.11mbpd in 2011. Crude prices appreciated to \$120/barrel in the first quarter. This was driven by supply fears due to geo-political tensions, increasing consumption in Europe and the Americas and increasing speculative activities in the crude oil futures market, amongst others. The average price for Nigeria's reference crude, the Bonny Light was \$111.8 per barrel.

The relatively high crude oil price experienced in the year, combined with foreign exchange management policies of

the Central Bank aided the growth of the country's external reserves position to US\$44.18bn. This represents an increase of 34.29% over the US\$32.90bn held as at December 29, 2011. At US\$44.18bn, the reserve is sufficient to cover over 9 months of imports of goods and services.

The policy thrust of the CBN in 2012 remained price stability with a view to attaining a single digit inflation rate. Thus, the Central Bank increased the cash reserve requirement of Deposit Money Banks from 8% to 12% of Local currency deposit liabilities in July, 2012. The Naira also appreciated from N156.2/\$1 at the end of 2011 to N155.27/\$1 at the end of 2012 at the Wholesale Dutch Auction System of the CBN. The appreciation of the Naira was aided by inflow of foreign capital, improved confidence amid the elevated oil price and rising external reserves.

It is our hope that the sum of government fiscal and monetary policies will create a more enabling environment for us to meet the needs of all our stakeholders.

The Banking Industry

The successful cleansing of Bank's balance sheets through the sale of non performing loans to the Asset Management Company of Nigeria gave most banks the wherewithal to refocus their energies on driving growth, engage in stiff competition for deposit liabilities thus engendering a more challenging environment for all players.

In compliance with the mandate of the Federal Executive Council, all banks adopted the International Financial Reporting Standards (IFRS). I am pleased to report to you that the Financial Reporting Council accepts our bank as an earlier adopter of IFRS having adopted in 2006 in preparation for our listing on the London Stock Exchange.

Financial Scorecard

We made a landmark achievement in our financial performance during the year as a result of the outstanding support of our customers and stakeholders. We grew our top line revenue by 22% from N182.4 billion in 2011 to N221.94 billion in 2012 and the Profit before tax of the group by 66% from N62.08 billion in 2011 to N103 billion in 2012.

The Group's cost containment policies ensured operating expenses grew by only 10% from N69.8 billion in 2011 to N76.88 billion in 2012. The Group's cost to income ratio

improved from 53% in 2011 to 43% in 2012. This moderate growth in operating expense despite the increase of the pump price of Premium Motor Spirit (PMS) and inflation rate of 12% is reflective of the Board's and Management's commitment to increase shareholder's wealth in a sustainable manner.

The Total Assets of the Group as at December 31, 2012 stood at N1.73 trillion showing a 7.8% increase over the 2011 figures of N1.60 trillion. The overall growth was largely due to a 10% growth in loan book to N779.05 billion and 56% growth in investments in government short term debt securities.

On the funding side of the Statement of Financial Position, deposits from customers also grew by 12% to N1.15 trillion indicating sustained depositor confidence in our financial strength and management. The Bank employed cluster marketing strategies to penetrate and grow its retail market segment in addition to the deployment of electronically driven branches called e-branches.

The financial performance of the Bank was based on an aggressive acquisition of customers, commissioning of both traditional and e-branches, introduction of innovative products and services, improved system security and execution of business strategy by well trained staff. We are committed to maintaining a culture of excellence in the Bank with the use of world class enterprise-wide risk management systems and operation within the confines of the regulatory framework.

Several strategic steps taken by the Bank within the year translated into real and appreciable value to our stakeholders which has been rewarded by the figures presented above.

Subsidiaries

As part of our vision of becoming a dominant pan-African bank, we have continued to make remarkable strides in our penetration of the continent and beyond. We enjoy the dividends of a carefully crafted brand strategy based on innovative and exceptional customer service that is benchmarked against international best practice in banking.

We extended our franchise beyond Anglophone West Africa by making an in-road into our first Francophone West African country, Cote D'Ivoire- the largest francophone West African economy. We obtained a

banking license from the Central Bank of Cote D'Ivoire in 2011 and opened our doors for business in April, 2012.

Guaranty Trust Bank (Ghana) Limited remains a top performing financial institution in Ghana operating from its 22 branches strategically located across Ghana. The branch network of Guaranty Trust Bank (Liberia) Limited grew to 6 within the year. This is consistent with the growth trend experienced by other subsidiaries such as Guaranty Trust Bank (Sierra Leone) which expanded its network to 11 branches while Guaranty Trust Bank (Gambia) Limited increased its business outlets to 16. Our UK subsidiary has continued to penetrate the market for both Africans and non-Africans alike with specially packaged products such as mortgage facilities for the acquisition of homes in the UK.

In recognition of the broad leadership our Bank displays, Guaranty Trust Bank (Gambia) Limited received the following awards during the year: "2011 Bank of the year Award" from Gambia Chamber of Commerce and Industry and "2011 Employer of the year" from Social Security and Housing Finance Corporation. Guaranty Trust Bank (Ghana) Limited also won the "Best Use of IT Award" in the Banking category at the 2nd Ghana Telecoms Award.

The Bank has completed its divestments from all its non-banking subsidiaries with the sale of GTHomes during the financial year. With the approval of the CBN now obtained to operate as a commercial bank with international scope within the new banking license regime, we are now better positioned to concentrate on our core business of commercial banking.

Board of Directors

During the course of the year, the tenure of two (2) Non-Executive (Independent) Directors, Mr. Akintoye and Mr. Alli, expired in line with the provisions of the Central Bank of Nigeria Code of Corporate Governance which stipulates that the tenure of Independent Non-Executive Directors shall be a maximum of 2 terms of 4 years each from the date of first appointment as Non-Executive Director; In recognition of the valuable contribution of the Directors, the Board approved the renewal of the tenure of two (2) independent directors for a second and final term of four (4) years each. Additionally, in compliance with the Code Of Corporate Governance of your Bank which stipulates the retirement age of 70 years for Non-Executive Directors, I announce with a sense of fulfillment that presiding over this 23rd Annual General Meeting will be my

last official assignment as I attain the age of 70 years next month. In the interest of continuity on the Board, I believe this is the opportune time to pass on the baton to Mr. Egbert Ulogo Imomoh, one of our accomplished and highly respected non-executive directors, in affirmation of the strong corporate governance and seamless succession for which the bank is known.

Mr. Egbert Imomoh was the Deputy Managing Director in charge of operations for Shell Petroleum Development Company (SPDC) from 1997 to 2002. He is currently the Chairman of Afren Plc, United Kingdom (a Pan African Exploration and Production Company) and Chief Executive of Afren Energy Resources Limited, Nigeria, its Nigerian subsidiary which he co-founded. He is also the Chairman of Investment One Financial Services Limited (formerly GTB Asset Management Limited), sits on the Board of First Hydrocarbon Nigeria Limited and he is the current Worldwide President of Society of Petroleum Engineers.

I will like to express my gratitude to my colleagues on the board for how they have selflessly served in the various board committees and for providing oversight for the management of the Bank and for offering strategic advice for the business.

It is worthy to note that our Managing Director was recognized for his hard work and visionary leadership within the year when he was honoured with the African Banker of the year Award by the African Banker magazine.

Staff

The Bank remains positioned to maintain its dominance in the Nigerian financial market with the strategic incorporation of top talents into its workforce. The Bank appreciates the fact that the success of its banking services is intrinsically linked to the customers' experiences created by staff at every service point. This understanding has therefore been translated into huge investment in both the recruitment and regular training of the Bank's workforce in classrooms, e-learning platforms and on the job.

The results that were achieved during the 2012 financial year were as a result of the collaborative and passionate work culture of all staff. We will therefore continue to ensure the collective buy-in of all employees into the vision and mission of the bank whilst rewarding them for their productivity.

Future Outlook

Overall, Nigeria still remains among the fastest growing countries in its peer group and analysts see that momentum continuing into 2013 with expected GDP growth rate of 7.5% vis-à-vis the current world average of 3.7%. The Federal Government's ability to deliver tangible change and implement growth in the Nigerian economy in 2013 is largely hinged on a breakthrough in the power sector with the ongoing privatization of Power Holding Company of Nigeria (PHCN) successor companies, other critical reforms such as the Petroleum Industry Bill and effective launch of the Sovereign Wealth Fund.

On the other hand, the Asset Management Company of Nigeria (AMCON) recently revised the contribution of banks to its AMCON Debt Redemption Sinking Fund from 0.3% to 0.5% of Total Asset effective January, 2013. This increase is expected to impact on the cost to income ratio of banks from 2013. In furtherance of its objectives of improving financial inclusion, the CBN is also seeking to introduce a guide to bank charges and make access to banking services cheap to all economic strata of the country particularly the Small and medium scale businesses. It is believed that this, coupled with the increased use of electronic banking will boost the growth of the middle class, encourage more retail consumers to transact business via e-payment solutions and reduce the volume of transactions trapped outside the formal banking sector.

The year 2013 will see the emergence of Guaranty Trust Bank's virile Small and Medium scale banking business. This will seek to support entrepreneurship in various sectors which will drive the expected growth in the local economy. We will also seek to convert more of the unbanked population in Nigeria through increasingly accessible mobile money services.

Corporate social responsibility will remain one of our major strategic thrust in 2013 as we seek to positively affect our host communities. We will continue to support the development of Education, Sports and Arts.

We will also continue to explore the boundless opportunities inherent in the digital ecosystem by consolidating on the reach of the social banking platform we recently pioneered in Nigeria. The platform enables potential customers to open their accounts online and our customers can also perform money transfers and airtime purchase within their online social space. Furthermore, our

online banking platforms will be further enriched to include 24-hour feedback on enquiries, complaints, active communication and engagement via e-mail, Facebook, Twitter, and Google+.

Dear Stakeholders, on behalf of the Board of Directors and Management of the Bank, I want to appreciate your profound support and patronage which has continuously positioned our Bank as the preferred Bank in all the countries we have our footprints.

As my tenure as Chairman ends, I urge you to continuously support the Board and Management of this Bank as they build sustainable value for our customers, our people, the communities we serve and, for you, our shareholders.

Thank you for your trust and support.



Oluwole Oduyemi

Chairman, Guaranty Trust Bank plc

Managing Director's Statement



TOUCHING LIVES.

Managing Director's Statement

Touching Lives.

SEGUN AGBAJE



Dear Shareholders,

I am pleased to welcome you to the 23rd Annual General Meeting of Guaranty Trust Bank plc

At the beginning of 2012, we set out with one major objective in mind: To positively touch the lives of our stakeholders by continuing to transcend the provision of financial products and services to making visible impact in the way we connect our customers to opportunities, enable businesses thrive and show consideration to our communities. This objective influenced the level of customer engagement, the quality of service delivery and the corporate social initiatives we undertook.

Ladies and Gentlemen, it gives me great pleasure to report that the 2012 financial year was a year of growth and strong financial performance, with increased patronage and support from all stakeholders leading to an appreciable growth across all financial indices. This growth has enabled us consolidate our position as one of Africa's foremost financial institutions.

The banking industry worldwide is experiencing greater demand for innovation, global reach and we consistently pool expertise, ingenuity, and resources to hard wire safety, timeliness and convenience into our business processes and product offerings. We continued to invest in improving the security of our online banking channels in line with global trends. The cards and online channels of the Bank received certification within the year by the Payment Card Industry Data Security Standard (PCIDSS) attesting to the safety of these channels.

We broadened our product offering through the introduction of a Seniors account which offers free banking for senior citizens of Nigeria aged 65 years and above in recognition of their contribution to the development of this great nation of ours. Furthermore, we extended banking services to the unbanked and under banked with the deployment of a user-friendly Mobile Money Application, that can be accessed through all mobile phones with card less withdrawal from ATMs nationwide.

Our effort to effectively categorize and serve our customers led to the development of a new business segment called Personal Banking. This new business focuses on the needs of a niche within our retail market, servicing them more closely and supporting their aspirations. We also created a business division focused on Small and Medium Enterprises (SMEs) in order to identify and meet the peculiar financial needs of

SMEs in Nigeria. This division is critical because of the positive correlation between national growth and the performance of the SMEs sub sector. No country can record any meaningful progress without expanding the contributions of SMEs to national growth; hence, we are expending a lot of energy to ensure these customers are well serviced and supported at all times.

The social media platform has continued to offer us dynamic opportunities to maintain two way communication with our customers. Our dominance in the digital ecosystem in Africa coupled with our vision to continually engage our customers gives us the unique ability to provide, real time and personalized responses that ultimately satisfy customer requests, complaints and enquiries. We are available on Facebook, Twitter and Google+.

We made substantial progress on our strategic priorities and delivered strong financial results. Profit before tax grew by 66% to N103.03 billion. This was driven by a 22% growth in Gross Earnings to N221.94 billion, well ahead of expense growth of 10%. We grew revenue from a quality mix of earning assets. Total Assets grew by 8% to N1.73 trillion while Loans and Advances to customers and financial assets held for trading grew by 10% and 56% to N779.05 billion and N271.07 billion respectively. Notwithstanding the growth in Risk Assets, we continue to effectively manage the risk inherent. Thus, the ratio of impaired loans to Total Loans of the Bank declined from 3.27% in 2011 to 2.83% in 2012.

We funded this growth in assets from an optimal mix of funding sources with the objective of protecting our margins in mind. We grew deposit liabilities by 12% to N1.15 trillion with most of the growth coming from our increased customer focus and segmentation.

Overall, we grew Earnings per share by 81% to N3.06, while Return on Average Assets and Return on Average Equity appreciated to 34% and 6% respectively. I am delighted to inform you that with this growth in all key indicators, we are able to adhere to our commitment to consistently maximize shareholder returns. Total dividend payout for the year grew by 41% to 155 kobo against 110 kobo paid during the preceding financial period.

The Bank received several international and national awards for innovation, excellent customer service delivery, consistent corporate governance practices and environmental responsiveness. Some of the awards received during the period include the 2012 Bank of the Year for Nigeria by Euromoney Magazine for the 4th consecutive

time. We also received the Bank of the Year Award from the Banker Magazine, the Best Bank in Nigeria Award from World Finance, Best Financial Institution Bond Award from EMEA Finance and Most Innovative AI SRI30 Company of the year award by Africa Investor Magazine to name a few.

It was Winston Churchill who said: "you make a living by what you get and a life by what you give". We believe we can only grow and sustain the value of our business by what we give to our host communities. Our foot prints in Corporate Social Responsibilities are guided strategically by our decision to operate on the four major pillars of Education, Community Development, Arts and the Environment.

In response to the unfortunate national disaster witnessed by Nigeria as a result of flooding in 2012, we provided relief materials to victims of the flood disaster across the federation. The action was in line with our objective of being a responsive corporate citizen.

Under our support for community development, we deepened our involvement in the advocacy for Autism Spectrum Disorder (ASD) by partnering with United States ASD practitioners to deliver consultation services and seminar to caregivers, parents, therapists and children living with ASD. We also built on our involvement by engaging Federal and State government ministries to ensure the participation and involvement of the government in driving this initiative.

We extended our investment in youth development with the addition of Heritage Cup and Super Cup to our flagship Principals Cup tournament. The Heritage Cup was designed to incorporate private and first generation colleges in Lagos State that had made their mark in school sports historically. The Super Cup on its own brings the champions of the Principals Cup and the Heritage Cup together to determine the champion of champions. The objective of these football tournaments is to promote team spirit, camaraderie, discipline and physical fitness amongst our students. The competitions are also complemented by intensive residential football training by international coaches in our "Camp GTBank" and motivational sessions to stimulate the students towards success.

Our investment in education within the year under our Adopt-a-School programme included the provision of infrastructure such as classrooms and laboratories, scholarships for outstanding students, books and stationeries. We also played an active role in curriculum

content development and collaborated with the British Council to deliver the British Council's Content and Language Integrated Learning module to the teachers of some of our adopted schools. To ensure sustenance of our investment in this area, we initiated what we refer to as the "Orange Volunteer Programme", where our staff provide after school coaching support to students in various subject areas.

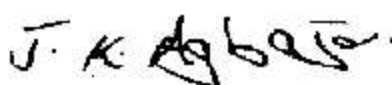
Nothing is more important to delivering on our mission than our people. In appreciation of their sterling performance in our banking halls, One hundred and forty six (146) of our front line staff were honoured in the Transaction Service Awards held at the end of the year. We also celebrated the loyalty and commitment of our staff with the Long Service Awards, given to employees who have been with the Bank for 10 years and above, in recognition of their meritorious years of service. The Bank also maintained its principle of being an equal opportunity employer with the recruitment of new staff and the promotion of high performing employees within the year.

Our organization is built on the uniqueness of its people. We are an organization made up of young, vibrant and motivated people with an ambition to build a world class and truly great African financial institution. I am proud to work with such a team of achievers who continue to deliver outstanding results.

Looking to the future, I share the optimism that there is no limit to the positive difference our Bank can make for our shareholders, customers and the African continent. Given all that we have achieved in previous years despite the seemingly daunting challenges and uncertainties in the economy both locally and internationally, I remain optimistic about our businesses. Our franchise remains very strong, our growth strategies are working and the quality and resilience of our businesses are demonstrated in this year's performance.

As we go forward, we will continue to build an enduring institution with strong values and sound corporate governance practices which will ensure that we deliver beyond the expectation of all our stakeholders.

Thank you for your continued support.



Segun Agbaje
Managing Director, Guaranty Trust Bank plc
FRC/2013/CIBN/00000001782

Directors' Report



TOUCHING LIVES.

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the year ended December 31, 2012.

Legal form and principal activity

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

Following the directive issued by the CBN vide the circular

dated September 7, 2010, the Bank in 2012 concluded the divestment of its shareholding interests in all its non-banking subsidiaries, namely Guaranty Trust Assurance Plc, which is engaged in the provision of insurance services, GTB Asset Management Limited, an asset management and securities trading company, GTB Registrars Limited which acts as registrars to public companies and GT Homes Limited, a licensed Primary Mortgage Institution which is engaged in mortgage activities. In accordance with the directives of the CBN, the Bank obtained the approval of the CBN for a Commercial Banking License with International Scope.

The Bank has seven overseas subsidiaries namely Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, Guaranty Trust Bank (Liberia) Limited, Guaranty Trust Bank (Cote d'Ivoire) Limited and GTB Finance B.V. Netherlands, the special purpose entity used to raise its \$350 million and \$500 million Eurobond Guarantee Notes.

The financial results of all the subsidiaries have been consolidated in these Financial Statements.

Operating results

The Group's Gross earnings and Profit before tax increased by 22% and 66% respectively. Highlights of the Group's operating results for the period are as follows:

	Group Dec-12 N'000	Group Dec-11 N'000	Bank Dec-12 N'000	Bank Dec-11 N'000
Gross earnings	221,940,081	182,408,562	204,324,447	172,600,951
Profit before taxation	103,027,923	62,080,206	100,141,667	64,745,101
Taxation	(16,341,043)	(14,277,068)	(14,877,841)	(13,091,850)
Profit for the period from continuing operations	86,686,880	47,803,138	85,263,826	51,653,251
Profit for the period from discontinued operations	609,077	3,938,482	-	-
Profit for the period	87,295,957	51,741,620	85,263,826	51,653,251
Non-controlling interest	(337,822)	(537,882)	-	-
Profit attributable to equity holders of the Bank	86,958,135	51,203,738	85,263,826	51,653,251
Earnings per share (kobo) - Basic	3.06	1.69	2.90	1.77
Earnings per share (kobo) - Diluted	3.06	1.69	2.90	1.77

Dividends

During the 2012 financial year, Directors declared and paid an interim dividend of 25 Kobo per Ordinary Shares on the issued capital of 29,431,179,224 Ordinary Share of 50 Kobo each for the half year ended June 30, 2012. Withholding tax was deducted at the time of payment of this dividend. There was no income tax consequence on the Bank as a result of the dividend pay-out, as the bank is only required to deduct at source this tax on behalf of Tax authorities in Nigeria. The tax so withheld represents advance payment of income tax by the recipient shareholders.

The Directors recommend the payment of a final dividend of

130 Kobo per ordinary share of 50 kobo (bringing the total dividend for the financial year ended December 31, 2012 to N1.55 (2011: N1.10 per share). Withholding tax will be deducted at the time of payment.

Directors and their interest

The Directors who held office during the year, together with their direct and indirect interests in the issued share capital (including the Global Depository Receipts (GDRs)) of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of The Nigerian Stock Exchange is noted below:

S/No		Direct Holding December 2012	*Indirect Holding December 2012	Direct Holding December 2011	*Indirect Holding December 2011
		SHARES OF 50K EACH		SHARES OF 50K EACH	
1	Mr. O. S. Oduyemi	1,114,385	5,370,150	1,114,385	5,370,150
2	Mr. J. K. O Agbaje	32,146,651	9,481,350	32,146,651	9,481,300
3	Mr. E. U. Imomoh	1,102,972	6,243,128	1,102,972	6,243,128
4	Mr. A. F. Alli	1,163,975	-	988,832	-
5	Mr. A O. Akintoye	363,800	-	363,800	-
6	Dr. (Mrs.) S. C. Okoli	3,344,032	-	3,344,032	-
7	Mr. O. M. Agosto	-	-	-	-
8	Mr. K. A. Adeola	4,869,492	-	4,869,492	-
9	Mr. I. Hassan	1,130,838	-	127,838	-
10	Mrs. C. N. Echeozo	2,505,118	2,940,300	2,505,118	2,940,300
11	Mr. A. A. Odeyemi	7,661,601	745,650	7,661,601	745,650
12	Mr. O. Ohiwerei	2,000,000	-	2,000,000	-
13	Mrs. O. O. Omotola	452,531	234,350	452,531	234,350
14	Mr. A. Oyedeji	492,787	-	492,787	-

*Indirect includes indirect shareholding and/or GDR (Global Depository Receipts)

There has been no significant change to Directors' shareholdings within the period under review.

Directors' Remuneration

The remuneration of the Bank's directors is disclosed pursuant to section 34(5) of the Code of Corporate Governance for Public Companies as issued by the Securities and Exchange Commission as follows:

Type of Package fixed	Description	Timing
Basic Salary	<ul style="list-style-type: none"> Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the bank's objectives have been met for the financial year 	Paid monthly during the financial year
13th month salary	<ul style="list-style-type: none"> Part of gross salary package for executive directors only. Reflects the banking industry competitive salary package and the extent to which the bank's objectives have been met for the financial year 	Paid in the last month of the financial year
Directors fee	<ul style="list-style-type: none"> Payable annually on the day of the AGM to Non-Executive Directors only 	Paid during the year
Sitting Allowance	<ul style="list-style-type: none"> Allowances paid to Non-Executive Directors only for sitting at board meetings and committee meetings. 	Paid during the year

Changes on the Board

There were no changes on the Board during the period under review.

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act (2004), Mr. K. A. Adeola and Mr. O. M. Agosto disclosed to the Board their interest as directors of Comprehensive Project Management Services Limited (a project management company) and Agosto & Company Limited (a credit rating company) respectively in the course of the year.

Comprehensive Project Management Services Limited provided Project Management Services to the Bank in respect of the development of two of the Bank's branches whilst Agosto & Company Limited conducted credit rating on the Bank's Bond in the course of the year.

The selection and conduct of the companies are in conformity with rules of ethics and acceptable standards. In addition, the Bank ensures that all such contracts are conducted at arm's length at all times.

Retirement by Rotation

In accordance with Article 84 of the Articles of Association of the Bank, Mr. Imomoh and Mr. Oduyemi will retire by rotation at this Meeting and Mr. Imomoh being eligible, offers himself for re-election. In compliance with the Code of Corporate Governance of the Bank which prescribes a retirement age of 70 years for Non-Executive Directors, Mr. Oduyemi would retire from the Board from the end of this Meeting as he attains the age of 70 in May, 2013. He will continue to act as a Director throughout this General Meeting in line with the Articles of Association of the Bank.

The profile of Mr. Imomoh is contained in page 18 of this Annual Report and Accounts.

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at 31 December, 2012 is as follows:

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1 - 10,000	253,658	72.44	827,845,523	2.81
10,001 - 50,000	70,887	20.25	1,547,629,918	5.26
50,001 - 100,000	11,991	3.42	842,474,215	2.86
100,001 - 500,000	10,729	3.06	2,194,998,462	7.46
500,001 - 1,000,000	1,311	0.37	913,046,564	3.10
1,000,001 - 5,000,000	1,218	0.35	2,447,109,547	8.31
5,000,001 - 10,000,000	150	0.04	1,014,865,253	3.45
10,000,001 - 50,000,000	143	0.04	3,096,160,225	10.52
50,000,001 - 100,000,000	26	0.01	1,854,053,957	6.30
100,000,001 - 500,000,000	21	0.01	5,163,756,024	17.55
500,000,001 - 1,000,000,000	2	0.00	1,538,759,799	5.23
1,000,000,01 - 2,000,000,000	3	0.00	4,484,898,000	15.24
2,000,000,01 - 5,000,000,000	0	0.00	0	0.00
Sub-Total	350,139	100.00	25,925,597,487	88.09
GDR [underlying shares]	1	0.00	3,505,581,737	11.91
TOTAL	350,140	100	29,431,179,224	100

Substantial Shareholding

According to the Register of Members as at December 31, 2012, no single shareholder held more than 5% of the issued capital of the Bank except the following:

Shareholder	No. of Shares held	Percentage of Shareholding
* GTBank GDR (underlying shares)	3,505,581,737	11.91
* * Stanbic Nominees Nigeria Limited	5,883,521,730	19.99

* Citibank Nigeria Limited held the 3,505,581,737 units of shares in its capacity as custodian for the underlying shares of the Global Depository Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. Citibank does not exercise any rights over the underlying shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares.

** Stanbic Nominees Nigeria Limited held the cumulative total of 19.99% of the Bank's shares largely in trading accounts on behalf of various investors.

Donations and charitable gifts

In order to identify with the aspirations of various sections of the society, the Group donated a total sum of N364,750,865 (Dec.2011: N297,493,137) as donations and charitable contributions during the period. This represents a growth of 23% over the donations given in 2011 and it comprises contributions to Educational organizations, Art and Cultural organizations, Professional organizations amongst others. The distribution of these donations are show below:

A listing of the beneficiary organizations and the amounts donated to them is shown below:

Sector	Organisations	Amount
Art	African Metropolis Project	14,410,000.00
	Movie Premier Support	50,000.00
	P.L.A.Y Festival	1,500,000.00
	Rhythm Unplugged Music Concert	300,000.00
	Tate Partnership	28,422,450.00
	Terra Culture	2,000,000.00
Community Development	Art of Life Foundation	100,000.00
	Aret Adams Foundation	250,000.00
	Chartered Institute of Banker of Nigeria	2,000,000.00
	Chartered Institute of Personnel Management	200,000.00
	Chike Okoli Foundation	160,000.00
	Edensfield Foundation	250,000.00
	Flood Victims Support	1,798,000.00
	Golf Tournament	485,222.00
	Hall of Grace Foundation	150,000.00
	Hallmarks of Labour Foundation	500,000.00
	Honey Bee Foundation	399,050.00
	Lagos State Traditional Sports Association	1,000,000.00
	Mariam Sam foundation	200,000.00
	Massey Street Children Hospital	649,310.00
	Nigeria Society For The Blind	250,000.00
	Nigerian Police Force	401,000.00
	Orange Heart Project-Community Development	492,266.25
	Orange Ribbon Autism Programme	17,618,480.00
	Red Cross Society - Swiss & Nigeria	291,314.00
	Small World Charity Organisation	190,000.00
	Special Olympics Nigeria	4,296,041.66
	Sussie Agu Osoba Breast Cancer Foundation	250,000.00
	The Musical Society of Nigeria	395,000.00
The Nigerian Stock Exchange	4,500,000.00	
Xn Foundation	256,000.00	
Education	Africa Leadership Academy	4,250,000.00
	Business day Collaboration on Education	1,166,666.68

Sector	Organisations	Amount
Education	Financial Reporting Council of Nigeria	50,000,000.00
	Government Day Secondary School, Bauchi	5,981,171.39
	Heritage Cup-Lagos State Schools	26,453,064.00
	Lindys Gem foundation	500,000.00
	Ogun State Government's Educational Development Programme	3,121,500.00
	Optical Mark Reader Forms to Universities	460,000.00
	PAN African University	30,000,000.00
	Principal's Cup- Lagos State Schools	64,690,824.00
	St George's Schools, Ikoyi	10,615,107.12
	The Nigerian Sociological & Anthropological Students' Association	200,000.00
	UCL African Caribbean Society	262,000.00
Environment	African University of Science & Technology, Abuja	2,360,783.00
	Environment Maintenance-Daoula Rounabout Kano	112,140.00
	Environment maintenance- Lekki 2nd Gate	696,328.00
	Environment Maintenance-Mac Donald Round About Lagos	127,800.00
	Global Reporting Initiative- CSR Profiling	1,020,000.00
	Students in Free Enterprise (SIFE)	2,078,750.00
	United Nations Environment Programme Trust Fund Account	1,237,736.00
Others	Government College Of Ibadan Old Boys Association	150,000.00
	Nigerian Navy Base	50,000.00
	Others	49,033,889.25
	Reporting Skills for Journalists	200,000.00

Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at December 31 2012 and profit attributable to equity holders on that date other than as disclosed in the financial statements.

Research and development

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

CORPORATE SOCIAL RESPONSIBILITIES

At Guaranty Trust Bank plc, Corporate Social Responsibility (CSR) is a key component of our business strategy. We are driven by the developmental challenges of our host communities and believe that giving back to the host communities is a requirement for the overall development of the country and our business. We ensure that our CSR projects are targeted towards the needs of the society and are sustainable.

Gender Analysis

The number and percentage of women employed during the financial year vis-a-vis total workforce is as follows:

	Male	Female	Total	Male	Female
				%	
Employees	1,657	1,244	2,901	57%	43%

Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
				%	
Board	11	3	14	79%	21%
Top Management (AGM-GM)	39	18	57	68%	32%
Total	50	21	71		

Detailed Gender analysis of Board and Top Management is as follows:

	Male	Female	Total	Male	Female
				%	
Assistant General Manager	16	6	22	73%	27%
Deputy General Manager	16	5	21	76%	24%
General Manager	7	7	14	50%	50%
Executive Director	3	2	5	60%	40%
Managing Director	1	0	1	100%	0%
Non -Executive Directors	7	1	8	88%	12%
Total	50	21	71		

Human Resources Policy

(1) 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.

(2) Health, Safety and Welfare of Employees

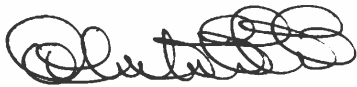
The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank offers medical insurance to employees and their immediate families which covers a wide range of medical services.

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

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

(3) 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.

BY ORDER OF THE BOARD**Olutola Omotola**

Company Secretary
FRC/2013/ICSAN/00000001781

Plot 635, Akin Adesola Street,
Victoria Island, Lagos
23 January, 2013

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December, 2012

The Directors accept responsibility for the preparation of the full year financial statements set out on pages 54 to 244 that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act (2004) of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Going Concern:

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

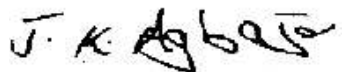
Resulting from the above, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Thus, directors continued the adoption of the going concern basis of accounting in preparing the annual financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:



CATHY ECHEOZO

FRC/2013/CAN/00000001319
23 JANUARY, 2013



SEGUN AGBAJE

FRC/2013/CIBN/00000001782
23 JANUARY, 2013

Report of the Audit Committee

For the year ended 31 December, 2012

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 year ended 31 December, 2012 were satisfactory and reinforce the Group's internal control systems.
- ◆ We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N6,336,282,000 (31 December, 2011: N6,346,350,000) was outstanding as at 31 December, 2012. The status of performance of insider related credits is as disclosed in Note 47(d).

- ◆ We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.



Mr. M.F. Lawal
 FRC/2013/ICAN/00000001469
 Chairman, Audit Committee
 22 January, 2013

Members of the Audit Committee are:

- | | | | |
|----|------------------------------|---|----------|
| 1. | Mr. M. F. Lawal | - | Chairman |
| 2. | Alhaji M. A. Usman | | |
| 3. | Mrs. S. O. J. Mbagwu-Fagbemi | | |
| 4. | Mr. O. M. Augusto | | |
| 5. | Mr. I. Hassan | | |
| 6. | Mr. A. F. Alli | | |

In attendance:

- | | | |
|---------------------|---|-----------|
| Mr. Segun Fadahunsi | - | Secretary |
|---------------------|---|-----------|



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GUARANTY TRUST BANK PLC

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of Guaranty Trust Bank Plc ("the bank ") and its subsidiaries (together "the group"). These financial statements comprise the statements of financial position as at 31 December 2012 and the income statements, statements of comprehensive income, consolidated statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Director's responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the 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 our audit to obtain reasonable assurance about 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 opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council Act.

Report on other legal requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii. the bank's statement of financial position, income statement and statement of comprehensive income are in agreement with the books of account;
- iv. related party transactions and balances are disclosed in Note 47 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;
- v. except for the contraventions disclosed in Note 48 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

PricewaterhouseCoopers

Chartered Accountants
Lagos, Nigeria
FRC/2013/ICAN/00000000946



11 March 2013

**REPORT OF THE EXTERNAL CONSULTANTS ON THE APPRAISAL
OF THE BOARD OF DIRECTORS OF GUARANTY TRUST BANK PLC
FOR THE YEAR ENDED 31ST DECEMBER 2012**



“X KPMG HOUSE”

One King Ologunkutere Street,
Park View, Ikoyi Lagos.

P.O.Box 75429, Victoria Island, Lagos.

Tel: 234-1-8181381 Telefax: 234-1-2701137

E-mail: jkrandleco@21ctl.com, jkrandleintuk@gmail.com

Website: www.jkrandleco.co.uk

The Board of Directors of Guaranty Trust Bank Plc (GTBank) mandated J. K. Randle International to conduct the evaluation of the Board of Directors for the year ended 31st December, 2012 in accordance with the provisions of the CBN Code of Corporate Governance (CBN Code).

The Board of GTBank was composed of fourteen Directors as at the year ended 31 December 2012. This was made up of six Executive Directors including the Managing Director/Chief Executive Officer and eight Non-Executive Directors. The composition and structure of the Board reflected diversity of backgrounds, skills, balance of power, and independence. Members of the Board possess the requisite background to supervise the operations of the Bank as well as the performance of Management. The composition conforms with the provisions of the CBN Code in respect of number of executive directors as a ratio to non-executive directors. The number of committees conformed with the minimum required by the CBN Code. The Board reinforced the governance structure by establishing the Board Nomination Committee as well as the Information Technology Strategy Committee. It also approved the Compliance Policy in order to remain committed to strict adherence and conformance to internal, regulatory and statutory rules and procedures applicable to the business of banking. We noted in particular, the Board's efforts at setting the strategic direction of the Bank by approving a five-year Strategic Plan covering 2012 to 2016; the Board's efforts at upholding the governance structure of the Bank; strengthening the Bank's Succession Plan; enhancing governance practices; and monitoring regulatory compliance.

We observed that the operations of the Board met the

A handwritten signature in black ink, appearing to read 'J.K. Randle', is positioned below the text.

Bashorun J. K. Randle, OFR

Chairman/Chief Executive

Dated January 21, 2013

requirements of Best Practice and the CBN Code. Frequency of meetings was within the minimum requirement of the CBN Code. The Board held four meetings, and the level of attendance was satisfactory. The conduct of the meetings followed conventional procedures in a conducive atmosphere where all members expressed their views freely. The agenda of the Board consisted of relevant strategic issues in order to address the critical evaluation of the unfolding scenarios within the Bank, the operating environment and the resolution of issues arising therefrom. All the issues were resolved successfully. The activities of the Board were well documented in its minutes book.

The Board performed all the functions that fell within the purview of its oversight responsibilities which arose during the year among which were enhancing the governance structure of the Bank, overseeing the internal audit functions as well as monitoring regulatory compliance. The Board supported the strategic initiatives undertaken by Management and participated in the planning process in order to reinforce the performance parameters. The performance of the Board is adjudged to be highly commendable. The Board also performed other statutory responsibilities including rendering the accounts of the operations and activities of GTBank to the shareholders.

At the conclusion of the exercise, we advised the Board of GTBank to continue to monitor the five-year Strategic Plan on a regular basis. We also advised the Board to plan for more meetings to meet the demands occasioned by increased activities. Finally, the level of interaction between the Board and Senior Management should be continually improved upon.

Financials



TOUCHING LIVES.

Statements of financial position

As at 31 December 2012

In thousands of Nigerian Naira	Notes	Group Dec-2012	Group Dec-2011	Group Jan-2011	Parent Dec-2012	Parent Dec-2011	Parent Jan-2011
Assets							
Cash and cash equivalents	4, 8, 23	322,989,480	368,282,477	273,074,591	256,433,560	330,294,424	226,123,548
Loans and advances to banks	4, 8, 24	4,864,824	158,616	186,480	177,985	158,616	186,480
Loans and advances to customers	4, 8, 25	779,050,018	706,893,133	603,906,669	742,436,944	679,358,919	574,255,521
Financial assets held for trading	4, 8, 26	271,073,896	173,297,556	148,872,254	267,417,182	151,819,087	131,189,143
Investment securities:							
– Available for sale	4, 8, 27	15,765,789	3,744,970	10,629,568	10,138,761	3,744,970	6,919,692
– Held to maturity	4, 8, 27	129,490,810	161,196,356	22,896,774	118,897,917	163,914,120	23,443,181
Assets pledged as collateral	4, 8, 28	31,203,230	45,588,084	29,481,804	31,203,230	45,588,084	29,481,804
Investment in subsidiaries	29	-	-	-	22,925,088	16,233,581	30,115,862
Investment properties	29	-	-	7,349,815	-	-	-
Property and equipment	30	60,886,728	57,510,622	47,092,669	55,496,808	52,494,230	42,538,693
Intangible assets	31	1,772,176	1,006,470	1,956,459	1,539,717	762,709	1,374,207
Deferred tax assets	32	991,791	96,820	587,881	-	-	-
Other assets	33	116,789,118	81,098,341	22,017,933	113,650,031	75,658,805	17,675,985
		1,734,877,860	1,598,873,445	1,168,052,897	1,620,317,223	1,520,027,545	1,083,304,116
Assets classified as held for sale and discontinued operations	34	-	9,779,201	-	-	3,500,000	-
Total assets		1,734,877,860	1,608,652,646	1,168,052,897	1,620,317,223	1,523,527,545	1,083,304,116
Liabilities							
Deposits from banks	4, 8, 35	23,860,259	37,229,029	26,026,980	7,170,321	21,636,242	5,361,654
Deposits from customers	4, 8, 36	1,148,197,165	1,026,119,419	753,088,230	1,054,122,573	962,486,292	711,038,787
Other liabilities	8, 38	80,972,096	52,323,162	65,037,039	69,872,456	45,275,666	47,761,799
Current income tax liabilities	21	15,630,973	14,062,596	9,529,921	15,340,116	13,760,343	8,686,276
Deferred tax liabilities	32	3,288,196	3,407,652	4,884,484	3,225,418	3,308,557	4,708,122
Liabilities on insurance contracts		-	-	2,926,322	-	-	-
Debt securities issued	4, 8, 37	86,926,227	145,767,516	66,886,763	13,238,291	13,233,169	68,370,952
Other borrowed funds	4, 8, 40	92,561,824	93,230,139	23,033,947	169,194,418	229,647,220	20,931,341
		1,451,436,740	1,372,139,513	951,413,686	1,332,163,593	1,289,347,489	866,858,931
Liabilities included in assets classified as held for sale and discontinued operations	34	-	6,119,979	-	-	-	-
Total liabilities		1,451,436,740	1,378,259,492	951,413,686	1,332,163,593	1,289,347,489	866,858,931

Statements of financial position (Continued)

As at 31 December 2012

In thousands of Nigerian Naira	Notes	Group Dec-2012	Group Dec-2011	Group Jan-2011	Parent Dec-2012	Parent Dec-2011	Parent Jan-2011
Equity	41						
Capital and reserves attributable to equity holders of the parent entity							
Share capital		14,715,590	14,715,590	11,658,594	14,715,590	14,715,590	11,658,594
Share premium		123,471,114	123,471,114	119,076,565	123,471,114	123,471,114	119,076,565
Treasury shares		(2,046,714)	(2,046,714)	(1,562,603)	-	-	-
Retained earnings		41,380,776	25,130,520	13,329,100	47,558,325	31,560,746	19,976,375
Other components of equity		104,651,663	67,121,427	68,106,870	102,408,601	64,432,606	65,733,651
		282,172,429	228,391,937	210,608,526	288,153,630	234,180,056	216,445,185
Non-controlling interests in equity		1,268,691	2,001,217	6,030,685	-	-	-
Total equity		283,441,120	230,393,154	216,639,211	288,153,630	234,180,056	216,445,185
Total equity and liabilities		1,734,877,860	1,608,652,646	1,168,052,897	1,620,317,223	1,523,527,545	1,083,304,116

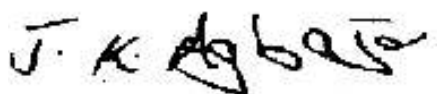
Signed on behalf of the Board of Directors on 23 January 2013 by:



Director/Chief Financial Officer
Demola Odeyemi
 FRC/2013/ICAN/00000000675



Director
Cathy Echeozo
 FRC/2013/ICAN/00000001319



Director
Segun Agbaje
 FRC/2013/CIBN/00000001782

The accompanying notes are an integral part of these financial statements

Income statements

For the year ended 31 December 2012

In thousands of Nigerian Naira	Notes	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Interest income	9	170,295,193	126,471,509	160,124,580	119,016,532
Interest expense	10	(39,609,462)	(27,980,359)	(37,025,839)	(25,489,191)
Net interest income		130,685,731	98,491,150	123,098,741	93,527,341
Loan impairment charges	11	(738,786)	(19,503,412)	667,667	(18,661,992)
Net interest income after loan impairment charges		129,946,945	78,987,738	123,766,408	74,865,349
Fee and commission income	12	44,320,753	43,518,522	39,214,494	38,765,945
Fee and commission expense	13	(1,591,016)	(1,837,536)	(1,508,915)	(1,821,651)
Net fee and commission income		42,729,737	41,680,986	37,705,579	36,944,294
Net gains/(losses) on financial instruments classified as held for trading	14	3,940,524	6,843,478	2,339,332	4,878,110
Other income	15	3,383,611	5,575,053	2,646,041	9,940,364
Net impairment loss on financial assets	16	(96,869)	(1,181,354)	(96,869)	(1,181,354)
Personnel expenses	17	(25,966,061)	(22,374,358)	(20,774,540)	(17,851,900)
General and administrative expenses	18	(22,405,475)	(21,621,110)	(20,285,783)	(19,779,440)
Operating lease expenses		(791,433)	(677,886)	(622,158)	(487,393)
Depreciation and amortization	19	(8,891,796)	(7,608,215)	(8,052,743)	(6,830,267)
Other operating expenses	20	(18,821,260)	(17,544,126)	(16,483,600)	(15,752,662)
Profit before income tax		103,027,923	62,080,206	100,141,667	64,745,101
Income tax expense	21	(16,341,043)	(14,277,068)	(14,877,841)	(13,091,850)
Profit for the year from continuing operations		86,686,880	47,803,138	85,263,826	51,653,251
Profit for the year from discontinued operations	34	609,077	3,938,482	-	-
Profit for the year		87,295,957	51,741,620	85,263,826	51,653,251
Profit attributable to:					
Equity holders of the parent entity (total)		86,958,135	51,203,738	85,263,826	51,653,251
– Profit for the year from continuing operations		86,398,355	47,516,359	85,263,826	51,653,251
– Profit for the year from discontinued operations	34	559,780	3,687,379	-	-
Non-controlling interests (total)		337,822	537,882	-	-
– Profit for the year from continuing operations		288,525	286,779	-	-
– Profit for the year from discontinued operations	34	49,297	251,103	-	-
		87,295,957	51,741,620	85,263,826	51,653,251
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic	22	3.06	1.69	2.90	1.77
– Diluted	22	3.06	1.69	2.90	1.77
Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):					
– Basic		0.02	0.13	-	-
– Diluted		0.02	0.13	-	-

Statements of comprehensive income

For the year ended 31 December 2012

In thousands of Nigerian Naira	Notes	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Profit for the year		87,295,957	51,741,620	85,263,826	51,653,251
Other comprehensive income:					
Foreign currency translation differences for foreign operations		(2,706,774)	200,360	-	-
Net change in fair value of available for sale financial assets		1,463,183	(3,452,120)	1,463,183	(3,452,120)
Income tax relating to Foreign currency translation differences for foreign operations	21	812,032	(59,818)	-	-
Income tax relating to Net change in fair value of available for sale financial assets	21	(438,955)	790,890	(379,137)	731,072
Other comprehensive income for the year, net of tax		(870,514)	(2,520,688)	1,084,046	(2,721,048)
Total comprehensive income for the year		86,425,443	49,220,932	86,347,872	48,932,203
Profit attributable to:					
Equity holders of the parent entity (total)		86,192,815	48,682,082	86,347,872	48,932,203
– Total comprehensive income for the year from continuing operations		85,633,035	44,994,703	86,347,872	48,932,203
– Total comprehensive income for the year from discontinued operations		559,780	3,687,379	-	-
Non-controlling interests (total)		232,628	538,850	-	-
– Total comprehensive income for the year from continuing operations		183,331	287,747	-	-
– Total comprehensive income for the year from discontinued operations		49,297	251,103	-	-
Total comprehensive income for the year		86,425,443	49,220,932	86,347,872	48,932,203

The accompanying notes are an integral part of these financial statements

Consolidated statement of changes in equity
December 2012
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve ²	Statutory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2012	14,715,590	123,471,114	-	68,088,215	(2,046,714)	(854,621)	(112,167)	25,130,520	2,001,217	230,393,154
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	-	86,958,135	337,822	87,295,957
Other comprehensive income, net of tax:										
Foreign currency translation difference	-	-	-	-	-	-	(1,789,548)	-	(105,194)	(1,894,742)
Fair value adjustment	-	-	-	-	-	1,024,228	-	-	-	1,024,228
Total other comprehensive income	-	-	-	-	-	1,024,228	(1,789,548)	-	(105,194)	(870,514)
Total comprehensive income	-	-	-	-	-	1,024,228	(1,789,548)	86,958,135	232,628	86,425,443
Transactions with equity holders, recorded directly in equity:										
Loss on transaction with NCI	-	-	-	-	-	-	-	(38,025)	38,025	-
Transfers for the year	-	-	11,312,801	26,982,755	-	-	-	(38,295,556)	-	-
Inflow from non-controlling interest	-	-	-	-	-	-	-	-	59,678	59,678
Dividend to equity holders ¹	-	-	-	-	-	-	-	(32,374,298)	(39,088)	(32,413,386)
Non-controlling interest of subsidiaries disposed	-	-	-	-	-	-	-	-	(1,023,769)	(1,023,769)
Total transactions with equity holders	-	-	11,312,801	26,982,755	-	-	-	(70,707,879)	(965,154)	(33,377,477)
Balance at 31 December 2012	14,715,590	123,471,114	11,312,801	95,070,970	(2,046,714)	169,607	(1,901,715)	41,380,776	1,268,691	283,441,120

¹ See Note 42

² See Statement of Prudential Adjustments on note 6 (Page 162) for detailed disclosures

Consolidated statement of changes in equity
December 2011
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Treasury shares	Bonus reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2011	11,658,594	119,076,565	10,959,720	52,677,634	(1,562,603)	2,914,648	1,806,609	(251,741)	13,329,100	6,030,685	216,639,211
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	-	-	51,203,738	537,882	51,741,620
Other comprehensive income, net of tax:											
Foreign currency translation difference	-	-	-	-	-	-	-	139,574	-	968	140,542
Fair value adjustment	-	-	-	-	-	-	(2,661,230)	-	-	-	(2,661,230)
Total other comprehensive income	-	-	-	-	-	-	(2,661,230)	139,574	-	968	(2,520,688)
Total comprehensive income	-	-	-	-	-	-	(2,661,230)	139,574	51,203,738	538,850	49,220,932
Transactions with equity holders, recorded directly in equity:											
Bonus shares issued during the year	2,914,648	-	-	-	-	(2,914,648)	-	-	-	-	-
Transfers for the year	-	-	-	15,410,581	-	-	-	-	(15,410,581)	-	-
Increase/dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	(81,793)	(81,793)
Proceeds from share issue	142,348	4,394,549	-	-	-	-	-	-	-	-	4,536,897
Acquisition/disposal of own shares	-	-	-	-	(484,111)	-	-	-	-	-	(484,111)
Reversal in the year	-	-	(10,959,720)	-	-	-	-	-	-	-	(10,959,720)
Dividend to equity holders ¹	-	-	-	-	-	-	-	-	(24,774,509)	(389,669)	(25,164,178)
Dividend on own share adjusted	-	-	-	-	-	-	-	-	782,772	-	782,772
Non-controlling interest of subsidiaries disposed	-	-	-	-	-	-	-	-	-	(4,096,856)	(4,096,856)
Total transactions with equity holders	3,056,996	4,394,549	(10,959,720)	15,410,581	(484,111)	(2,914,648)	-	-	(39,402,318)	(4,568,318)	(35,466,989)
Balance at 31 December 2011 ¹	14,715,590	123,471,114	-	68,088,215	(2,046,714)	-	(854,621)	(112,167)	25,130,520	2,001,217	230,393,154

¹ See Note 42

Statement of changes in equity
December 2012
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve ²	Statutory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2012	14,715,590	123,471,114	-	65,347,045	(914,439)	31,560,746	234,180,056
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	85,263,826	85,263,826
Other comprehensive income, net of tax:							
Fair value adjustment	-	-	-	-	1,084,046	-	1,084,046
Total other comprehensive income	-	-	-	-	1,084,046	-	1,084,046
Total comprehensive income	-	-	-	-	1,084,046	85,263,826	86,347,872
Transactions with equity holders, recorded directly in equity:							
Transfers for the year	-	-	11,312,801	25,579,148	-	(36,891,949)	-
Dividend to equity holders ¹	-	-	-	-	-	(32,374,298)	(32,374,298)
Total transactions with equity holders	-	-	11,312,801	25,579,148	-	(69,266,247)	(32,374,298)
Balance at 31 December 2012	14,715,590	123,471,114	11,312,801	90,926,193	169,607	47,558,325	288,153,630

¹ See Note 42

² See Statement of Prudential Adjustments on note 6 (Page 162) for detailed disclosures

Statement of changes in equity
December 2011
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Statutory reserves	Bonus reserve	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2011	11,658,594	119,076,565	10,959,720	50,052,674	2,914,648	1,806,609	19,976,375	216,445,185
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	51,653,251	51,653,251
Other comprehensive income, net of tax								
Fair value adjustment	-	-	-	-	-	(2,721,048)	-	(2,721,048)
Total other comprehensive income	-	-	-	-	-	(2,721,048)	-	(2,721,048)
Total comprehensive income	-	-	-	-	-	(2,721,048)	51,653,251	48,932,203
Transactions with equity holders, recorded directly in equity:								
Bonus shares issued during the year	2,914,648	-	-	-	(2,914,648)	-	-	-
Transfers for the year	-	-	-	15,294,371	-	-	(15,294,371)	-
Acquisition/disposal of own shares	142,348	4,394,549	-	-	-	-	-	4,536,897
Reversal in the year	-	-	(10,959,720)	-	-	-	-	(10,959,720)
Dividend to equity holders ¹	-	-	-	-	-	-	(24,774,509)	(24,774,509)
Total transactions with equity holders	3,056,996	4,394,549	(10,959,720)	15,294,371	(2,914,648)	-	(40,068,880)	(31,197,332)
Balance at 31 December 2011	14,715,590	123,471,114	-	65,347,045	-	(914,439)	31,560,746	234,180,056

¹ See Note 42

Statements of cash flows

For the year ended 31st December, 2012

In thousands of Nigerian Naira	Notes	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Cash flows from operating activities					
Profit for the period		87,295,957	51,741,620	85,263,826	51,653,251
Adjustments for:					
Depreciation of property and equipment	19, 30	8,539,277	7,054,983	7,634,982	6,157,473
Amortisation of Intangibles		352,519	743,080	417,761	672,794
Gain on disposal of property and equipment		(462,033)	(446,386)	(454,752)	(436,782)
Gain on disposal of investment properties		-	(325,038)	-	-
Gain from disposal of subsidiaries		(411,040)	(2,766,712)	-	(3,000,341)
Impairment on financial assets		1,361,908	22,761,707	(299,241)	21,920,287
Net interest income		(130,685,731)	(98,491,150)	(123,098,741)	(93,527,341)
Foreign exchange gains	15	(1,002,061)	(2,594,672)	(1,003,068)	(2,606,825)
Dividend received		(139,934)	(245,956)	(658,406)	(1,608,377)
Income tax expense	21, 34	16,341,043	14,703,089	14,877,841	13,091,850
Other non-cash items		2,265,863	(1,807,687)	2,265,863	(2,229,430)
		(16,544,232)	(9,673,122)	(15,053,935)	(9,913,441)
Changes in:					
Financial assets held for trading		(100,151,348)	(24,425,302)	(115,598,095)	(20,629,944)
Assets pledged as collateral		14,384,854	(16,106,280)	14,384,854	(16,106,280)
Loans and advances to banks		(4,706,217)	27,864	(19,378)	27,863
Loans and advances to customers		(78,802,378)	(130,862,416)	(62,681,906)	(130,938,769)
Insurance receivables		-	(910,480)	-	-
Other assets		(35,895,788)	(64,133,431)	(38,088,096)	(58,535,234)
Deposits from banks		(13,167,582)	11,203,611	(14,465,921)	16,274,588
Deposits from customers		128,850,248	278,342,840	91,636,281	251,447,505
Investment contract liabilities		-	466,281	-	-
Insurance contract liabilities		-	1,977,575	-	-
Other liabilities		29,104,205	(9,569,271)	25,100,168	(3,784,844)
		(60,384,006)	46,010,991	(99,732,093)	37,754,885
Interest received		168,344,855	125,027,749	158,174,241	118,203,245
Interest paid		(39,919,864)	(24,728,912)	(37,336,241)	(22,446,474)
		51,496,753	136,636,706	6,051,972	123,598,215
Income tax paid ¹		(15,346,557)	(9,841,957)	(13,760,345)	(8,686,276)
Net cash provided by / (used in) operating activities		36,150,196	126,794,749	(7,708,373)	114,911,939

Statements of cash flows (continued)

For the year ended 31st December, 2012

In thousands of Nigerian Naira	Notes	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Cash flows from investing activities					
Sale/(purchase) of investment securities		20,658,211	(148,877,301)	40,085,595	(140,748,337)
Dividends received		139,934	245,956	658,406	1,608,377
Purchase of property and equipment ¹	30	(14,921,277)	(18,247,449)	(13,126,071)	(16,387,944)
Proceeds from the sale of property and equipment		3,046,542	728,302	2,943,263	711,716
Purchase of intangible assets ¹	31	(1,140,629)	(122,460)	(1,194,769)	(61,296)
Investment in subsidiaries		-	-	(6,691,507)	-
Purchase of investment properties		(31,983)	(1,042,217)	-	-
Proceeds from disposal of investment properties		268,284	886,498	-	-
Cash inflow on disposal of subsidiaries	34	3,500,000	13,733,466	3,500,000	13,733,466
Cash outflow on disposal of subsidiaries	34	(3,775,711)	(4,189,091)	-	(350,844)
Net cash provided by / (used in) investing activities		7,743,371	(156,884,296)	26,174,917	(141,494,862)
Cash flows from financing activities					
Increase in debt securities issued		-	74,777,917	-	536,333
Repayment of debt securities issued		(55,499,536)	-	-	-
Repayment of long term borrowings		(6,717,203)	(5,689,989)	(66,799,072)	-
Increase in long term borrowings		6,346,270	73,859,945	6,346,270	153,922,446
Finance lease repayments		(503,378)	(446,612)	(503,378)	(446,612)
Inflow for improvement in leased asset		-	2,297,739	-	2,297,739
Proceeds from share issue		-	4,536,897	-	4,536,897
Purchase of treasury shares		-	(531,491)	-	-
Sale of treasury shares		-	47,380	-	-
Dividends paid to owners	42	(32,374,298)	(23,991,737)	(32,374,298)	(24,774,509)
Dividends paid to non-controlling interest		(39,088)	(389,669)	-	-
Increase in non-controlling interest		59,678	-	-	-
Net cash provided by / (used in) financing activities		(88,727,555)	124,470,380	(93,330,478)	136,072,294
Net (decrease) / increase in cash and cash equivalents		(44,833,988)	94,380,833	(74,863,934)	109,489,371
Cash and cash equivalents at beginning of period		369,105,219	273,074,591	330,294,424	226,123,547
Effect of exchange rate fluctuations on cash held		(1,281,751)	1,649,795	1,003,070	(5,318,494)
Cash and cash equivalents at end of the year		322,989,480	369,105,219	256,433,560	330,294,424

¹ Group figures for period ended 2012 on Income tax paid, Purchase of property and equipment and Purchase of intangible assets includes impact of discontinued operations of N134,223,000, N8,171,000 and N353,000 respectively.

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Guaranty Trust Bank Plc (“the Bank” or “the Parent”) is a company domiciled in Nigeria. The address of the Bank’s registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the year ended 31 December 2012, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as “Group entities”) respectively. The Parent and the Group are primarily involved in investment, corporate and retail banking.

2. Basis of preparation

The financial statements of the Parent and the Group have been prepared in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and other Financial Institutions Act.

These financial statements were authorised for issue by the directors on 23 January, 2013.

3(a) Significant Accounting Policies

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

(a) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Bank’s functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:

- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Available-for-sale financial assets are measured at fair value.
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.
- The plan assets for defined benefit obligations are measured at fair value.
- Assets and liabilities held for trading are measured at fair value

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the directors to make

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 6.

(d) Changes to accounting policies

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

• Standards and interpretations effective during the reporting period

Amendments to the following standard(s) which became effective in the reporting period did not have any material impact on the accounting policies, financial position or performance of the Group:

- Amendment to IAS 12: This amendment introduces the presumption that deferred taxes on investment properties be measured at fair value and would be recognised on a sale basis unless the entity has a business model that would indicate that the investment property would be consumed in the business. The group does not have investment properties hence this requirement does not apply.
- Amendments to IAS 1: The Standard became effective on 1 July, 2012. The amendment introduces changes to the presentation of items of other comprehensive income. It was issued by the IASB on the 16th of June, 2011. The amendments retained the option to present profit or loss and other comprehensive income in two statements. The amendments require that items of other comprehensive income that may be reclassified to profit and loss in the future are presented separately from items that may not be reclassified. The title of the Statement of comprehensive income is also to be renamed to statement of profit or loss and other comprehensive income.

- Amendments to IFRS 7: The Standard became effective on 1 July 2011. The amendment requires enhanced disclosure about transfers of financial assets that enable users of financial statements understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with the group's continuing involvement in derecognized financial assets. Disclosures in respect of transfer of financial assets are included in Note 29.

• **Standards and interpretations issued but not yet effective**

Standard	Content	Effective Year
IAS 27	Separate Financial Statements (2011)	1 January 2013
IAS 28	Investments in Associates and Joint Ventures (2011)	1 January 2013
IAS 19	Employee Benefits	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 1	Government Loans amendment	1 January 2013
IFRS 7	Disclosure: Offsetting financial assets and financial liabilities	1 January 2013
IFRS 12	Disclosure of Interest in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 32	Financial Instruments: Presentation	1 January 2014
IFRS 9	Financial Instruments	1 January 2015

IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase 1 of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to

present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss. The standard is effective for annual periods beginning on or after 1 January 2015. Earlier application is permitted. The Group is currently evaluating the potential effect of this standard.

Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2013 have not been applied in preparing these financial statements and the group is yet to assess the full impact of the amendments arising from these standards.

3(b) Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

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

(i) Subsidiaries

Subsidiaries are entities controlled by the Parent. Control exists when the Parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed when the parent acquires more than half of the voting rights of the entity. Even when less than half of the voting rights are acquired, control may be evidenced by power:

- over more than half of the voting rights by virtue of an agreement with other investors, or
- to govern the financial and operating policies of the entity under a statute or an agreement, or
- to appoint or remove the majority of the members of the board of directors, or
- to cast the majority of votes at a meeting of the board of directors

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Parent.

Acquisitions on or after 1 January 2009

For acquisitions on or after 1 January 2009, the Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, as at acquisition date. All other components of non-

controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions between 1 January 2003 and 1 January 2009

For acquisitions between 1 January 2003 and 1 January 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2003

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, (Nigerian GAAP).

(ii) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE's operation.
- The Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE.
- The Group has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE.

- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The Group established GTB Finance B.V., Netherlands as a special purpose entity to issue its \$850 million Eurobond Guaranteed Notes. Accordingly the financial statements of GTB Finance B.V. have been consolidated.

(iii) Accounting method of consolidation

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

(iv) Transactions eliminated on consolidation

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

(v) Non-controlling interest

The group applies IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. Under this accounting policy acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(iii) Group Entities

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

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

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

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

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

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

(c) Interest

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

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

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the Income statement include:

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

(d) Fees and commission

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

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

(e) Net trading income

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

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

Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in **Other operating income – Mark to market gain/(loss) on trading investments in the Income statement.**

(g) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of net trading income. Dividend income on long term equity investments is recognised as a component of other operating income.

(h) Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

(a) The Group is the lessee**(i) Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease

Leases, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are measured subsequently at their fair value.

(b) The Group is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease

using the net investment method (before tax), which reflects a constant periodic rate of return.

(i) Income Tax**(a) Current income tax**

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, deferred tax is charged or credit to other comprehensive income or to equity (for example, current tax on available-for-sale investment).

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

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

(b) Deferred income tax

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

However, the deferred income tax is not recognised for:

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

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

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

(j) Financial assets and liabilities

(i) Recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. See accounting policies. The Group's classification of Financial Assets and Liabilities are in accordance with IAS 39, viz:

a) Loans and Receivables

The group's loans and receivable comprises loans and advances, cash and cash equivalent and other receivables.

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the

arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

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

b) Available-for-sale investments

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value (see note J(vii)).

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired whereupon the cumulative gains and losses previously recognised in other comprehensive income are recognised to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

c) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent

and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. A sale or reclassification of a significant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassifications after the Group have collected substantially all the asset's original Principal.
- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

d) Financial assets and liabilities at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

Financial liabilities for which the fair value option is applied are recognised in the Statements of financial position as 'Financial liabilities designated at fair value'. Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

- Financial assets and liabilities classified as held for trading

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit.

Trading assets and liabilities are initially recognised and subsequently measured at fair

value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

- Designation at fair value through profit or loss

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consists of debt host and an embedded derivative that must be separated.

To reduce accounting mismatch, the fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate swaps but for which the hedge accounting conditions of IAS 39 are not fulfilled. The loans would have been otherwise accounted for at amortised cost, whereas the derivatives are measured at fair value through profit or loss.

The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. Furthermore, the fair value option is applied to structured instruments that include embedded derivatives.

Financial assets for which the fair value option is applied are recognised in the Statements of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

(iii) Measurement

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

Financial assets at fair value through profit and loss are subsequently measured at fair value. Held

to maturity financial assets and Loans and receivables are subsequently measured at amortised cost using the effective interest rate. Available for sale financial assets are subsequently measured at fair value through equity or profit and loss except where the fair value cannot be reliably measured. See (note o (i-iv)).

Non-trade financial liabilities are measured at amortised cost. Liabilities held for trading are measured at fair value. Subsequent recognition of financial assets and liabilities is at amortised cost or value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in their comprehensive income (OCI). When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statements as "gains or losses from investment securities".

a) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

b) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE, LSE) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are

not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the end of the reporting period.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. For the purpose of disclosure, the fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and

losses arising from a group of similar transactions such as in the Group's trading activity.

(v) De-recognition

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial asset that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

In certain transactions the Group retains the obligations to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor

transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognizes a financial liability other than financial guarantees and loan commitments as measured at amortized cost or fair value through profit and loss

(vi) Pledge of assets as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see J(iii)) are reclassified in the statement of financial position from financial assets held for trading or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as held for trading, available for sale or held to maturity. Where the assets pledged as collateral are designated as held for trading, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral designated as available for sale are measured at fair-value through equity. Assets pledged as collateral designated as held to maturity are measured at amortized cost.

(vii) Sale and repurchase agreements

Securities sold under repurchase agreements ('repos') remain on the statements of financial position; the counter party liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(viii) Identification and measurement of impairment**(a) Assets carried at amortised cost**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) it becomes probable that the borrower will enter bankruptcy or other financial re-organisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that

no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is Notes to the financial statements Guaranty Trust Bank and Subsidiary Companies 67 reduced through the use of an allowance account and the amount of the loss is recognised in the Income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of

assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity category) are classified in 'Net gains/ (losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Income statement.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is Notes to the financial statements Guaranty Trust Bank and Subsidiary Companies 68 removed from equity and recognised in the Income statement. Impairment losses recognised in the Income statement on equity instruments are not reversed through the Income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is

reversed through the Income statement.

Assets classified as available for sale are assessed for impairment in the same manner as assets carried at amortised cost.

(k) Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as either held for trading, held-to-maturity, fair value through profit or loss or available-for-sale. See description in accounting policy Note J (ii) above

(l) Derivatives held for risk management purposes

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

(m) Investment in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any).

(n) Property and equipment

(i) Recognition and measurement

The bank recognizes items of property, plant and equipment at the time the cost is incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment. It also includes the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of using the item during a particular period.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(o) Intangible assets

(I) Goodwill

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

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8.

Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalised. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. There was no such expenditure during the year.

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

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

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

(p) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, inclusive of deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year. However, the Group chooses the cost model measurement to reassess investment property after initial recognition i.e. depreciated cost less any accumulated impairment losses.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to

reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

(q) Deposits, debt securities issued

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

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

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

(r) Provisions

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

assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

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

(s) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees, principally consisting of letters of credit are included within other liabilities.

(t) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

payments is available.

(ii) Defined benefit plans

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

The liability recognised in the Statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the Statements of financial position less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the plan assets or of the defined benefit obligation are charged or credited to the Income statement in the financial year in which they arise. Past-service costs are recognised immediately in the Income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iv) Short-term employee benefits

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

A liability is recognised for the amount expected to be

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

(v) Share-based payment transactions

The Bank operates a cash-settled share based compensation plan (i.e. share appreciation rights - SARs) for its management personnel. The management personnel are entitled to the share appreciation rights at a pre-determined price after spending five years in the Bank. The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

(u) Discontinued operations

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

- (a) Represents a separate major line of business or geographical area of operations;
- (b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) Is a subsidiary acquired exclusively with a view to resale

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

amount and fair value less costs to sell.

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

(v) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(w) Earnings per share

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

(x) Segment reporting

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

4. Financial risk management

(a) Introduction and overview

Guaranty Trust Bank has a robust and functional Enterprise-wide Risk Management (ERM) Framework that is responsible for identifying and managing the whole universe of inherent and residual risks facing the Bank. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

Other key risks faced by the bank as a result of its existence and operations include operational risks, settlement risks, reputational and strategy risks.

This note presents information about the Group's exposure to each of the risks stated above, the Group's policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management philosophy

The risk management philosophy of the Guaranty Trust Bank Plc Group 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.

Guaranty Trust Bank will continue to adhere to the following risk principles to perform consistently on the above stated indices:

- The Bank will not take any action that will compromise its integrity. Sound performance reporting (financial and non-financial)
- The Bank will adhere to the risk management practice of identifying, measuring, controlling and reporting risks.
- Risk control will not constitute an impediment to the achievement of the Bank's Strategic objectives.
- The Bank will always comply with all government regulations and embrace global best practices.
- The Bank will only assume risks that fall within its risk appetite with commensurate returns.

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 in the opinion of the Board, when changes in laws, market conditions or the Group's activities are material enough to impact on the continued adoption of existing policies. The Group, 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.

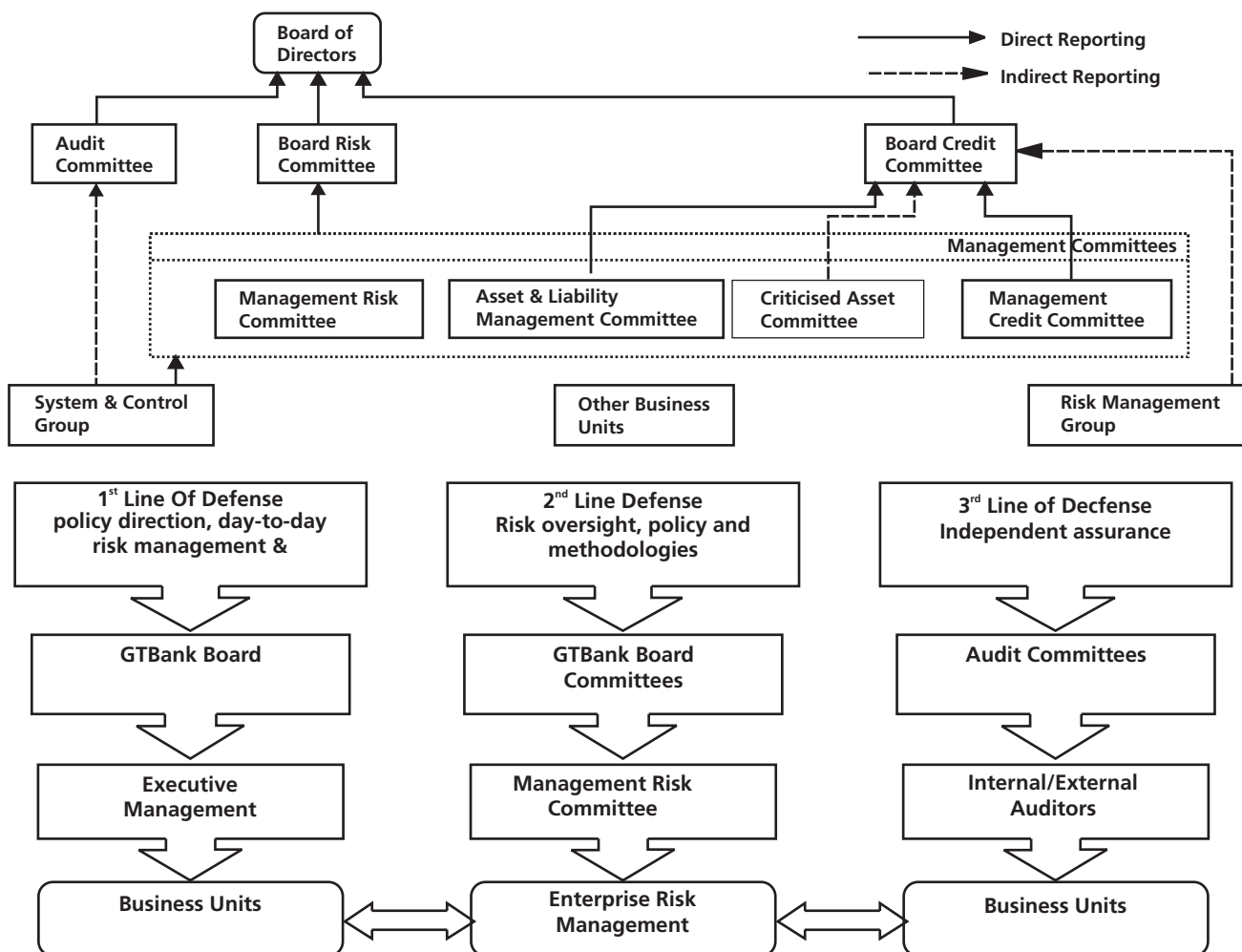
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework via its committees – The Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas and report regularly to the Board of Directors on their activities. All Board committees have both executive and non-executive members. The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group. These committees are:

- The Management Credit Committee
- Criticized Assets Committee
- Asset & Liability Management Committee (ALMAC)
- Management Risk Committee
- IT Steering Committee
- Other Ad-hoc Committee

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

The Group'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 Group. 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 Group is as follows:



The **Risk Committees** at the board and management levels are responsible for reviewing and recommending risk management policies, procedures and profiles including risk philosophy, risk appetite and risk tolerance of the Group. 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.

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

The **Asset & Liability Management Committee** establishes the Group's standards and policies covering the various components of Market Risk. These include 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, and that Market Risk exposures are monitored and managed. Furthermore, the Committee limits and monitors the potential impact of specific pre-defined market movements on the comprehensive income of the Bank through stress tests and simulations.

The Credit Risk Management Group is responsible for identifying, controlling, monitoring and reporting credit risk related issues. The Group also serves as the secretariat for the **Management Credit Committee**. Credit risk is the most critical risk for the Group as credit exposures, arising from lending activities account for the major portion of the Group's assets and source of its revenue.

Thus, the Group ensures that credit risk related exposures are properly monitored, managed and controlled. The Credit Risk Management Group is responsible for managing the credit exposures, which arise as a result of the lending and investment activities as well other unfunded credit exposures that have default probabilities; such as contingent liabilities.

Risk management methodology

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

- ERM Policy
- Credit Policy Guide
- Human Resources Policy Manual
- Quality Manual
- Standard Operating Procedures
- IT Policy

To ensure adherence to the policies and procedures, several exception reports on customers and activities of the Group 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
- Monthly Expense Control Monitoring Report
- Criticized Asset Committee Report

Risk management overview

The Group operates a functional Enterprise-wide Risk Management (ERM) Division that manages all aspects of risk including threats and opportunities. The risk management infrastructure therefore encompasses a comprehensive and integrated approach to identifying, managing and reporting:

- (i) the 3 main inherent risk groups –Credit, Market and Operational;
- (ii) additional core risks such as Reputation and Strategy risks

In addition to this, in compliance with the Central Bank of Nigeria's 'Risk-based Supervision' guidelines, and also to align with Basel II Capital Accord / best global practices, we are in the process of incorporating a strategic framework for efficient measurement and management of the bank's risks and capital. We have commenced the implementation of Basel II recommended capital measurement approaches for the estimate of the bank's economic capital required to cope with unexpected losses. We are also putting in place other qualitative and quantitative measures that will assist with enhancing risk management processes and creating a platform for more risk-adjusted decision-making.

4 (b) Credit risk

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

The Group's specific credit risk objectives, as contained in the 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
- Development of Credit Risk Management professionals.

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 Group continues to focus attention on intrinsic and concentration risks inherent in its business to manage the Group's portfolio risk. It sets portfolio concentration limits that are measured under the following parameters: concentration limits per obligor, business lines, industry, sector, rating grade and geographical area. Sector limits reflect the risk appetite of the Group.

The Group drives 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 Group has commenced with the use of the Standardized Approach for Credit Risk Measurement, while collating relevant data required for migration to the Internal Rating Based (Foundation) Approach.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. A separate Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Heads. Larger facilities require approval by the Management Credit Committee, Deputy Managing Director, Managing Director and the Board Credit Committee/Board of Directors as appropriate.
- Reviewing and assessing credit risk. Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintaining the Group's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation.

The responsibility for approving the risk grades lies with the Board Credit Committee. The risk grades are

subject to regular reviews by the Risk Management Group.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Risk Management Group on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

There were no changes in the Group's risk management policies. Each business unit is required to implement Group credit policies and procedures, with credit approval authorities authorised by the Board Credit Committee.

Credit risk measurement

In line with IAS 39, the bank adopted incurred loss approach and intends to migrate to the expected loss approach outlined under IFRS 9. The incurred loss approach takes into consideration the emergence period (EP) to arrive at losses that have been incurred at the reporting date. To enable the bank migrate to the internal rating based (foundation approach) as well as the expected loss approach as outlined under IFRS 9, the bank has developed its internal rating models.

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

The Bank's rating grades reflect the range of parameters developed to predict the default probabilities of each rating class in line with international best practices and in compliance with BASEL II requirements. The rating grades deals with all credit risk counterparties and this covers all the Bank's credit exposure to corporate, commercial, retail, SME and public sectors. The grades reflect more granularities and are handled by Account Officers and Relationship Managers with further check by Credit Risk Analysis Unit in Credit Risk Management Group.

Rating Grade	Description	Characteristics
1 (AAA)	Exceptional Credit	<ul style="list-style-type: none"> • Exceptional credit quality • Obligors with overwhelming capacity to meet obligation • Top multinationals / corporations • Good track record • Strong brand name • Strong equity and assets • Strong cash flows • Full cash coverage
2 (AA)	Superior Credit	<ul style="list-style-type: none"> • Very high credit quality • Exceptionally high cash flow coverage (historical and projected) • Very strong balance sheets with high liquid assets • Excellent asset quality • Access to global capital markets • Typically large national corporate in stable industries and with significant market share
3 (A)	Minimal Risk	<ul style="list-style-type: none"> • High quality borrowers • Good asset quality and liquidity position • Strong debt repayment capacity and coverage • Very good management • Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected • Typically in stable industries
4 (BBB)	Above Average	<ul style="list-style-type: none"> • Good asset quality and liquidity • Very good debt capacity but smaller margins of debt service coverage • Good management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Good character of owner • Typically good companies in cyclical industries
5 (BB)	Average	<ul style="list-style-type: none"> • Satisfactory asset quality and liquidity • Good debt capacity but smaller margins of debt service coverage • Reasonable management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Satisfactory character of owner • Typically good companies in cyclical industries
6 (B)	Acceptable Risk	<ul style="list-style-type: none"> • Limited debt capacity and modest debt service coverage • Could be currently performing but susceptible to poor industry conditions and operational difficulties • Declining collateral quality • Management and owners are good or passable • Typically borrowers in declining markets or with small market share and operating in cyclical industries

7 (CCC)	Watch-list	<ul style="list-style-type: none"> • Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment • Typically start-ups / declining markets/deteriorating industries with high industry risk • Financial fundamentals below average • Weak management • Poor information disclosure
8 (CC)	Substandard Risk	<ul style="list-style-type: none"> • Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat • Continued strength is on collateral or residual repayment capacity of obligor • Partial losses of principal and interest possible if weaknesses are not promptly rectified • Questionable management skills
9 (C)	Doubtful Risk	<ul style="list-style-type: none"> • High probability of partial loss • Very weak credit fundamentals which make full debt repayment in serious doubt • Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status • Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile
10 (D)	Lost	<ul style="list-style-type: none"> • A definite loss of principal and interest • Lack of capacity to repay unsecured debt • Bleak economic prospects • Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs

Models have been used to estimate the amount of credit exposures, as the value of a product varies with changes in market variables, expected cash flows and time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between parties.

Ratings and scoring models are in use for all key credit portfolios and form the basis for measuring default risks.

In measuring credit risk of loan and advances at a counterparty level, the Group considers three components:

- (i) The 'probability of default' (PD)
- (ii) Exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default' (EAD); and
- (iii) The likely recovery ratio on the defaulted obligations (the 'loss given default') (LGD).

The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee) and are embedded in the Group's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39 by introducing Emergence period (EP) to arrive at losses that have been incurred at the reporting date (the 'incurred loss model') rather than expected losses (IFRS 9 expected losses model is to take effect in 2015 with early adoption permitted).

(i) Probability of Default (PD)

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They

have been developed internally and combined statistical analysis with credit officer judgment.

The rating template combines both qualitative and quantitative factors to arrive at a rating which is comparable to internationally available standards.

The rating methods are subject to an annual validation and recalibration so that they reflect the latest projection in the light of all actually observed defaults.

(ii) Exposure at Default (EAD)

EAD is the amounts the Group expects to be owed at the time of default or reporting date. For example, for a loan this is the face value (principal plus interest). For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(iii) Loss Given Default (LGD)

Loss given default represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II.

Risk Limit Control and Mitigation Policies

The Group applies limits to control credit risk concentration and diversification of its risk assets portfolio. The Bank maintains limits for individual borrowers and groups of related borrowers, business lines, rating grade and geographical area.

The Bank adopted obligor limits as set by the regulators and

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

Designation	Limit
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put at 20% of shareholders' funds (total equity)
Management Credit Committee	Up to N500 Million
Managing Director	Up to N200 Million
Deputy Managing Director	Up to N150 Million
Other Approving Officers	as delegated by the managing director

it is currently at 20% of the Bank's shareholders' funds. The obligor limit covers exposures to counterparties and related parties.

Although the Bank is guided by this regulatory limit, we apply additional parameters internally in determining the suitable limits that an individual borrower should have.

These include: obligor rating, position in the industry and perceived requirements of key players (e.g. import finance limit may be determined by the customer's import cycle and volume during each cycle), financial analysis, etc.

The Bank imposes industry/economic sector limits to guide against concentration risk as a result of exposures to sets of counterparties operating in a particular industry. The industry limits are arrived at after rigorous analysis of the risks inherent in the industry or economic sector.

The limits are usually recommended by the Bank's Portfolio Management Unit under Credit Risk Management Group and approved by the Board. The limits set for each industry or economic sector depend on the historical performance of the sector as well as the intelligence report on the outlook of the sector.

During the period, limits can be realigned (outright removal, reduction or increase) to meet the exigencies of the prevailing macroeconomic events.

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

The above limits are subject to the following overriding approvals:

Except where a facility is cash collateralized, all new facilities below N10million require the approval of the Credit Committee.

The deposit required for all cash collateralized facilities (with the exception of bonds, guarantees and indemnities) must be 125% of the facility amount to provide a cushion for interest and other charges.

Totally new facilities require one-up approval i.e. approval at a level higher than that of the person that would ordinarily approve it.

Master Netting Arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Collateral policies

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

- (i) Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Bank. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to the Bank
- (ii) Client's account balances must be within the scope of cover provided by its collateral
- (iii) All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell

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

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

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

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

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

Off-balance sheet engagements

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

Contingencies

Contingent assets which include transaction related bonds and guarantees, letters of credit and short term foreign currency related transactions, are not recognized in the annual financial statements but are disclosed when, as a result of past events, it is highly likely that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control. Contingent liabilities include transaction related bonds and guarantees, letters of credit and short term foreign currency related transactions. Contingent liabilities are not recognized in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote.

Placements

The Bank has placement lines for its Bank counterparties. The lines cover the settlement risks inherent in our activities with these counterparties. The limits are arrived at after conducting fundamental analysis of the counterparties, presentation of findings to, and approval by the Bank's Management Credit Committee. The lines are monitored by Credit Risk Management Group. As a rule, the Bank's placements with local banks are backed with treasury bills.

Maximum exposure to credit risk before collateral held or other credit enhancements**Credit risk exposure relating to On-Balance Sheet**

Gross Credit risk exposures relating to on-balance sheet assets are as follows:

In thousands of Nigerian Naira Classification	Maximum exposure Group		Maximum exposure Parent	
	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Cash and cash equivalents:				
- Balances held with other banks	120,706,024	91,348,171	74,806,177	94,696,497
- Money market placements	147,427,096	221,014,466	150,528,705	186,867,792
Loans and advances to banks	4,864,824	158,616	177,985	158,616
Loans and advances to customers:				
- Loans to individuals	53,514,206	40,152,851	40,379,787	40,152,851
- Loans to non-individuals	725,535,812	666,740,282	702,057,157	639,206,068
Financial assets held for trading:				
- Debt securities	271,073,896	173,297,556	267,417,182	151,819,087
Investment securities:				
- Debt securities	142,417,007	161,196,356	126,201,716	163,914,120
Assets pledged as collateral:				
- Debt securities	31,203,230	45,588,084	31,203,230	45,588,084
Other assets¹	2,697,108	3,340,335	738,071	3,340,335
Total	1,499,439,203	1,402,836,717	1,393,510,010	1,325,743,450
Loans exposure to total exposure	52%	50%	53%	51%
Debt securities exposure to total exposure	30%	27%	30%	27%
Other exposures to total exposure	18%	23%	17%	22%

¹ Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2012 and 31 December 2011 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on gross amounts reported in the statements of financial position.

As shown above, 52% (Parent: 53%) of the total maximum exposures is derived from loans and advances to banks and customers (2011: 50%; Parent: 51%); while 30% (Parent: 30%) represents exposure to investments in debt securities (2011: 30%; Parent: 27%). The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and debt securities.

Loans and advances to customers is analysed below:

In thousands of Nigerian Naira	Group		Parent	
	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Loans to individuals:				
Overdraft	7,893,185	2,745,402	2,736,101	2,745,402
Loans	45,493,481	37,407,449	37,643,686	37,407,449
Others ¹	127,540	-	-	-
	53,514,206	40,152,851	40,379,787	40,152,851
Loans to non-individuals:				
Overdraft	113,622,169	116,381,956	106,024,097	104,776,391
Loans	511,778,386	467,845,101	500,319,477	452,229,618
Others ¹	100,135,257	82,513,225	95,713,583	82,200,059
	725,535,812	666,740,282	702,057,157	639,206,068

¹Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) loans and Usance.

Credit risk exposure relating to Off-Balance Sheet

Credit risk exposures relating to off-balance sheet items are as follows:

In thousands of Nigerian Naira	Maximum exposure Group		Maximum exposure Parent	
	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Financial guarantees	363,927,051	334,324,535	355,132,185	330,449,318
Other contingents	163,526,110	192,497,264	139,838,942	162,331,166
Total	527,453,161	526,821,799	494,971,127	492,780,484

Credit quality of money market placements and financial assets held for trading

The credit quality of money market placements are assessed by reference to external credit ratings information about counterparty default rates.

Money market placements

In thousands of Nigerian Naira	Credit quality Group		Credit quality Parent	
	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Counterparties with external credit rating (S&P)				
A	98,780,165	142,952,952	100,858,327	120,866,760
AA	1,373,120	9,469,425	1,402,008	8,006,401
BB	15,674,605	3,550,139	16,004,372	3,001,644
	115,827,890	155,972,516	118,264,707	131,874,805
Counterparties without external credit rating				
Local Banks	-	14,923,359	-	12,617,704
Local Discount Houses	20,919,819	41,257,690	21,359,936	34,883,389
Foreign Subsidiaries	10,679,387	8,860,901	10,904,062	7,491,894
	31,599,206	65,041,950	32,263,998	54,992,987
	147,427,096	221,014,466	150,528,705	186,867,792

Investment Securities

The credit quality of investment securities are assessed by reference to external credit ratings information about counterparty default rates.

In thousands of Nigerian Naira	Credit quality Group		Credit quality Parent	
	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Counterparties with external credit rating (S&P):				
B	4,435,010	7,618,281	3,930,049	7,746,725
BB	126,670,862	150,606,477	112,248,393	153,145,696
Counterparties with external credit rating (Agusto):				
A	8,745,861	2,971,598	7,750,077	3,021,699
BBB	2,565,274	-	2,273,197	-
	142,417,007	161,196,356	126,201,716	163,914,120

The Bank's Financial Assets Held for Trading and Pledged Assets as at 31 December, 2012 amounted to ₦267,417,182,000 and ₦31,203,230,000 respectively (2011: ₦151,819,087,000 and ₦45,588,084,000). These financial assets are bonds and treasury bills issued by the Federal Government of Nigeria and bear the sovereign risk of the Federal Government of Nigeria. The Federal Republic of Nigeria currently has a foreign long term issuer credit rating of BB (S&P).

(i) Geographical Sector**Concentration of risks of financial assets with credit risk exposure**

The following table breaks down the Group's credit exposure at their gross amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Credit risk exposure relating to On-Balance Sheet**Group****Dec-2012**

In thousands of Nigerian Naira				
Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Balances held with other banks	50,354	15,054,757	105,600,913	120,706,024
- Money market placements	38,766,316	14,050,120	94,610,660	147,427,096
Loans and advances to banks				
	177,985	-	4,686,839	4,864,824
Loans and advances to customers:				
- Loans to individuals	40,379,786	6,801,620	6,332,800	53,514,206
- Loans to non-individuals	700,627,084	24,691,348	217,380	725,535,812
Financial assets held for trading				
- Debt securities	267,417,182	3,656,714	-	271,073,896
Investment securities:				
- Debt securities	118,341,620	17,827,016	6,248,371	142,417,007
Assets pledged as collateral:				
- Debt securities	31,203,230	-	-	31,203,230
Other assets ¹				
	738,071	1,742,918	216,119	2,697,108
	1,197,701,628	83,824,493	217,913,082	1,499,439,203

¹Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

Loans and advances to customers is analysed below:

Group
Dec-2012

In thousands of Nigerian Naira				
Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	2,736,100	5,154,034	3,051	7,893,185
Loans	37,643,686	1,520,046	6,329,749	45,493,481
Others ¹	-	127,540	-	127,540
	40,379,786	6,801,620	6,332,800	53,514,206
Loans to non-individuals:				
Overdraft	104,594,025	8,810,764	217,380	113,622,169
Loans	500,319,476	11,458,910	-	511,778,386
Others ¹	95,713,583	4,421,674	-	100,135,257
	700,627,084	24,691,348	217,380	725,535,812

¹ Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) loans and Usance.

Credit risk exposure relating to Off-Balance Sheet

Credit Risk Exposure relating to off-balance sheet items are as follows:

Group
Dec-2012

In thousands of Nigerian Naira				
	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	355,132,185	6,553,837	2,241,029	363,927,051
Other contingents	139,838,941	17,963,824	5,723,344	163,526,109
	494,971,126	24,517,661	7,964,373	527,453,160

Geographical Classifications**Credit risk exposure relating to On-Balance Sheet****Group****Dec-2011**

In thousands of Nigerian Naira

Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Balances held with other banks	-	3,043,294	88,304,877	91,348,171
- Money market placements	49,940,764	15,992,142	155,081,560	221,014,466
Loans and advances to banks				
	158,616	-	-	158,616
Loans and advances to customers:				
- Loans to individuals	40,152,851	-	-	40,152,851
- Loans to non-individuals	634,932,442	23,409,279	8,398,561	666,740,282
Financial assets held for trading				
- Debt securities	173,297,556	-	-	173,297,556
Investment securities:				
- Debt securities	158,071,258	2,966,376	158,722	161,196,356
Assets pledged as collateral:				
- Debt securities	45,588,084	-	-	45,588,084
Other assets ¹	3,340,335	-	-	3,340,335
	1,105,481,906	45,411,091	251,943,720	1,402,836,717

¹Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

Loans and advances to customers is analysed below:

Group

Dec-2011

In thousands of Nigerian Naira				
Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	2,745,402	-	-	2,745,402
Loans	37,407,449	-	-	37,407,449
Others	-	-	-	-
	40,152,851	-	-	40,152,851
Loans to non-individuals:				
Overdraft	84,574,116	23,409,279	8,398,561	116,381,956
Loans	467,845,101	-	-	467,845,101
Others	82,513,225	-	-	82,513,225
	634,932,442	23,409,279	8,398,561	666,740,282

¹Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) loans and Usance

Credit risk exposure relating to Off-Balance Sheet

Credit Risk Exposure relating to off-balance sheet items are as follows:

Group

Dec-2011

In thousands of Nigerian Naira				
	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	330,449,318	3,836,067	39,150	334,324,535
Other contingents	162,331,166	24,894,565	5,271,533	192,497,264
	492,780,484	28,730,632	5,310,683	526,821,799

Geographical Sector**Concentration of risks of financial assets with credit risk exposure**

The following table breaks down the Parent's credit exposure at their gross amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Credit risk exposure relating to On-Balance Sheet**Parent****Dec-2012**

In thousands of Nigerian Naira				
Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Balances held with other banks	-	971,353	73,834,824	74,806,177
- Money market placements	38,766,316	6,724,273	105,038,116	150,528,705
Loans and advances to banks				
	177,985	-	-	177,985
Loans and advances to customers:				
- Loans to individuals	40,379,787	-	-	40,379,787
- Loans to non-individuals	702,057,157	-	-	702,057,157
Financial assets held for trading				
- Debt securities	267,417,182	-	-	267,417,182
Investment securities:				
- Debt securities	122,271,668	-	3,930,048	126,201,716
Assets pledged as collateral:				
- Debt securities	31,203,230	-	-	31,203,230
Other assets ¹	738,071	-	-	738,071
	1,203,011,396	7,695,626	182,802,988	1,393,510,010

¹ Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

Loans and advances to customers is analysed below:

Parent

Dec-2012

In thousands of Nigerian Naira				
Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	2,736,101	-	-	2,736,101
Loans	37,643,686	-	-	37,643,686
Others	-	-	-	-
	40,379,787	-	-	40,379,787
Loans to non-individuals:				
Overdraft	106,024,097	-	-	106,024,097
Loans	500,319,477	-	-	500,319,477
Others	95,713,583	-	-	95,713,583
	702,057,157	-	-	702,057,157

¹ Others include CBN Commercial Agric Credit Scheme (CACS) loans, Bank of Industry (BOI) loans and Usance

Credit risk exposure relating to Off-Balance Sheet

Credit Risk Exposure relating to off-balance sheet items are as follows:

Parent

Dec-2012

In thousands of Nigerian Naira				
	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	355,132,185	-	-	355,132,185
Other contingents	139,838,941	-	-	139,838,941
	494,971,126	-	-	494,971,126

Geographical Classifications**Credit risk exposure relating to On-Balance Sheet****Parent****Dec-2011**

In thousands of Nigerian Naira				
Classification	Nigeria	Rest of Africa	Outside Africa	Total
Cash and cash equivalents:				
- Balances held with other banks	-	3,043,294	91,653,203	94,696,497
- Money market placements	49,940,764	13,117,102	123,809,926	186,867,792
Loans and advances to banks	158,616	-	-	158,616
Loans and advances to customers:				
- Loans to individuals	40,152,851	-	-	40,152,851
- Loans to non-individuals	639,206,068	-	-	639,206,068
Financial assets held for trading				
- Debt securities	151,819,087	-	-	151,819,087
Investment securities:				
- Debt securities	163,914,120	-	-	163,914,120
Assets pledged as collateral:				
- Debt securities	45,588,084	-	-	45,588,084
Other assets ¹	3,340,335	-	-	3,340,335
	<u>1,094,119,925</u>	<u>16,160,396</u>	<u>215,463,129</u>	<u>1,325,743,450</u>

¹Balances included in Other Assets above are those subject to credit risks. Items not subject to credit risk, which include Restricted deposits with Central Bank of Nigeria and Recognised assets for defined benefit obligations have been excluded.

Loans and advances to customers is analysed below:

Parent

Dec-2011

In thousands of Nigerian Naira				
Classification	Nigeria	Rest of Africa	Outside Africa	Total
Loans to individuals:				
Overdraft	2,745,402	-	-	2,745,402
Loans	37,407,449	-	-	37,407,449
Others ¹	-	-	-	-
	40,152,851	-	-	40,152,851
Loans to non-individuals:				
Overdraft	104,776,391	-	-	104,776,391
Loans	452,229,618	-	-	452,229,618
Others ¹	82,200,059	-	-	82,200,059
	639,206,068	-	-	639,206,068

¹Others include CBN Commercial Agric Credit Scheme (CACs) loans, Bank of Industry (BOI) and Usance

Credit risk exposure relating to Off-Balance Sheet

Credit Risk Exposure relating to off-balance sheet items are as follows:

Parent

Dec-2011

In thousands of Nigerian Naira				
	Nigeria	Rest of Africa	Outside Africa	Total
Financial guarantees	330,449,318	-	-	330,449,318
Other contingents	162,331,166	-	-	162,331,166
	492,780,484	-	-	492,780,484

(ii) Industry sectors

The following table breaks down the Group's credit exposure at gross amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties.

Credit Risk Exposure to on-balance sheet items

Group

Dec-2012

In thousands of Nigerian Naira		Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Classification	Agriculture											
Cash and cash equivalents:												
- Balances held with other banks	-	120,706,024	-	-	-	-	-	-	-	-	-	120,706,024
- Money market placements	-	147,427,096	-	-	-	-	-	-	-	-	-	147,427,096
Loans and advances to banks	-	4,864,824	-	-	-	-	-	-	-	-	-	4,864,824
Loans and advances to customers:												
- Loans to individuals	-	603,326	6,363,981	1,020	-	461,953	-	2,505,424	-	40,379,787	3,198,715	53,514,206
- Loans to non-individuals	3,295,351	6,464,897	51,101,560	6,818,199	66,155,816	67,096,891	172,942,711	165,439,032	107,489,633	-	78,731,722	725,535,812
Financial assets held for trading												
- Debt securities	-	3,656,714	-	-	-	267,417,182	-	-	-	-	-	271,073,896
Investment securities:												
- Debt securities	-	11,299,756	-	-	-	128,397,776	2,719,475	-	-	-	-	142,417,007
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	31,203,230	-	-	-	-	-	31,203,230
Other assets	-	711,611	-	-	-	-	-	-	-	-	1,985,497	2,697,108
	3,295,351	295,734,248	57,465,541	6,819,219	66,155,816	494,577,032	175,662,186	167,944,456	107,489,633	40,379,787	83,915,934	1,499,439,203

¹Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

²Logistics, Maritime and Haulage.

Loans and advances to customers is analysed below:

Group

Dec-2012

In thousands of Nigerian Naira		Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Classification	Agriculture											
Loans to individuals:												
Overdraft	-	603,326	3,052	-	-	-	-	2,501,593	-	2,736,104	2,049,113	7,893,185
Loans	-	-	6,360,929	1,020	-	461,953	-	3,831	-	37,643,686	1,022,062	45,493,481
Others	-	-	-	-	-	-	-	-	-	-	127,540	127,540
	-	603,326	6,363,981	1,020	-	461,953	-	2,505,424	-	40,379,787	3,198,715	53,514,206
Loans to non-individuals:												
Overdraft	829,169	2,357,269	8,335,806	412,918	29,391,646	454,013	25,854,714	17,074,060	12,442,610	-	16,469,964	113,622,169
Loans	1,272,896	4,107,628	42,400,462	6,405,281	19,851,316	65,689,761	87,326,717	135,108,094	94,421,905	-	55,194,326	511,778,386
Others	1,193,286	-	365,292	-	16,912,854	953,117	59,761,280	13,256,878	625,118	-	7,067,432	100,135,257
	3,295,351	6,464,897	51,101,560	6,818,199	66,155,816	67,096,891	172,942,711	165,439,032	107,489,633	-	78,731,722	725,535,812

Credit Risk Exposure to off-balance sheet items

Group

Dec-2012

In thousands of Nigerian Naira												
Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Financial guarantees	153,282	4,812,831	228,440,014	403,666	30,342,248	8,534,342	3,065,308	24,118,141	5,742,892	-	58,314,327	363,927,051
Other contingents	-	63,564,500	1,138,778	79,000	6,997,141	-	38,267,725	20,025,982	4,311,915	14,757,752	14,383,317	163,526,110
Total	153,282	68,377,331	229,578,792	482,666	37,339,389	8,534,342	41,333,033	44,144,123	10,054,807	14,757,752	72,697,644	527,453,161

¹Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

²Logistics, Maritime and Haulage.

Credit Risk Exposure to on-balance sheet items

Group

Dec-2011

In thousands of Nigerian Naira												
Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Cash and cash equivalents:												
- Balances held with other banks	-	91,348,171	-	-	-	-	-	-	-	-	-	91,348,171
- Money market placements	-	221,014,466	-	-	-	-	-	-	-	-	-	221,014,466
Loans and advances to banks	-	158,616	-	-	-	-	-	-	-	-	-	158,616
Loans and advances to customers:												
- Loans to individuals	-	-	-	-	-	-	-	-	-	40,152,851	-	40,152,851
- Loans to non-individuals	3,124,763	7,455,206	53,048,027	13,843,473	55,549,104	63,340,109	159,628,608	135,810,790	79,334,009	-	95,606,193	666,740,282
Financial assets held for trading												
- Debt securities	-	-	-	-	-	173,297,556	-	-	-	-	-	173,297,556
Investment securities:												
- Debt securities	-	64,625,117	-	-	-	93,549,540	3,021,699	-	-	-	-	161,196,356
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	45,588,084	-	-	-	-	-	45,588,084
Other assets	-	-	-	-	-	-	-	-	-	-	3,340,335	3,340,335
Total	3,124,763	384,601,576	53,048,027	13,843,473	55,549,104	375,775,289	162,650,307	135,810,790	79,334,009	40,152,851	98,946,528	1,402,836,717

¹Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

²Logistics, Maritime and Haulage.

Loans and advances to customers is analysed below:

Group
Dec-2011

In thousands of Nigerian Naira												
Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	2,745,402	-	2,745,402
Loans	-	-	-	-	-	-	-	-	-	37,407,449	-	37,407,449
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	40,152,851	-	40,152,851
Loans to non-individuals:												
Overdraft	441,856	2,574,917	14,361,566	217,382	22,756,063	150,814	22,459,575	18,364,738	11,090,302	-	23,964,743	116,381,956
Loans	723,222	4,880,289	38,686,461	13,626,091	26,221,421	63,189,295	95,887,845	89,746,616	67,355,035	-	67,528,826	467,845,101
Others	1,959,685	-	-	-	6,571,620	-	41,281,188	27,699,436	888,672	-	4,112,624	82,513,225
	3,124,763	7,455,206	53,048,027	13,843,473	55,549,104	63,340,109	159,628,608	135,810,790	79,334,009	-	95,606,193	666,740,282

Credit Risk Exposure to off-balance sheet items

Group
Dec-2011

In thousands of Nigerian Naira												
Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Financial guarantees	-	5,826,675	225,207,972	21,421,232	200,000	3,860,862	10,049,868	16,402,003	4,588,759	-	46,767,164	334,324,535
Other contingents	791,900	119,091,869	771,747	18,095,157	225,000	2,632,982	12,890,359	10,560,647	19,249,996	5,382,529	2,805,078	192,497,264
Total	791,900	124,918,544	225,979,719	39,516,389	425,000	6,493,844	22,940,227	26,962,650	23,838,755	5,382,529	49,572,242	526,821,799

The following table breaks down the Parent's credit exposure at gross amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Parent's counterparties.

Credit Risk Exposure to on-balance sheet items

**Parent
Dec-2012**

In thousands of Nigerian Naira Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport ²	Individual	Others ¹	Total
Cash and cash equivalents:												
- Balances held with other banks	-	74,806,177	-	-	-	-	-	-	-	-	-	74,806,177
- Money market placements	-	150,528,705	-	-	-	-	-	-	-	-	-	150,528,705
Loans and advances to banks	-	177,985	-	-	-	-	-	-	-	-	-	177,985
Loans and advances to customers:												
- Loans to individuals	-	-	-	-	-	-	-	-	-	40,379,787	-	40,379,787
- Loans to non-individuals	3,174,991	7,677,609	48,722,125	6,818,199	66,155,816	67,064,066	169,177,489	164,358,257	107,489,633	-	61,418,972	702,057,157
Financial assets held for trading												
- Debt securities	-	-	-	-	-	267,417,182	-	-	-	-	-	267,417,182
Investment securities:												
- Debt securities	-	3,930,048	-	-	-	119,552,193	2,719,475	-	-	-	-	126,201,716
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	31,203,230	-	-	-	-	-	31,203,230
Other assets	-	-	-	-	-	-	-	-	-	-	738,071	738,071
	3,174,991	237,120,524	48,722,125	6,818,199	66,155,816	485,236,671	171,896,964	164,358,257	107,489,633	40,379,787	62,157,043	1,393,510,010

¹Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

²Logistics, Maritime and Haulage.

Loans and advances to customers is analysed below:

**Parent
Dec-2012**

In thousands of Nigerian Naira Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport ²	Individual	Others ¹	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	2,736,101	-	2,736,101
Loans	-	-	-	-	-	-	-	-	-	37,643,686	-	37,643,686
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	40,379,787	-	40,379,787
Loans to non-individuals:												
Overdraft	711,301	3,569,981	7,316,514	412,918	29,391,646	421,188	25,242,601	16,267,347	12,442,610	-	10,247,991	106,024,097
Loans	1,271,073	4,107,628	41,405,611	6,405,281	19,851,316	65,689,761	85,020,435	134,907,640	94,421,905	-	47,238,827	500,319,477
Others	1,192,617	-	-	-	16,912,854	953,117	58,914,453	13,183,270	625,118	-	3,932,154	95,713,583
	3,174,991	7,677,609	48,722,125	6,818,199	66,155,816	67,064,066	169,177,489	164,358,257	107,489,633	-	61,418,972	702,057,157

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2012

In thousands of Nigerian Naira												
Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport ²	Individual	Others ¹	Total
Financial guarantees	148,230	2,571,802	228,159,406	403,666	30,342,248	8,534,342	2,116,662	21,050,612	5,742,892	-	56,062,325	355,132,185
Other contingents	-	57,841,156	1,138,778	79,000	6,997,141	-	38,267,725	8,528,520	4,311,915	14,757,752	7,916,955	139,838,942
Total	148,230	60,412,958	229,298,184	482,666	37,339,389	8,534,342	40,384,387	29,579,132	10,054,807	14,757,752	63,979,280	494,971,127

¹ Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

² Logistics, Maritime and Haulage.

Credit Risk Exposure to on-balance sheet items

Parent
Dec-2011

In thousands of Nigerian Naira												
Classification	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info.Telecoms & Transport ²	Individual	Others ¹	Total
Cash and cash equivalents:												
- Balances held with other banks	-	94,696,497	-	-	-	-	-	-	-	-	-	94,696,497
- Money market placements	-	186,867,792	-	-	-	-	-	-	-	-	-	186,867,792
Loans and advances to banks	-	158,616	-	-	-	-	-	-	-	-	-	158,616
Loans and advances to customers:												
- Loans to individuals	-	-	-	-	-	-	-	-	-	40,152,851	-	40,152,851
- Loans to non-individuals	3,124,763	9,192,147	53,048,027	13,843,473	55,549,104	63,340,109	159,628,608	135,810,790	79,334,010	-	66,335,037	639,206,068
Financial assets held for trading												
- Debt securities	-	-	-	-	-	151,819,087	-	-	-	-	-	151,819,087
Investment securities:												
- Debt securities	-	70,309,257	-	-	-	90,583,164	3,021,699	-	-	-	-	163,914,120
Assets pledged as collateral:												
- Debt securities	-	-	-	-	-	45,588,084	-	-	-	-	-	45,588,084
Other assets	-	-	-	-	-	-	-	-	-	-	3,340,335	3,340,335
Total	3,124,763	361,224,309	53,048,027	13,843,473	55,549,104	351,330,444	162,650,307	135,810,790	79,334,010	40,152,851	69,675,372	1,325,743,450

Loans and advances to customers is analysed below:

Parent
Dec-2011

In thousands of Nigerian Naira	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Loans to individuals:												
Overdraft	-	-	-	-	-	-	-	-	-	2,745,402	-	2,745,402
Loans	-	-	-	-	-	-	-	-	-	37,407,449	-	37,407,449
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	40,152,851	-	40,152,851
Loans to non-individuals:												
Overdraft	441,856	4,311,858	14,361,566	217,382	22,756,063	150,814	22,459,575	18,364,738	11,090,302	-	10,622,237	104,776,391
Loans	723,222	4,880,289	38,686,461	13,626,091	26,221,421	63,189,295	95,887,845	89,746,616	67,355,035	-	51,913,343	452,229,618
Others	1,959,685	-	-	-	6,571,620	-	41,281,188	27,699,436	888,673	-	3,799,457	82,200,059
	3,124,763	9,192,147	53,048,027	13,843,473	55,549,104	63,340,109	159,628,608	135,810,790	79,334,010	-	66,335,037	639,206,068

¹Includes Engineering Services, Hospitality, Clubs, Cooperative Societies etc.

²Logistics, Maritime and Haulage.

Credit Risk Exposure to off-balance sheet items

Parent
Dec-2011

In thousands of Nigerian Naira	Agriculture	Capital market & Financial institution	Construction/ real estate	Education	General Commerce	Government	Manufacturing	Mining, oil & gas	Info. Telecoms & Transport ²	Individual	Others ¹	Total
Financial guarantees	-	1,951,458	225,207,972	200,000	21,172,016	3,860,862	10,049,868	16,450,971	2,451,564	-	49,104,607	330,449,318
Other contingents	1,022,191	88,925,771	771,747	225,000	17,237,764	2,632,982	13,517,461	10,560,647	19,254,723	5,624,701	2,558,179	162,331,166
Total	1,022,191	90,877,229	225,979,719	425,000	38,409,780	6,493,844	23,567,329	27,011,618	21,706,287	5,624,701	51,662,786	492,780,484

Impairment and provisioning policies

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired and are graded 8 to 10 in the Group's internal credit risk grading system.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Group Management Credit Committee determines that the loans / securities are uncollectible.

This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Loans and advances

All loans and advances are categorized as follows:

Neither past due nor impaired:

These are loans and advances where contractual interest or principal payments are not past due. These loans and advances belong to the investment grade (rating grades 1 – 3).

Past due but not impaired:

These are loans and advances where contractual interest or principal payments are past due but individually assessed as not being impaired. The Group believes that impairment is not appropriate on the basis of the level of receivable/security/collateral available and/or the stage of collection of amounts owed to the Group.

Individually impaired:

Individually impaired are loans and advances for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/advance agreement(s). These are loans and advances specifically impaired and are graded 8 to 10 in the Group's internal credit risk grading system.

Collectively impaired:

Collectively impaired are portfolios of homogenous loans and advances where contractual interest or principal payments are not past due, but have been assessed for impairment by the Group. These loans are graded 4 to 7 in the Group's internal credit grading system.

Loans and advances

Loans and advances are summarised as follows:

Group

In thousands of Nigerian Naira	Dec-2012				Dec-2011			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to Corporate	Loans to Banks	Total
Neither past due nor impaired	30,937,829	495,765,771	4,723,234	531,426,834	14,913,774	367,671,158	35,002	382,619,934
Past due but not impaired	53,152	688,469	-	741,621	55,762	2,270,040	-	2,325,802
Individually impaired	1,074,391	25,754,634	3	26,829,028	749,248	22,154,988	90,213	22,994,449
Collectively Impaired	22,501,865	221,536,192	141,828	244,179,885	25,050,452	299,887,259	72,926	325,010,637
Gross	54,567,237	743,745,066	4,865,065	803,177,368	40,769,236	691,983,445	198,141	732,950,822
Less allowances for impairment:								
Individually impaired	901,973	14,911,699	3	15,813,675	556,597	16,191,120	39,365	16,787,082
Portfolio allowance	151,058	3,297,555	238	3,448,851	59,788	9,052,043	160	9,111,991
Total allowance	1,053,031	18,209,254	241	19,262,526	616,385	25,243,163	39,525	25,899,073
Net Loans and Advances	53,514,206	725,535,812	4,864,824	783,914,842	40,152,851	666,740,282	158,616	707,051,749

The total impairment for loans and advances is N19,262,526,000 (2011: N25,899,073,000) of which N15,813,675,000 (2011: N16,787,082,000) represents the impairment on individually impaired loans and the remaining amount of N3,448,851,000 (2011: N9,111,991,000) represents the portfolio allowance.

Further information on the impairment allowance for loans and advances to banks and to customers is provided in Notes 24 and 25.

Parent

In thousands of Nigerian Naira	Dec-2012				Dec-2011			
	Loans to Individual	Loans to non-Individual	Loans to Banks	Total	Loans to non-Individual	Loans to non-individual	Loans to Banks	Total
Neither past due nor impaired	19,922,981	491,296,008	36,395	511,255,384	14,913,774	369,408,100	35,002	384,356,876
Past due but not impaired	6,498	388,537	-	395,035	55,762	2,270,040	-	2,325,802
Individually impaired	759,351	20,705,518	3	21,464,872	749,249	22,154,988	90,212	22,994,449
Collectively Impaired	20,413,906	205,764,244	141,828	226,319,978	25,050,451	268,079,418	72,927	293,202,796
Gross	41,102,736	718,154,307	178,226	759,435,269	40,769,236	661,912,546	198,141	702,879,923
Less allowances for impairment:								
Individually impaired	594,416	12,976,805	3	13,571,224	556,597	16,191,120	39,365	16,787,082
Portfolio allowance	128,533	3,120,345	238	3,249,116	59,788	6,515,358	160	6,575,306
Total allowance	722,949	16,097,150	241	16,820,340	616,385	22,706,478	39,525	23,362,388
Net Loans and Advances	40,379,787	702,057,157	177,985	742,614,929	40,152,851	639,206,068	158,616	679,517,535

The total impairment for loans and advances is N16,820,340,000 (2011: N23,362,388,000) of which N13,571,224,000 (2011: N16,787,082,000) represents the impairment on individually impaired loans and the remaining amount of N3,249,116,000 (2011: N6,575,306,000) represents the portfolio allowance.

Further information on the impairment allowance for loans and advances to banks and to customers is provided in Notes 24 and 25.

(i) Loans and advances neither past due nor impaired.

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

Group
Dec-2012

In thousands of Nigerian Naira Rating	Loans and advances to customers						Loans and advances to banks	Total
	Overdraft	Individuals Loans	Others	Overdraft	Non-individuals Loans	Others	Bank Overdraft	
Exceptional capacity	3,517,137	466,550	-	2,758,155	111,384,025	-	4,686,735	122,812,602
Very strong capacity	26,930	328,995	-	21,711,351	83,205,486	48,379,464	-	153,652,226
Strong repayment capacity	660,814	25,854,992	82,411	37,825,969	162,368,624	28,132,697	36,499	254,962,006
Total	4,204,881	26,650,537	82,411	62,295,475	356,958,135	76,512,161	4,723,234	531,426,834

Group
Dec-2011

In thousands of Nigerian Naira Rating	Loans and advances to customers						Loans and advances to banks	Total
	Overdraft	Individuals Loans	Others	Overdraft	Non-individuals Loans	Others	Bank Overdraft	
Exceptional capacity	-	-	-	71,998,793	-	-	-	71,998,793
Very strong capacity	3,625	603,000	-	75,361,446	5,598,047	61,681,322	-	143,247,440
Strong repayment capacity	574,222	13,732,927	-	137,231,708	15,479,439	320,403	35,002	167,373,701
Total	577,847	14,335,927	-	284,591,947	21,077,486	62,001,725	35,002	382,619,934

**Parent
Dec-2012**

In thousands of Nigerian Naira Rating	Loans and advances to customers						Loans and advances to banks	Total
	Overdraft	Individuals Loans	Others	Overdraft	Non-individuals Loans	Others	Bank Overdraft	
Exceptional capacity	-	-	-	3,089,120	111,198,024	-	-	114,287,144
Very strong capacity	26,930	134,214	-	20,108,792	83,205,486	48,379,464	-	151,854,886
Strong repayment capacity	619,071	19,142,766	-	34,813,801	162,368,624	28,132,697	36,395	245,113,354
Total	646,001	19,276,980	-	58,011,713	356,772,134	76,512,161	36,395	511,255,384

**Parent
Dec-2011**

In thousands of Nigerian Naira Rating	Loans and advances to customers						Loans and advances to banks	Total
	Overdraft	Individuals Loans	Others	Overdraft	Non-individuals Loans	Others	Bank Overdraft	
Exceptional capacity	-	-	-	6,606,062	65,392,731	-	-	71,998,793
Very strong capacity	3,625	61,016	-	6,753,427	110,417,936	26,011,437	-	143,247,441
Strong repayment capacity	368,528	14,480,605	-	32,827,649	85,830,499	35,568,359	35,002	169,110,642
Total	372,153	14,541,621	-	46,187,138	261,641,166	61,579,796	35,002	384,356,876

(ii) Loans and advances past due but not impaired

Clearing cheques, late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

**Group
Dec-2012**

In thousands of Nigerian Naira Age	Loans to Individual	Loans to Non- individual	Total
0 - 90 days	34,635	24,210	58,845
91 - 180 days	6,497	200,566	207,063
181 - 365 days	12,020	463,693	475,713
	53,152	688,469	741,621
FV of collateral	426,342	9,106,941	9,533,283
Amount of undercollateralisation	-	-	-

**Group
Dec-2011**

In thousands of Nigerian Naira Age	Loans to Individual	Loans to Non- individual	Total
0 - 90 days	4,526	1,732,558	1,737,084
91 - 180 days	45,101	502,611	547,712
181 - 365 days	6,135	34,871	41,006
	55,762	2,270,040	2,325,802
FV of collateral	151,779	6,383,400	6,535,179
Amount of undercollateralisation	-	-	-

**Parent
Dec-2012**

In thousands of Nigerian Naira Age	Loans to Individual	Loans to Non- individual	Total
0 - 90 days	1	7,609	7,610
91 - 180 days	6,497	169,160	175,657
181 - 365 days	-	211,768	211,768
	6,498	388,537	395,035
FV of collateral	83,351	6,901,889	6,985,240
Amount of undercollateralisation	-	-	-

Parent
Dec-2011

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Total
Age			
0 - 90 days	4,527	1,732,557	1,737,084
91 - 180 days	45,100	502,612	547,712
181 - 365 days	6,135	34,871	41,006
	55,762	2,270,040	2,325,802
FV of collateral	151,779	6,383,400	6,535,179
Amount of undercollateralisation	-	-	-

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

(iii) Loans and advances individually impaired

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

Group
Dec-2012

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross amount	1,074,391	25,754,634	3	26,829,028
Impairment	901,973	14,911,699	3	15,813,675
Net Amount	172,418	10,842,935	-	11,015,353
FV of collateral	541,203	17,388,830	-	17,930,033
Amount of undercollateralisation	-	-	-	-

Group
Dec-2011

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross amount	749,248	22,154,988	90,213	22,994,449
Impairment	556,597	16,191,120	39,365	16,787,082
Net Amount	192,651	5,963,868	50,848	6,207,367
FV of collateral	784,105	31,097,323	150,000	32,031,428
Amount of undercollateralisation	-	-	-	-

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is assessed by reference to market price or indexes of similar assets.

Parent
Loans and advances individually impaired
Dec-2012

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross amount	759,351	20,705,518	3	21,464,872
Impairment	594,416	12,976,805	3	13,571,224
Net Amount	164,935	7,728,713	-	7,893,648
FV of collateral	477,068	16,915,353	-	17,392,421
Amount of undercollateralisation	-	-	-	-

Parent
Dec-2011

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Gross amount	749,249	22,154,988	90,212	22,994,449
Impairment	556,597	16,191,120	39,365	16,787,082
Net Amount	192,652	5,963,868	50,847	6,207,367
FV of collateral	759,105	31,122,323	150,000	32,031,428
Amount of undercollateralisation	-	-	-	-

(iv) Undercollateralisation of individual loans against gross loans is shown below:

In thousands of Nigerian Naira	Loans to Individual	Loans to Non-individual	Loans to Banks	Total
Past due and impaired:				
Gross loans	-	1,511,204	-	1,496,242
Collateral	-	253,855	-	251,342
Undercollateralisation	-	(1,257,349)	-	(1,244,900)
Collectively impaired:				
Gross loans	46,632,920	71,654,706	46,171,208	70,945,253
Collateral	25,733,516	51,588,235	25,478,729	51,077,460
Undercollateralisation	(20,899,404)	(20,066,471)	(20,692,479)	(19,867,793)

(v) Credit collateral

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

Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Group. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the Group. Client's account balances must be within the scope of cover provided by its collateral.

All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

All collateral must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, indemnity or guarantees, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank. All cash collateralized facilities shall have a 20% margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor. The main collateral types acceptable to the Bank for loans and advances include:

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

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2012.

Summary of collaterals pledged against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

**Group
Dec-2012**

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	26,829,025	17,930,033	3	-
Against collectively impaired	244,038,057	525,166,360	141,828	247,001
Against past due but not impaired	741,621	9,533,283	-	-
Against neither past due nor impaired	526,703,600	945,040,470	4,723,234	5,344,039
Total	798,312,303	1,497,670,146	4,865,065	5,591,040

There are no under-collateralised loans and advances in current and prior year.

Group
Dec-2011

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	22,904,236	31,881,428	90,213	150,000
Against collectively impaired	324,937,711	732,208,099	72,926	352,000
Against past due but not impaired	2,325,802	6,535,179	-	-
Against neither past due nor impaired	382,584,932	606,441,905	35,002	90,000
Total	732,752,681	1,377,066,611	198,141	592,000

Parent
Dec-2012

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	21,464,869	17,392,421	3	-
Against collectively impaired	226,178,150	489,568,900	141,828	247,001
Against past due but not impaired	395,035	6,985,240	-	-
Against neither past due nor impaired	511,218,989	926,971,258	36,395	98,445
Total	759,257,043	1,440,917,819	178,226	345,446

Parent
Dec-2011

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to Banks	
	Gross Loans	Collateral	Gross Loans	Collateral
Against individually impaired	22,904,237	31,881,428	90,212	150,000
Against collectively impaired	293,129,869	732,208,099	72,927	352,000
Against past due but not impaired	2,325,802	6,535,179	-	-
Against neither past due nor impaired	384,321,874	606,441,905	35,002	90,000
Total	702,681,782	1,377,066,611	198,141	592,000

Group

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to banks	
	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Against individually impaired:				
Property	6,584,543	9,290,349	-	-
Debt securities	6,023,300	19,832,640	-	-
Equities	13,579	1,165,305	-	-
Cash	22,500	138,622	-	-
Guarantees	218,959	-	-	-
ATC*, stock hypothecation and ISPO*	1,948,165	-	-	-
Others	3,118,987	1,454,512	-	150,000
Total	17,930,033	31,881,428	-	150,000
Against collectively impaired:				
Property	337,650,945	540,965,660	156,000	352,000
Debt securities	87,020,089	96,297,735	-	-
Equities	8,709,817	12,744,238	90,212	-
Treasury bills	19,743	-	-	-
Cash	6,218,878	5,231,194	-	-
Guarantees	6,732,930	-	-	-
Negative pledge	17,621,244	-	-	-
ATC*, stock hypothecation and ISPO*	5,555,589	3,130,000	-	-
Others	55,637,125	73,839,272	789	-
Total	525,166,360	732,208,099	247,001	352,000
Against past due but not impaired:				
Property	8,434,443	6,196,600	-	-
Debt securities	185,500	-	-	-
Equities	874,550	13,579	-	-
Treasury bills	-	-	-	-
ATC*, stock hypothecation and ISPO*	485	-	-	-
Cash	38,000	-	-	-
Others	305	325,000	-	-
Total	9,533,283	6,535,179	-	-
Against neither past due nor impaired:				
Property	454,179,690	238,855,940	5,335,594	90,000
Debt securities	275,190,650	240,603,849	-	-
Equities	1,847,247	9,571,886	-	-
Treasury bills	-	140,000	-	-
Cash	19,710,365	3,995,586	-	-
Guarantees	17,381,884	-	-	-
Negative pledge	37,996,826	-	-	-
ATC*, stock hypothecation and ISPO*	43,229,250	189,908	-	-
Others	95,504,558	113,084,736	8,445	-
Total	945,040,470	606,441,905	5,344,039	90,000
Grand total	1,497,670,146	1,377,066,611	5,591,040	592,000

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

Parent

In thousands of Nigerian Naira	Loans and advances to customers		Loans and advances to banks	
	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Against individually impaired:				
Property	6,221,289	9,290,349	-	-
Debt securities	6,023,300	19,832,640	-	-
Equities	13,579	1,165,305	-	-
Cash	22,500	138,622	-	-
Guarantees	218,959	-	-	-
ATC*, stock hypothecation and ISPO*	1,948,165	-	-	-
Others	2,944,629	1,454,512	-	150,000
Total	17,392,421	31,881,428	-	150,000
Against collectively impaired:				
Property	321,258,327	540,965,660	156,000	352,000
Debt securities	87,020,089	96,297,735	-	-
Equities	8,709,817	12,744,238	90,212	-
Treasury bills	19,743	-	-	-
Cash	4,798,278	5,231,194	-	-
Guarantees	5,560,884	-	-	-
Negative pledge	17,621,244	-	-	-
ATC*, stock hypothecation and ISPO*	5,555,589	3,130,000	-	-
Others	39,024,929	73,839,272	789	-
Total	489,568,900	732,208,099	247,001	352,000
Against past due but not impaired:				
Property	5,886,400	6,196,600	-	-
Debt securities	185,500	-	-	-
Equities	874,550	13,579	-	-
ATC*, stock hypothecation and ISPO*	485	-	-	-
Cash	38,000	-	-	-
Others	305	325,000	-	-
Total	6,985,240	6,535,179	-	-
Against neither past due nor impaired:				
Property	439,232,941	238,855,940	90,000	90,000
Debt securities	276,403,342	240,603,849	-	-
Equities	1,847,247	9,571,886	-	-
Treasury bills	-	140,000	-	-
Cash	15,375,210	3,995,586	-	-
Guarantees	17,381,884	-	-	-
Negative pledge	37,996,826	-	-	-
ATC*, stock hypothecation and ISPO*	43,229,250	189,908	-	-
Others	95,504,558	113,084,736	8,445	-
Total	926,971,258	606,441,905	98,445	90,000
Grand total	1,440,917,819	1,377,066,611	345,446	592,000

*ISPO: Irrevocable standing payment order

*ATC: Authority to collect

4 (b) Credit risk (continued)**Debt securities**

The table below shows analysis of debt securities into the different classifications:

Group**Dec-2012**

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,550,387	2,588,210	3,793,372	10,931,969
State government bonds	-	12,611,996	-	12,611,996
Corporate bonds	-	2,719,476	-	2,719,476
AMCON bonds ¹	-	68,527,540	-	68,527,540
Treasury bills	266,523,509	55,969,785	27,409,858	349,903,152
	271,073,896	142,417,007	31,203,230	444,694,133

The Group's investment in risk-free Government securities constitutes 99% of debt instruments portfolio (December 2011: 99%). Investment in corporate bond accounts for the outstanding 1% (December 2011: 1%).

Group**Dec-2011**

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,510,813	5,232,402	15,731,363	25,474,578
State government bonds	-	13,096,294	-	13,096,294
Corporate bonds	-	5,084,284	-	5,084,284
AMCON bonds ¹	-	62,562,532	-	62,562,532
Treasury bills	168,786,743	75,220,844	29,856,721	273,864,308
	173,297,556	161,196,356	45,588,084	380,081,996

¹AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

Debt securities

The table below shows analysis of debt securities into the different classifications:

Parent
Dec-2012

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,550,387	-	3,793,372	8,343,759
State government bonds	-	12,611,996	-	12,611,996
Corporate bonds	-	6,649,524	-	6,649,524
AMCON bonds ¹	-	68,527,540	-	68,527,540
Treasury bills	262,866,795	38,412,656	27,409,858	328,689,309
	267,417,182	126,201,716	31,203,230	424,822,128

The Bank's investment in risk-free Government securities constitutes 98% of debt instruments portfolio (December 2011: 97%). Investment in corporate bond accounts for the outstanding 2% (December 2011: 3%).

Parent
Dec-2011

In thousands of Nigerian Naira	Financial assets held for trading	Investment securities	Assets pledged as collateral	Total
Federal government bonds	4,352,091	5,232,402	15,731,363	25,315,856
State government bonds	-	10,129,918	-	10,129,918
Corporate bonds	-	10,768,424	-	10,768,424
AMCON bonds ¹	-	62,562,532	-	62,562,532
Treasury bills	147,466,996	75,220,844	29,856,721	252,544,561
	151,819,087	163,914,120	45,588,084	361,321,291

¹ AMCON Bonds are issued by the Asset Management Corporation of Nigeria and are fully guaranteed by the Federal Government of Nigeria.

4 (c) Liquidity risk

The Bank's liquidity risk management process is primarily the responsibility of the Market Risk Management Group within the ERM Division.

A brief overview of the bank's liquidity management processes during the year includes the following:

1. Maintenance of minimum levels of liquid and marketable assets above the regulatory requirement of 30%. The Bank has also set for itself more stringent in-house limits above this regulatory requirement to which it adheres.
2. Monitoring of its cash flow and balance sheet trends. The Bank also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Bank.
3. Regular measurement & monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits
4. Regular monitoring of non-earning assets
5. Monitoring of deposit concentration
6. Ensure diversification of funding sources
7. Monitoring of level of undrawn commitments
8. Maintaining a contingency funding plan.

(i) Funding approach

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

1. Generation of large pool of low cost deposits.
2. Maintenance of efficiently diversified sources of funds along product lines, business segments and also regions to avoid concentration risk

The bank was able to meet all its financial commitments and obligations without any liquidity risk exposure in the course of the year.

The Group's Asset and Liability Management Committee (ALMAC) is charged with the responsibility of managing the Group's daily liquidity position. A daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALMAC. The Risk Management Group sets limits which are in conformity with the regulatory limits. The limits are monitored regularly and exceptions are reported to ALMAC as appropriate. In addition gap reports are prepared monthly to measure the maturity mismatches between assets and liabilities. The cumulative gap over total assets is not expected to exceed 20%.

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

	Dec-2012	Dec-2011
At end of period	53.32%	52.65%
Average for the period	47.62%	54.17%
Maximum for the period	54.47%	61.28%
Minimum for the period	38.35%	42.77%

Financial risk management (continued)

The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

(iii) Gross nominal (undiscounted) maturities of financial assets and liabilities

Group
Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/outflow	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and cash equivalents	23	322,989,480	322,990,405	283,452,298	10,739,413	2,139,411	26,249,087	410,196
Loans and advances to banks	24	4,864,824	4,871,833	3,797,229	1,048,236	26,368	-	-
Loans and advances to customers	25	779,050,018	1,033,464,740	386,129,861	28,344,003	58,222,574	387,139,410	173,628,892
Financial assets held for trading	26	271,073,896	282,146,893	213,811,286	61,329,640	6,853,764	11,735	140,468
Investment securities:								
– Available for sale	27	15,765,789	18,741,803	1,488,930	839,124	2,512,476	6,925,643	6,975,630
– Held to maturity	27	129,490,810	147,183,617	33,409,820	19,519,935	40,891,436	47,419,727	5,942,699
Assets pledged as collateral	28	31,203,230	32,900,000	14,750,000	18,150,000	-	-	-
Other assets ²	33	102,889,644	104,799,521	97,773,028	1,250,328	1,056,998	851,925	3,867,242
		1,657,327,691	1,947,098,812	1,034,612,452	141,220,679	111,703,027	468,597,527	190,965,127
Financial liabilities								
Deposits from banks	35	23,860,259	23,860,206	21,456,454	2,402,991	761	-	-
Deposits from customers	36	1,148,197,165	1,150,294,744	1,120,289,146	15,776,220	9,885,074	4,344,304	-
Debt securities issued	37	86,926,227	90,407,506	-	888,638	-	89,518,868	-
Other borrowed funds	40	92,561,824	126,341,252	4,481,128	4,541,239	7,824,827	89,888,195	19,605,863
Other liabilities	38	80,972,096	80,971,959	29,592,812	13,272,310	2,107,237	35,999,600	-
		1,432,517,571	1,471,875,667	1,175,819,540	36,881,398	19,817,899	219,750,967	19,605,863
Gap (asset - liabilities)				(141,207,088)	104,339,281	91,885,128	248,846,560	171,359,264
Cumulative liquidity gap				(141,207,088)	(36,867,807)	55,017,321	303,863,881	475,223,145

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Gross nominal (undiscounted) maturities of financial assets and liabilities

Group
Dec-2011

In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/outflow	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and cash equivalents	23	368,282,477	368,349,008	361,766,391	6,582,617	-	-	-
Loans and advances to banks	24	158,616	210,195	151,774	9,781	19,563	29,077	-
Loans and advances to customers	25	706,893,133	803,390,020	403,139,693	47,356,371	73,606,682	238,314,341	40,972,933
Financial assets held for trading	26	173,297,556	207,149,487	51,170,479	94,335,746	55,075,450	6,422,544	145,268
Investment securities:								
– Available for sale	27	3,744,970	3,744,970	-	-	-	-	3,744,970
– Held to maturity	27	161,196,356	187,292,636	53,448,880	11,875,988	15,436,463	99,031,477	7,499,828
Assets pledged as collateral	28	45,588,084	58,441,801	17,300,000	18,155,473	11,493,164	11,493,164	-
Other Assets ²	33	65,193,134	65,193,134	46,688,584	4,455,556	11,256,409	1,861,085	931,500
		1,524,354,326	1,693,771,251	933,665,801	182,771,532	166,887,731	357,151,688	53,294,499
Financial liabilities								
Deposits from banks	35	37,229,029	37,242,939	32,961,927	867,728	551,807	120,094	2,741,383
Deposits from customers	36	1,026,119,419	1,032,653,036	1,007,550,836	19,097,136	6,005,064	-	-
Debt securities issued	37	145,767,516	184,006,027	58,425,609	3,890,981	3,890,981	117,798,456	-
Other borrowed funds	40	93,230,139	97,004,605	1,976,309	5,417,797	7,359,643	65,855,549	16,395,307
Other liabilities	38	52,323,162	52,323,162	33,561,090	9,504,609	5,364,155	3,893,308	-
		1,354,669,265	1,403,229,769	1,134,475,771	38,778,251	23,171,650	187,667,407	19,136,690
Gap (asset - liabilities)				(200,809,970)	143,993,281	143,716,081	169,484,281	34,157,809
Cumulative liquidity gap				(200,809,970)	(56,816,689)	86,899,392	256,383,673	290,541,482

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Gross nominal (undiscounted) maturities of financial assets and liabilities

Parent
Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/outflow	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and cash equivalents	23	256,433,560	256,434,537	220,309,836	9,039,315	1,282,813	25,802,573	-
Loans and advances to banks	24	177,985	185,098	147,866	10,864	26,368	-	-
Loans and advances to customers	25	742,436,944	996,851,714	381,485,208	26,119,408	49,857,610	368,862,288	170,527,200
Financial assets held for trading	26	267,417,182	278,490,179	210,154,572	61,329,640	6,853,764	11,735	140,468
Investment securities:								
– Available for sale	27	10,138,761	13,114,716	-	-	-	6,143,716	6,971,000
– Held to maturity	27	118,897,917	136,590,706	26,630,000	15,000,000	40,891,436	48,761,565	5,307,705
Assets pledged as collateral	28	31,203,230	32,900,000	14,750,000	18,150,000	-	-	-
Other Assets ²	33	113,650,031	101,660,574	96,327,737	639,336	45,017	781,242	3,867,242
		1,540,355,610	1,816,227,524	949,805,219	130,288,563	98,957,008	450,363,119	186,813,615
Financial liabilities								
Deposits from banks	35	7,170,321	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	1,056,220,108	1,048,780,778	7,200,940	129,497	108,893	-
Debt securities issued	37	13,238,291	16,719,551	-	888,638	-	15,830,913	-
Other borrowed funds	40	169,194,418	202,973,849	4,481,128	4,345,169	7,035,510	169,031,726	18,080,316
Other liabilities	38	69,872,456	69,872,456	26,892,163	12,859,531	1,615,825	28,504,937	-
		1,313,598,059	1,352,956,285	1,087,324,390	25,294,278	8,780,832	213,476,469	18,080,316
Gap (asset - liabilities)				(137,519,171)	104,994,285	90,176,176	236,886,650	168,733,299
Cumulative liquidity gap				(137,519,171)	(32,524,886)	57,651,290	294,537,940	463,271,239

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Gross nominal (undiscounted) maturities of financial assets and liabilities

Parent
Dec-2011

In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/outflow	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets								
Cash and cash equivalents	23	330,294,424	330,360,955	323,778,338	6,582,617	-	-	-
Loans and advances to banks	24	158,616	210,195	151,774	9,781	19,563	29,077	-
Loans and advances to customers	25	679,358,919	775,855,806	375,605,479	47,356,371	73,606,682	238,314,341	40,972,933
Financial assets held for trading	26	151,819,087	185,671,018	29,692,010	94,335,746	55,075,450	6,422,544	145,268
Investment securities:								
– Available for sale	27	3,744,970	3,744,970	-	-	-	-	3,744,970
– Held to maturity	27	163,914,120	190,010,400	56,166,644	11,875,988	15,436,463	99,031,477	7,499,828
Assets pledged as collateral	28	45,588,084	58,441,801	17,300,000	18,155,473	11,493,164	11,493,164	-
Other Assets ²	33	61,945,245	61,945,245	43,440,695	4,455,556	11,256,409	1,861,085	931,500
		1,436,823,465	1,606,240,390	846,134,940	182,771,532	166,887,731	357,151,688	53,294,499
Financial liabilities								
Deposits from banks	35	21,636,242	21,650,152	17,369,140	867,728	551,807	120,094	2,741,383
Deposits from customers	36	962,486,292	969,019,909	943,917,709	19,097,136	6,005,064	-	-
Debt securities issued	37	13,233,169	18,496,826	-	888,638	888,638	16,719,550	-
Other borrowed funds	40	229,647,220	262,513,808	60,401,918	8,420,141	10,361,987	166,934,455	16,395,307
Other liabilities	38	45,275,666	45,275,666	26,513,594	9,504,609	5,364,155	3,893,308	-
		1,272,278,589	1,316,956,361	1,048,202,361	38,778,252	23,171,651	187,667,407	19,136,690
Gap (asset - liabilities)				(202,067,421)	143,993,280	143,716,080	169,484,281	34,157,809
Cumulative liquidity gap				(202,067,421)	(58,074,141)	85,641,939	255,126,220	289,284,029

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

4 (d) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trade requires transaction specific or counterparty specific approvals from Group Risk Management Unit.

4 (e) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury Group, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. With the exception of translation risk arising on the Group's net investment in its foreign operations, all foreign exchange risks within the Group are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes.

Overall authority for market risk is vested in Market Risk Management Committee. However, the Market Risk Management group within the Enterprise-wide Risk Management Division is responsible for the development of detailed risk management policies (subject to review and approval by the Committee) and for the day-to-day review of their implementation.

Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earning-at-Risk approach. Specific limits (regulatory and in-house) have been set across the various trading portfolios to prevent undue exposure and the market risk management group ensures that these limits and triggers are adhered to by the bank.

The bank traded in the following financial instruments in the course of the year:

1. Treasury Bills
2. Bonds (Spot and Repo transactions)
3. Foreign currencies (Spot, Forwards and Swaps)
4. Money market products

Exposure to interest rate risk – Trading and non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALMAC is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Group's interest rate gap position on trading and non-trading portfolios is as follows:

The Bank makes use of limit monitoring, earnings-at-risk, gap analyses and scenario analyses to measure and control

the market risk exposures within its trading and banking books.

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity. The key potential risks the bank was exposed to from these instruments were foreign exchange risk and interest rate risk (price risk, basis risk). However, all potential risk exposures in the course of the year were successfully mitigated as mentioned above.

The Bank has adopted the use of the Standardized Approach for calculating its required market risk capital.

Financial risk management (continued)**(iv) Residual contractual maturities of financial assets and liabilities**

The following table shows the contractual maturities at year end of the Group's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the assets or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Group
Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	322,989,480	283,455,465	10,735,851	2,138,881	26,249,087	410,196
Loans and advances to banks	24	4,864,824	3,792,517	1,047,291	25,016	-	-
Loans and advances to customers	25	779,050,018	366,226,145	18,319,068	39,473,364	251,619,633	103,411,808
Financial assets held for trading	26	271,073,896	202,347,680	59,707,699	8,963,685	7,486	47,346
Investment securities:							
– Available for sale	27	15,765,789	1,488,871	839,124	2,512,476	6,054,824	4,870,494
– Held to maturity	27	129,490,810	32,390,770	18,890,217	37,068,393	37,294,140	3,847,290
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets ²	33	102,889,644	95,862,856	1,250,358	1,056,998	852,191	3,867,241
		1,657,327,691	999,429,858	128,127,284	91,238,813	322,077,361	116,454,375
Financial liabilities							
Deposits from banks	35	23,860,259	21,456,507	2,402,991	761	-	-
Deposits from customers	36	1,148,197,165	1,118,117,912	15,746,774	9,956,212	4,376,267	-
Debt securities issued	37	86,926,227	-	73,291	-	86,852,936	-
Other borrowed funds	40	92,561,824	2,785,805	4,246,795	4,802,503	35,743,710	44,983,011
Other liabilities	38	80,972,096	29,592,949	13,272,310	2,107,237	35,999,600	-
		1,432,517,571	1,171,953,173	35,742,161	16,866,713	162,972,513	44,983,011
Gap (asset - liabilities)			(172,523,315)	92,385,123	74,372,100	159,104,848	71,471,364
Cumulative liquidity gap			(172,523,315)	(80,138,192)	(5,766,092)	153,338,756	224,810,120

¹Includes balances with no specific contractual maturities

²Excludes prepayments

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the group's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Group Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Acceptances and guaranteed commercial papers	45	83,847	83,847	-	-	-	-
Transaction related bonds and guarantees	45	363,927,051	50,823,809	22,739,885	43,905,991	51,296,545	195,160,821
Guaranteed facilities	45	64,123,627	41,821,782	14,100,017	8,201,828	-	-
Short term foreign currency related transactions	45	21,056,857	21,056,857	-	-	-	-
Clean line facilities and letters of credit	45	77,094,340	39,388,311	37,409,161	296,868	-	-
Other commitments		1,167,439	1,167,439	-	-	-	-
		527,453,161	154,342,045	74,249,063	52,404,687	51,296,545	195,160,821

Residual contractual maturities of financial assets and liabilities

Group
Dec-2011

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	368,282,477	361,712,894	6,569,583	-	-	-
Loans and advances to banks	24	158,616	102,017	-	-	56,599	-
Loans and advances to customers	25	706,893,133	278,030,923	68,129,233	38,151,947	230,362,989	92,218,041
Financial assets held for trading	26	173,297,556	38,681,425	80,583,198	49,522,122	4,419,145	91,666
Investment securities:							
– Available for sale	27	3,744,970	-	-	-	-	3,744,970
– Held to maturity	27	161,196,356	53,436,963	11,588,080	15,428,203	75,679,374	5,063,736
Assets pledged as collateral	28	45,588,084	17,296,537	17,443,042	10,848,505	-	-
Other assets ²	33	65,193,134	46,688,584	4,455,556	11,256,409	1,861,085	931,500
		1,524,354,326	795,949,343	188,768,692	125,207,186	312,379,192	102,049,913
Financial liabilities							
Deposits from banks	35	37,229,029	32,948,017	867,728	551,807	120,094	2,741,383
Deposits from customers	36	1,026,119,419	916,101,706	47,490,287	62,527,426	-	-
Debt securities issued	37	145,767,516	55,331,337	2,892,819	-	87,543,360	-
Other borrowed funds	40	93,230,139	-	74,092	-	78,308,092	14,847,955
Other liabilities	38	52,323,162	33,561,090	9,504,609	5,364,155	3,893,308	-
		1,354,669,265	1,037,942,150	60,829,535	68,443,388	169,864,854	17,589,338
Gap (asset - liabilities)			(241,992,807)	127,939,157	56,763,798	142,514,338	84,460,575
Cumulative liquidity gap			(241,992,807)	(114,053,650)	(57,289,852)	85,224,486	169,685,061

¹Includes balances with no specific contractual maturities²Excludes prepayments

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

**Group
Dec-2011**

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Acceptances and guaranteed commercial papers	45	39,150	39,150	-	-	-	-
Transaction related bonds and guarantees	45	334,324,535	55,692,513	48,681,459	66,021,420	39,985,975	123,943,168
Guaranteed facilities	45	54,368,784	21,863,518	32,237,403	-	267,863	-
Short term foreign currency related transactions	45	64,638,691	64,638,691	-	-	-	-
Clean line facilities and letters of credit	45	71,823,443	48,426,403	18,935,704	4,461,336	-	-
Guaranteed facilities	45	1,627,196	1,627,196	-	-	-	-
Other commitments							
		526,821,799	192,287,471	99,854,566	70,482,756	40,253,838	123,943,168

Residual contractual maturities of financial assets and liabilities

The following table shows the contractual maturities at year end of the Bank's financial assets and liabilities and represents actual and in some cases assumed obligation expected for the asset or liability to be recovered or settled. These figures do not include elements of future incomes or costs.

Parent Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	256,433,560	220,312,951	9,035,753	1,282,283	25,802,573	-
Loans and advances to banks	24	177,985	143,050	9,919	25,016	-	-
Loans and advances to customers	25	742,436,944	361,402,290	15,812,421	30,099,088	234,813,029	100,310,116
Financial assets held for trading	26	267,417,182	202,347,681	59,036,730	5,977,939	7,486	47,346
Investment securities:		-	-	-	-	-	-
– Available for sale	27	10,138,761	-	-	-	5,272,897	4,865,864
– Held to maturity	27	118,897,917	25,610,968	14,370,282	37,068,393	38,635,978	3,212,296
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets ²	33	101,660,574	96,327,738	639,336	45,017	781,242	3,867,241
		1,528,366,153	920,010,232	116,242,117	74,497,736	305,313,205	112,302,863
Financial liabilities							
Deposits from banks	35	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	1,046,995,431	6,901,816	124,384	100,942	-
Debt securities issued	37	13,238,291	-	73,291	-	13,165,000	-
Other borrowed funds	40	169,194,418	2,785,802	4,050,725	4,013,186	114,887,241	43,457,464
Other liabilities	38	69,872,456	26,892,163	12,859,531	1,615,825	28,504,937	-
		1,313,598,059	1,083,843,717	23,885,363	5,753,395	156,658,120	43,457,464
Gap (asset - liabilities)			(163,833,485)	92,356,754	68,744,341	148,655,085	68,845,399
Cumulative liquidity gap			(163,833,485)	(71,476,731)	(2,732,390)	145,922,695	214,768,094

¹Includes balances with no specific contractual maturities

²Excludes prepayments

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Parent Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	355,132,185	47,067,008	20,995,488	42,620,692	49,367,709	195,081,288
Guaranteed facilities	45	64,055,852	42,185,750	13,822,048	8,048,053	-	-
Short term foreign currency related transactions	45	21,056,857	21,056,857	-	-	-	-
Clean line facilities and letters of credit	45	54,726,233	21,964,826	32,464,539	296,868	-	-
		494,971,127	132,274,441	67,282,076	50,965,613	49,367,709	195,081,288

Residual contractual maturities of financial assets and liabilities

Parent
Dec-2011

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months ¹	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Financial assets							
Cash and cash equivalents	23	330,294,424	323,724,841	6,569,583	-	-	-
Loans and advances to banks	24	158,616	102,017	-	-	56,599	-
Loans and advances to customers	25	679,358,919	250,496,709	68,129,233	38,151,947	230,362,989	92,218,041
Financial assets held for trading	26	151,819,087	17,202,956	80,583,198	49,522,122	4,419,145	91,666
Investment securities:							
– Available for sale	27	3,744,970	-	-	-	-	3,744,970
– Held to maturity	27	163,914,120	56,154,727	11,588,080	15,428,203	75,679,374	5,063,736
Assets pledged as collateral	28	45,588,084	17,296,537	17,443,042	10,848,505	-	-
Other assets ²	33	61,945,245	44,958,664	3,837,797	10,662,105	1,555,179	931,500
		1,436,823,465	709,936,451	188,150,933	124,612,882	312,073,286	102,049,913
Financial liabilities							
Deposits from banks	35	21,636,242	21,636,242	-	-	-	-
Deposits from customers	36	962,486,292	852,468,579	47,490,287	62,527,426	-	-
Debt securities issued	37	13,233,169	-	68,169	-	13,165,000	-
Other borrowed funds	40	229,647,220	59,214,071	2,898,742	-	152,686,452	14,847,955
Other liabilities	38	45,275,666	26,810,452	6,793,776	4,027,538	7,524,431	119,469
		1,272,278,589	960,129,344	57,250,974	66,554,964	173,375,883	14,967,424
Gap (asset - liabilities)			(250,192,893)	130,899,959	58,057,918	138,697,403	87,082,489
Cumulative liquidity gap			(250,192,893)	(119,292,934)	(61,235,016)	77,462,387	164,544,876

¹ Includes balances with no specific contractual maturities

² Excludes Prepayments

Residual contractual maturities of contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. The maximum amount of the contingencies is allocated to the earliest period in which the contingencies could be called.

Parent Dec-2011

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Transaction related bonds and guarantees	45	330,449,318	54,091,339	48,582,370	64,851,029	38,981,412	123,943,168
Other commitments	45	52,501,177	21,342,156	31,159,021	-	-	-
Short term foreign currency related transactions	45	64,638,691	64,638,691	-	-	-	-
Clean line facilities and letters of credit	45	45,191,298	27,646,882	15,790,861	1,753,555	-	-
		492,780,484	167,719,068	95,532,252	66,604,584	38,981,412	123,943,168

Repricing period of financial assets and liabilities

The table below analyses the Group's interest rate risk exposure on financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-ricing or maturity dates.

Group Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Cash and cash equivalents	23	322,989,480	283,455,465	10,735,851	2,138,881	26,249,087	410,196
Loans and advances to banks	24	4,864,824	4,864,824	-	-	-	-
Loans and advances to customers	25	779,050,018	714,392,672	2,363,246	9,084,931	20,954,906	32,254,263
Financial assets held for trading	26	271,073,896	202,347,680	59,707,699	8,963,685	7,486	47,346
Investment securities:							
– Available for sale	27	15,765,789	3,425,808	481,129	933,534	6,054,824	4,870,494
– Held to maturity	27	129,490,810	32,390,770	18,890,217	37,068,393	37,294,140	3,847,290
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets ¹	33	102,889,644	96,010,579	1,250,358	909,275	852,191	3,867,241
		1,657,327,691	1,350,753,352	110,766,176	59,098,699	91,412,634	45,296,830
Deposits from banks	35	23,860,259	21,456,507	2,402,991	761	-	-
Deposits from customers	36	1,148,197,165	1,118,117,913	15,746,774	9,956,212	4,376,266	-
Debt securities issued	37	86,926,227	-	73,291	-	86,852,936	-
Other borrowed funds	40	92,561,824	4,311,351	4,246,795	4,802,503	35,743,711	43,457,464
Other liabilities	38	80,972,096	29,671,261	13,272,310	2,028,925	35,999,600	-
		1,432,517,571	1,173,557,032	35,742,161	16,788,401	162,972,513	43,457,464
Repricing Gap		224,810,120	177,196,320	75,024,015	42,310,298	(71,559,879)	1,839,366

¹Excludes Prepayments

Repricing period of financial assets and liabilities

The table below analyses the Group's interest rate risk exposure on financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Group Dec-2011

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Cash and cash equivalents	23	368,282,477	361,712,894	6,569,583	-	-	-
Loans and advances to banks	24	158,616	158,616	-	-	-	-
Loans and advances to customers	25	706,893,133	579,271,504	14,145,024	19,350,804	74,862,186	19,263,615
Financial assets held for trading	26	173,297,556	38,681,425	80,583,198	49,522,122	4,419,145	91,666
Investment securities:							
– Available for sale	27	3,744,970	-	-	-	-	3,744,970
– Held to maturity	27	161,196,356	53,436,963	11,588,080	15,428,203	75,679,374	5,063,736
Assets pledged as collateral	28	45,588,084	17,296,537	17,443,042	10,848,505	-	-
Other assets	33	65,193,134	46,688,584	4,455,556	11,256,409	1,861,085	931,500
		1,524,354,326	1,097,246,523	134,784,483	106,406,043	156,821,790	29,095,487
Deposits from banks	35	37,229,029	32,948,017	867,728	551,807	120,094	2,741,383
Deposits from customers	36	1,026,119,419	916,101,706	47,490,287	62,527,426	-	-
Debt securities issued	37	145,767,516	55,331,337	2,892,819	-	87,543,360	-
Other borrowed funds	40	93,230,139	-	74,092	-	78,308,092	14,847,955
Other liabilities	38	52,323,162	33,561,090	9,504,609	5,364,155	3,893,308	-
		1,354,669,265	1,037,942,150	60,829,535	68,443,388	169,864,854	17,589,338
Repricing Gap		169,685,061	59,304,373	73,954,948	37,962,655	(13,043,064)	11,506,149

¹ Excludes Prepayments

Repricing period of financial assets and liabilities

The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Parent Dec-2012

In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Cash and cash equivalents	23	256,433,560	220,312,951	9,035,753	1,282,283	25,802,573	-
Loans and advances to banks	24	177,985	177,985	-	-	-	-
Loans and advances to customers	25	742,436,944	703,395,437	-	-	6,787,244	32,254,263
Financial assets held for trading	26	267,417,182	202,347,681	59,036,730	5,977,939	7,486	47,346
Investment securities:							
– Available for sale	27	10,138,761	-	-	-	5,272,897	4,865,864
– Held to maturity	27	118,897,917	25,610,968	14,370,282	37,068,393	38,635,978	3,212,296
Assets pledged as collateral	28	31,203,230	13,865,554	17,337,676	-	-	-
Other assets ¹	33	101,660,574	96,327,738	639,336	45,017	781,242	3,867,241
		1,528,366,153	1,262,038,314	100,419,777	44,373,632	77,287,420	44,247,010
Deposits from banks	35	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	1,046,995,432	6,901,816	124,384	100,941	-
Debt securities issued	37	13,238,291	-	73,291	-	13,165,000	-
Other borrowed funds	40	169,194,418	2,785,801	4,050,725	4,013,186	114,887,242	43,457,464
Other liabilities	38	69,872,456	26,892,163	12,859,531	1,615,825	28,504,937	-
		1,313,598,059	1,083,843,717	23,885,363	5,753,395	156,658,120	43,457,464
		214,768,094	178,194,597	76,534,414	38,620,237	(79,370,700)	789,546

¹Excludes prepayments

Repricing period of financial assets and liabilities

The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Parent Dec-2011 In thousands of Nigerian Naira	Note	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Cash and cash equivalents	23	330,294,424	323,724,841	6,569,583	-	-	-
Loans and advances to banks	24	158,616	102,017	-	-	56,599	-
Loans and advances to customers	25	679,358,919	551,737,290	14,145,024	19,350,804	74,862,186	19,263,615
Financial assets held for trading	26	151,819,087	17,202,956	80,583,198	49,522,122	4,419,145	91,666
Investment securities:							
– Available for sale	27	3,744,970	-	-	-	-	3,744,970
– Held to maturity	27	163,914,120	56,154,727	11,588,080	15,428,203	75,679,374	5,063,736
Assets pledged as collateral	28	45,588,084	17,296,537	17,443,042	10,848,505	-	-
Other assets ¹	33	61,945,245	44,958,664	3,837,797	10,662,105	1,555,179	931,500
		1,436,823,465	1,011,177,032	134,166,724	105,811,739	156,572,483	29,095,487
Deposits from banks	35	21,636,242	21,636,242	-	-	-	-
Deposits from customers	36	962,486,292	852,468,579	47,490,287	62,527,426	-	-
Debt securities issued	37	13,233,169	-	68,169	-	13,165,000	-
Other borrowed funds	40	229,647,220	59,214,071	2,898,742	-	152,686,452	14,847,955
Other liabilities	38	45,275,666	26,810,452	6,793,776	4,027,538	7,524,431	119,469
		1,272,278,589	960,129,344	57,250,974	66,554,964	173,375,883	14,967,424
		164,544,876	51,047,688	76,915,750	39,256,775	(16,803,400)	14,128,063

¹ Excludes prepayments

- **Exposure to Interest rate risk – trading and non-trading portfolios (continued)**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by the Group and equity price risk is subject to regular monitoring by Group Management Risk committee, but is not currently significant in relation to the overall results and financial position of the Group.

Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from increase or decrease in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

At 31 December 2012, if interest rates on:

- floating rate assets and liabilities held at amortised cost; and Assets and liabilities accounted at fair value through profit or loss had increased or decreased by 100 basis points (December 2011 – 200 basis points) with all other variables held constant, the impact on profit or loss would have been as set out in the table on page 144.

In arriving at the 100 basis point used for the sensitivity analysis of interest rate, the fluctuation in the interest rate of the Group's major assets and liabilities were considered as shown below:

- The prime lending rate on loans and advances ranged between 16.37% and 17.28% over the period, a change of about 100 basis points.
- The discount rate on various maturities of treasury bills ranged between 14.85% and 11.77% over the financial period as published by Central Bank of Nigeria (CBN). This represents a variability of about 100 basis points in the observed discount rates for the year.
- A 100 basis point proportional change in the cost of fund was also assumed.

Interest Rate sensitivity**Group**

In thousands of Nigerian Naira	Dec-2012 Pre-tax	Dec-2012 Post-tax	Dec-2011 Pre-tax	Dec-2011 Post-tax
Decrease	(2,028,926)	(1,707,122)	(3,136,302)	(2,415,022)
Increase	2,028,926	1,707,122	3,136,302	2,415,022

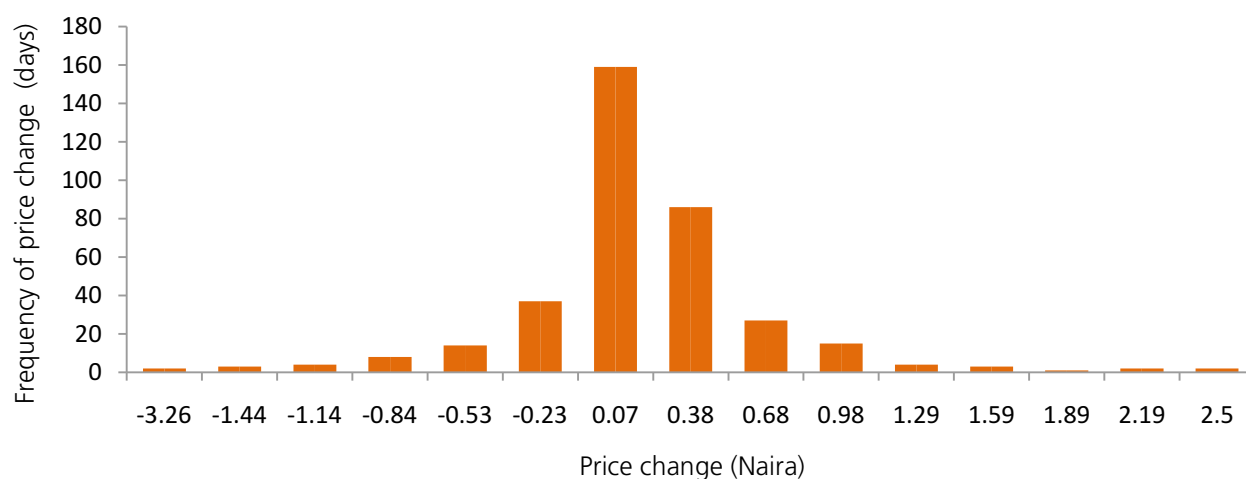
Parent

In thousands of Nigerian Naira	Dec-2012 Pre-tax	Dec-2012 Post-tax	Dec-2011 Pre-tax	Dec-2011 Post-tax
Decrease	(1,829,800)	(1,557,950)	(2,957,506)	(2,359,480)
Increase	1,829,800	1,557,950	2,957,506	2,359,480

Bond price sensitivity

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in market prices of bond:

- Daily bond prices were obtained and trended for the different series of Bonds in issue as at the reporting date.
- A reasonably possible change was determined from one year daily fluctuation in Bond prices. The exercise as depicted in the graph below indicates that significant proportion of changes in price falls within the range of ± 1 naira.
- The chosen reasonable change in market prices was then applied to the bank's holding of Trading bonds as at end of the year.

Fluctuation in bond market prices (in naira)

At 31 December 2012, if price of bonds designated as financial assets held for trading increased or decreased by one naira with all variables held constant, the impact on mark-to-market profit or loss would have been as set out in the tables below:

Group	Dec-2012	Dec-2012	Dec-2011	Dec-2011
In thousands of Nigerian Naira	Pre tax	Post tax	Pre tax	Post tax
Decrease	(93,360)	(78,552)	(6,637)	(5,111)
Increase	93,360	78,552	6,637	5,111

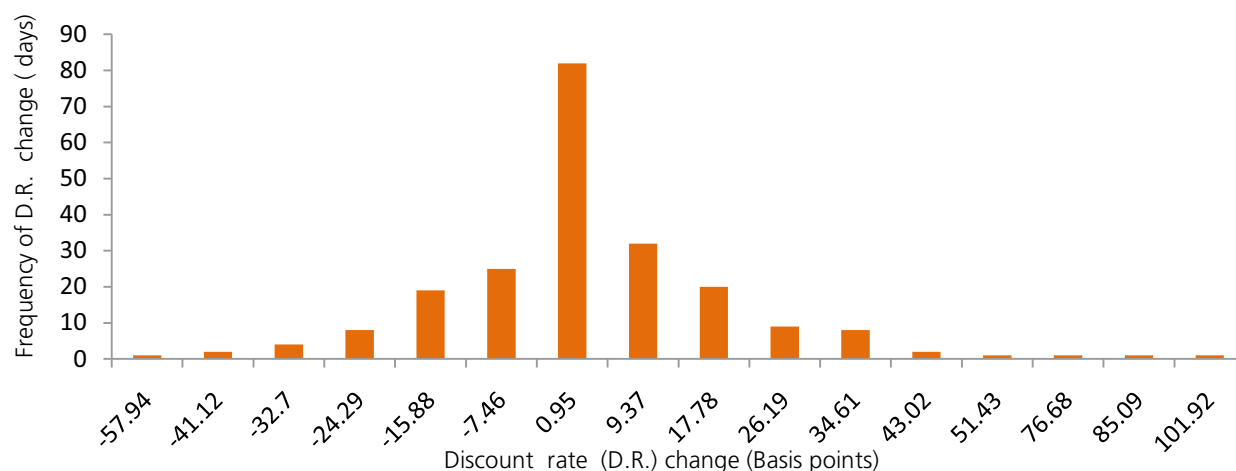
Parent	Dec-2012	Dec-2012	Dec-2011	Dec-2011
In thousands of Nigerian Naira	Pre tax	Post tax	Pre tax	Post tax
Decrease	(93,360)	(79,490)	(4,505)	(3,594)
Increase	93,360	79,490	4,505	3,594

Treasury bills discount rate sensitivity

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in market discount rates of treasury bills:

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date
- A reasonably possible change was determined from one year daily fluctuation in discount rates of treasury bills. The exercise as depicted in the graph below indicates that significant proportion of changes in discount rates falls in the range of ± 50 basis points.
- The range of ± 50 basis points fluctuation in market discount rates was then applied to the bank's holding in Trading treasury bills as at end of the year to determine the impact on profit and loss position of the Group and Parent.

Fluctuation in market discount rates of treasury bills (in basis points)



At 31 December 2012, if discount rates on treasury bills increased or reduced by 50 basis points with all other variables held constant, the impact on mark-to-market profit or loss would have been as set out in the tables below:

Group	Dec-2012 Pre tax	Dec-2012 Post tax	Dec-2011 Pre tax	Dec-2011 Post tax
In thousands of Nigerian Naira				
Decrease	(252,821)	(2 12,721)	(24,300)	(18,712)
Increase	252,821	2 12 721	24,300	18,712

Parent	Dec-2012 Pre tax	Dec-2012 Post tax	Dec-2011 Pre tax	Dec-2011 Post tax
In thousands of Nigerian Naira				
Decrease	(241,222)	(205,384)	(2,349)	(1,874)
Increase	241,222	205,384	2,349	1,874

Financial Instrument fair value through equity - Other Comprehensive Income (OCI)

The Group carried out the following in determining sensitivity of the Group's Other comprehensive income to fluctuations in market prices of fair valued through equity financial assets:

- Daily bond prices were obtained and trended for the financial assets
- A reasonably possible change was determined from one year daily fluctuation in Bond prices.
- The range of ± 1 naira changes in market prices was then applied to the bank's holding in AFS bonds as at end of the year to determine impact on other comprehensive income position of the Group and Parent.

At 31 December 2012, if price of available for sale bond (AFS) increased or decreased by one naira with all other variables held constant, the impact on Other Comprehensive Income would have been as set out in the table below:

Group	Dec-2012 Pre-tax	Dec-2012 Post-tax
In thousands of Nigerian Naira		
Decrease	(73,038)	(51,127)
Increase	73,038	51,127

Parent	Dec-2012 Pre-tax	Dec-2012 Post-tax
In thousands of Nigerian Naira		
Decrease	(73,038)	(51,127)
Increase	73,038	51,127

At 31 December 2011, if price of AFS equities increased or decreased by one naira with all other variables held constant, the impact on Other Comprehensive Income would have been as set out in the table below:

Group	Dec-2012 Pre-tax	Dec-2012 Post-tax
In thousands of Nigerian Naira		
Decrease	(5,102)	(3,571)
Increase	5,102	3,571

Parent	Dec-2012 Pre-tax	Dec-2012 Post-tax
In thousands of Nigerian Naira		
Decrease	(5,102)	(3,571)
Increase	5,102	3,571

Exposure to foreign currency risk

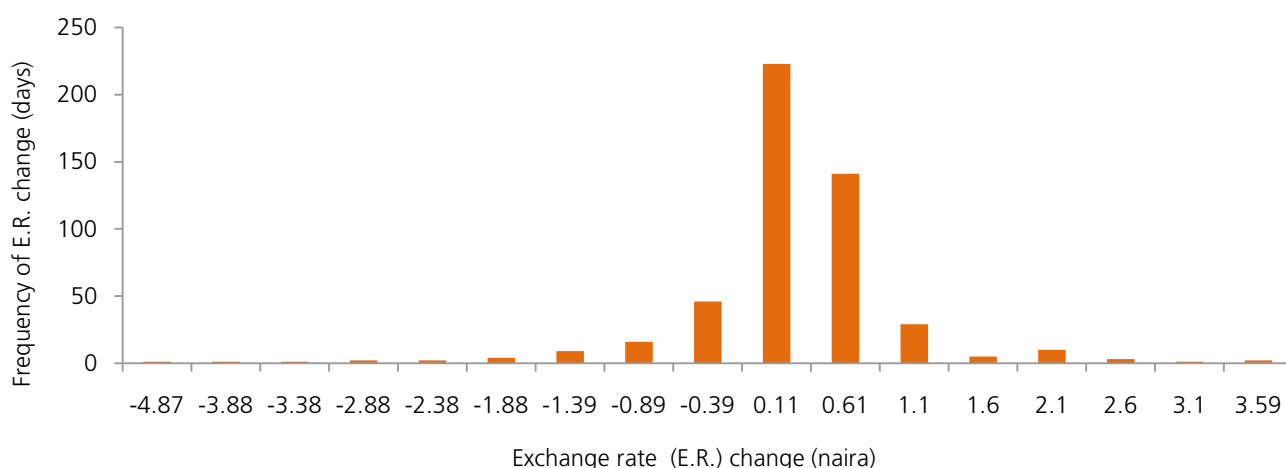
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, the GB pound and the Euro. Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies other than Naira. The types of Financial instruments from which the Group is exposed to this risk include foreign placements and Loans, investments in foreign subsidiaries, foreign currency-denominated investment and debt securities, foreign borrowings, future cash flows arising from foreign exchange transactions and other foreign currency denominated receivables /payables which fluctuate with changes in the level or volatility of foreign currency exchange rates or interest rates. The Group enters into derivative instruments to eliminate or minimize impact of exchange risk exposures.

Foreign exchange profit or loss (Dollars)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of naira to US dollar:

- Daily exchange rates of naira to US dollar were obtained and trended
- A reasonably possible change was determined from two year daily fluctuation in exchange rates. The exercise as depicted in the graph below indicates that significant proportion of changes in price falls in the range of ± 1 naira
- The range of ± 1 naira fluctuation in exchange rates was then applied to the bank's dollar position as at end of the year to determine the impact on profit and loss position of the Group and Parent.

Fluctuation in dollar exchange rates (in naira)



At 31 December 2012, if the Naira had weakened/strengthened by one naira against the Dollar with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation of dollar-denominated positions resulting from Group's holding of financial instruments.

Group In thousands of Nigerian Naira	Dec. 2012 Pre-tax	Dec. 2012 Post-tax	Dec. 2011 Pre-tax	Dec. 2011 Post-tax
Decrease	(346,426)	(291,480)	(299,060)	(230,283)
Increase	346,426	291,480	299,060	230,283

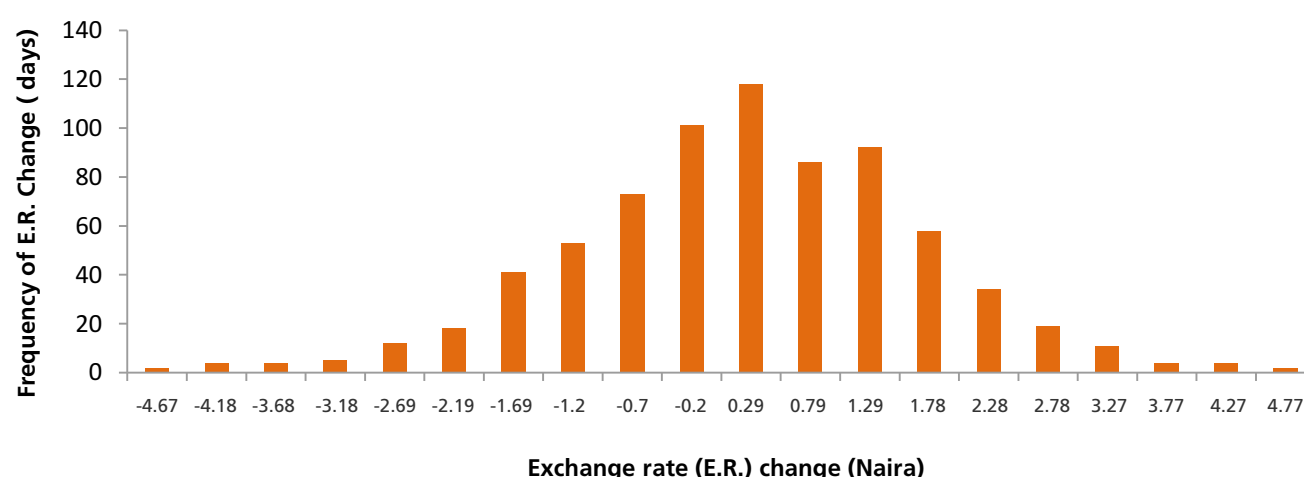
Parent In thousands of Nigerian Naira	Dec. 2012 Pre-tax	Dec. 2012 Post-tax	Dec. 2011 Pre-tax	Dec. 2011 Post-tax
Decrease	(345,062)	(293,797)	(298,516)	(238,154)
Increase	345,062	293,797	298,516	238,154

Foreign exchange profit or loss (Pounds)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of naira to pound:

- Daily exchange rate of naira to pound were obtained and trended
- A reasonably possible change was determined from of two year daily fluctuation in exchange rates. The exercise as depicted in the graph below indicates that significant proportion of changes in price falls in the range of ± 2 naira .
- The range of ± 2 naira changes in exchange rates was then applied to the bank's pound position as at end of the year to determine the impact on profit and loss position of the Group and Parent.

Fluctuation in Pounds exchange rates (in naira)



At 31 December 2012, if the Naira had weakened/strengthened by two naira against the Pound with all other variables held constant, the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation of Pounds-denominated positions resulting from Group's holding of financial instruments.

Group In thousands of Nigerian Naira	Dec. 2012 Pre-tax	Dec. 2012 Post-tax	Dec. 2011 Pre-tax	Dec. 2011 Post-tax
Decrease	(33,259)	(27,984)	(20,400)	(15,709)
Increase	33,259	27,984	20,400	15,709

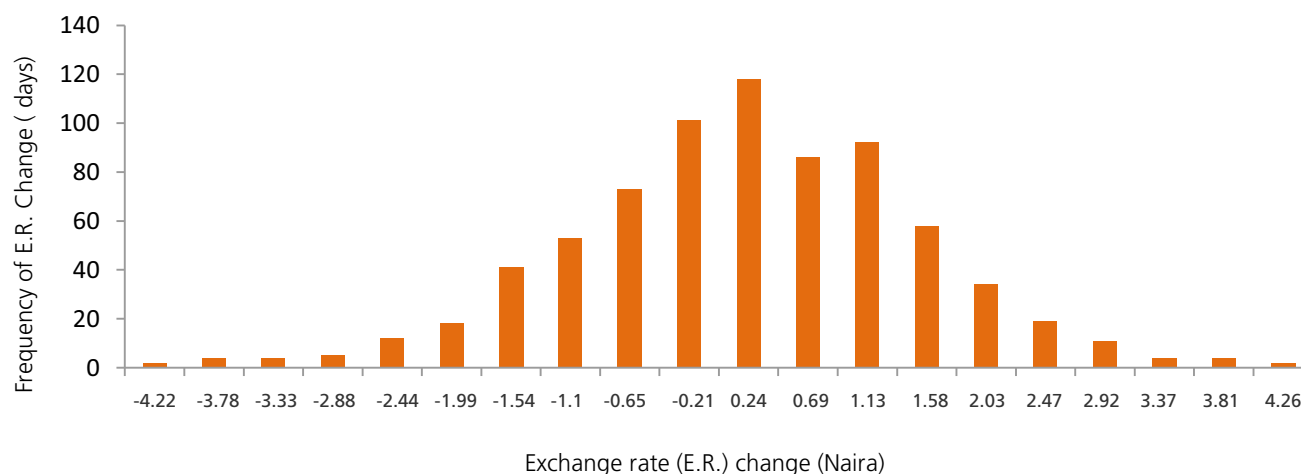
Parent In thousands of Nigerian Naira	Dec. 2012 Pre-tax	Dec. 2012 Post-tax	Dec. 2011 Pre-tax	Dec. 2011 Post-tax
Decrease	(4,728)	(4,026)	(20,394)	(16,270)
Increase	4,728	4,026	20,394	16,270

Foreign exchange profit or loss (Euro)

The Group carried out the following in determining sensitivity of the Group's profit to fluctuations in exchange rate of naira to euro:

- Daily exchange rate of naira to euro were obtained and trended
- A reasonably possible change was determined from of two year daily fluctuation in exchange rates. The exercise as depicted in the graph below indicates that significant proportion of changes in price falls in the range of ± 2 naira.
- The range of ± 2 naira changes in exchange rates was then applied to the bank's euro position as at end of the Year to determine the impact on profit and loss position of the Group and Parent.

Fluctuation in Euros exchange rates (in naira)



At 31 December 2012, if the Naira had weakened/strengthened by two naira against the Euro with all other variables held constant the pre-tax and post-tax profit for the period would have increased/(decreased) as set out in the table below mainly as a result of foreign exchange gains or losses on the translation of Euros-denominated positions resulting from Group's holding of financial instruments.

Group In thousands of Nigerian Naira	Dec-2012 Pre-tax	Dec-2012 Post-tax	Dec-2011 Pre-tax	Dec-2011 Post-tax
Decrease	(21,025)	(17,690)	(18,458)	(14,213)
Increase	21,025	17,690	18,458	14,213

Parent In thousands of Nigerian Naira	Dec-2012 Pre-tax	Dec-2012 Post-tax	Dec-2011 Pre-tax	Dec-2011 Post-tax
Decrease	(19,466)	(16,574)	(18,438)	(14,710)
Increase	19,466	16,574	18,438	14,710

Foreign exchange profit or loss

At 31 December 2012, if similar assumptions as above are made for other currencies, the impact of possible fluctuations in exchange rates on the overall foreign exchange revaluation profit of the Group is as shown below:

Group In thousands of Nigerian Naira	Dec-2012 Pre-tax	Dec-2012 Post-tax	Dec-2011 Pre-tax	Dec-2011 Post-tax
Decrease	(388,613)	(326,976)	(322,453)	(248,296)
Increase	388,613	326,976	322,453	248,296

Parent In thousands of Nigerian Naira	Dec-2012 Pre-tax	Dec-2012 Post-tax	Dec-2011 Pre-tax	Dec-2011 Post-tax
Decrease	(357,159)	(304,097)	(321,880)	(256,794)
Increase	357,159	304,097	321,880	256,794

The table below summaries the Group's financial assets and financial liabilities at carrying amount, categorised by currency:

Financial instruments by currency

Group
Dec-2012

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	322,989,480	71,962,799	204,514,307	18,230,943	14,705,792	13,575,639
Loans and advances to banks	24	4,864,824	177,985	4,434,869	-	251,970	-
Loans and advances to customers	25	779,050,018	519,212,058	235,369,556	8,470,477	407,029	15,590,898
Financial assets held for trading	26	271,073,896	271,073,896	-	-	-	-
Investment securities:							
– Available for sale	27	15,765,789	13,442,895	943,238	1,271,289	103,737	4,630
– Held to maturity	27	129,490,810	114,967,869	515,125	46,530	48,362	13,912,924
Assets pledged as collateral	28	31,203,230	31,203,230	-	-	-	-
Other assets ¹	33	102,889,644	101,185,052	1,021,056	208,989	7,373	467,174
		1,657,327,691	1,123,225,784	446,798,151	28,228,228	15,524,263	43,551,265
Deposits from banks	35	23,860,259	7,171,082	11,841,924	664,630	740,399	3,442,224
Deposits from customers	36	1,148,197,165	880,943,486	214,960,540	18,847,031	6,983,475	26,462,633
Debt securities issued	37	86,926,227	13,238,291	73,687,936	-	-	-
Other borrowed funds	40	92,561,824	42,741,765	48,294,512	1,525,547	-	-
Other liabilities	38	80,972,096	24,739,720	47,948,035	489,535	7,063,403	731,403
		1,432,517,571	968,834,344	396,732,947	21,526,743	14,787,277	30,636,260

¹Excludes prepayments

The table below summaries the Group's financial assets and financial liabilities at carrying amount, categorised by currency:

Financial instruments by currency

Group
Dec-2011

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	368,282,477	118,179,154	219,593,698	17,735,148	11,114,078	1,660,399
Loans and advances to banks	24	158,616	158,616	-	-	-	-
Loans and advances to customers	25	706,893,133	529,173,245	168,544,337	5,351,890	184,429	3,639,232
Financial assets held for trading	26	173,297,556	169,873,837	489,318	747,650	-	2,186,751
Investment securities:							
– Available for sale	27	3,744,970	3,744,970	-	-	-	-
– Held to maturity	27	161,196,356	158,975,049	2,221,307	-	-	-
Assets pledged as collateral	28	45,588,084	45,588,084	-	-	-	-
Other assets ¹	33	65,193,134	60,784,658	3,223,309	260,888	21	924,258
		1,524,354,326	1,086,477,613	394,071,969	24,095,576	11,298,528	8,410,640
Deposits from banks	35	37,229,029	26,085,807	6,888,126	3,793,576	460,802	718
Deposits from customers	36	1,026,119,419	816,128,102	178,945,566	16,986,103	8,693,348	5,366,300
Debt securities issued	37	145,767,516	20,693,625	125,073,891	-	-	-
Other borrowed funds	40	93,230,139	34,881,870	58,348,269	-	-	-
Other liabilities	38	52,323,162	30,937,292	16,513,354	1,748,769	2,534,059	589,688
		1,354,669,265	928,726,696	385,769,206	22,528,448	11,688,209	5,956,706

¹Excludes prepayments

The table below summaries the Bank's financial assets and financial liabilities at carrying amount, categorised by currency:

Financial instruments by currency

Parent
Dec-2012

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	256,433,560	69,864,992	164,496,786	8,960,900	12,907,914	202,968
Loans and advances to banks	24	177,985	177,985	-	-	-	-
Loans and advances to customers	25	742,436,944	514,831,523	227,598,144	6,120	1,107	50
Financial assets held for trading	26	267,417,182	267,417,182	-	-	-	-
Investment securities:							
– Available for sale	27	10,138,761	10,138,761	-	-	-	-
– Held to maturity	27	118,897,917	114,967,869	3,930,048	-	-	-
Assets pledged as collateral	28	31,203,230	31,203,230	-	-	-	-
Other assets ¹	33	101,660,574	100,763,352	897,222	-	-	-
		1,528,366,153	1,109,364,894	396,922,200	8,967,020	12,909,021	203,018
Deposits from banks	35	7,170,321	7,170,321	-	-	-	-
Deposits from customers	36	1,054,122,573	867,981,044	171,466,468	9,233,031	5,439,312	2,718
Debt securities issued	37	13,238,291	13,238,291	-	-	-	-
Other borrowed funds	40	169,194,418	41,154,048	128,040,370	-	-	-
Other liabilities	38	69,872,456	16,575,731	45,953,159	286,796	7,056,770	-
		1,313,598,059	946,119,435	345,459,997	9,519,827	12,496,082	2,718

¹Excludes prepayments

The table below summarises the Bank's financial assets and financial liabilities at carrying amount, categorised by currency:

Financial instruments by currency

Parent

Dec-2011

In thousands of Nigerian Naira	Note	Total	Naira	USD	GBP	Euro	Others
Cash and cash equivalents	23	330,294,424	110,725,558	200,341,618	10,405,277	8,409,550	412,421
Loans and advances to banks	24	158,616	158,616	-	-	-	-
Loans and advances to customers	25	679,358,919	520,552,078	158,799,573	5,791	1,427	50
Financial assets held for trading	26	151,819,087	151,819,087	-	-	-	-
Investment securities:							
– Available for sale	27	3,744,970	3,744,970	-	-	-	-
– Held to maturity	27	163,914,120	156,167,395	7,746,725	-	-	-
Assets pledged as collateral	28	45,588,084	45,588,084	-	-	-	-
Other assets ¹	33	61,945,245	58,376,726	2,810,982	1,204	21	756,312
		1,436,823,465	1,047,132,514	369,698,898	10,412,272	8,410,998	1,168,783
Deposits from banks	35	21,636,242	21,636,242	-	-	-	-
Deposits from customers	36	962,486,292	790,743,327	158,097,107	7,668,226	5,974,677	2,955
Debt securities issued	37	13,233,169	13,233,169	-	-	-	-
Other borrowed funds	40	229,647,220	36,994,107	192,653,113	-	-	-
Other liabilities	38	45,275,666	24,559,716	16,420,928	1,542,950	2,534,059	218,013
		1,272,278,589	887,166,561	367,171,148	9,211,176	8,508,736	220,968

¹Excludes prepayments

4(f) Operational risk

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as "the direct/indirect risk of loss resulting from inadequate and/or failed internal process, people, and systems or from external events". This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities and response to external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The following practices, tools and methodologies have been implemented for this purpose:

- **Loss Incident Reporting**

An in-house developed web-based Loss Incident Reporting System is deployed via the Bank's intranet for logging of operational risk incidents bank-wide. All staff members are encouraged to report operational risk incidents that occurred within their work spaces whether it crystallized to actual losses or not. As a result, Guaranty Trust Bank plc has collated OpRisk loss data for four years. Information gathered is used to identify risk concentrations and for appropriate operational risk capital calculation.

- **Risk and Control Self Assessments (RCSAs) –**

This is a qualitative risk identification tool deployed bank-wide. All branches and Head-Office departments are required to complete at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank. These assessments enable risk profiling and risk mapping of prevalent operational risks.

Risk Assessments of the Bank's new and existing products / services are also carried out. This process also tests the quality of controls the Bank has in place to mitigate likely risks; a detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

Other Risk Assessments conducted include Process Risk Assessments, Vendor Risk Assessments, and Fraud Risk Assessments. A template is being developed for conducting Anti-Bribery and Corruption Practices Assessment; this template is expected to be deployed in the first quarter of 2013.

- **Key Risk Indicators (KRI)**

These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place supported by specific KRIs for key departments in the Bank. Medium – High risk trends are reported in the Monthly Operational Risk Status reports circulated to Management and key stakeholders.

- **Fraud Risk Management Initiatives**

Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

A model for stress testing Fraud and Forgeries incidents is being developed; it would be fully developed in the first quarter of 2013. This model would take into cognizance the Bank's Fraud and Forgeries history as well as local and global industry trends. Results from these tests would enable the Bank deploy adequate mitigants for managing likely Fraud and Forgery incidents bank-wide.

- **Business Continuity Management (BCM) in line with BS 25999 Standards**

To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Plan (BCP) which assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Desktop Walkthrough Tests are being conducted bank-wide to ensure that recovery co-ordinators are aware of their roles and responsibilities. This plan is reviewed monthly and

when necessary, it is updated to ensure reliability and relevance of information contained.

Plans are underway for the Bank to be certified by globally recognised Business Continuity standards organizations.

- **Information Risk Management Awareness and Monitoring**

Strategies for ensuring the Confidentiality, availability and Integrity of all the Bank's information assets (hardware, software, documents, backup media, etc.) are continuously reviewed and key risks identified reported to key stakeholders. Where applicable, implementation of controls by relevant stakeholders is also tracked and reported on.

- **Compliance and Legal Risk Management**

Compliance Risk Management involves close monitoring of KYC compliance by the Bank, escalation of Audit Non-conformances, Complaints Management, and observance of the Bank's zero-tolerance culture for regulatory breaches. It also entails an oversight role for monitoring adherence to regulatory guidelines and global best practices on an on-going basis.

Legal Risk Management involves the monitoring of litigations against the Bank to ascertain likely financial or non-financial loss exposures. It also involves conduct of causal analysis on identified points of failure that occasioned these litigations. Medium – High risk factors identified are duly reported and escalated for appropriate treatment where necessary.

- **Occupational Health and Safety procedures and initiatives**

Global best practices for ensuring the health and safety of all staff, customers and visitors to the Bank's premises are advised, reported on to relevant stakeholders and monitored for implementation. As a result, the following are conducted and monitored: Fire Risk Assessments, Quarterly Fire Drills, Burglaries and Injuries that occur within the Bank's premises.

- **Operational Risk Capital Calculation**

The Bank has adopted the Basel II Pillar 1 defined "Standardized Approach" for the calculation of its Operational Risk Economic Capital for internal risk

monitoring and decision-making. Strategies for migrating to the Advanced Measurement Approach once the required gestation period and data collation requirement are in place is on-going. Whilst it is not a regulatory requirement to have capital set aside for operational risk, these estimations are determined to guide Financial Control in its Capital Planning, and Management in its decision making process.

- **Operational Risk Reporting**

Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

Operational Risk Management Philosophy and Principles

Governance Structure

- The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank. It ensures that the OpRisk policy is robust and provides a framework on the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, and measurement systems, assesses the adequacy of risk mitigants, reviews and approves contingency plans for Specific Risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured. The BRC reviews OpRisk Reports on a quarterly basis.
- The Management Risk Committee monitors the activities of OpRisk and approves key decisions made before presentation to the Board. It ensures the implementation of the guiding OpRisk framework bank-wide, and ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities.
- All process owners are responsible for the day-to-day management of OpRisks prevalent in respective departments, Groups, Divisions and Regions of the Bank.
- The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Reputational Risk Management

Guaranty Trust Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers' expectations regarding the Bank's ability to conduct business securely and responsibly.

A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

5. Capital management

Regulatory capital

The Group's lead regulator, the Central Bank of Nigeria, sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled. Other subsidiaries are supervised by relevant regulatory authorities in their jurisdictions. In implementing current capital requirements, Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.
- Investments in unconsolidated subsidiaries and associates are deducted from Tier 1 or Tier 2 capital in arriving at the regulatory capital. Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital (1.25% of risk assets and hybrid instruments - convertible bonds). Banking operations

are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-financial position exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the year.

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Group and the Group's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 15% is to be maintained for commercial banks with international exposure.

Approach to Managing OpRisk

- Guaranty Trust Bank adopts operational risk procedures and practices that are “fit for purpose” and will increase the efficiency and effectiveness of the bank's resources, minimise losses and utilize opportunities.
- This outlook embeds OpRisk practices in the bank's day-to-day business activities.
- It also aligns with the Bank's Operational Risk Management framework with sound practices

recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organisations (COSO) / Sarbanes-Oxley (SOX) standards, and some internationally accepted British Standards such as the BS 25999 for Business Continuity Management.

Principles

- Operational risks inherent in all products, activities, processes and systems are assessed periodically for timely identification of new risks and trending of prevalent risks. The Bank ensures that before any new products, processes, activities and systems are introduced or undertaken, the operational risks inherent are assessed and likely risks mitigated.
- In accordance with this, the Bank ensures regular monitoring of its operational risk profile and material exposure to losses.
- Pertinent information is reported regularly to Senior Management and the Board to ensure proactive management of operational risk bankwide.
- In addition to this, the Bank's Business Continuity Plan outlines the Bank's requirements for contingency and business continuity plans to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Treatment of Operational Risks

The OpRisk identification and assessment process provides a guide on the decision-making process for the extent and nature of risk treatment to be employed by the Bank. In line

with best practices, the cost of risk treatments introduced must not exceed the reward.

The following comprise the OpRisk treatments adopted by the Bank:

- **Risk Acceptance and Reduction:** The Bank accepts the risk because the reward of engaging in the business activity far outweighs the cost of mitigating the risk. Residual risks retained by the business after deploying suitable mitigants are accepted
- **Risk Transfer (Insurance):** This involves another party or parties bearing the risk, by mutual consent. Relationships are guided by the use of contracts and insurance arrangements
- **Risk Sharing (Outsourcing):** Risk is shared with other parties that provide expert solutions required to mitigate risk or reduce risk burden whether operationally or financially
- **Risk Avoidance:** Requires discontinuance of the business activity that gives rise to the risk

Strategic Risk Management

Strategic Risk Management is the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value.

In Guaranty Trust Bank, it is also regarded as the possibility that the Bank's strategy may be inappropriate to support its long-term corporate goals due to the inadequacy of its strategic planning and/or decision-making process or the inadequate implementation of such strategies. This could include the risk that the strategy is unclear, clear but not viable or clear and viable but badly implemented, or strategy failure due to unexpected circumstances

A specialized template for monitoring Strategic Risk has been developed for tracking key activities designed or defined by the Bank to achieve its strategic intent in the short, medium and long term.

Capital Adequacy Ratio

Group			
In thousands of Nigerian Naira	Note	Dec. 2012	Dec. 2011
Tier 1 capital			
Ordinary share capital	41	14,715,590	14,715,590
Share premium	41	123,471,114	123,471,114
Retained earnings	41	41,380,776	25,130,520
Treasury shares	41	(2,046,714)	(2,046,714)
Other reserves	41	104,651,663	67,121,427
Non-controlling interests	41	1,268,691	2,001,217
Shareholders' funds		283,441,120	230,393,154
Add/(Less):			
Fair value reserve for available-for-sale securities	41	(169,607)	854,621
Intangible assets	31	(1,772,176)	(1,006,470)
Shareholders' funds		281,499,337	230,241,305
Tier 2 capital			
Fair value reserve for available-for-sale securities		169,607	(854,621)
Collective allowances for impairment	24, 25	3,448,851	9,111,991
Total		3,618,458	8,257,370
Total regulatory capital		285,117,795	238,498,675
Risk-weighted assets		1,176,805,668	1,170,740,630
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		24.2%	20.4%
Total tier 1 capital expressed as a percentage of risk-weighted assets		23.9%	19.7%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Group Risk and Group Credit, and is subject to review by the Group Credit Committee or ALMAC as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

6. Use of estimates and judgments

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3b (j)(viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and

held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3b (j)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 3b(j)(ii)(d).
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 3b (j)(ii)(b).
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive

intention and ability to hold the assets until their maturity date as required by accounting policy 3b(j)(ii)©.

Details of the Group's classification of financial assets and liabilities are given in note 8.

Depreciation and carrying value of property and equipment.

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Defined benefits plan

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 3b(j)(iii)(b)

The Group measures fair values using the following hierarchy of methods.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

**Group
Dec-2012**

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:					
-Debt securities	26	271,073,896	-	-	271,073,896
Available-for-sale financial assets:					
-Investment securities (debt)	27	-	12,926,197	-	12,926,197
Assets pledged as collateral	28	16,461,583	-	-	16,461,583
		287,535,479	12,926,197	-	300,461,676

**Group
Dec-2011**

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	173,297,556	-	-	173,297,556
Available-for-sale financial assets:					
-Investment securities (debt)	27	59,186	-	-	59,186
Assets pledged as collateral	28	18,010,145	-	-	18,010,145
		191,366,887	-	-	191,366,887

**Parent
Dec-2012**

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	267,417,182	-	-	267,417,182
Available-for-sale financial assets:					
-Investment securities (debt)	27	-	7,303,799	-	7,303,799
Assets pledged as collateral	28	16,461,583	-	-	16,461,583
		283,878,765	7,303,799	-	291,182,564

Parent
Dec-2011

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
-Debt securities	26	151,819,087	-	-	151,819,087
Available-for-sale financial assets:					
-Investment securities (debt)	27	59,186	-	-	59,186
Assets pledged as collateral	28	18,010,145	-	-	18,010,145
		287,535,479	-	-	169,888,418

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other parameters used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

Statement of Prudential Adjustments

In the 2012 financial year, the bank transferred the sum of N11,312,802,000 from its retained earnings to a non-distributable regulatory risk reserve within the Statement of Changes in Equity. The sum represents the difference between the Central Bank of Nigeria (CBN) recommended Provision for Loan Losses amounting to N28,133,141,000 and the Loan Impairment allowance determined in accordance with provisions of IFRS IAS 39 amounting to N16,820,339,000. Of the amount recommended by the Central Bank of Nigeria, N7,290,414,000 relates to 1% General Loan Loss Provision on Performing Loans.

Also, N4,445,780,000 recommended by CBN for Other Known Losses was adequately provided for in the 2012 IFRS Financial statement.

The Reconciliation between the CBN Recommended provisions and that under IFRS is as shown in the table below:

Reconciliation of IFRS and CBN Recommended Provisions as at 31 December 2012

In thousands of Nigerian Naira	Reference	Specific	General	Total
Provision per CBN Prudential Guidelines		20,842,727	7,290,414	28,133,141
Impairment Allowance per IFRS: IAS 39 (Inclusive of Collective Allowance)	(Note 24 & 25)	16,820,339	-	16,820,339
Amount transferred to Regulatory Risk Reserve²	(SOCIE ¹ - Page 65)	4,022,388	7,290,414	11,312,802
Provisions for Other Known Losses				
Provision for Other Known Losses - CBN				4,445,780
Provision for Other Known Losses - IFRS				
Specific Impairment For Equities	(Note 27)			3,464,163
Impairment On Other Assets	(Note 33)			981,617
				4,445,780
Difference				-

¹Statement of Changes in Equity

²Regulatory Risk Reserve refers to the difference between the Provision assessment under CBN Prudential Guideline and impairment assessment under IFRS

7. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer varied products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. Before the adoption of IFRS in Nigeria, the Group presented segment information to its Executive Management Committee, headed by the Group Managing Director, who is the Group's Chief Operating Decision Maker, based on Nigerian Generally Acceptable Accounting Practice (GAAP) whose requirements differ from those of International Financial Reporting Standards in certain respects. Some of the key differences include:

1. Interest income on impaired assets is not recognised under Nigerian GAAP while IFRS requires that such interest income be recognised in the income statement.
2. Provision for loan loss is determined based on Central Bank of Nigeria Prudential Guidelines under Nigerian GAAP while an incurred loss model is used in determining the impairment loss under IFRS.
3. Credit related fees are recognised in the profit and loss account at the time of occurrence under Nigeria GAAP while under IFRS, credit related fees are recognised as part of effective interest over the period of the contract depending on the nature of the contract.

However, with the adoption of IFRS, the segment information are now based on IFRS standards.

The following summary describes the operations in each of the Group's reportable segments:

- Corporate banking – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products offered to very large corporate customers and blue chips.
- Commercial banking – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for

mid-size and fledgling corporate customers.

- Retail banking – Incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- SME banking – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for small and medium-size enterprises and ventures.
- Public Sector – Incorporates current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for Government Ministries, Departments and Agencies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Group's revenue.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements, except that activities of Staff Investment Trust have not been consolidated in arriving at the operating profit, assets and liabilities of the operating segment. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Reclassifications done in prior year has not been reflected in the operating segment. However, the new segments carved out of retail segment have been separately disclosed.

Operating segments (Continued)

Information about operating segments

Group Dec-2012 In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	99,769,859	44,693,582	48,354,201	12,198,603	16,249,499	221,265,744	653,126	221,918,870
Derived from other business segments	(7,648,573)	6,136,007	(348,874)	1,507,478	353,962	-	-	-
Total revenue	92,121,286	50,829,589	48,005,327	13,706,081	16,603,461	221,265,744	653,126	221,918,870
Interest expenses	(20,318,285)	(5,718,136)	(8,738,572)	(1,670,720)	(3,163,749)	(39,609,462)	(288,992)	(39,898,454)
Fee and commission expenses	(242,130)	(663,315)	(410,630)	(154,321)	(120,620)	(1,591,016)	(2,006)	(1,593,022)
Net operating income	71,560,871	44,448,138	38,856,125	11,881,040	13,319,092	180,065,266	362,128	180,427,394
Expense:								
Operating expenses	(10,923,015)	(27,627,483)	(16,572,207)	(6,042,785)	(4,723,234)	(65,888,724)	(155,568)	(66,044,292)
Net impairment loss on financial assets	(598,004)	(137,358)	(347,055)	26,108	220,654	(835,655)	-	(835,655)
Depreciation and amortization	(3,310,356)	(2,851,248)	(1,770,111)	(559,925)	(400,156)	(8,891,796)	(8,523)	(8,900,319)
Total cost	(14,831,375)	(30,616,089)	(18,689,373)	(6,576,602)	(4,902,736)	(75,616,175)	(164,091)	(75,780,266)
Profit before income tax from reportable segments	56,729,496	13,832,049	20,166,752	5,304,438	8,416,356	104,449,091	198,037	104,647,128
Tax	(9,026,655)	(2,156,769)	(3,103,469)	(794,131)	(1,260,019)	(16,341,043)	-	(16,341,043)
Profit after income tax from reportable segments	47,702,841	11,675,280	17,063,283	4,510,307	7,156,337	88,108,048	198,037	88,306,085
Assets and liabilities:								
Total assets	994,092,951	187,741,118	371,737,565	53,043,646	129,850,297	1,736,465,577	-	1,736,465,577
Total liabilities	(510,355,436)	(444,330,704)	(245,648,116)	(114,617,092)	(129,145,333)	(1,444,096,681)	-	(1,444,096,681)
Net assets/ (liabilities)	483,737,515	(256,589,586)	126,089,449	(61,573,446)	704,964	292,368,896	-	292,368,896
Additions to Non-Current Assets	3,927,726	1,468,759	741,777	209,579	513,047	6,860,888	-	6,860,888
Assets:								
Loans and advances to banks	2,461,628	1,100,068	773,341	529,302	485	4,864,824	-	4,864,824
Loans and advances to customers	454,667,432	53,624,516	190,839,757	16,019,535	63,898,778	779,050,018	-	779,050,018
Others	536,963,891	133,016,534	180,124,467	36,494,809	65,951,034	952,550,735	-	952,550,735
	994,092,951	187,741,118	371,737,565	53,043,646	129,850,297	1,736,465,577	-	1,736,465,577
Liabilities:								
Deposits from banks	23,860,259	-	-	-	-	23,860,259	-	23,860,259
Deposits from customers	243,344,754	443,420,665	228,245,514	110,363,124	122,823,108	1,148,197,165	-	1,148,197,165
Others	243,150,423	910,039	17,402,602	4,253,968	6,322,225	272,039,257	-	272,039,257
	510,355,436	444,330,704	245,648,116	114,617,092	129,145,333	1,444,096,681	-	1,444,096,681

Group
Dec-2011

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	87,995,391	32,650,366	35,976,986	7,459,386	6,129,663	170,211,792	7,593,962	177,805,754
Derived from other business segments	(6,597,475)	2,876,009	(810,443)	183,305	4,348,604	-	-	-
Total revenue	81,397,916	35,526,375	35,166,543	7,642,691	10,478,267	170,211,792	7,593,962	177,805,754
Interest expenses	(22,893,582)	330,334	(3,730,127)	(504,984)	(1,182,000)	(27,980,359)	(538,059)	(28,518,418)
Fee and commission expenses	(739,669)	(470,802)	(459,345)	(72,510)	(95,210)	(1,837,536)	(20,006)	(1,857,542)
Net operating income	57,764,665	35,385,907	30,977,071	7,065,197	9,201,057	140,393,897	7,035,897	147,429,794
Expense:								
Operating expenses	(12,753,913)	(24,910,404)	(13,513,132)	(4,361,112)	(5,028,094)	(60,566,655)	(5,098,186)	(65,664,841)
Net impairment loss on financial assets	(12,641,311)	(2,229,065)	(5,483,876)	(117,644)	(212,870)	(20,684,766)	(150,072)	(20,834,838)
Depreciation and amortization	(1,964,227)	(2,862,528)	(1,673,211)	(544,473)	(563,776)	(7,608,215)	(189,848)	(7,798,063)
Total cost	(27,359,451)	(30,001,997)	(20,670,219)	(5,023,229)	(5,804,740)	(88,859,636)	(5,438,106)	(94,297,742)
Profit before income tax from reportable segments	30,405,214	5,383,910	10,306,852	2,041,968	3,396,317	51,534,261	1,597,791	53,132,052
Tax	(8,423,470)	(1,735,859)	(2,855,414)	(473,978)	(788,347)	(14,277,068)	(426,021)	(14,703,089)
Profit after income tax from reportable segments	21,981,744	3,648,051	7,451,438	1,567,990	2,607,970	37,257,193	1,171,770	38,428,963
Assets and liabilities:								
Total assets	1,003,043,881	127,901,275	359,238,482	23,202,430	87,224,318	1,600,610,386	9,779,201	1,610,389,587
Total liabilities	(354,716,876)	(464,550,120)	(260,557,599)	(95,772,369)	(191,593,928)	(1,367,190,892)	(6,119,979)	(1,373,310,871)
Net assets/ (liabilities)	648,327,005	(336,648,845)	98,680,883	(72,569,939)	(104,369,610)	233,419,494	3,659,222	237,078,716
Additions to Non-Current Assets								
	2,190,893	1,655,232	2,402,503	402,251	464,832	7,115,711	-	7,115,711
Assets:								
Loans and advances to banks	46,483	75,709	36,424	-	-	158,616	-	158,616
Loans and advances to customers	449,673,432	46,139,914	159,425,975	11,080,792	40,573,020	706,893,133	4,955,854	711,848,987
Others	553,323,966	81,685,652	199,776,083	12,121,638	46,651,298	893,558,637	4,823,347	898,381,984
	1,003,043,881	127,901,275	359,238,482	23,202,430	87,224,318	1,600,610,386	9,779,201	1,610,389,587
Liabilities:								
Deposits from banks	37,229,029	-	-	-	-	37,229,029	1,562	37,230,591
Deposits from customers	253,890,331	347,197,349	196,191,163	75,932,990	152,907,586	1,026,119,419	5,311,651	1,031,431,070
Others	63,597,516	117,352,771	64,366,436	19,839,379	38,686,342	303,842,444	806,766	304,649,210
	354,716,876	464,550,120	260,557,599	95,772,369	191,593,928	1,367,190,892	6,119,979	1,373,310,871

Parent
Dec-2012

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	89,565,573	41,213,930	44,332,423	12,198,603	16,249,499	203,560,028	-	203,560,028
Derived from other business segments	(7,648,573)	6,136,007	(348,874)	1,507,478	353,962	-	-	-
Total revenue	81,917,000	47,349,937	43,983,549	13,706,081	16,603,461	203,560,028	-	203,560,028
Interest expenses	(18,978,128)	(5,065,364)	(8,147,878)	(1,670,720)	(3,163,749)	(37,025,839)	-	(37,025,839)
Fee and commission expenses	(208,127)	(643,274)	(382,573)	(154,321)	(120,620)	(1,508,915)	-	(1,508,915)
Net operating income	62,730,745	41,641,299	35,453,098	11,881,040	13,319,092	165,025,274	-	165,025,274
Expense:								
Operating expenses	(7,334,660)	(25,268,333)	(14,797,069)	(6,042,785)	(4,723,234)	(58,166,081)	-	(58,166,081)
Net impairment loss on financial assets	237,058	42,612	44,366	26,108	220,654	570,798	-	570,798
Depreciation and amortization	(2,802,508)	(2,660,633)	(1,629,521)	(559,925)	(400,156)	(8,052,743)	-	(8,052,743)
Total cost	(9,900,110)	(27,886,354)	(16,382,224)	(6,576,602)	(4,902,736)	(65,648,026)	-	(65,648,026)
Profit before income tax from reportable segments	52,830,635	13,754,945	19,070,874	5,304,438	8,416,356	99,377,248	-	99,377,248
Tax	(7,909,313)	(3,319,282)	(2,855,115)	(794,131)	(1,260,019)	(14,877,841)	-	(14,877,841)
Profit after income tax from reportable segments	44,921,322	10,435,663	16,215,759	4,510,307	7,156,337	84,499,407	-	84,499,407
Assets and liabilities:								
Total assets	875,522,596	186,871,487	375,029,197	53,043,646	129,850,297	1,620,317,223	-	1,620,317,223
Total liabilities	(390,973,779)	(455,630,281)	(241,797,108)	(114,617,092)	(129,145,333)	(1,332,163,593)	-	(1,332,163,593)
Net assets/ (liabilities)	484,548,817	(268,758,794)	133,232,089	(61,573,446)	704,964	288,153,630	-	288,153,630
Additions to Non-Current Assets								
	3,632,003	1,555,765	775,215	220,045	538,669	6,721,697	-	6,721,697
Assets:								
Loans and advances to banks	90,062	40,247	28,294	19,364	18	177,985	-	177,985
Loans and advances to customers	432,955,527	51,801,217	181,489,825	15,657,609	60,532,766	742,436,944	-	742,436,944
Others	442,477,007	135,030,023	193,511,078	37,366,673	69,317,513	877,702,294	-	877,702,294
	875,522,596	186,871,487	375,029,197	53,043,646	129,850,297	1,620,317,223	-	1,620,317,223
Liabilities:								
Deposits from banks	7,170,321	-	-	-	-	7,170,321	-	7,170,321
Deposits from customers	223,406,926	407,090,129	209,544,803	101,320,804	112,759,911	1,054,122,573	-	1,054,122,573
Others	160,396,532	48,540,152	32,252,305	13,296,288	16,385,422	270,870,699	-	270,870,699
	390,973,779	455,630,281	241,797,108	114,617,092	129,145,333	1,332,163,593	-	1,332,163,593

Parent
Dec-2011

In thousands of Nigerian Naira	Corporate Banking	Retail Banking	Commercial Banking	SME Banking	Public Sector Banking	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	77,979,358	33,715,067	34,095,905	7,459,386	6,129,663	159,379,379	-	159,379,379
Derived from other business segments	(6,235,073)	2,672,081	(968,917)	183,305	4,348,604	-	-	-
Total revenue	71,744,285	36,387,148	33,126,988	7,642,691	10,478,267	159,379,379	-	159,379,379
Interest expenses	(18,767,895)	(2,233,521)	(2,800,791)	(504,984)	(1,182,000)	(25,489,191)	-	(25,489,191)
Fee and commission expenses	(898,111)	(372,684)	(383,136)	(72,510)	(95,210)	(1,821,651)	-	(1,821,651)
Net operating income	52,078,279	33,780,943	29,943,061	7,065,197	9,201,057	132,068,537	-	132,068,537
Expense:								
Operating expenses	(10,375,197)	(22,415,136)	(11,691,856)	(4,361,112)	(5,028,094)	(53,871,395)	-	(53,871,395)
Net impairment loss on financial assets	(11,961,096)	(2,140,112)	(5,411,624)	(117,644)	(212,870)	(19,843,346)	-	(19,843,346)
Depreciation and amortization	(1,346,451)	(2,798,466)	(1,577,101)	(544,473)	(563,776)	(6,830,267)	-	(6,830,267)
Total cost	(23,682,744)	(27,353,714)	(18,680,581)	(5,023,229)	(5,804,740)	(80,545,008)	-	(80,545,008)
Profit before income tax from reportable segments	28,395,535	6,427,229	11,262,480	2,041,968	3,396,317	51,523,529	-	51,523,529
Tax	(7,723,421)	(1,491,877)	(2,614,227)	(473,978)	(788,347)	(13,091,850)	-	(13,091,850)
Profit after income tax from reportable segments	20,672,114	4,935,352	8,648,253	1,567,990	2,607,970	38,431,679	-	38,431,679
Assets and liabilities:								
Total assets	966,812,769	99,974,027	342,814,001	23,202,430	87,224,318	1,520,027,545	3,500,000	1,523,527,545
Total liabilities	(319,020,238)	(436,441,320)	(246,519,634)	(95,772,369)	(191,593,928)	(1,289,347,489)	-	(1,289,347,489)
Net assets/ (liabilities)	647,792,531	(336,467,293)	96,294,367	(72,569,939)	(104,369,610)	230,680,056	3,500,000	234,180,056
Additions to Non-Current Assets								
	2,061,742	1,626,270	2,381,325	437,306	505,342	7,011,985	-	7,011,985
Assets:								
Loans and advances to banks	50,850	72,760	35,006	-	-	158,616	-	158,616
Loans and advances to customers	432,155,943	44,343,120	153,217,563	10,649,280	38,993,013	679,358,919	-	679,358,919
Others	534,605,976	55,558,147	189,561,432	12,553,150	48,231,305	840,510,010	3,500,000	844,010,010
	966,812,769	99,974,027	342,814,001	23,202,430	87,224,318	1,520,027,545	3,500,000	1,523,527,545
Liabilities:								
Deposits from banks	21,636,242	-	-	-	-	21,636,242	-	21,636,242
Deposits from customers	238,145,735	325,666,471	184,024,688	71,224,128	143,425,270	962,486,292	-	962,486,292
Others	59,238,261	110,774,849	62,494,946	24,548,241	48,168,658	305,224,955	-	305,224,955
	319,020,238	436,441,320	246,519,634	95,772,369	191,593,928	1,289,347,489	-	1,289,347,489

7. Operating segments (Continued)

The following is an analysis of the Group's revenue and gains from continuing operations by products and services:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Bonds	14,920,243	10,314,462	13,736,007	9,759,881
Placements	4,650,276	17,561,206	4,281,179	16,616,988
Treasury Bills	40,081,468	18,623,186	36,900,157	17,621,868
Loans	155,792,573	130,673,120	143,427,140	123,647,183
Contingents	6,495,521	5,236,588	5,979,964	4,955,031
	221,940,081	182,408,562	204,324,447	172,600,951

Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities

Reconciliation of revenues

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Continuing Operations:				
Total revenue from reportable segments	221,265,744	170,211,792	203,560,028	159,379,379
Consolidation and adjustments:				
- Interest income	(95,349)	12,720	-	-
- Other operating income	(1,007)	-	-	-
Revenue from continuing operations	221,169,388	170,224,512	203,560,028	159,379,379
Discontinued Operations:				
Total revenue from reportable segments (See note 34)	653,126	7,593,962	-	-
Revenue from discontinued operations	653,126	7,593,962	-	-

Revenue from continuing operations as shown above is made up of:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Interest income	170,295,193	126,471,509	160,124,580	119,016,532
Fee and commission income	44,320,753	43,518,522	39,214,494	38,765,945
Net gains/(losses) on financial instruments classified as held for trading	3,940,524	6,843,478	2,339,332	4,878,110
Other operating income	3,383,611	5,575,053	2,646,041	9,940,364
Revenue and gains from continuing operations	221,940,081	182,408,562	204,324,447	172,600,951
Less gains:				
- Foreign exchange gain/(loss)	(1,002,061)	(2,594,672)	(1,003,068)	(2,606,825)
- Gain on disposal of fixed assets	(462,033)	(446,386)	(454,752)	(436,782)
- Net gains/(losses) on financial instruments classified as held for trading	-	(6,843,478)	-	(4,878,110)
- Profit on part-disposal of subsidiaries	-	-	-	(3,000,341)
- Net portfolio (loss)/gain on SMEEIS investments	693,401	(2,299,514)	693,401	(2,299,514)
Revenue from continuing operations	221,169,388	170,224,512	203,560,028	159,379,379

Reconciliation of operating expenses

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Continuing Operations:				
Total operating expense from reportable segments	65,888,724	60,566,655	58,166,081	53,871,395
Consolidation and adjustments:				
- Personnel expenses ¹	2,095,505	1,650,825	-	-
Operating expense from continuing operations	67,984,229	62,217,480	58,166,081	53,871,395
Discontinued Operations:				
Total Expense from reportable segments	155,568	5,098,186	-	-
Interest expense	288,992	538,059	-	-
Fee and commission expense	2,006	20,006	-	-
Net impairment loss on financial assets	-	150,072	-	-
Depreciation expense	8,523	189,848	-	-
Expense from discontinued operations (See Note34)	455,089	5,996,171	-	-

¹ Relates to share based payments during the period

Operating expense from continuing operations as shown above is made up of:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Personnel expenses (See Note17)	25,966,061	22,374,358	20,774,540	17,851,900
General and administrative expenses (See Note18)	22,405,475	21,621,110	20,285,783	19,779,440
Operating lease expenses	791,433	677,886	622,158	487,393
Other operating expenses (See Note20)	18,821,260	17,544,126	16,483,600	15,752,662
	67,984,229	62,217,480	58,166,081	53,871,395

Reconciliation of Profit or Loss

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Continuing Operations:				
Total profit or loss for reportable segments	104,449,091	51,534,261	99,377,248	51,523,529
Consolidation and adjustments:				
- Interest income	(95,349)	12,720	-	-
- Personnel expenses	(2,095,505)	(1,650,825)	-	-
- Other operating income	(1,007)	-	-	-
Gains:				
- Foreign exchange gain/(loss)	1,002,061	2,594,672	1,003,068	2,606,825
- Gain on disposal of fixed assets	462,033	446,386	454,752	436,782
- Net gains/(losses) on financial instruments				
- classified as held for trading	-	6,843,478	-	4,878,110
- Profit on part-disposal of subsidiaries	-	-	-	3,000,341
- Net portfolio (loss)/gain on SMEIS investments	(693,401)	2,299,514	(693,401)	2,299,514
Profit before income tax from continuing operations	103,027,923	62,080,206	100,141,667	64,745,101
Discontinued Operations:				
Total profit or loss for reportable segments (See note 34)	198,037	1,597,791	-	-
Gains on disposal of disposal group (See note 34)	411,040	2,766,712	-	-
Tax (See note 34)	-	(426,021)	-	-
Profit for the year from discontinued operations	609,077	3,938,482	-	-

Reconciliation of assets

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Continuing Operations:				
Total assets for reportable segments	1,736,465,577	1,600,610,386	1,620,317,223	1,520,027,545
Consolidation and adjustments	(1,587,717)	(1,736,941)	-	-
Total assets	1,734,877,860	1,598,873,445	1,620,317,223	1,520,027,545
Discontinued Operations:				
Total assets for reportable segments (See note 34)	-	9,779,201	-	3,500,000
Consolidation and adjustments	-	-	-	-
Total assets	-	9,779,201	-	3,500,000

Reconciliation of liabilities

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Continuing Operations:				
Total liabilities for reportable segments	1,444,096,681	1,367,190,892	1,332,163,593	1,289,347,489
Consolidation and adjustments	7,340,059	4,948,621	-	-
Total liabilities	1,451,436,740	1,372,139,513	1,332,163,593	1,289,347,489
Discontinued Operations:				
Total liabilities for reportable segments (See note 34)	-	6,119,979	-	-
Consolidation and adjustments	-	-	-	-
Total liabilities	-	6,119,979	-	-

During the 2012 financial year, the Bank improved its business focus by carving out Public sector and SME banking segments. In view of this, the basis of reporting the operating segments of the bank has been amended. In line with the requirements of IFRS 8 – Operating Segments, the comparative period of December 2011 have been restated to align with the December 2012 for ease of comparison with December 2011 operating segments.

Trading profits on FX and securities trading which were not allocated to specific segment in prior year have now been allocated to Treasury within the Corporate segment.

Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of West Africa (comprising Ghana, Gambia, Sierra Leone, Liberia and Cote d'Ivoire)
- Europe (UK and the Netherlands)

**Group
Dec-2012**

In thousands of Nigerian Naira	Nigeria	Rest of West Africa	Europe	Total Continuing Operations	Discontinued Operations Nigeria	Total
Derived from external customers	202,805,489	16,507,305	1,856,594	221,169,388	653,126	221,822,514
Derived from other segments	-	-	-	-	-	-
Total Revenue	202,805,489	16,507,305	1,856,594	221,169,388	653,126	221,822,514
Interest expense	(37,025,839)	(2,535,296)	(48,327)	(39,609,462)	(288,992)	(39,898,454)
Fee and commission expenses	(1,508,911)	(82,105)	-	(1,591,016)	(2,006)	(1,593,022)
Net revenue	164,270,739	13,889,904	1,808,267	179,968,910	362,128	180,331,038
Profit before income tax	97,290,619	5,527,150	210,154	103,027,923	609,077	103,637,000
Assets and liabilities:						
Total assets	1,581,762,722	93,145,843	59,969,295	1,734,877,860	-	1,734,877,860
Total liabilities	(1,257,951,938)	(72,639,162)	(120,845,640)	(1,451,436,740)	-	(1,451,436,740)
Net assets/(liabilities)	323,810,784	20,506,681	(60,876,345)	283,441,120	-	283,441,120

**Group
Dec-2011**

In thousands of Nigerian Naira	Nigeria	Rest of West Africa	Europe	Total Continuing Operations	Discontinued Operations Nigeria	Total
Derived from external customers	159,424,802	9,081,541	1,718,169	170,224,512	7,593,962	177,818,474
Derived from other segments	-	-	-	-	-	-
Total Revenue	159,424,802	9,081,541	1,718,169	170,224,512	7,593,962	177,818,474
Interest expense	(25,489,192)	(2,472,237)	(18,930)	(27,980,359)	(538,059)	(28,518,418)
Fee and commission expenses	(1,801,641)	(15,889)	-	(1,817,530)	(20,006)	(1,837,536)
Net revenue	132,133,969	6,593,415	1,699,239	140,426,623	7,035,897	147,462,520
Profit before income tax	58,697,774	3,180,272	202,160	62,080,206	3,938,482	66,018,688
Assets and liabilities:						
Total assets	1,485,392,854	72,013,419	41,467,172	1,598,873,445	9,779,201	1,608,652,646
Total liabilities	(1,149,371,112)	(56,366,461)	(166,401,940)	(1,372,139,513)	(6,119,979)	(1,378,259,492)
Net assets/(liabilities)	336,021,742	15,646,958	(124,934,768)	226,733,932	3,659,222	230,393,154

8. Financial assets and liabilities
Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

**Group
Dec-2012**

In thousands of Nigerian Naira	Note	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	23	-	-	-	322,989,480	-	-	322,989,480	322,989,428
Loans and advances to banks	24	-	-	-	4,864,824	-	-	4,864,824	5,072,973
Loans and advances to customers	25	-	-	-	779,050,018	-	-	779,050,018	799,108,444
Financial assets held for trading	26	271,073,896	-	-	-	-	-	271,073,896	271,073,896
Assets pledged as collateral	28	16,461,583	-	14,741,647	-	-	-	31,203,230	31,203,230
Investment securities	27	-	-	129,490,810	-	15,765,789	-	145,256,599	125,310,630
Other assets ¹	33	-	-	-	102,889,644	-	-	102,889,644	102,889,644
		287,535,479	-	144,232,457	1,223,693,440	15,765,789	-	1,657,327,691	1,657,648,245
Deposits from banks	35	-	-	-	-	-	23,860,259	23,860,259	24,360,329
Deposits from customers	36	-	-	-	-	-	1,148,197,165	1,148,197,165	1,148,432,653
Debt securities issued	37	-	-	-	-	-	86,926,227	86,926,227	86,037,028
Other borrowed funds	40	-	-	-	-	-	92,561,824	92,561,824	90,784,791
Other liabilities	38	-	-	-	-	-	80,972,096	80,972,096	80,972,096
		-	-	-	-	-	1,432,517,571	1,432,517,571	1,430,586,897

¹Excludes Prepayment

Financial assets and liabilities (Continued)

Group
Dec-2011

In thousands of Nigerian Naira	Note	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	23	-	-	-	368,282,477	-	-	368,282,477	368,282,477
Loans and advances to banks	24	-	-	-	158,616	-	-	158,616	193,456
Loans and advances to customers	25	-	-	-	706,893,133	-	-	706,893,133	683,396,557
Financial assets held for trading	26	173,297,556	-	-	-	-	-	173,297,556	173,297,556
Assets pledged as collateral	28	-	-	-	-	45,588,084	-	45,588,084	45,588,084
Investment securities	27	-	-	161,196,356	-	3,744,970	-	164,941,326	151,913,446
Other assets ¹	33	-	-	-	65,193,134	-	-	65,193,134	65,193,134
		173,297,556	-	161,196,356	1,140,527,360	49,333,054	-	1,524,354,326	1,487,864,710
Deposits from banks	35	-	-	-	-	-	37,229,029	37,229,029	37,229,029
Deposits from customers	36	-	-	-	-	-	1,026,119,419	1,026,119,419	1,026,814,547
Debt securities issued	37	-	-	-	-	-	145,767,516	145,767,516	141,683,849
Other borrowed funds	40	-	-	-	-	-	93,230,139	93,230,139	90,024,380
Other liabilities	38	-	-	-	-	-	52,323,162	52,323,162	52,323,162
		-	-	-	-	-	1,354,669,265	1,354,669,265	1,348,074,967

¹Excludes Prepayment

Financial assets and liabilities (Continued)

Parent

Dec-2012

In thousands of Nigerian Naira	Note	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	23	-	-	-	256,433,560	-	-	256,433,560	256,433,560
Loans and advances to banks	24	-	-	-	177,985	-	-	177,985	178,001
Loans and advances to customers	25	-	-	-	742,436,944	-	-	742,436,944	762,681,419
Financial assets held for trading	26	267,417,182	-	-	-	-	-	267,417,182	267,417,182
Assets pledged as collateral	28	16,461,583	-	14,741,647	-	-	-	31,203,230	31,203,230
Investment securities	27	-	-	118,897,917	-	10,138,761	-	129,036,678	113,036,678
Other assets ¹	33	-	-	-	101,660,574	-	-	101,660,574	101,660,574
		283,878,765	-	133,639,564	1,100,709,063	10,138,761	-	1,528,366,153	1,532,610,644
Deposits from banks	35	-	-	-	-	-	7,170,321	7,170,321	7,670,445
Deposits from customers	36	-	-	-	-	-	1,054,122,573	1,054,122,573	1,054,358,017
Debt securities issued	37	-	-	-	-	-	13,238,291	13,238,291	12,349,074
Other borrowed funds	40	-	-	-	-	-	169,194,418	169,194,418	169,005,105
Other liabilities	38	-	-	-	-	-	69,872,456	69,872,456	69,872,456
		-	-	-	-	-	1,313,598,059	1,313,598,059	1,313,255,097

¹Excludes Prepayment

Financial assets and liabilities (Continued)

Parent
Dec-2011

In thousands of Nigerian Naira	Note	Held for trading	Designated at fair value	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	23	-	-	-	330,294,424	-	-	330,294,424	330,294,424
Loans and advances to banks	24	-	-	-	158,616	-	-	158,616	193,456
Loans and advances to customers	25	-	-	-	679,358,919	-	-	679,358,919	682,862,343
Financial assets held for trading	26	151,819,087	-	-	-	-	-	151,819,087	151,819,087
Assets pledged as collateral	28	-	-	-	-	45,588,084	-	45,588,084	45,588,084
Investment securities	27	-	-	163,914,120	-	3,744,970	-	167,659,090	154,631,210
Other assets ¹	33	-	-	-	61,945,245	-	-	61,945,245	61,945,245
		151,819,087	-	163,914,120	1,071,757,204	49,333,054	-	1,436,823,465	1,427,333,849
Deposits from banks	35	-	-	-	-	-	21,636,242	21,636,242	21,636,242
Deposits from customers	36	-	-	-	-	-	962,486,292	962,486,292	963,181,420
Debt securities issued	37	-	-	-	-	-	13,233,169	13,233,169	9,378,575
Other borrowed funds	40	-	-	-	-	-	229,647,220	229,647,220	222,329,654
Other liabilities	38	-	-	-	-	-	45,275,666	45,275,666	45,275,666
				-	-	-	1,272,278,589	1,272,278,589	1,261,801,557

¹Excludes Prepayment

Accounting classification measurement basis

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modeling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and prices.

9 Interest income

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Loans and advances to banks	276,329	3,076	13,678	3,076
Loans and advances to customers	113,977,110	88,486,780	107,203,241	84,025,468
	114,253,439	88,489,856	107,216,919	84,028,544
Cash and cash equivalents	5,338,453	10,310,115	4,316,174	9,621,115
Financial assets held for trading	29,988,581	23,073,110	29,979,434	20,768,445
Investment securities:				
– Available for sale	731,076	-	731,076	-
– Held to maturity	17,746,075	2,841,797	15,643,408	2,841,797
Assets pledged as collateral	2,237,569	1,756,631	2,237,569	1,756,631
	170,295,193	126,471,509	160,124,580	119,016,532
Geographical location				
Interest income earned in Nigeria	158,666,324	114,034,584	158,761,673	113,114,477
Interest income earned outside Nigeria	11,628,869	12,436,925	1,362,907	5,902,055
	170,295,193	126,471,509	160,124,580	119,016,532

Interest income for the period ended 31 December 2012 includes N4,203,173,000 (December 2011: N1,563,831,000) accrued on impaired financial assets.

10 Interest expense

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Deposit from banks	1,042,097	589,194	377,771	431,710
Deposit from customers	28,246,392	16,533,794	26,457,147	14,288,989
	29,288,489	17,122,988	26,834,918	14,720,699
Other borrowed funds	2,780,114	477,085	8,413,207	8,991,217
Debt securities	7,540,859	10,380,286	1,777,714	1,777,275
Total interest expense	39,609,462	27,980,359	37,025,839	25,489,191
Geographical location				
Interest expense paid in Nigeria	29,168,483	16,723,556	29,213,853	16,566,501
Interest expense paid outside Nigeria	10,440,979	11,256,803	7,811,986	8,922,690
	39,609,462	27,980,359	37,025,839	25,489,191

11 Loan impairment charges

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Loans and advances to banks (Note 24)	9	-	9	1
Increase in collective impairment	8	-	8	-
Increase in specific impairment	1	-	1	1
Loans and advances to customers (Note 25)	738,777	19,512,917	(667,676)	18,661,991
Increase in collective impairment	1,135,156	6,960,891	966,633	4,397,535
Increase in specific impairment ¹	4,437,951	15,094,896	2,652,758	16,807,429
Reversal of collective impairment	(3,224,950)	-	(3,176,657)	-
Reversal of specific impairment	(1,124,026)	-	(841,268)	-
Amounts written off during the year as uncollectible	40,899	715,425	2,415	715,322
Income received on claims previously written off	(526,253)	(3,258,295)	(271,557)	(3,258,295)
Impairment charges on loans and advances transferred to discontinued operations	-	(9,505)	-	-
	738,786	19,503,412	(667,667)	18,661,992

¹The reduction in specific impairment is a reflection of the improvement in the Loan book of the Bank and changes to its top 100 obligors in the 2012 financial year.

12 Fee and commission income

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Credit related fees and commissions	9,472,654	8,384,666	8,032,200	9,401,258
Commission on turnover	15,779,497	14,695,736	15,218,176	14,202,772
Corporate finance fees	419,999	910,821	420,022	910,821
Commission on foreign exchange deals	4,612,690	4,916,113	4,612,690	4,041,877
Income from financial guarantee contracts issued	5,898,025	6,089,428	4,933,680	4,955,031
Other fees and commissions ¹	8,137,888	8,521,758	5,997,726	5,254,186
	44,320,753	43,518,522	39,214,494	38,765,945

¹ Other fees and commissions include card related income and other e-channel income.

13 Fee and commission expense

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Bank charges	688,352	855,708	688,352	855,708
Other fees and commission expense ¹	902,664	981,828	820,563	965,943
	1,591,016	1,837,536	1,508,915	1,821,651

¹Largely comprises loan recovery expenses

14 Net gains/(losses) on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Bonds trading	72,326	359,941	72,326	359,941
Treasury bills trading	294,383	258,344	294,383	258,344
Equities/properties trading	-	11,122	-	-
Foreign exchange	3,573,815	6,214,071	1,972,623	4,259,825
Net trading income	3,940,524	6,843,478	2,339,332	4,878,110

15 Other income

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Mark to market gains on trading investments	1,223,216	(11,475)	1,223,216	(11,475)
Foreign exchange gain/(loss)	1,002,061	2,594,672	1,003,068	2,606,825
Gain on disposal of fixed assets	462,033	446,386	454,752	436,782
Profit on disposal of subsidiaries	-	-	-	3,000,341
Net portfolio (loss)/gain on SMEEIS investments	(693,401)	2,299,514	(693,401)	2,299,514
Dividends income	139,934	245,956	658,406	1,608,377
Other income	1,249,768	-	-	-
	3,383,611	5,575,053	2,646,041	9,940,364

16 Net impairment loss on other financial assets

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Impairment charges on other assets	20,946	-	20,946	-
Other assets balances written off during the year as uncollectible	75,923	-	75,923	-
Impairment charges on equity investments	-	1,181,354	-	1,181,354
Impairment charges on insurance receivable	-	140,567	-	-
Impairment charges on insurance receivable transferred to discontinued operations	-	(140,567)	-	-
	96,869	1,181,354	96,869	1,181,354

17 Personnel expenses

(a) In thousands of Nigerian Naira	Note	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Wages and salaries		20,756,986	20,209,524	18,197,947	17,427,109
Contributions to defined contribution plans		805,873	643,554	708,316	554,336
Defined benefit costs	39	1,709,481	(297,413)	1,709,481	(297,413)
Cash-settled share-based payments (see 17(b) below)		2,095,505	1,650,825	-	-
Other staff cost ¹		598,216	167,868	158,796	167,868
		25,966,061	22,374,358	20,774,540	17,851,900

¹Staff loans

Staff received loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the PV of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit which is amortised to personnel expense (included in other staff cost) over the life of the loan.

Cash- settled share-based payments

The Group operates a cash-settled share based compensation plan (share appreciation rights (SARs)) for its management personnel. The management personnel are entitled to the share appreciation rights after spending five years in the Bank. The amount of cash payment is determined based on the fair value of the shares of the Bank. The details of SARs granted at the reporting date are provided below:

	Number of shares
In thousands	
SARs granted to senior management employees at 31 December 2012	428,420
SARs granted to senior management employees at 31 December 2011	427,280

(b) Employee expenses for share-based payments

In thousands of Nigerian Naira	Note	Group Dec-2012	Group Dec-2011
Effect of changes in the fair value of SARs		897,258	(121,772)
Expense from rights exercised during the year		615,022	1,151,856
Dividend payment to members of the scheme		583,225	620,741
Total expense recognized as personnel expenses		2,095,505	1,650,825

In thousands of Nigerian Naira	Note	Group Dec-2012	Group Dec-2011
Total carrying amount of liabilities for cash-settled arrangements	38	7,340,059	4,985,189

The carrying amount of liabilities for cash-settled share based payments includes:

In thousands of Nigerian Naira	Note	Group Dec-2012	Group Dec-2011
Balance, beginning of year		4,985,189	4,997,014
Effect of changes in fair value of SAR at year end		897,258	(121,772)
Options exercised during the year		(122,926)	(169,668)
Share rights granted during the year		1,580,538	279,615
Balance, end of year	38	7,340,059	4,985,189

(l) The average number of persons employed during the year was as follows:

	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Executive directors	6	6	6	6
Management	127	132	56	56
Non-management	3,614	3,427	2,757	2,591
	3,747	3,565	2,819	2,653

(l) The average number of persons employed during the year is shown below:

	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Abuja Commercial Banking Division	32	28	32	28
Abuja Public Sector Division	44	39	44	39
Communication and External Affairs	77	75	20	18
International Banking Group and Group				
Coordination & Planning	62	47	45	34
Corporate Services Division	155	137	100	103
E-Business Division	103	60	64	60
Enterprise Risk Management Division	96	86	80	77
Human Resources	26	22	26	22
Institutional Banking Division	173	179	163	146
Lagos Island Division	69	66	69	66
Lagos Island Retail Division	85	80	85	80
Lagos Mainland Division	120	121	120	121
Lagos Mainland Retail Division	75	68	75	68
North East Division	45	43	45	43
North West Division	53	46	53	46
Operations Division	222	223	222	197
Public Sector South West & Agric Division	22	21	22	21
Retail Abuja Division	49	44	49	44
Retail South East Division	72	75	72	75
Retail South West Division	82	82	82	82
SME Abuja Division	21	22	21	22
SME Lagos Island	23	19	23	19
SME Lagos Mainland	22	23	22	23
SME South East Division	18	19	18	19
South East Division	40	45	40	45
South South Division	56	52	56	52
Systems and Control Division	109	108	88	88
Technology Division	120	76	87	76
Transaction Services	1,226	1,243	963	910
Wholesale Banking Division	33	29	33	29
Commercial Banking Subsidiaries	40	44	-	-
Retail Subsidiaries	89	129	-	-
Public Sector Subsidiaries	10	-	-	-
Others	278	214	-	-
	3,747	3,565	2,819	2,653

(iii) Average number of employees other than directors, earning more than N720,000 per annum, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
N720,001 - N1,400,000	705	781	-	-
N1,400,001 - N2,050,000	76	39	13	13
N2,190,001 - N2,330,000	41	26	2	2
N2,330,001 - N2,840,000	12	-	-	-
N2,840,001 - N3,000,000	13	-	-	-
N3,030,001 - N3,830,000	863	770	810	756
N3,830,001 - N4,530,000	6	6	-	-
N4,530,001 - N5,930,000	540	535	540	526
N6,300,001 - N6,800,000	542	476	501	466
N6,800,001 - N7,300,000	19	9	-	-
N7,300,001 - N7,800,000	361	354	406	354
N7,800,001 - N8,600,000	6	287	-	-
N8,600,001 - N11,800,000	381	99	266	271
Above N11,800,000	176	177	275	259
	3,741	3,559	2,813	2,647

18 General and administrative expenses

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Stationery and postage	2,200,561	2,285,874	2,038,902	2,144,065
Business travel expenses	816,300	927,521	726,987	806,740
Advert, promotion and corporate gifts	5,066,234	4,994,580	4,764,918	4,769,599
Repairs and maintenance	3,463,020	3,804,557	3,199,274	3,588,275
Occupancy costs	3,963,894	3,440,205	3,279,161	2,841,723
Directors' emoluments	344,933	466,955	227,753	382,860
Contract services	6,550,533	5,701,418	6,048,785	5,246,178
	22,405,475	21,621,110	20,285,783	19,779,440

19 Depreciation and amortisation

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Amortisation of intangible assets (see note 31)	352,519	743,080	417,761	672,794
Depreciation of property, plant and equipment (see note 30)	8,539,277	7,054,983	7,634,982	6,157,473
Depreciation and amortisation transferred to discontinued operation	-	(189,848)	-	-
	8,891,796	7,608,215	8,052,743	6,830,267

20 Other operating expenses

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Finance costs	250,423	280,164	250,423	280,164
Deposit insurance premium	4,582,074	3,426,265	4,575,674	3,426,265
Other insurance premium	452,196	1,154,702	420,060	1,089,398
Auditors' remuneration ¹	320,931	285,424	252,000	228,062
Professional fees and other consulting costs	1,163,042	788,317	1,029,945	682,692
AMCON expenses	3,983,159	3,200,288	3,983,159	3,200,288
Others ²	8,069,435	8,408,966	5,972,339	6,845,793
	18,821,260	17,544,126	16,483,600	15,752,662

¹ Auditor's remuneration represents fees for half and full year audit of the Group and Parent for the year ended 31 December 2012

² Included in others are communication expenditures, training, transportation and allowances paid to NYSC Corpers and Interns.

21 Income tax expense

Recognised in the Income statement

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Current tax expense:				
Company income tax	13,488,588	13,129,252	11,873,631	11,722,584
Education Tax	1,008,899	974,718	1,008,899	962,218
NITDA Levy	1,001,417	620,790	1,001,417	620,790
Current year tax expense transferred to discontinued operations	-	(391,384)	-	-
	15,498,904	14,333,376	13,883,947	13,305,592
Prior year's under provision	1,456,170	455,077	1,456,170	454,751
Deferred tax expense:				
Origination of temporary differences- Prior Year	(614,031)	(476,748)	(462,276)	(668,493)
Deferred tax expense transferred to disposal group	-	(34,637)	-	-
	16,341,043	14,277,068	14,877,841	13,091,850

Reconciliation of effective tax rate
Group

In thousands of Nigerian Naira	Dec-2012	Dec-2012	Dec-2011	Dec-2011
Profit before income tax	103,027,923		62,080,206	
Income tax using the domestic corporation tax rate	30,908,377	30.0%	18,624,062	30.0%
Effect of tax rates in foreign jurisdictions	597,325	0.6%	-	0.0%
Tax reliefs/WHT Credits	(546,643)	-0.5%	-	0.0%
Net capital allowance	(3,175,486)	-3.1%	(4,769,175)	-7.7%
Non-deductible expenses	2,782,580	2.7%	4,375,336	7.0%
Education/NITDEF tax levy	2,010,316	2.0%	1,608,355	2.6%
Tax exempt income	(17,691,596)	-17.2%	(5,590,566)	-9.0%
Under provision in prior years	1,456,170	1.4%	455,077	0.7%
Income taxes for discontinued operations	-	0.0%	(426,021)	-0.7%
Total income tax expense in comprehensive income	16,341,043	15.9%	14,277,068	23.0%

Reconciliation of effective tax rate
Parent

In thousands of Nigerian Naira	Dec-2012	Dec-2012	Dec-2011	Dec-2011
Profit before income tax	100,141,667		64,745,101	
Income tax using the domestic corporation tax rate	30,042,500	30.0%	19,423,530	30.0%
Tax reliefs/WHT Credits	(546,643)	-0.5%	-	0.0%
Net capital allowance	(3,175,486)	-3.1%	(4,960,920)	-8.0%
Non-deductible expenses	2,782,580	2.7%	4,375,336	7.0%
Education/NITDEF tax levy	2,010,316	2.0%	1,608,355	2.6%
Tax exempt income	(17,691,596)	-17.2%	(7,809,528)	-12.6%
Under provision in prior years	1,456,170	1.4%	455,077	0.7%
Total income tax expense in comprehensive income	14,877,841	15.3%	13,091,850	19.8%

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Income tax relating to Foreign currency translation differences for foreign operations	(812,032)	59,818	-	-
Income tax relating to Net change in fair value of available for sale financial assets	438,955	(790,890)	379,137	(731,072)
	(373,077)	(731,072)	379,137	(731,072)

(b) Current income tax payable

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

In thousands of Nigerian Naira	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Balance, beginning of the year	14,062,596	9,529,921	13,760,343	8,686,276
Exchange difference on translation	(174,364)	(19,380)	-	-
Charge for the year	15,498,904	14,724,760	13,883,947	13,305,592
Payments during the year	(15,212,334)	(9,841,957)	(13,760,345)	(8,686,276)
Prior year under-provision	1,456,171	455,077	1,456,171	454,751
Liabilities classified as held for sale	-	(200,171)	-	-
Liabilities of subsidiaries disposed	-	(585,654)	-	-
Balance, end of the year	15,630,973	14,062,596	15,340,116	13,760,343

22 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit attributable to ordinary shareholders of N86,398,355,000 and a weighted average number of ordinary shares outstanding of 28,260,504,993 and it is calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011
Net profit attributable to equity holders of the Company	86,398,355	47,516,359
Net profit used to determine basic earnings per share	86,398,355	47,516,359

Number of ordinary shares

In thousands of Shares	Group Dec-2012	Group Dec-2011
Weighted average number of ordinary shares in issue	28,260,505	28,155,756
Basic earnings per share (expressed in naira per share)	3.06	1.69

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

In thousands of Shares	Group Dec-2012	Group Dec-2011
Weighted average number of ordinary shares in issue	28,260,505	28,155,756
Adjustment for:		
-Bonus element on conversion of convertible debt	-	-
-Share options	-	-
Weighted average number of ordinary shares for diluted earnings per share	28,260,505	28,155,756
Diluted earnings per share (expressed in naira per share)	3.06	1.69

Basic Earnings Per Share (Basic EPS) - Discontinued operations

	Group Dec-2012	Group Dec-2011
Weighted average number of ordinary shares in issue	28,260,505	28,155,756
Profit for the year from discontinued operations	559,780	3,687,379
Basic earnings per share (expressed in naira per share)	0.02	0.13

The Group does not have any dilutive potential ordinary shares. Therefore the basic EPS and diluted EPS for discontinued operations are the same for the Group

In thousands of Shares	Group Dec-2012	Group Dec-2011
Weighted average number of ordinary shares in issue	28,260,505	28,155,756
Adjustment for:		
-Bonus element on conversion of convertible debt	-	-
-Share options	-	-
Weighted average number of ordinary shares for diluted earnings per share	28,260,505	28,155,756
Profit for the year from discontinued operations	559,780	3,687,379
Diluted earnings per share (expressed in naira per share)	0.02	0.13

Profit attributable to:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011
Equity holders of the parent entity (total)	86,958,135	51,203,738
– Profit for the year from continuing operations	86,398,355	47,516,359
– Profit for the year from discontinued operations	559,780	3,687,379

23 Cash and cash equivalents

(a) In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Group Dec-2012	Group Dec-2011
Cash in hand	40,740,209	34,863,482	23,406,726	30,662,705
Balances held with other banks	120,706,024	91,348,171	74,806,177	94,696,497
Unrestricted balances with central banks	14,116,151	21,056,358	7,691,952	18,067,430
Money market placements	147,427,096	221,014,466	150,528,705	186,867,792
	322,989,480	368,282,477	256,433,560	330,294,424

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

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Cash and cash equivalents of continuing operations	322,989,480	368,282,477	256,433,560	330,294,424
Cash and cash equivalents classified as held for sale	-	822,742	-	-
	322,989,480	369,105,219	256,433,560	330,294,424

24 Loans and advances to banks

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Loans and advances to banks	4,865,065	198,141	178,226	198,141
Less specific allowances for impairment	(3)	(39,365)	(3)	(39,365)
Less collective allowances for impairment	(238)	(160)	(238)	(160)
	4,864,824	158,616	177,985	158,616
Current	4,864,824	102,017	177,985	102,017
Non-current	-	56,599	-	56,599

Reconciliation of allowance accounts for losses on loans and advances to banks

Group	Dec-2012			Dec-2011		
	In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment
Balance at 1 January	39,365	160	39,525	36,085	78	36,163
Increase in impairment allowances	1	8	9	-	-	-
Reclassifications	(39,363)	70	(39,293)	3,280	82	3,362
	3	238	241	39,365	160	39,525

Parent	Dec-2012			Dec-2011		
	In thousands of Nigerian Naira	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment
Balance at 1 January	39,365	160	39,525	36,085	78	36,163
Increase in impairment allowances	1	8	9	1	-	1
Reclassifications	(39,363)	70	(39,293)	3,279	82	3,361
	3	238	241	39,365	160	39,525

25 Loans and advances to customers

Group
Dec-2012

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	54,567,237	(901,973)	(151,058)	(1,053,031)	53,514,206
Loans to Non-individuals	743,745,066	(14,911,699)	(3,297,555)	(18,209,254)	725,535,812
	798,312,303	(15,813,672)	(3,448,613)	(19,262,285)	779,050,018

Group
Dec-2011

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	40,769,236	(556,597)	(59,788)	(616,385)	40,152,851
Loans to Non-individuals	691,983,445	(16,191,120)	(9,052,043)	(25,243,163)	666,740,282
	732,752,681	(16,747,717)	(9,111,831)	(25,859,548)	706,893,133

**Parent
Dec-2012**

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	41,102,736	(594,416)	(128,533)	(722,949)	40,379,787
Loans to Non-individuals	718,154,307	(12,976,805)	(3,120,345)	(16,097,150)	702,057,157
	759,257,043	(13,571,221)	(3,248,878)	(16,820,099)	742,436,944

**Parent
Dec-2011**

In thousands of Nigerian Naira	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	40,769,236	(556,597)	(59,788)	(616,385)	40,152,851
Loans to Non-individuals ¹	661,912,546	(16,191,120)	(6,515,358)	(22,706,478)	639,206,068
	702,681,782	(16,747,717)	(6,575,146)	(23,322,863)	679,358,919

¹Include loans to corporate entities and other organisations

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Current	424,018,577	384,312,103	407,313,799	356,777,889
Non-current	355,031,441	322,581,030	335,123,145	322,581,030

Reconciliation of allowance accounts for losses on loans and advances to individuals

Group

In thousands of Nigerian Naira	Dec-2012			Dec-2011		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	556,597	59,788	616,385	1,856,951	41,815	1,898,766
Foreign currency translation and other adjustments	(10,780)	(764)	(11,544)	(811)	423	(388)
Increase in impairment allowances	530,387	42,445	572,832	1,455,497	19,655	1,475,152
Reversal of impairment	(145,621)	(14,015)	(159,636)	-	-	-
Reclassifications	128,175	63,604	191,779	-	-	-
Write offs	(156,785)	-	(156,785)	(2,755,040)	(2,105)	(2,757,145)
Balance, end of period	901,973	151,058	1,053,031	556,597	59,788	616,385

Parent

In thousands of Nigerian Naira	Dec-2012			Dec-2011		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	556,597	59,788	616,385	1,856,951	41,815	1,898,766
Foreign currency translation and other adjustments	-	-	-	24	-	24
Increase in impairment allowances	142,500	5,141	147,641	1,454,662	20,078	1,474,740
Reversal of impairment	(139,312)	-	(139,312)	-	-	-
Reclassifications	128,175	63,604	191,779	-	-	-
Write offs	(93,544)	-	(93,544)	(2,755,040)	(2,105)	(2,757,145)
Balance, end of the year	594,416	128,533	722,949	556,597	59,788	616,385

Reconciliation of allowance accounts for losses on Loans to non - individuals Group

In thousands of Nigerian Naira	Dec-2012			Dec-2011		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	16,191,120	9,052,043	25,243,163	28,111,889	2,381,377	30,493,266
Reversal of impairment	(978,405)	(3,210,935)	(4,189,340)	-	-	-
Foreign currency translation and other adjustments	(213,475)	(12,465)	(225,940)	(12,285)	24,094	11,808
Increase in impairment allowances	3,907,564	1,092,703	5,000,267	13,639,398	6,941,236	20,580,635
Reclassifications	(3,646,412)	(1,179,840)	(4,826,252)	-	(243,476)	(243,476)
Write offs	(348,693)	(2,443,951)	(2,792,644)	(25,480,787)	-	(25,480,787)
Impairment transferred to discontinued operations	-	-	-	(67,095)	(51,188)	(118,283)
Balance, end of the year	14,911,699	3,297,555	18,209,254	16,191,120	9,052,043	25,243,163

Parent

In thousands of Nigerian Naira	Dec-2012			Dec-2011		
	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment	Specific allowance for impairment	Collective allowance for impairment	Total allowance for impairment
Balance at 1 January	16,191,120	6,515,358	22,706,478	28,111,889	2,381,377	30,493,266
Foreign currency translation and other adjustments	-	-	-	359	-	359
Increase in impairment allowances	2,510,258	961,484	3,471,742	15,352,767	4,377,457	19,730,224
Reversal of impairment	(701,956)	(3,176,657)	(3,878,613)	-	-	-
Reclassifications	(3,646,412)	(1,179,840)	(4,826,252)	-	-	-
Write offs	(1,376,205)	-	(1,376,205)	(27,273,895)	(243,476)	(27,517,371)
Balance, end of the year	12,976,805	3,120,345	16,097,150	16,191,120	6,515,358	22,706,478

Reclassifications relates to reversals done between the two (2) classes of impairment for proper presentation. This resulted from movement in exposures which were initially assessed under collective impairment in prior year but which were subsequently re-assessed under specific impairment in the current year. They are not provisions no longer required.

26 Financial assets held for trading

(a) In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Trading bonds (see note 26(b) below)	4,550,387	4,510,813	4,550,387	4,352,091
Trading treasury bills (see note 26(c) below)	266,523,509	168,786,743	262,866,795	147,466,996
	271,073,896	173,297,556	267,417,182	151,819,087
Current	271,019,064	168,786,745	267,362,350	147,308,276
Non-current	54,832	4,510,811	54,832	4,510,811

(b) Trading bonds are analysed below:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
3rd FGN Bond Series 14 (12.74%)	1,064,137	1,076,244	1,064,137	1,076,244
4th FGN Bond Series 9 (9.35%)	7,486	6,394	7,486	6,394
4th FGN Bond Series 10 (9.50%)	-	51,650	-	51,650
5th FGN Bond Series 1 (9.45%)	55,675	48,585	55,675	48,585
5th FGN Bond Series 4 (10.5%)	29,623	27,320	29,623	27,320
6th FGN Bond Series 3 (12.49%)	47,345	42,520	47,345	42,520
6th FGN Bond Series 4 (7%)	-	40,998	-	40,998
7th FGN Bond Series 1 (5.5%)	460	89,847	460	89,847
7th FGN Bond Series 3 (10%)	-	76,210	-	76,210
7th FGN Bond Series 2 (4.00%)	4	-	4	-
AMCON Bond	3,345,657	2,892,323	3,345,657	2,892,323
Treasury bearer bonds	-	158,722	-	-
	4,550,387	4,510,813	4,550,387	4,352,091

(c) Trading treasury bills is analysed below:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Nigerian treasury bills' maturities:				
12-January-2012	-	5,838,966	-	5,838,966
26-January-2012	-	6,441,089	-	6,441,089
09-February-2012	-	3,223,935	-	3,223,935
23-February-2012	-	2,933,640	-	2,933,640
08-March-2012	-	3,477,749	-	3,477,749
22-March-2012	-	11,720,661	-	11,720,661
29-March-2012	-	6,775,142	-	6,775,142
05-April-2012	-	7,819,150	-	7,819,150
12-April-2012	-	733,163	-	733,163
19-April-2012	-	9,127,372	-	9,127,372
26-April-2012	-	15,413,620	-	15,413,620
03-May-2012	-	1,292	-	1,292
10-May-2012	-	8,235,377	-	8,235,377
24-May-2012	-	19,896,496	-	19,896,496
07-June-2012	-	3,272,703	-	3,272,703
21-June-2012	-	9,231,314	-	9,231,314
28-June-2012	-	6,449,661	-	6,449,661
12-July-2012	-	6,311,428	-	6,311,428
09-August-2012	-	11,172	-	11,172
06-September-2012	-	536	-	536
27-September-2012	-	44	-	44
04-October-2012	-	10,243,736	-	10,243,736
11-October-2012	-	15,150	-	15,150
25-October-2012	-	1,739	-	1,739
08-November-2012	-	8,592,838	-	8,592,838
22-November-2012	-	-	-	2,657
06-December-2012	-	1,694,729	-	1,694,729
20-December-2012	-	1,637	-	1,637
17-January-2013	16,380,175	-	16,380,175	-
03-January-2013	28,727,232	-	28,727,232	-
31-January-2013	26,446,153	-	26,446,153	-
19-December-2013	1,107,229	-	1,107,229	-
14-February-2013	6,146,761	-	6,146,761	-
18-April-2013	2,642,295	-	2,642,295	-
24-January-2013	21,256,695	-	21,256,695	-
28-March-2013	16,559,313	-	16,559,313	-
04-April-2013	14,976,205	-	14,976,205	-
21-February-2013	10,585,415	-	10,585,415	-

Trading treasury bills is analysed below: (Continued)

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
06-June-2013	262,737	-	262,737	-
25-April-2013	15,525,887	-	15,525,887	-
08-August-2013	232,248	-	232,248	-
05-December-2013	200,597	-	200,597	-
10-January-2013	5,164,365	-	5,164,365	-
07-February-2013	6,311,208	-	6,311,208	-
07-March-2013	828,021	-	828,021	-
14-March-2013	24,440,891	-	24,440,891	-
28-February-2013	4,929,327	-	4,929,327	-
27-June-2013	31,071	-	31,071	-
21-March-2013	34,517,833	-	34,517,833	-
11-April-2013	25,591,236	-	25,591,236	-
09-May-2013	3,676	-	3,676	-
23-May-2013	225	-	225	-
Non-Nigerian treasury bills	3,656,714	21,322,404	-	-
	266,523,509	168,786,743	262,866,795	147,466,996

27 Investment securities

(a) In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
(i) Available for sale investment securities				
Treasury bills	5,622,398	-	-	-
Bonds	7,303,799	-	7,303,799	-
Equity securities (See note 27 (c) below)	-	59,186	-	59,186
Unquoted equity securities at cost (see note 27(d) below)	6,303,755	6,380,410	6,299,125	6,380,410
	19,229,952	6,439,596	13,602,924	6,439,596
Specific impairment for equities (see note 27(b) below)	(3,464,163)	(2,694,626)	(3,464,163)	(2,694,626)
Total available for sale investment securities	15,765,789	3,744,970	10,138,761	3,744,970
Held to maturity investment securities				
Bonds	7,896,407	18,328,696	5,308,197	15,362,320
Treasury bills	50,347,387	75,220,844	38,412,656	75,220,844
AMCON bond (see note 27(e) below)	68,527,540	62,562,532	68,527,540	62,562,532
Corporate bond (See note 27(a) (ii) below)	2,719,476	5,084,284	6,649,524	10,768,424
Total held to maturity investment securities	129,490,810	161,196,356	118,897,917	163,914,120
Total investment securities	145,256,599	164,941,326	129,036,678	167,659,090
Current	93,189,851	80,453,246	77,049,643	83,171,010
Non-current	52,066,748	84,488,080	51,987,035	84,488,080

- ii. The amount represents the total value of investment in corporate bonds. Of this amount, the sum of N2,700,000,000 (December 2011: N3,000,000,000) represents 5 year 12% Fixed Rate Senior Unsecured Bonds issued by Flour Mills of Nigeria Plc to the Bank. Also included under Parent's investment in corporate bonds is the sum of N3,930,048,000 (USD 25,162,375) (December 2011: N5,684,140,000 (USD: 35,498,141)) invested in Eurobond issued by GTBV.

(b) Specific impairment for equities

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Balance at 1 January	2,694,626	1,329,627	2,694,626	1,329,627
- Charge for the year	769,537	1,364,999	769,537	1,364,999
Balance, end of the year	3,464,163	2,694,626	3,464,163	2,694,626

- (c). Equity securities in note 27(a) above relates to the Group's investment in AP shares which was disposed in the current financial year.

(d) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- Sokoa Chair Centre	61,288	61,288	61,288	61,288
- TerraKulture Ltd	469,999	469,999	469,999	469,999
- Tinapa Business Resort	500,000	500,000	500,000	500,000
- Iscare Nigeria Ltd	40,000	40,000	40,000	40,000
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- 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 Ltd	20,000	20,000	20,000	20,000
- 3 Peat Investment Ltd	1,016,032	1,016,032	1,016,032	1,016,032
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- CRC Credit Bureau	61,111	61,111	61,111	61,111
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
- Thai Farm International Limited	-	81,285	-	81,285
Cost of SMEEIS investment	5,212,945	5,294,230	5,212,945	5,294,230
Less specific impairment for equities	(3,199,962)	(2,430,426)	(3,199,962)	(2,430,426)
Carrying value of SMEEIS investment	2,012,983	2,863,804	2,012,983	2,863,804
Other unquoted equity investment:				
- Kakawa Discount House Limited	34,100	34,100	34,100	34,100
- Unified Payment Services Limited ¹	90,153	90,153	90,153	90,153
- Nigeria Automated Clearing Systems	47,547	47,547	47,547	47,547
- Afrexim	14,131	14,131	14,131	14,131
- ICHL Nigeria Limited	264,201	264,201	264,201	264,201
- GIM UEMOA	4,630	-	-	-
- Africa Finance Corporation	636,048	636,048	636,048	636,048
Cost of other unquoted equity investment	1,090,810	1,086,180	1,086,180	1,086,180
Less specific impairment for equities	(264,201)	(264,200)	(264,201)	(264,200)
Carrying value of other unquoted equity investment	826,609	821,980	821,979	821,980
Total cost of unquoted equity investment	6,303,755	6,380,410	6,299,125	6,380,410
Total impairment of unquoted equity investment	(3,464,163)	(2,694,626)	(3,464,163)	(2,694,626)
Total carrying value of unquoted equity investment	2,839,592	3,685,784	2,834,962	3,685,784

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

Fair value information for SMEEIS and Other long term investments has not been disclosed because their fair values cannot be measured reliably. They have been disclosed at cost less impairment. The carrying amount thus disclosed is the expected recoverable amounts on these investment .

There are no active market for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Group to fair value these investments. The Group investments in these entities are borne out of regulatory requirement in force as at the time of investment, this regulatory requirement however has been abolished. The Group is willing to divest from these entities if it comes across willing buyers and upon obtaining appropriate regulatory approvals; in the meantime, the Group would continue to carry these investments at Cost less impairment value.

The Group neither controls nor significantly influences the above SMEEIS and other long term investments because of the following:

- There are no material transactions between the Group and the entities.
- The Group does not provide essential technical information to the entities.
- There is no inter-change of personnel between the Group and the entities.
- Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.
- Owing to the nature of the entities business, the Group does not participate in their policy making processes.

(e) (i) The AMCON bonds comprise:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Face value	81,484,586	83,961,480	81,484,586	83,961,480
Unearned interest	(12,957,046)	(21,398,948)	(12,957,046)	(21,398,948)
	68,527,540	62,562,532	68,527,540	62,562,532

(ii) This represents consideration bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The initial consideration bonds are three year zero coupon with an annual yield of 13.653%. The Consideration bonds were issued to banks in exchange for non-performing loans.

28 Assets pledged as collateral

(a) In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Financial assets held for trading (See note 28(c) below):	16,461,583	18,010,145	16,461,583	18,010,145
- Treasury bills	12,668,211	17,000,000	12,668,211	17,000,000
- Bonds	3,793,372	1,010,145	3,793,372	1,010,145
Investment Securities - held to maturity (See note 28(d) below):	14,741,647	27,577,939	14,741,647	27,577,939
- Treasury bills	14,741,647	12,856,721	14,741,647	12,856,721
- Bonds	-	14,721,218	-	14,721,218
	31,203,230	45,588,084	31,203,230	45,588,084
Current	31,203,230	45,588,084	31,203,230	45,588,084
Non-current	-	-	-	-

- (b) Included in Assets pledged as collateral are bonds held on Repurchase agreements (REPO) basis of N3,793,372,000 (31 December 2011: Nil) and treasury bills held on Open Buy Back (OBB) basis of nil (31 December 2011: N17,000,000,000)
- (c) Bonds and Treasury Bills pledged as collateral of N16,461,583,000 (December 2011: 18,010,145,000) have been reclassified from financial assets held for trading at fair value
- (d) Bonds and Treasury Bills pledged as collateral of N14,741,647,000 (December 2011: 27,577,939,000) have been reclassified from investment securities at amortised cost.

29 Investment in subsidiaries

- (a) Investment in subsidiaries comprises:

In thousands of Nigerian Naira	Parent Dec-2012	Parent Dec-2011
GTB Gambia	574,278	574,278
GTB Sierra Leone	594,109	594,109
GTB Ghana	8,498,732	8,114,710
GTB Finance B.V.	3,220	3,220
GTB UK Limited	7,822,427	5,000,000
GTB Liberia Limited	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	3,485,058	-
	22,925,088	16,233,581
Current	-	-
Non-current	22,925,088	16,233,581

- (b) The movement in investment in subsidiaries during the period is as follows:

In thousands of Nigerian Naira	Parent Dec-2012	Parent Dec-2011
Balance, beginning of the year	16,233,581	30,115,862
Disposal during the period	-	(10,382,281)
Additions during the period	6,691,507	-
Transferred to assets classified as held for sale and discontinued operations	-	(3,500,000)
Balance, end of the year	22,925,088	16,233,581

Condensed results of consolidated entities

29 (c) Condensed results of the consolidated entities as at 31 December 2012, are as follows:

Condensed income statement**Dec-2012**

In thousands of Nigerian Naira	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire
Operating income	180,642,734	(6,281,616)	165,692,824	(96,355)	-	5,763,145	9,119,901	2,106,871	1,032,981	1,705,513	1,506,602	92,868
Operating expenses	(76,876,025)	5,763,143	(66,218,824)	(2,095,505)	-	(5,763,145)	(3,740,486)	(1,257,695)	(758,065)	(1,600,509)	(919,659)	(285,280)
Loan impairment charges	(738,786)	2	667,667	-	-	-	(1,023,580)	(283,565)	(44,776)	-	(54,523)	(11)
Profit before tax from continuing operations	103,027,923	(518,471)	100,141,667	(2,191,860)	-	-	4,355,835	565,611	230,140	105,004	532,420	(192,423)
Taxation	(16,341,043)	3	(14,877,841)	-	-	-	(1,229,489)	(169,683)	(40,090)	151,754	(175,696)	(1)
Profit after tax from continuing operations	86,686,880	(518,468)	85,263,826	(2,191,860)	-	-	3,126,346	395,928	190,050	256,758	356,724	(192,424)
Profit after tax from discontinued operations	609,077	609,077	-	-	-	-	-	-	-	-	-	-
Profit after tax	87,295,957	90,609	85,263,826	(2,191,860)	-	-	3,126,346	395,928	190,050	256,758	356,724	(192,424)

Condensed financial position

Dec-2012

In thousands of Nigerian Naira	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire
Assets												
Cash and cash equivalents	322,989,480	(14,814,517)	256,433,560	50,354	-	1,423	19,660,699	5,353,867	3,208,379	49,242,650	1,863,876	1,989,189
Loans and advances to banks	4,864,824	-	177,985	-	-	-	-	-	-	4,686,839	-	-
Loans and advances to customers	779,050,018	(79,205,702)	742,436,944	-	-	77,992,985	20,062,511	3,839,654	3,333,005	6,332,848	4,071,772	186,001
Financial assets held for trading	271,073,896	-	267,417,182	-	-	-	-	-	-	-	3,656,714	-
Investment securities:												
– Available for sale	15,765,789	(2,046,714)	10,138,761	2,046,714	-	-	-	3,304,134	-	2,318,264	-	4,630
– Held to maturity	129,490,810	(3,930,048)	118,897,917	-	-	-	13,887,947	-	-	-	-	634,994
Investment in subsidiaries	-	(22,925,088)	22,925,088	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	31,203,230	-	31,203,230	-	-	-	-	-	-	-	-	-
Investment properties	-	209,000	-	-	-	-	(40,969)	(694)	(72,434)	(62,579)	(16,162)	(16,162)
Property and equipment	60,886,728	5,180,920	55,496,808	-	-	-	40,969	694	72,434	62,579	16,162	16,162
Intangible assets	1,772,176	50,922	1,539,717	-	-	-	107,626	685	28,731	44,495	-	-
Deferred tax assets	991,791	812,032	-	-	-	-	-	-	-	179,759	-	-
Other assets	116,789,118	(93,250)	113,650,031	-	-	388	662,278	338,470	1,607,905	216,168	302,218	104,910
Total assets	1,734,877,860	(116,762,445)	1,620,317,223	2,097,068	-	77,994,796	54,381,061	12,836,810	8,178,020	63,021,023	9,894,580	2,919,724
Financed by:												
Deposits from banks	23,860,259	(12,808,683)	7,170,321	-	-	-	3,322,186	761	-	26,175,674	-	-
Deposits from customers	1,148,197,165	(480,290)	1,054,122,573	-	-	-	39,306,669	10,969,114	5,641,214	29,517,782	8,809,434	310,669
Debt securities issued	86,926,227	(3,930,048)	13,238,291	-	-	77,617,984	-	-	-	-	-	-
Current income tax liabilities	15,630,973	-	15,340,116	-	-	-	86,106	167,088	5,343	-	32,320	-
Deferred tax liabilities	3,288,196	(1)	3,225,418	-	-	-	30,502	5,350	-	26,927	-	-
Other liabilities	80,972,096	(93,247)	69,872,456	7,340,059	-	74,989	1,172,145	754,549	1,024,717	240,966	192,786	392,676
Other borrowed funds	92,561,824	(80,731,248)	169,194,418	1,587,717	-	-	985,390	-	-	1,525,547	-	-
Total liabilities	1,451,436,740	(98,043,517)	1,332,163,593	8,927,776	-	77,692,973	44,902,998	11,896,862	6,671,274	57,486,896	9,034,540	703,345
Equity and reserve	283,441,120	(18,718,928)	288,153,630	(6,830,708)	-	301,823	9,478,063	939,948	1,506,746	5,534,127	860,040	2,216,379
	1,734,877,860	(116,762,445)	1,620,317,223	2,097,068	-	77,994,796	54,381,061	12,836,810	8,178,020	63,021,023	9,894,580	2,919,724

Condensed cash flow

Dec-2012

In thousands of Nigerian Naira	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia	GT Bank Cote D'Ivoire
Net cash flow:												
- from operating activities	36,150,196	(49,150,812)	(7,708,373)	164,017	(3,971,316)	55,142,033	21,628,152	3,802,414	703,211	12,668,409	174,169	2,698,293
- from investing activities	7,743,371	(6,909,051)	26,174,917	-	2,886,708	-	(10,280,213)	(2,660,748)	557,095	(1,897,810)	581,730	(709,256)
- from financing activities	(88,727,555)	59,538,967	(93,330,478)	(149,224)	-	(55,141,391)	(1,102,553)	(60,188)	(8,235)	1,525,547	-	-
Increase in cash and cash equivalents	(44,833,988)	3,479,104	(74,863,934)	14,793	(1,084,608)	642	10,245,386	1,081,477	1,252,071	12,296,145	755,899	1,989,037
Cash balance, beginning of year	369,105,219	(16,753,732)	330,294,424	36,568	1,084,608	801	10,782,179	4,321,701	1,988,686	36,225,186	1,124,798	-
Effect of exchange difference	(1,281,751)	(1,539,889)	1,003,070	(1,007)	-	(20)	(1,366,866)	(49,311)	(32,378)	721,319	(16,821)	152
Cash balance, end of year	322,989,480	(14,814,517)	256,433,560	50,354	-	1,423	19,660,699	5,353,867	3,208,379	49,242,650	1,863,876	1,989,189

29(d) Condensed results of the consolidated entities as at 31 December 2011, are as follows:

Condensed income statement

Dec-2011

In thousands of Nigerian Naira	Group balance	Elimination Entries	GTBank Plc	SIT	GTA Plc	GTB Asset Mgt	GT Registrars	GT Homes Ltd	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia
Operating income	151,409,313	(5,274,975)	144,108,755	877,914	-	-	-	-	5,997,552	2,003,834	692,791	1,721,156	1,282,286
Operating expenses	(69,825,695)	76,700	(60,701,662)	(1,626,630)	-	-	-	-	(3,294,256)	(1,298,475)	(583,966)	(1,619,727)	(777,679)
Loan impairment charges	(19,503,412)	394	(18,661,992)	-	-	-	-	-	(544,131)	(149,064)	(35,616)	-	(113,003)
Profit before tax from continuing operations	62,080,206	(5,197,881)	64,745,101	(748,716)	-	-	-	-	2,159,165	556,295	73,209	101,429	391,604
Taxation	(14,277,068)	(146,411)	(13,091,850)	-	-	-	-	-	(729,823)	(164,740)	(12,951)	-	(131,293)
Profit after tax from continuing operations	47,803,138	(5,344,292)	51,653,251	(748,716)	-	-	-	-	1,429,342	391,555	60,258	101,429	260,311
Profit after tax from discontinued operations	3,938,482	2,766,712	-	-	776,927	322,192	(352,333)	424,984	-	-	-	-	-
Profit after tax	51,741,620	(2,577,580)	51,653,251	(748,716)	776,927	322,192	(352,333)	424,984	1,429,342	391,555	60,258	101,429	260,311

Condensed results of the consolidated entities as at 31 December 2011, are as follows:

Dec-2011

In thousands of Nigerian Naira	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia
Condensed financial position											
Assets											
Cash and cash equivalents	368,282,477	(16,491,866)	330,294,424	36,568	-	801	10,782,179	4,321,701	1,988,686	36,225,186	1,124,798
Loans and advances to banks	158,616	-	158,616	-	-	-	-	-	-	-	-
Loans and advances to customers	706,893,133	(137,842,796)	679,358,919	-	-	136,076,627	11,110,358	3,639,182	2,346,707	8,428,184	3,775,952
Financial assets held for trading	173,297,556	-	151,819,087	-	-	-	13,343,790	2,186,751	-	1,395,648	4,552,280
Investment securities:											
– Available for sale	3,744,970	(2,046,714)	3,744,970	2,046,714	-	-	-	-	-	-	-
– Held to maturity	161,196,356	(5,684,140)	163,914,120	-	-	-	2,966,376	-	-	-	-
Investment in subsidiaries	-	(16,233,581)	16,233,581	-	-	-	-	-	-	-	-
Assets pledged as collateral	45,588,084	-	45,588,084	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	57,510,622	(1,757)	52,494,230	-	-	-	2,328,140	813,464	681,993	451,582	742,970
Intangible assets	1,006,470	52,682	762,709	-	-	-	24,323	1,042	68,788	85,729	11,197
Deferred tax assets	96,820	(3,444)	-	-	-	-	100,264	-	-	-	-
Other assets	81,098,341	(3,041,277)	75,658,805	-	-	3,158,991	3,289,302	216,033	1,111,261	259,464	445,762
	1,598,873,445	(181,292,893)	1,520,027,545	2,083,282	-	139,236,419	43,944,732	11,178,173	6,197,435	46,845,793	10,652,959
Assets classified as held for sale and discontinued operations	9,779,201	(3,761,865)	3,500,000	-	10,041,066	-	-	-	-	-	-
Total assets	1,608,652,646	(185,054,758)	1,523,527,545	2,083,282	10,041,066	139,236,419	43,944,732	11,178,173	6,197,435	46,845,793	10,652,959
Financed by:											
Deposits from banks	37,229,029	(16,440,495)	21,636,242	-	-	-	4,449,565	401,053	283,157	26,899,507	-
Deposits from customers	1,026,119,419	(309,236)	962,486,292	-	-	-	26,207,745	8,609,503	3,745,912	16,791,870	8,587,333
Debt securities issued	145,767,516	(3,571,903)	13,233,169	-	-	136,106,250	-	-	-	-	-
Current income tax liabilities	14,062,596	1	13,760,343	-	-	-	79,822	168,001	7,504	-	46,925
Deferred tax liabilities	3,407,652	(3,443)	3,308,557	-	-	-	100,362	2,176	-	-	-
Other liabilities	52,323,162	(3,068,723)	45,275,666	4,985,189	-	2,824,650	943,047	510,514	120,302	233,022	499,495
Other borrowed funds	93,230,139	(139,955,428)	229,647,220	1,736,941	-	-	1,801,406	-	-	-	-
	1,372,139,513	(163,349,227)	1,289,347,489	6,722,130	-	138,930,900	33,581,947	9,691,247	4,156,875	43,924,399	9,133,753
Liabilities included in assets classified as held for sale and discontinued operations	6,119,979	(6,394)	-	-	6,126,373	-	-	-	-	-	-
Total liabilities	1,378,259,492	(163,355,621)	1,289,347,489	6,722,130	6,126,373	138,930,900	33,581,947	9,691,247	4,156,875	43,924,399	9,133,753
Equity and reserve	230,393,154	(21,699,137)	234,180,056	(4,638,848)	3,914,693	305,519	10,362,785	1,486,926	2,040,560	2,921,394	1,519,206
	1,608,652,646	(185,054,758)	1,523,527,545	2,083,282	10,041,066	139,236,419	43,944,732	11,178,173	6,197,435	46,845,793	10,652,959

Condensed results of the consolidated entities as at 31 December 2011 (continued)
Condensed cash flow
Dec- 2011

In thousands of Nigerian Naira	Group balance	Elimination Entries	GTBank Plc	SIT	GT Homes Ltd	GTB Finance B.V.	GT Bank Ghana	GT Bank Sierra Leone	GT Bank Liberia	GT Bank UK	GT Bank Gambia
Net cash flow:											
-from operating activities	126,794,749	85,843,624	114,911,939	(641,128)	8,504	(77,241,149)	(349,027)	3,559,711	48,461	592,818	60,996
-from investing activities	(156,884,296)	(11,292,014)	(141,494,862)	428,208	108,867	-	(3,992,125)	(429,627)	(148,790)	40,107	(104,060)
-from financing activities	124,470,380	(85,870,446)	136,072,294	207,873	-	77,241,149	(1,082,619)	(84,093)	-	(2,013,778)	-
Increase in cash and cash equivalents	94,380,833	(11,318,836)	109,489,371	(5,047)	117,371	-	(5,423,771)	3,045,991	(100,329)	(1,380,853)	(43,064)
Cash balance, beginning of year	273,074,591	(917,596)	226,123,547	36,568	965,675	760	25,013,404	3,198,020	1,714,948	11,356,193	5,583,072
Effect of exchange difference	1,649,795	6,202,845	(5,318,494)	-	-	41	86,771	(136,612)	90,910	587,265	137,069
Cash balance, end of year	369,105,219	(6,033,587)	330,294,424	31,521	1,083,046	801	19,676,404	6,107,399	1,705,529	10,562,605	5,677,077

29 (e) Investment properties

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Balance, beginning of the year	-	7,349,815	-	-
Additions	-	1,042,217	-	-
Disposals	-	(561,460)	-	-
Assets classified as held for sale	-	(2,837,454)	-	-
Assets of subsidiaries disposed	-	(4,993,118)	-	-
	-	-	-	-

Investment properties in prior year relates to properties carried in the books of GTHomes Limited-a subsidiary disposed in current year. These properties were classified as assets held for sale in prior year.

30 Property and equipment**(a) Group****Cost**

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Balance at 1 January 2012	29,379,263	6,353,602	30,036,502	6,831,294	4,113,773	7,975,592	84,690,026
Exchange difference	(242,927)	(85,569)	(202,312)	(54,339)	-	(16,460)	(601,607)
Additions	2,356,335	182,036	5,970,589	1,123,912	-	5,296,576	14,929,448
Disposals	(1,742,815)	-	(82,382)	(1,109,436)	-	(1,673,797)	(4,608,430)
Transfers	1,194,327	1,591,041	501,065	-	-	(3,286,433)	-
Balance at 31 December 2012	30,944,183	8,041,110	36,223,462	6,791,431	4,113,773	8,295,478	94,409,437
Balance at 1 January 2011	20,509,793	3,906,608	21,658,211	6,827,006	2,545,136	13,348,437	68,795,191
Exchange difference	49,374	1,983	15,930	256	-	1,523	69,066
Additions	578,816	2,445,011	6,912,595	1,335,868	1,568,637	5,406,522	18,247,449
Disposals	(96,063)	-	(228,540)	(863,349)	-	-	(1,187,952)
Transfers	8,499,711	-	2,277,965	3,214	-	(10,780,890)	-
Assets classified as held for sale	(42,307)	-	(66,827)	(31,021)	-	-	(140,155)
Assets of subsidiaries disposed	(120,061)	-	(532,832)	(440,680)	-	-	(1,093,573)
Balance at 31 December 2011	29,379,263	6,353,602	30,036,502	6,831,294	4,113,773	7,975,592	84,690,026

Capital work in progress refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)**Group
Depreciation**

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Balance at 1 January 2012	3,768,627	445,252	17,595,423	4,065,390	1,304,712	-	27,179,404
Exchange difference	(22,651)	(5,370)	(117,500)	(26,530)	-	-	(172,051)
Charge for the year	1,227,299	98,187	5,523,068	1,362,758	327,965	-	8,539,277
Disposal	(950,544)	-	(61,274)	(1,012,103)	-	-	(2,023,921)
Balance at 31 December 2012	4,022,731	538,069	22,939,717	4,389,515	1,632,677	-	33,522,709
Balance at 1 January 2011	3,043,407	292,920	13,961,647	3,450,122	954,426	-	21,702,522
Exchange difference	1,469	47	2,059	(414)	-	-	3,161
Charge for the year	842,757	152,285	4,148,780	1,560,875	350,286	-	7,054,983
Disposal	(62,559)	-	(179,360)	(664,117)	-	-	(906,036)
Assets classified as held for sale	(15,852)	-	(48,379)	(27,022)	-	-	(91,253)
Assets of subsidiaries disposed	(40,595)	-	(289,324)	(254,054)	-	-	(583,973)
Balance at 31 December 2011	3,768,627	445,252	17,595,423	4,065,390	1,304,712	-	27,179,404
Carrying amounts:							
Balance at 31 December 2012	26,921,452	7,503,041	13,283,745	2,401,916	2,481,096	8,295,478	60,886,728
Balance at 31 December 2011	25,610,636	5,908,350	12,441,079	2,765,904	2,809,061	7,975,592	57,510,622

Property and equipment (continued)**(b) Parent****Cost**

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Balance at 1 January 2012	26,221,821	5,519,923	27,688,280	6,097,340	4,113,773	7,702,835	77,343,972
Additions	1,924,200	159,050	5,021,799	917,424	-	5,103,598	13,126,071
Disposals	(1,742,815)	-	(66,022)	(1,051,174)	-	(1,600,000)	(4,460,011)
Transfers	1,194,327	1,591,041	501,065	-	-	(3,286,433)	-
Balance at 31 December 2012	27,597,533	7,270,014	33,145,122	5,963,590	4,113,773	7,920,000	86,010,032
Balance at 1 January 2011	17,897,207	3,698,248	19,118,641	5,771,696	2,545,136	13,034,078	62,065,006
Additions	-	1,821,675	6,493,887	1,137,055	1,568,637	5,366,690	16,387,944
Disposals	(112,634)	-	(184,933)	(811,411)	-	-	(1,108,978)
Transfers	8,437,248	-	2,260,685	-	-	(10,697,933)	-
Balance at 31 December 2011	26,221,821	5,519,923	27,688,280	6,097,340	4,113,773	7,702,835	77,343,972

Property and equipment (continued)**Parent****Depreciation**

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land ¹	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress	Total
Balance at 1 January 2012	3,374,470	367,885	16,178,138	3,624,537	1,304,712	-	24,849,742
Charge for the year	1,080,068	84,032	4,922,446	1,220,471	327,965	-	7,634,982
Disposal	(950,544)	-	(50,488)	(970,468)	-	-	(1,971,500)
Balance at 31 December 2012	3,503,994	451,917	21,050,096	3,874,540	1,632,677	-	30,513,224
Balance at 1 January 2011	2,735,135	279,434	12,628,657	2,928,661	954,426	-	19,526,313
Charge for the year	695,955	88,451	3,702,947	1,319,834	350,286	-	6,157,473
Disposal	(56,620)	-	(153,466)	(623,958)	-	-	(834,044)
Balance at 31 December 2011	3,374,470	367,885	16,178,138	3,624,537	1,304,712	-	24,849,742
Carrying amounts:							
Balance at 31 December 2012	24,093,539	6,818,097	12,095,026	2,089,050	2,481,096	7,920,000	55,496,808
Balance at 31 December 2011	22,847,351	5,152,038	11,510,142	2,472,803	2,809,061	7,702,835	52,494,230

(c) The Bank had capital commitments of N1,008,604,000 (31 December 2011: N888,002,000) as at the reporting date in respect of authorized and contractual capital projects.

(d) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (2011: NIL)

¹Until 31 December 2012, the Group had classified Land as operating lease with the unamortized lease rental recognized in Prepayments within Other Assets. Land is leased for a period of 99 years in Nigeria with an immaterial sum paid to renew the lease for another 99 years and this continues in perpetuity. In the financial year ended December 31, 2012, the Group classified Land as part of Property and Equipment because substance over form, ownership of Land is assumed to reside with the Bank. The carrying value of Land, therefore, has been reclassified from Other Assets to Property and Equipment. Accordingly, a third statement of financial position for earliest comparative period has been prepared.

31 Intangible assets

Group

(e) In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2012	50,923	4,499,395	4,550,318
Exchange translation differences	-	(31,599)	(31,599)
Additions	-	1,140,982	1,140,982
Balance at 31 December 2012	50,923	5,608,778	5,659,701
Balance at 1 January 2011	354,328	4,517,696	4,872,024
Exchange translation differences	-	13,183	13,183
Additions	-	122,460	122,460
Assets classified as held for sale	-	(14,554)	(14,554)
Assets of subsidiaries disposed	(303,405)	(139,390)	(442,795)
Balance at 31 December 2011	50,923	4,499,395	4,550,318
Amortization and impairment losses			
Balance at 1 January 2012	-	3,543,848	3,543,848
Exchange translation differences	-	(8,842)	(8,842)
Amortization for the period	-	352,519	352,519
Balance at 31 December 2012	-	3,887,525	3,887,525
Balance at 1 January 2011	-	2,915,565	2,915,565
Exchange translation differences	-	4,160	4,160
Amortization for the period	-	743,080	743,080
Assets classified as held for sale	-	(14,202)	(14,202)
Assets of subsidiaries disposed	-	(104,755)	(104,755)
Balance at 31 December 2011	-	3,543,848	3,543,848
Carrying amounts			
Balance at 31 December 2012	50,923	1,721,253	1,772,176
Balance at 31 December 2011	50,923	955,547	1,006,470

Goodwill is revised annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2012 (2011: nil).

Parent

In thousands of Nigerian Naira	Purchased Software
Cost	
Balance at 1 January 2012	4,082,695
Additions	1,194,769
Balance at 31 December 2012	5,277,464
Balance at 1 January 2011	4,021,399
Additions	61,296
Balance at 31 December 2011	4,082,695
Amortization and impairment losses	
Balance at 1 January 2012	3,319,986
Amortization for the period	417,761
Balance at 31 December 2012	3,737,747
Balance at 1 January 2011	2,647,192
Amortization for the period	672,794
Balance at 31 December 2011	3,319,986
Carrying amounts	
Balance at 31 December 2012	1,539,717
Balance at 31 December 2011	762,709

31 (b) Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the Group's operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Operating segment

In thousands of Nigerian Naira	Dec 2012	Dec 2011
Corporate banking	40,738	40,738
Retail banking	10,185	10,185
	50,923	50,923

No impairment loss on goodwill was recognised during the year ended 31 December 2012 (2011: nil).

The recoverable amounts for the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial budgets approved by senior management covering a five-year period.

The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan in both 2011 and 2012. Cash flows for a further 5 year using a constant growth rate of 2 per cent were extrapolated for the two financial periods. This constant growth rate is based on the long term forecast of GTBank's growth rate in the countries in which the CGU's operates. The forecast period is based on the Group's medium to long term perspective with respect to the operations of these units.
- Pre-tax discount rates of 18% and 16% (2011: 18% and 16%) respectively were applied in determining the recoverable amounts for Corporate banking and Retail banking. These discount rates were estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.
- Interest margins were based on actual interest margins of 40% and 75% (2011: 42% and 79%) respectively for Corporate banking and Retail banking.

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of either subsidiary to decline below their carrying amount.

32 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Deferred tax assets

Group

In thousands of Nigerian Naira	Dec-2012			Dec-2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	179,759	-	179,759	-	-	-
Mark to market loss on valuation of securities	-	-	-	-	3,443	(3,443)
Other assets	-	-	-	100,263	-	100,263
Foreign currency translation difference	812,032	-	812,032	-	-	-
Net deferred tax assets/(liabilities)	991,791	-	991,791	100,263	3,443	96,820
In thousands of Nigerian Naira				Dec-2012	Dec-2011	
Deferred tax assets						
-Deferred tax assets to be recovered within 12 months				812,032	100,263	
-Deferred tax assets to be recovered after more than 12 months				179,759	-	
Deferred tax liabilities						
-Deferred tax liabilities to be recovered within 12 months				-	3,443	

Deferred tax liabilities**Group**

In thousands of Nigerian Naira	Dec-2012			Dec-2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	5,056,628	5,056,628	-	5,904,781	5,904,781
Fair value reserves	-	72,689	72,689	790,890	-	(790,890)
Allowances for loan losses	2,832,792	-	(2,832,792)	2,733,598	-	(2,733,598)
Mark to market loss on valuation of securities	108,779	-	(108,779)	-	-	-
Defined benefit obligation	-	1,393,022	1,393,022	-	1,315,560	1,315,560
Other assets	352,390	-	(352,390)	348,019	-	(348,019)
Foreign currency translation difference	-	59,818	59,818	-	59,818	59,818
Net deferred tax assets/(liabilities)	3,293,961	6,582,157	3,288,196	3,872,507	7,280,159	3,407,652
In thousands of Nigerian Naira				Dec-2012	Dec-2011	
Deferred tax assets						
-Deferred tax assets to be recovered within 12 months				3,293,961	3,872,507	
Deferred tax liabilities						
-Deferred tax liabilities to be recovered within 12 months				1,525,529	1,375,378	
-Deferred tax liabilities to be recovered after more than 12 months				5,056,628	5,904,781	

Deferred Tax Liabilities**Parent**

In thousands of Nigerian Naira	Dec-2012			Dec-2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	4,974,376	4,974,376	-	5,804,419	5,804,419
Fair value reserves	-	72,689	72,689	790,890	-	(790,890)
Allowances for loan losses	2,822,084	-	(2,822,084)	2,733,598	-	(2,733,598)
Mark to market loss on valuation of securities	108,779	-	(108,779)	-	-	-
Defined benefit obligation	-	1,401,788	1,401,788	-	1,315,560	1,315,560
Other assets	292,572	-	(292,572)	388,464	101,530	(286,934)
Net deferred tax assets/(liabilities)	3,223,435	6,448,853	3,225,418	3,912,952	7,221,509	3,308,557
In thousands of Nigerian Naira				Dec-2012		Dec-2011
Deferred tax assets						
-Deferred tax assets to be recovered within 12 months				3,223,435		3,912,952
Deferred tax liabilities						
-Deferred tax liabilities to be recovered within 12 months				1,474,477		1,417,090
-Deferred tax liabilities to be recovered after more than 12 months				4,974,376		5,804,419

Deferred tax assets and liabilities**Movements in temporary differences during the year****Group****Dec-2012**

In thousands of Nigerian Naira	Balance at Jan-2012	Exchange Difference	Recognised in Profit or loss	Other comprehensive income	Asset classified as as held for sale	Balance at Dec-2012
Property and equipment, and software	5,904,781	(46,115)	(981,797)	-	-	4,876,869
Fair value reserves	(790,890)	-	424,624	438,955	-	72,689
Allowances for loan losses	(2,733,598)	(10,708)	(88,486)	-	-	(2,832,792)
Mark to market loss on valuation of securities	3,443	(3,443)	(108,779)	-	-	(108,779)
Defined benefit obligation	1,315,560	(8,766)	86,228	-	-	1,393,022
Other assets	(448,282)	41,713	54,179	-	-	(352,390)
Foreign currency translation difference	59,818	-	-	(812,032)	-	(752,214)
	3,310,832	(27,319)	(614,031)	(373,077)	-	2,296,405

Group**Dec-2011**

In thousands of Nigerian Naira	Balance at Jan-2011	Exchange Difference	Recognised in Profit or loss	Other comprehensive income	Subsidiaries Disposed of	Asset classified as as held for sale	Balance at Dec-2011
Property and equipment, and software	5,150,562	4,310	921,460	-	(173,738)	2,187	5,904,781
Fair value reserves	-	-	-	(790,890)	-	-	(790,890)
Allowances for loan losses	(726,981)	-	(2,006,617)	-	-	-	(2,733,598)
Mark to market loss on valuation of securities	-	-	3,443	-	-	-	3,443
Defined benefit obligation	830,336	-	485,224	-	-	-	1,315,560
Other assets	(957,314)	-	119,742	-	5,459	383,831	(448,282)
Foreign currency translation difference	-	-	-	59,818	-	-	59,818
	4,296,603	4,310	(476,748)	(731,072)	(168,279)	386,018	3,310,832

Movements in temporary differences during the year (continued)**Parent
Dec-2012**

In thousands of Nigerian Naira	Balance at Jan-2012	Recognised in Profit or loss	Other comprehensive income	Balance at Dec-2012
Property and equipment, and software	5,804,419	(830,043)	-	4,974,376
Fair value reserves	(790,890)	484,442	379,137	72,689
Allowances for loan losses	(2,733,598)	(88,486)	-	(2,822,084)
Mark to market loss on valuation of securities	-	(108,779)	-	(108,779)
Defined benefit obligation	1,315,560	86,228	-	1,401,788
Other assets	(286,934)	(5,638)	-	(292,572)
	3,308,557	(462,276)	379,137	3,225,418

**Parent
Dec-2011**

In thousands of Nigerian Naira	Balance at Jan-2012	Recognised in Profit or loss	Other comprehensive income	Balance at Dec-2012
Property and equipment, and software	5,189,722	614,697	-	5,804,419
Fair value reserves	364,806	(424,624)	(731,072)	(790,890)
Allowances for loan losses	(276,678)	(2,456,920)	-	(2,733,598)
Mark to market loss on valuation of securities	522,083	(522,083)	-	-
Defined benefit obligation	(336,942)	1,652,502	-	1,315,560
Other assets	(754,869)	467,935	-	(286,934)
	4,708,122	(668,493)	(731,072)	3,308,557

33. Other assets

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Prepayments	13,899,474	15,905,207	11,989,457	13,713,560
Restricted deposits with central banks ¹	99,198,633	61,768,606	97,969,563	58,520,717
Recognised assets for defined benefit obligations (See note 39)	4,672,628	4,385,199	4,672,628	4,385,199
	117,770,735	82,059,012	114,631,648	76,619,476
Impairment on other assets	(981,617)	(960,671)	(981,617)	(960,671)
	116,789,118	81,098,341	113,650,031	75,658,805
Current	98,170,212	62,400,549	97,012,091	59,458,566
Non-current	18,618,906	18,697,792	16,637,940	16,200,239

¹Restricted deposits with central banks are not available for use in the Group's day-to-day operations. The Bank had restricted balances of N97,969,563,000 with the Central Bank of Nigeria (CBN) as at 31st December 2012 (December 2011: N58,520,717,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory 12% (December 2011: 8%) of local deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. GTB Liberia and Cote d'Ivoire had restricted balances of N1,198,511,000 and N30,558,000 respectively with the Central Bank of Liberia and the BCEAO as at December 2012 (December 2011:). The Cash Reserve Ratio in Liberia and Cote d'Ivoire represents a mandatory 22% and 5% (December 2011: 22% and 5%) of local deposit which should be held with the Central Bank of Liberia and the BCEAO as a regulatory requirement.

Movement in impairment of other assets:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Opening Balance	960,671	962,566	960,671	960,671
Charge for the year	20,946	-	20,946	-
Recoveries	-	(1,895)	-	-
Closing Balance	981,617	960,671	981,617	960,671

34. Assets classified as held for sale and discontinued operations

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Net cash flow from operating activities	2,249,804	(1,133,651)	-	-
Net cash flow from investing activities	244,473	(67,820)	-	-
Net cash flow from financing activities	-	(970,000)	-	-
	2,494,277	(2,171,471)	-	-

Included in cash flow from investment activities is cash inflow and outflow in the sum of ₦268,284,000 and ₦31,983,000 on disposal and purchase of investment properties respectively.

(a) Assets of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Cash and cash equivalents	-	822,743	-	-
Loans and advances to customers	-	4,955,854	-	-
Investment in subsidiaries	-	-	-	3,500,000
Investment properties	-	2,837,454	-	-
Property and equipment	-	48,902	-	-
Intangible assets	-	352	-	-
Deferred tax assets	-	386,018	-	-
Other assets	-	727,878	-	-
Total assets of disposal group	-	9,779,201	-	3,500,000

(b) Liabilities of disposal group classified as held for sale

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Deposits from banks	-	1,562	-	-
Deposits from customers	-	5,311,651	-	-
Current income tax liabilities	-	200,171	-	-
Other liabilities	-	606,595	-	-
Total liabilities of disposal group	-	6,119,979	-	-
Net assets of disposal group	-	3,659,222	-	3,500,000

Profit from discontinued operations

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Revenues	653,126	7,593,962	-	-
Expenses	(455,089)	(5,996,171)	-	-
Profit before tax of discontinued operations	198,037	1,597,791	-	-
Tax	-	(426,021)	-	-
Profit from discontinued operations after tax	198,037	1,171,770	-	-
Gains on disposal of disposal group 34(c)	411,040	2,766,712	-	-
Profit from discontinued operations	609,077	3,938,482	-	-

Profit attributable to:

Equity holders of the parent entity (total)	559,780	3,687,379	-	-
Non-controlling interests (total)	49,297	251,103	-	-
	609,077	3,938,482	-	-

(c) Disposal of Businesses

- (i) The Group disposed of its investment in GTHomes Limited in May 2012. This company was classified as non-current asset held for sale as at 31 December, 2011. This disposal is in line with the Central Bank of Nigeria Regulation on the Scope of Banking Activities and Ancillary Matters. The regulation requires banks to either set up a holding company structure or divest from all non-banking businesses and apply for a new type of banking license.

In thousands of Nigerian Naira	GTHomes Limited May-2012
Cash and cash equivalents	3,775,711
Loans and advances to customers	5,078,168
Investment properties	2,601,153
Property and equipment	40,730
Deferred tax assets	386,018
Other assets	173,606
Total assets	12,055,386
Deposits from customers	7,567,216
Current income tax liabilities	65,947
Other liabilities	309,494
Total liabilities	7,942,657
Net assets	4,112,729
Non controlling interest disposed	1,023,769
Net assets and non-controlling interests disposed	3,088,960
Net sale proceeds on disposal	3,500,000
Profit on Sale	411,040
Net cash inflow arising on disposal:	
Cash consideration received	3,500,000
Cash paid to sell subsidiaries	-
Net sale proceeds on disposal	3,500,000
Cash and cash equivalents disposed	(3,775,711)
	(275,711)

Cash flow:

- Cash inflow on disposal of subsidiaries	3,500,000
- Cash outflow on disposal of subsidiaries	(3,775,711)

- (ii) In prior year, the Group disposed of its investment in Guaranty Trust Assurance, GTB Asset management Limited and GT Registrars Limited which were non banking subsidiaries in line with the Central Bank of Nigeria Regulation on the Scope of Banking Activities and Ancillary Matters requiring banks to either set up a holding company structure or to divest from all non-banking businesses and apply for a new type of banking license.

Guaranty Trust Assurance Plc and GT Registrars Limited were disposed in September 2011, while GTB Asset management Limited was disposed in December 2011.

In thousands of Nigerian Naira	GT Assurance Sep-2011	GTB Asset Management Sep-2011	GT Registrars Dec-2011	Total Dec-2011
Cash and cash equivalents	3,483,778	255,003	99,466	3,838,247
Loans and advances to customers	-	84,491	-	84,491
Investment securities:				
– Held to maturity	9,088,230	4,981,785	-	14,070,015
Investment properties	4,993,118	-	-	4,993,118
Property and equipment	453,424	54,378	1,798	509,600
Intangible assets	324,409	10,305	3,326	338,040
Deferred tax assets	5,459	-	-	5,459
Other assets	4,427,209	231,064	23,001	4,681,274
Total assets	22,775,627	5,617,026	127,591	28,520,244
Deposits from customers	-	3,841,185	-	3,841,185
Current income tax liabilities	584,157	-	1,496	585,653
Deferred tax liabilities	172,707	-	1,031	173,738
Other liabilities	4,135,545	121,443	46,016	4,303,004
Liabilities on insurance contracts	4,903,898	-	-	4,903,898
Total liabilities	9,796,307	3,962,628	48,543	13,807,478
Net assets	12,979,320	1,654,398	79,048	14,712,766
Non controlling interest disposed	4,096,856	-	-	4,096,856
Net assets and non-controlling interests disposed	8,882,464	1,654,398	79,048	10,615,910
Net sale proceeds on disposal	11,560,374	1,755,000	67,248	13,382,622
Profit on sale	2,677,910	100,602	(11,800)	2,766,712
Net cash inflow arising on disposal:				
Cash consideration received	11,910,966	1,755,000	67,500	13,733,466
Cash paid to sell subsidiaries	(350,592)	-	(252)	(350,844)
Net sale proceeds on disposal	11,560,374	1,755,000	67,248	13,382,622
Cash and cash equivalents disposed	(3,483,778)	(255,003)	(99,466)	(3,838,247)
	8,076,596	1,499,997	(32,218)	9,544,375
Cash flow:				
- Cash inflow on disposal of subsidiaries	11,910,966	1,755,000	67,500	13,733,466
- Cash outflow on disposal of subsidiaries	(3,834,370)	(255,003)	(99,718)	(4,189,091)

35 Deposits from banks

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Money market deposits ¹	7,009,720	17,000,008	3,687,535	17,000,008
Other deposits from banks	16,850,539	20,229,021	3,482,786	4,636,234
	23,860,259	37,229,029	7,170,321	21,636,242
Current	23,860,259	34,367,552	7,170,321	21,636,242
Non-current	-	2,861,477	-	-

¹ Included in money market deposits are inter-bank takings of ₦3,687,535,000 (31 December 2011: ₦17,000,000,000) secured by treasury bills and/or bonds of ₦3,793,372,000 (31 December 2011: ₦17,000,000,000) which have been included in assets pledged as collateral (such transactions have been conducted under terms that are usual and customary to standard lending and repurchase activities).

36 Deposits from Customers

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Retail customers:				
Term deposits	204,658,947	122,640,495	202,559,678	116,048,862
Current deposits	217,584,604	214,841,522	203,009,546	194,914,074
Savings	187,845,990	148,674,048	160,880,989	135,227,222
Corporate customers:				
Term deposits	164,289,973	138,378,195	144,079,548	131,474,955
Current deposits	373,817,651	401,585,159	343,592,812	384,821,179
	1,148,197,165	1,026,119,419	1,054,122,573	962,486,292
Current	1,143,820,898	1,026,119,419	1,054,021,631	962,486,292
Non-current	4,376,267	-	100,942	-

37 Debt securities issued

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Debt securities at amortized cost:				
Eurobond debt security	73,687,936	132,534,347	-	-
Corporate bonds	13,238,291	13,233,169	13,238,291	13,233,169
	86,926,227	145,767,516	13,238,291	13,233,169
Current	73,291	58,224,156	73,291	68,169
Non-current	86,852,936	87,543,360	13,165,000	13,165,000

Debt securities of ₦73,687,936,000 represents the outstanding balance on the second tranche of a ₦78,231,507,000 (USD 500,882,000 - amortised cost) dollar guaranteed note issued by GTB B.V., Netherlands net of ₦3,930,048,000 invested by the Group in its Eurobond. The note of USD 500,000,000 (principal) was issued in May 2011 for a period of 5 years at 7.5% per annum also payable semi-annually. The first tranche of \$350,000,000 issued in January 2007 with a tenor of 5 years matured on the 27th of January, 2012.

The amount of ₦13,238,291,000 represents fixed rate senior unsecured non-convertible bonds issued by the Bank in December 2009. The debt security is redeemable in December 2014 and coupon is payable half yearly at 13.5% per annum. The amount represents the first tranche of a ₦200 billion debt issuance programme.

38 Other liabilities

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Cash settled share based payment liability	7,340,059	4,985,189	-	-
Liability for defined contribution obligations	7,314	78,671	-	78,671
Deferred income on financial guarantee contracts	304,746	663,611	214,752	663,611
Certified cheques	8,882,330	8,373,120	8,464,554	7,788,048
Lease obligation (b)	3,242,131	3,698,756	3,242,131	3,698,756
Customers' deposit for foreign trade (c)	46,133,172	16,927,616	46,133,211	16,927,616
Other current liabilities	15,041,995	14,816,271	11,803,521	13,345,493
Deposit for shares	20,349	2,779,928	14,287	2,773,471
	80,972,096	52,323,162	69,872,456	45,275,666
Current	44,972,496	48,429,854	41,367,519	37,631,766
Non-current	35,999,600	3,893,308	28,504,937	7,643,900

(a) The Bank and its employees each contributes a minimum of 7.5% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators. The amount not yet transferred as at period end of nil (December 2011: ₦78,671,000) was settled subsequent to that date.

(b) The lease obligation relates to other transportation equipment held under a finance lease arrangement. The net carrying amount of the assets, included within property, plant and equipment is ₦2,481,096,000 (December 2011: ₦2,809,061,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the year (December 2011: Nil)

The future minimum lease payments extend over a number of years. This is analysed as follows:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Not more than one year	624,681	768,515	624,681	768,515
Over one year but less than five years	2,998,470	3,970,661	2,998,470	3,970,661
Over five years	249,873	-	249,873	-
Less future finance charges	(630,893)	(1,040,420)	(630,893)	(1,040,420)
	3,242,131	3,698,756	3,242,131	3,698,756

(c) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in Balances held with other banks.

(d) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

In thousands of Nigerian Naira	2012		2011	
	Average Exercise Price Per Share	Share Rights (thousands)	Average Exercise Price Per Share	Share Rights (thousands)
At 1 January	11.67	427,280	12.60	396,489
Granted	8.58	48,392	2.01	139,171
Forfeited	8.51	(675)	7.60	(1,317)
Exercised	15.70	(46,578)	12.25	(107,063)
Expired	-	-	-	-
At 31 December	17.13	428,420	11.67	427,280

Out of the 428,420,000 outstanding SARs (2011: 427,280,000 SARs), 341,488,864 SARs (2011: 272,405,217) were exercisable. SARs exercised in 2012 resulted in 46,578,000 shares (2011:107,063,000) being issued at a weighted average price of ₦15.70 each (2011:₦12.25 each). The related weighted average share price at the time of exercise was ₦15.70 (2011 :₦12.25) per share.

39 Defined benefit obligations

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

The amounts recognised in the statement of financial position are as follows:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Unfunded obligations	-	-	-	-
Present value of funded obligations	(1,940,855)	(1,703,564)	(1,940,855)	(1,703,564)
Total present value of defined benefit obligations	(1,940,855)	(1,703,564)	(1,940,855)	(1,703,564)
Fair value of plan assets	6,613,483	6,088,763	6,613,483	6,088,763
Recognized asset/(liability) for defined benefit obligations	4,672,628	4,385,199	4,672,628	4,385,199

The bank's surplus in defined benefit plan is the same as figure determined using asset ceiling. The bank has a right to surplus on its plan assets. There are no unrecognised actuarial gains and losses.

Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
(Deficit)/surplus on defined benefit obligations, beginning of period	4,385,199	2,767,786	4,385,199	2,767,786
Interest costs	(92,819)	(255,500)	(92,819)	(255,500)
Current service costs	(137,915)	(137,093)	(137,915)	(137,093)
Expected return on plan assets	827,223	642,725	827,223	642,725
Net actuarial gain/(loss) for the year - Obligations	(2,363,524)	362,208	(2,363,524)	362,208
Net actuarial gain/(loss) for the year - Plan Assets	57,554	(314,927)	57,554	(314,927)
Contributions paid	1,996,910	1,320,000	1,996,910	1,320,000
(Deficit)/surplus for defined benefit obligations, end of period	4,672,628	4,385,199	4,672,628	4,385,199

Plan assets consist of the following:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Equity securities	1,874,101	1,384,682	1,874,101	1,384,682
Government securities	293,428	-	293,428	-
Offshore investments	1,269,899	1,142,095	1,269,899	1,142,095
Cash and bank balances	3,176,055	3,561,986	3,176,055	3,561,986
	6,613,483	6,088,763	6,613,483	6,088,763

The defined benefit plan assets are under the management of custodians - Crusader Sterling Pension Limited and First Pension Custodian Nigeria Limited.

Plan assets include the Group's ordinary shares with a fair value of ₦1,758,172,000 (2011: ₦1,294,777,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2012 are ₦1,200,000,000

Plan assets are valued at current market value. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the consolidated statement of financial position. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

In thousands of Nigerian Naira	Dec-2012	Dec-2011	Dec-2012	Dec-2011
Fair value of plan assets, beginning of the period	6,088,763	4,594,034	6,088,763	4,594,034
Contributions paid into/(withdrawn from) the plan	1,996,910	1,320,000	1,996,910	1,320,000
Benefits paid by the plan	(2,356,967)	(153,069)	(2,356,967)	(153,069)
Actuarial gain/(loss)	57,554	(314,927)	57,554	(314,927)
Expected return on plan assets	827,223	642,725	827,223	642,725
Fair value of plan assets, end of the period	6,613,483	6,088,763	6,613,483	6,088,763

Movement in present value of obligations:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Present value of obligation, beginning of the period	1,703,564	1,826,248	1,703,564	1,826,248
Interest cost	92,819	255,500	92,819	255,500
Current service cost	137,915	137,092	137,915	137,092
Benefits paid	(2,356,967)	(153,069)	(2,356,967)	(153,069)
Actuarial (gain)/loss on obligation	2,363,524	(362,207)	2,363,524	(362,207)
Present value of obligation at end of the period	1,940,855	1,703,564	1,940,855	1,703,564

Expense recognised in profit or loss:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Current service costs	137,915	137,093	137,915	137,093
Interest on obligation	92,819	255,500	92,819	255,500
Expected return on planned assets	(827,223)	(642,725)	(827,223)	(642,725)
Net actuarial (gain)/loss recognised in the year	2,305,970	(47,281)	2,305,970	(47,281)
To profit or loss	1,709,481	(297,413)	1,709,481	(297,413)
Actual return on plan assets	(884,777)	(327,798)	(884,777)	(327,798)

Actuarial assumptions

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

In thousands of Nigerian Naira	Dec-2012	Dec-2011
Expected return on plan assets at 1 January	14%	14%
Future salary increases	12%	12%
Retirement age for both male and female	60 years	60 years
Retirement Rate: 50 – 59	2%	2%
Withdrawal Rate: 18 – 29	5%	5%
Withdrawal Rate: 30 – 44	6%	6%
Withdrawal Rate: 45 – 49	5%	3%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 14%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 2% per annum. The inflation component has been worked out at 10% per annum.

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

Historical information

In thousands of Nigerian Naira	Dec-2012	Dec-2011	Dec-2010	Dec-2009	Dec-2008
Present value of the defined benefit obligation	422,669	(2,065,771)	(2,400,746)	(2,311,829)	(1,352,836)
Fair value of plan assets	6,555,929	6,403,690	4,329,807	3,183,481	2,878,157
Experience adjustments on plan liabilities	(2,363,524)	362,207	574,498	359,019	(499,024)
Experience adjustments on plan assets	57,554	(314,927)	264,227	108,493	(1,436,422)
Surplus/(deficit)	4,672,628	4,385,199	2,767,786	1,339,164	(410,125)

40. Other borrowed funds

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Due to IFC (see note (i) below)	29,633,112	32,385,726	29,633,112	32,385,726
Due to ADB (see note (ii) below)	14,640,013	16,220,052	14,640,013	16,220,052
Due to FMO (see note (iii) below)	985,390	1,801,406	-	-
Due to BOI (see note (iv) below)	35,654,048	29,557,778	35,654,048	29,557,778
Due to GTBV (see note (v) below)	-	-	77,617,984	138,218,487
Due to CAC (see note (vi) below)	5,500,000	5,250,000	5,500,000	5,250,000
Due to Proparco (see note (vii) below)	6,149,261	8,015,177	6,149,261	8,015,177
	92,561,824	93,230,139	169,194,418	229,647,220
Current	11,835,103	74,092	10,849,713	62,112,813
Non-current	80,726,721	93,156,047	158,344,705	167,534,407

- (i) The amount of ₦29,633,112,000 (USD 189,728,000) (December 2011: ₦32,385,726,000 ; USD202,253,000) represents the balances on various facilities granted by the International Finance Corporation (IFC) between January 2007 and December 2011, repayable over 7 to 9 years at interest rates varying from 2.75% to 3.5% above LIBOR rates.
- (ii) The amount of ₦14,640,013,000 (USD93,734,000) (December 2011: ₦16,220,052,000; USD101,296,000) represents the outstanding balance on a dollar facility of \$130,000,000 by the Bank of Industry granted by the African Development Bank (ADB) between September 2007 and December 2011 repayable over 7 years. Interest is payable half yearly at a rate per annum determined by the Bank to range between the sum of LIBOR or its successor rate for such interest periods plus 245 basis points per annum and 5.157%.
- (iii) The amount of ₦985,390,000 (USD610,740) (December 2011: ₦1,801,406,000; USD8,750,000) represents the outstanding balance on the term loan facility of USD15,000,000 granted by FMO (an entrepreneurial development bank of the Netherlands) in December 2009 for a period of 4 years. The principal is repayable at maturity in January 2014 while the interest is repayable quarterly over the tenure of the facility at 4.5% above LIBOR rates.
- (iv) The amount of ₦35,654,048,000 (31 December 2011: ₦29,557,778,000) represents the outstanding balance on a naira facility granted (BOI) in August 2010 for a period of 15 years. The facility (an on-lending loan) is an initiative of the Central Bank of Nigeria to unlock the credit market in the country through the revamping of power projects and the refinancing and restructuring of bank loans. The principal amount is repayable in quarterly instalments as specified against each beneficiary customer in the schedule attached to the offer letter. There is no interest repayable on the facility.
- (v) The amount of ₦77,617,984,000 (USD 496,954,000) net of balances held by Group entities represents dollar guaranteed notes issued by GTB Finance B.V., Netherlands. It represents the 2nd tranche of \$500,000,000 issued in May 2011 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.5% per annum. The first tranche of \$350,000,000 issued in January 2007 with a tenor of 5 years matured on the 27th of January, 2012.
- (vi) The amount of ₦5,500,000,000 (31 December 2011: ₦5,250,000,000) represents the outstanding balance on a facility granted by the Debt Management Office in tranches between April and August 2010 for 7 years. It is an initiative of Central Bank of Nigeria and Federal Ministry of Agriculture and Water resources aimed at the growth and development of commercial agriculture enterprise in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agriculture enterprise at a maximum rate of 9.00% p.a.
- (vii) The amount of ₦6,149,261,000 (USD 39,371,000) represents the outstanding balance on a dollar term loan facility granted by Proparco in December 2011 for a period of 5 years. Interest is payable half yearly at 4.46% over the tenure of the facility.

41 Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
(a) Authorised -				
50,000,000,000 ordinary shares of 50k each (31 December 2011: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000
(b) Issued and fully paid:				
29,431,179,224 ordinary shares of 50 kobo each (31 December 2011: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590
25,925,597,487 ordinary shares of 50k each (31 December : 25,784,948,287)	12,962,799	12,892,475	12,962,799	12,892,475
3,505,581,737 ordinary shares (GDR) of 50k each (31 December 2011: 3,646,230,937)	1,752,791	1,823,115	1,752,791	1,823,115
	14,715,590	14,715,590	14,715,590	14,715,590

The movement on the issued and fully paid-up share capital account during the year was as follows:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Balance, beginning of year	14,715,590	11,658,594	14,715,590	11,658,594
Increase in the year	-	142,348	-	142,348
Bonus shares capitalized	-	2,914,648	-	2,914,648
Balance, end of year	14,715,590	14,715,590	14,715,590	14,715,590

Share Capital

In thousands of Nigerian Naira	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2011	23,317,188	11,658,594	119,076,565	(1,562,603)
Proceeds from shares issued	284,696	142,348	4,394,549	-
Bonus capitalised	5,829,296	2,914,648	-	-
(Purchases)/sales of treasury shares	-	-	-	(484,111)
At 31 December 2011/1 January 2012	29,431,180	14,715,590	123,471,114	(2,046,714)

Share premium

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

Other regulatory reserves

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

- (i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S. 16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The bank appropriated ₦24,494,646,000 representing 30% of its Profit after tax to statutory reserve.
- (ii) **Small and medium enterprises equity investment reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. The bank did not make any appropriation to this reserve during the year.

Treasury shares:

Treasury shares represent the Bank's shares of 1,170,674,231 (31 December 2011 : 1,170,674,231) held by the Staff Investment Trust as at 31 December 2012.

Bonus reserves:

Subsequent to the balance sheet date, the Board of Directors has approved the transfer of Nil (2011: Nil) bonus shares (2011: Nil).

Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the impairment balance on loans and advances as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria as opposed to the requirement of IAS 39 Incurred loss model. The key component of CBN Prudential Guidelines is the inclusion of 1% General Loan Loss provisioning of performing loans in the entity impairment figures, this 1% provision amounting to ₦7.29 billion is not required by IAS 39. The total transfer to regulatory risk reserve during the year is ₦11.31 billion.

Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

Non-controlling interest

The entities accounting for the non-controlling interest balance is shown below:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
GTB (Gambia) Limited	375,242	337,286	-	-
GTB (Sierra Leone) Limited	282,664	234,269	-	-
GTB (Ghana) Limited	598,480	443,626	-	-
GT Homes Limited	-	974,473	-	-
GTB Liberia	12,305	11,563	-	-
	1,268,691	2,001,217	-	-

42 Dividends

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Balance, beginning of period	-	-	-	-
Final dividend declared	25,016,504	17,487,889	25,016,504	17,487,889
Interim dividend declared	7,357,794	7,286,620	7,357,794	7,286,620
Payment during the period	(32,374,298)	(24,774,509)	(32,374,298)	(24,774,509)
Balance, end of period	-	-	-	-

The Board of Directors, subsequent to the balance sheet date, proposed a final dividend of ₦1.30 (31 December 2011: ₦0.85) per share on the issued share capital of 29,431,179,224 ordinary shares of 50k each, amounting to ₦38,260,532,991 (31 December 2011: ₦25,016,502,340). The dividend proposed is subject to the approval of shareholders at the next Annual General Meeting.

43 Frauds and Forgeries that took place within the Period

In the course of the year, the Bank recorded 1,882 incidences of fraud out of which 94% are electronic fraud cases while 5% are fraudulent withdrawals from customer's accounts. In terms of value, the fraud occurrences amount to N1,348,484,024 of which fraudulent account withdrawals and electronic fraud are valued at N1,064,971,077 and N267,559,673 respectively.

The Bank paid fraud losses of N134,943,485 in 2012 as refunds to customers where the Bank's liability was established and made a provision of N500,000,000 for fraud losses which are yet to be determined. Based on investigative findings, the Directors of the Bank are of the opinion that further losses are not envisaged.

44 Leasing

As lessor

The Group acts as lessor under finance leases, providing financing for its customers and leasing assets for their own use. In addition, assets leased by the Group may be sublet to other parties.

The income from the lease is recognized as interest income on the Group's income statement, representing the Group's return on investment in the capital lease while a receivable is recognized for the Lease amount outstanding at the reporting period.

As lessee

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognized on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable. For finance lease agreements in which the group is lessee, details of the resulting commitments have been included in other liabilities.

45. Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 310 cases as a defendant (31 December 2011: 277) and 133 cases as a plaintiff (31 December 2011: 98).

The total amount claimed in the 310 cases against the Bank is estimated at ₦304,620,174,907 and \$133,520,449 (31 December 2011: ₦252,103,083,483 and \$125,889,862) while the total amount claimed in the 133 cases instituted by the Bank is ₦50,236,783,927 (31 December 2011: ₦2,393,283,830 and \$10,477,341). However, the solicitors of the Bank are of the view that the probable liability arising from the cases pending against the Bank is not likely to exceed ₦27,310,000 and US\$146,346 (31 December 2011: ₦37,290,000). The amounts have been fully provided for in the financial statements.

Based on the advice of the solicitors, the Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and they are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

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

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

a. These comprise:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Contingent liabilities:				
Acceptances and guaranteed commercial papers	83,847	39,150	-	-
Transaction related bonds and guarantees	363,927,051	334,324,535	355,132,185	330,449,318
Guaranteed facilities	64,123,627	54,368,784	64,055,852	52,501,177
	428,134,525	388,732,469	419,188,037	382,950,495
Commitments:				
Short term foreign currency related transactions	21,056,857	64,638,691	21,056,857	64,638,691
Clean line facilities and letters of credit	77,094,340	71,823,443	54,726,233	45,191,298
Other commitments	1,167,439	1,627,196	-	-
	99,318,636	138,089,330	75,783,090	109,829,989

b. 65% of all the transaction related bonds and guarantees are collateralised. The cash component of the balance was ₦61,398,412,000 (31 December 2011: ₦24,648,619,000).

c. The Bank granted clean line facilities for letters of credit during the period to guarantee the performance of customers to third parties.

46 Group entities

The Group is controlled by Guaranty Trust Bank Plc “the ultimate Parent” (incorporated in Nigeria). The controlling interest of Guaranty Trust Bank Plc in the Group entities is disclosed in the table below:

I. Significant subsidiaries

	Country of incorporation	Ownership interest 2012	Ownership interest December 2011	
1	Guaranty Trust Bank Gambia Limited	Gambia	77.81%	77.81%
2	Guaranty Trust Bank Sierra Leone Ltd	Sierra Leone	84.24%	84.24%
3	Guaranty Trust Bank Ghana Limited	Ghana	95.33%	95.72%
4	Guaranty Trust Homes Limited	Nigeria	0.00%	75.11%
5	Guaranty Trust Bank UK Limited	United Kingdom	100.00%	100.00%
6	Guaranty Trust Bank Liberia Limited	Liberia	99.43%	99.43%
7	Guaranty Trust Bank Cote D'Ivoire Limited	Cote D'Ivoire	100.00%	0%
Special purpose entities:				
	Staff Investment Trust	Nigeria	100.00%	100.00%
	Guaranty Trust Bank Finance BV	Netherlands	100.00%	100.00%

The remaining interests in the Group are held by minority shareholders.

- (a) GTB Gambia was incorporated in September 2001 and commenced operations in January 2002.
- (b) GTB Sierra Leone was incorporated in September 2001 and commenced operations in January 2002.
- (c) Guaranty Trust Bank Ghana was incorporated in October 2004 and commenced operations in March 2006. During the year, the Bank took up additional 274,056,873 units of shares worth ₦384,022,000 vide a rights issue by Guaranty Trust Bank Ghana. The right issues diluted the interest of Guaranty Trust Bank Plc (the Parent) from 95.72% to 95.33% because the Bank did not fully take up its rights. Non-Controlling Interest however took up 41,784,794 units of shares of the right issue in the sum of ₦59,678,000; increasing their interest in Guaranty Trust Bank Ghana from 4.28% to 4.67%. A loss of ₦38,025,000 arose from the transaction with Non-controlling interest during the year.
- (d) GTHomes Limited, previously classified as held for sale/discontinued operations has been excluded because the sale has now been finalized with the approval of the Securities and Exchange Commission's (SEC) in place.
- (e) Guaranty Trust Bank (UK) Limited was incorporated in February 2007 and commenced operations in January 2008. During the year, the Bank invested the sum of ₦2,822,427,000 in Guaranty Trust Bank UK Limited.
- (f) Guaranty Trust Bank (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009.
- (g) Guaranty Trust Bank Cote D'Ivoire is Guaranty Trust Bank plc's first subsidiary in Francophone West Africa. The Bank has been licensed by the Central Bank of Cote D'Ivoire to offer banking services to the Ivorian public and is situated at an ultra-modern office at 11, Rue du Senateur, LAGAROSSE, Abidjan-Plateau. Banking operations commenced at the new subsidiary

on April 16, 2012.

The Bank's primary business involves the provision of a full range of financial services to corporate and individual clients. These include investment, advisory, retail, commercial, corporate and institutional banking services. The bank also offers medium to long-term financing, fund management services and various credit products to meet the needs of its preferred clientele.

- (h) GTB Finance B.V was incorporated in December 2006 and commenced operations in December 2006. An obligation also exists between the Bank and GTB Finance B.V, for which GTB Finance B.V was expected to lend the Bank the sum of ₦307.87 million (\$2,608,000) as a share premium loan. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.

47 Related parties

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

(b) Subsidiaries

Transactions between Guaranty Trust Bank Plc and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

(c) Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc and its subsidiaries.

(d) Risk assets outstanding as at 31 December 2012

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 ₦6,336,282,000 (31 December 2011: ₦6,346,350,000) was outstanding on these facilities at the end of the period. The status of performance of each facility is as shown below:

Name of company /individual In thousands of Nigerian Naira	Relationship	Facility type	Status	Nature of Security	Parent Dec-2012	Parent Dec-2011
Main One Cable Ltd.	Director Related	Term Loan	Performing	Mortgage Debenture/Shares	4,001,037	4,952,531
Augusto Enterprises	Director Related	Term Loan	Performing	Equitable Mortgage	7,666	9,667
Enwereji Nneka Stella	Director Related	GTMortgage	Performing	Legal Mortgage	23,753	25,200
Payless Butchers And Supermart	Director Related	Overdraft	Performing	Tripartite Legal Mortgage	1,651	6,921
Emzor Pharmaceuticals	Director Related	Overdraft/Usance	Performing	Tripartite Legal Mortgage	906,713	289,827
Shade Ogundare & Co.	Ex-Director Related	Overdraft/Term Loan	Performing	Equitable Mortgage/Cash	-	42,838
Sleeves Limited	Ex-Director Related	Overdraft/Term Loan	Performing	Tripartite Legal Mortgage/Cash	-	34,489
Yewande Ogundare	Ex-Director Related	GTAuto	Performing	Chattle Mortgage	-	1,870
Jumoke Ogundare	Ex-Director Related	GTAuto	Performing	Chattle Mortgage	-	4,878
Richard Oladipo Ogundare	Ex-Director Related	GTMortgage/Overdraft	Performing	Legal Mortgage	-	37,414
Jaykay Pharmacy Ltd	Director Related	Overdraft/Term Loan	Performing	Asset Debenture/Real Estate	54,298	63,778
Richardson Oil And Gas	Ex-Director Related	Term Loan/Overdraft	Performing	Equitable Mortgage	-	126,042
Richardson Logistics Ltd	Ex-Director Related	Overdraft	Performing	Equitable Mortgage	-	18
Fola Adeola	Director Related	Overdraft	Performing	Equitable Mortgage	108,284	283,201
Jegede Fehintola O.	Insider Related	Max Advance	Performing	Salary Domiciliation	-	10,562
Adam And Eve Nigeria Ltd.	Insider Related	Overdraft	Performing	Tripartite Legal Mortgage	4,322	27,500
Polystyrene Industries Ltd	Director Related	Term Loan	Performing	Mortgage Debenture/Corporate Guarantee	26,795	-
Kresta Laurel Ltd.	Director Related	Bond And Guarantee Line	Performing	Cash	77,782	-
International Travel Express Ltd	Director Related	Overdraft	Performing	Domiciliation	187,411	300,752
Comprehensive Project Mgt.Ser	Director Related	Advance Payment Guarantee	Performing	Cash	8,000	-
Broadway Loteza Enterprises	Insider Related	Overdraft/Term Loan	Performing	Shares	633	1,771
Omobolanle Kalejaiye	Insider Related	Overdraft/Term Loan	Performing	Legal Mortgage	-	32,591
Olanrewaju Kalejaiye	Insider Related	GTMortgage	Performing	Legal Mortgage	63,260	66,923
Oduyemi Oluwole Sunday	Director Related	Overdraft	Performing	Domiciliation/ Cash	1,536	-
Mr. & Mrs. E. U. Imomoh	Director Related	Overdraft	Performing	Corporate Guarantee	11,033	-
Touchdown Travels Limited	Director Related	Performance Bond	Performing	Cash	1,500	-
Mediabloc Consulting Nigeria Ltd.	Insider Related	Term Loan/Overdraft	Performing	Personal Guarantee	18,934	27,576
Afren Resources Limited	Director Related	Custom Duty Bond	Performing	Cash / Corporate Guarantee	831,674	-
					6,336,282	6,346,350

(e) Director/insiders related deposit liabilities

Name of company/Individual	Relationship	Type of Deposit	Parent	Parent
			Dec-2012	Dec-2011
			In thousands of Nigerian Naira	
Agusto & Co. Limited	Director related	Demand and Time Deposits	8,280	23,219
Alliance Consulting	Director related	Demand Deposits	2,023	1,086
Comprehensive Project Mgt.Services	Director related	Demand and Time Deposits	29,139	40,404
Cubic Contractors Limited	Director related	Demand Deposits	25,978	4,034
Eterna Plc	Director related	Demand and Time Deposits	7,088	56,263
F & C Securities Limited	Director related	Demand and Time Deposits	955	17,558
IBFC Agosto Training	Director related	Demand Deposits	1,753	103
IBFC Limited	Director related	Demand and Time Deposits	55	9,455
Jaykay Pharmacy Limited	Director related	Demand and Time Deposits	48	70
Kresta Laurel Limited	Director related	Demand and Time Deposits	9,256	22,478
Livingold Limited	Director related	Demand and Time Deposits	-	181
Main One Cable Company Ltd	Director related	Demand Deposits	145,773	39,420
Mayfield Finance Company	Director related	Demand Deposits	558	258
Mayfield Ventures Limited	Director related	Demand Deposits	11	11
Payless Butchers & Supermart Ltd	Director related	Demand Deposits	1,495	4,987
Shade Ogundare And Company	Ex-Director related	Demand Deposits	-	973
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposits	3	4
Sleeves Limited	Director related	Demand Deposits	-	12
WSTC Financial Services Ltd	Director related	Demand and Time Deposits	308,397	170,419
WSTC Nominee Limited	Director related	Demand Deposits	431	431
Zito Phranzlo Int'L Limited	Director related	Demand and Time Deposits	382	1,275
International Travel Express Ltd	Director related	Demand Deposits	9	1,837
Broadway Loteza Enterprises	Director related	Demand Deposits	-	9
Afren Onshore Ltd	Director related	Demand Deposits	1	1
Afren Resources Limited	Director related	Demand and Time Deposits	11,784	14,349
First Marina Trust Limited	Ex-Director related	Demand and Time Deposits	-	235,953
Emzor Pharmaceuticals	Director related	Time Deposits	-	2,000
			553,420	646,790

(f) Subsidiaries' deposit account balances

Name of company/Individual	Relationship	Type of Deposit	2012	2011
In thousands of Nigerian Naira			N	N
GT Homes Limited ¹	Subsidiaries	Demand Deposit	-	35,026,255
GT Homes Limited ¹	Subsidiaries	Time Deposit	-	226,838,763
GTB Sierra Leone	Subsidiaries	Domicilliary	578,056	592,629
GTB Ghana	Subsidiaries	Demand Deposit	3,072,683	2,172,538
GTB Ghana	Subsidiaries	Domicilliary	31,431	8,038,474
			3,682,170	272,668,659

¹ GT Homes Limited was disposed during the period

(g) Key management personnel and their immediate relatives engaged in the following transactions with the Group during the period:

Loans and advances:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Secured loans	6,336,282	6,346,350	6,336,282	6,346,350

Deposits:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Total deposits	553,420	646,790	553,420	646,790

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

(h) Key management personnel compensation for the period comprises:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Wages and salaries	2,140,149	2,106,946	1,853,893	1,821,796
Post-employment benefits	2,334,198	18,214	2,334,198	18,214
Share-based payments	585,964	969,956	-	-
Increase /(decrease) in share appreciation rights	2,750,805	1,101,792	-	-
	7,811,116	4,196,908	4,188,091	1,840,010

(i) (i) Directors' remuneration

Directors' remuneration excluding pension contributions and certain benefits was provided as follows:

In thousands of Nigerian Naira	Group Dec-2012	Group Dec-2011	Parent Dec-2012	Parent Dec-2011
Fees as directors	103,749	87,183	42,500	42,500
Other allowances	241,184	379,772	185,253	340,360
	344,933	466,955	227,753	382,860
Executive compensation	684,052	549,219	677,213	533,054
	1,028,985	1,016,174	904,966	915,914

(ii) The directors' remuneration shown above includes:

In thousands of Nigerian Naira	Parent Dec-2012	Parent Dec-2011
Chairman	21,771	45,592
Highest paid director	168,155	159,031

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

In thousands of Nigerian Naira	Parent Dec-2012	Parent Dec-2011
N 6,500,001 - N11,000,000	-	-
N11,000,001 - N11,500,000	-	-
N11,500,001 - N12,000,000	-	-
N12,000,001 - N12,500,000	-	1
N12,500,001 - N13,000,000	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	3	-
Above N22,500,001	11	17
	14	18

48 Contraventions

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

Legislation	Nature of Contravention	Penalties N'000
a) CBN Circular	Know-Your-Customer principle	39,500
b) CBN Circular	Scope of Banking activities and Ancilliary matters	2,000
c) CBN Circular	Rendition of Daily Returns	75
d) 2009/2010 Review of NFIU/CBN Joint Examination	Know-Your-Customer principle	4,000

49 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.

50 Prior period corresponding balances

Certain prior period balances have been reclassified in line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, to reflect current period presentation due to the following reasons:

In thousands of Nigerian Naira	Reported Group Dec-2011	Reported Parent Dec-2011	Restatement Group Dec-2011	Restatement Parent Dec-2011	Restated Group Dec-2011	Restated Parent Dec-2011
Assets						
Cash and cash equivalents	368,282,477	330,294,424	-	-	368,282,477	330,294,424
Loans and advances to banks	158,616	158,616	-	-	158,616	158,616
Loans and advances to customers	706,893,133	679,358,919	-	-	706,893,133	679,358,919
Financial assets held for trading	173,297,556	151,819,087	-	-	173,297,556	151,819,087
Investment securities:						
– Available for sale	3,744,970	3,744,970	-	-	3,744,970	3,744,970
– Held to maturity	161,196,356	163,914,120	-	-	161,196,356	163,914,120
Assets pledged as collateral	45,588,084	45,588,084	-	-	45,588,084	45,588,084
Investment in subsidiaries	-	16,233,581	-	-	-	16,233,581
Property and equipment ¹	51,602,272	47,342,192	5,908,350	5,152,038	57,510,622	52,494,230
Intangible assets	1,006,470	762,709	-	-	1,006,470	762,709
Deferred tax assets	96,820	-	-	-	96,820	-
Other assets	87,006,691	80,810,843	(5,908,350)	(5,152,038)	81,098,341	75,658,805
	1,598,873,445	1,520,027,545	-	-	1,598,873,445	1,520,027,545
Assets classified as held for sale and discontinued operations	9,779,201	3,500,000	-	-	9,779,201	3,500,000
Total assets	1,608,652,646	1,523,527,545	-	-	1,608,652,646	1,523,527,545
Liabilities						
Deposits from banks	37,229,029	21,636,242	-	-	37,229,029	21,636,242
Deposits from customers	1,026,119,419	962,486,292	-	-	1,026,119,419	962,486,292
Other liabilities ²	48,708,157	41,660,661	3,615,005	3,615,005	52,323,162	45,275,666
Current income tax liabilities	14,062,596	13,760,343	-	-	14,062,596	13,760,343
Deferred tax liabilities	3,407,652	3,308,557	-	-	3,407,652	3,308,557
Debt securities issued	145,767,516	13,233,169	-	-	145,767,516	13,233,169
Other borrowed funds	93,230,139	229,647,220	-	-	93,230,139	229,647,220
	1,368,524,508	1,285,732,484	3,615,005	3,615,005	1,372,139,513	1,289,347,489
Liabilities included in assets classified as held for sale and discontinued operations	6,119,979	-	-	-	6,119,979	-
Total liabilities	1,374,644,487	1,285,732,484	3,615,005	3,615,005	1,378,259,492	1,289,347,489

In thousands of Nigerian Naira	Reported Group Dec-2011	Reported Parent Dec-2011	Restatement Group Dec-2011	Restatement Parent Dec-2011	Restated Group Dec-2011	Restated Parent Dec-2011
Equity						
Capital and reserves attributable to equity holders of the parent entity						
Share capital	14,715,590	14,715,590	-	-	14,715,590	14,715,590
Share premium	123,471,114	123,471,114	-	-	123,471,114	123,471,114
Treasury shares	(2,046,714)	-	-	-	(2,046,714)	-
Retained earnings	28,745,525	35,175,751	(3,615,005)	(3,615,005)	25,130,520	31,560,746
Other components of equity	67,121,427	64,432,606	-	-	67,121,427	64,432,606
Total equity attributable to owners of the Parent	232,006,942	237,795,061	(3,615,005)	(3,615,005)	228,391,937	234,180,056
Non-controlling interests in equity	2,001,217	-	-	-	2,001,217	-
Total equity	234,008,159	237,795,061	(3,615,005)	(3,615,005)	230,393,154	234,180,056
Total equity and liabilities	1,608,652,646	1,523,527,545	-	-	1,608,652,646	1,523,527,545

Restatement in respect of prior years:

¹ The Group reclassified land from other assets in the reported comparative statements of financial position to Property Plant and Equipment in the restated comparative statement of financial position. This reclassification is required to comply with the Financial Reporting Council of Nigeria stance on the treatment of Land as an item of Property, Plant and Equipment

² Cumulative Under provisioning resulting from Non-Company Income taxes amounting to N3,615,00,000 not charged against prior year Income was reclassified from prior year retained earnings to Other Liabilities.

In thousands of Nigerian Naira	Reported Group Dec-2011	Reported Parent Dec-2011	Restatement Group Dec-2011	Restatement Parent Dec-2011	Restated Group Dec-2011	Restated Parent Dec-2011
Interest income	126,471,509	119,016,532	-	-	126,471,509	119,016,532
Dividend income ¹	245,956	-	(245,956)	-	-	-
Interest expense ²	(27,920,924)	(25,429,756)	(59,435)	(59,435)	(27,980,359)	(25,489,191)
Net interest income	98,796,541	93,586,776	(305,391)	(59,435)	98,491,150	93,527,341
Loan impairment charges	(19,503,412)	(18,661,992)	-	-	(19,503,412)	(18,661,992)
Net interest income after loan impairment charges	79,293,129	74,924,784	(305,391)	(59,435)	78,987,738	74,865,349
Fee and commission income ³	43,809,517	39,056,940	(290,995)	(290,995)	43,518,522	38,765,945
Fee and commission expense	(2,187,966)	(2,172,081)	350,430	350,430	(1,837,536)	(1,821,651)
Net fee and commission income	41,621,551	36,884,859	59,435	59,435	41,680,986	36,944,294
Net gains/(losses) on financial instruments classified as held						
for trading	6,843,478	4,878,110	-	-	6,843,478	4,878,110
Other operating income	5,329,097	9,940,364	245,956	-	5,575,053	9,940,364
Other income	12,172,575	14,818,474	245,956	-	12,418,531	14,818,474
Total operating income	133,087,255	126,628,117	-	-	133,087,255	126,628,117
Net impairment loss on financial assets ⁴	-	-	(1,181,354)	(1,181,354)	(1,181,354)	(1,181,354)
Net operating income after net impairment loss on financial assets	133,087,255	126,628,117	(1,181,354)	(1,181,354)	131,905,901	125,446,763
Personnel expenses ⁵	(20,484,007)	(15,961,549)	(1,890,351)	(1,890,351)	(22,374,358)	(17,851,900)
General and administrative expenses	(21,621,110)	(19,779,440)	-	-	(21,621,110)	(19,779,440)
Operating lease expenses ⁶	(830,171)	(575,844)	152,285	88,451	(677,886)	(487,393)
Depreciation and amortization	(7,455,930)	(6,741,816)	(152,285)	(88,451)	(7,608,215)	(6,830,267)
Other operating expenses	(20,615,831)	(18,824,367)	3,071,705	3,071,705	(17,544,126)	(15,752,662)
Total expenses	(71,007,049)	(61,883,016)	1,181,354	1,181,354	(69,825,695)	(60,701,662)
Profit before income tax	62,080,206	64,745,101	-	-	62,080,206	64,745,101
Income tax expense	(14,277,068)	(13,091,850)	-	-	(14,277,068)	(13,091,850)
Profit for the year from continuing operations	47,803,138	51,653,251	-	-	47,803,138	51,653,251
Profit for the year from discontinued operations	3,938,482	-	-	-	3,938,482	-
Profit for the year	51,741,620	51,653,251	-	-	51,741,620	51,653,251

¹Dividend Income:

The Group reclassified dividend income amounting to ₦245,956,000 from a separate line on the Income Statement of the reported Income Statement to Other Operating Income in the restated Income statement

²Interest expense:

Interest paid to Bank of Industry (BOI) on BOI intervention fund amounting to ₦59,435,000 previously classified to Fee and commission expense is now classified to Interest expense.

³Fee and commission income:

Fee and commission expense incurred to provide e-channel services and recoverable from customers amounting to ₦290,995,000 previously presented as Fee and commission expense is now presented in fee and commission income.

⁴Net impairment loss on financial assets:

The Group reclassified net impairment loss on financial assets from Other operating expenses in the reported Income statement to its separate line in the Restated Income statement

⁵Personnel expense:

Passage allowance amounting to ₦1,890,351,000 previously presented as Other operating expenses now presented as personnel expenses for proper disclosure of personnel related expenses

⁶Operating lease expense:

Operating lease expense on land amounting to ₦152,285,000 (Bank: ₦88,451,000) presented as a separate line in the reported Income statement is reclassified to Depreciation and amortisation in the restated Income statement to reflect the reclassification of land from Other Assets to Property, Plant and Equipment.

Regulatory Requirements under the IFRS Regime

In addressing the challenges faced by the Nigerian Banking industry which was at the brink of a crisis as a result of spiral effects of the global financial meltdown, the CBN undertook a review of the prudential guidelines. In the revised guidelines, which became effective 1st of July, 2010, the CBN provided for the adaptation of the prudential guidelines to IFRS after it has been adopted in Nigeria. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

- (a) Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:
 - i. Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.
 - ii. Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.
- (b) The non distributable reserve should be classified under Tier 1 as part of core capital.

The Bank has fully complied with the requirements of the guidelines.

Provisioning as recommended by Prudential Guideline

Loan provisioning is segregated along two (2) categories as detailed below:

1. Loans other than Specialized Loans

The provisioning policy for 'loans other than specialized loans' covers the following:

- i. Commercial Loans
- ii. Commodities Financing
- iii. Corporate Loans
- iv. Retail & Consumer Credits
- v. Neither past due nor impaired
- vi. Facilities granted to federal, state and local governments and their parastatals.
- vii. Facilities not specifically classified as specialized loans by the CBN.

The bank's provisioning benchmark for 'loans other than specialized loans' is highlighted in the table below:

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

As soon as an account is classified as non-performing, the interest is accounted for on nonaccrual basis i.e. interest is not recognized as income but suspended.

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

2. Specialized Loans

The provisioning policy for specialized loans covers the following:

- i. Agriculture Finance
- ii. Mortgage Loans (Commercial and Residential)
- iii. Margin Loans
- iv. Project Finance
- v. Object Finance
- vi. SME Loans

The bank's provisioning benchmarks are spelt out below under each of the specialized loan types:

I. Agriculture Finance

a. Agriculture Finance - short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

Category	Classification	Days past due	% Provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. Agriculture Finance – long term facilities (Farm development finance, purchase of machinery, livestock financing)

Category	Classification	Days past due	% Provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 2 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

ii. Mortgage Loans

Category	Classification	Days past due	Treatment of Income	% Provision
1	Watchlist	Markup / interest or principal past due by 90days	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	As above	10% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	As above	Unprovided balance should not exceed 50% of the estimated net realisable value of the security.
4	Lost	Markup / interest or principal past due by more than 2 years	As above	100% of total outstanding balance

iii. Margin Loans

The shares backing margin facilities shall be marked to market on a daily basis in order to determine the potential loss in the portfolio. Provisions shall be made periodically for the excess of loan balance over the market value of the underlying shares. Any Increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

iv. Project Finance

Category	Classification	Days past due	Treatment of Income	% Provision
1	Watchlist	Repayment on obligation btw 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180days to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment overdue by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

v. Object Finance

Category	Classification	Days past due	Treatment of income	% Provision
1	Watchlist	Repayment on obligation btw 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	Substandard	Repayment below 60% of amount due or installment btw 180days to 1year past due	As above	25% of total outstanding balance
2	Doubtful	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	Very Doubtful	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	Lost	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

vi. SME

a. SME Loans - SME short term facilities (Maturities of 1 year)

Category	Classification	Days past due	% Provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b. SME Loans - SME Long term facilities (Maturities of more than 1 year)

Category	Classification	Days past due	% Provision
1	Watchlist	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	Substandard	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	Doubtful	Markup / interest or principal past due by 1 to 2 years	50% of total outstanding balance
3	Very Doubtful	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	Lost	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

Value Added Statement

For the year ended 31 December 2012

Group	Dec-2012				Dec-2011			
	Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total	
	N'000	N'000	N'000	%	N'000	N'000	N'000	%
Gross earnings	221,940,081	1,064,166	223,004,247		182,408,562	10,360,674	192,769,236	
Interest expense:								
- Local	(29,168,483)	(288,992)	(29,457,475)		(16,723,556)	(538,059)	(17,261,615)	
- Foreign	(10,440,979)	-	(10,440,979)		(11,256,803)	-	(11,256,803)	
Premium ceded	-	-	-			(1,943,737)	(1,943,737)	
Loan impairment charges / Net impairment loss on financial assets	182,330,619	775,174	183,105,793		154,428,203	7,878,878	162,307,081	
	(835,655)	-	(835,655)		(20,684,766)	(150,072)	(20,834,838)	
	181,494,964	775,174	182,270,138		133,743,437	7,728,806	141,472,243	
Bought in materials and services								
- Local	(43,156,037)	(85,281)	(43,241,318)		(41,353,878)	(2,561,448)	(43,915,326)	
- Foreign	(453,147)	-	(453,147)		(326,780)	-	(326,780)	
Value added	137,885,780	689,893	138,575,673	100	92,062,779	5,167,358	97,230,137	100
Distribution:								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	25,966,061	72,293	26,038,354	19	22,374,358	613,007	22,987,384	24
Government								
- Taxation	16,341,043	-	16,341,043	12	14,277,068	426,021	14,703,101	16
Retained in the Group								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	8,891,796	8,523	8,900,319	6	7,608,215	189,848	7,798,069	8
- Profit for the year (including non - controlling interest, statutory and regulatory risk reserves)	86,686,880	609,077	87,295,957	63	47,803,138	3,938,482	51,741,683	52
	137,885,780	689,893	138,575,673	100	92,062,779	5,167,358	97,230,237	100

Value Added Statement

For the year ended 31 December 2012

Parent	Dec-2012				Dec-2011			
	Continuing operations	Discontinued operations	Total		Continuing operations	Discontinued operations	Total	
	N'000	N'000	N'000	%	N'000	N'000	N'000	%
Gross earnings	204,324,447	-	204,324,447		172,600,951	-	172,600,951	
Interest expense:								
- Local	(29,213,853)	-	(29,213,853)		(16,566,501)	-	(16,566,501)	
- Foreign	(7,811,986)	-	(7,811,986)		(8,922,690)	-	(8,922,690)	
	167,298,608	-	167,298,608		147,111,760	-	147,111,760	
Loan impairment charges / Net impairment loss on financial assets	570,798	-	570,798		(19,843,346)	-	(19,843,346)	
	167,869,406	-	167,869,406		127,268,414	-	127,268,414	
Bought in materials and services								
- Local	(38,447,309)	-	(38,447,309)		(37,514,366)	-	(37,514,366)	
- Foreign	(453,147)	-	(453,147)		(326,780)	-	(326,780)	
Value added	128,968,950	-	128,968,950	100	89,427,268	-	89,427,268	100
Distribution:								
Employees								
- Wages, salaries, pensions, gratuity and other employee benefits	20,774,540	-	20,774,540	16	17,851,900	-	17,851,900	20
Government								
- Taxation	14,877,841	-	14,877,841	12	13,091,850	-	13,091,850	15
Retained in the Bank								
- For replacement of Property and equipment / intangible assets (depreciation and amortisation)	8,052,743	-	8,052,743	6	6,830,267	-	6,830,267	8
- To pay proposed dividend	-	-	-	-	-	-	-	-
- Profit for the year (including statutory and regulatory risk reserves)	85,263,826	-	85,263,826	66	51,653,251	-	51,653,251	57
	128,968,950	-	128,968,950	100	89,427,268	-	89,427,268	100

Five Year Financial Summary

Statements of financial position

Group

In thousands of Nigerian Naira	Dec-2012	Dec-2011	Dec-2010	Dec-2009	Dec-2008
Assets					
Cash and cash equivalents	322,989,480	368,282,477	273,074,591	255,944,975	274,633,775
Loans and advances to banks	4,864,824	158,616	186,480	146,002	34,364
Loans and advances to customers	779,050,018	706,893,133	603,906,669	574,586,579	421,773,158
Financial assets held for trading	271,073,896	173,297,556	148,872,254	134,926,969	20,230,784
Hedging derivatives	-	-	-	-	4,617,841
Investment securities:					
– Available for sale	15,765,789	3,744,970	10,629,568	12,026,708	110,198,995
– Held to maturity	129,490,810	161,196,356	22,896,774	7,132,700	-
Assets pledged as collateral	31,203,230	45,588,084	29,481,804	22,112,657	55,738,491
Investment properties	-	-	7,349,815	5,070,666	15,085,846
Property and equipment	60,886,728	57,510,622	47,092,669	41,281,423	34,963,335
Intangible assets	1,772,176	1,006,470	1,956,459	2,337,921	2,232,974
Deferred tax assets	991,791	96,820	587,881	410,864	36,847
Other assets	116,789,118	81,098,341	22,017,933	22,200,121	23,572,417
	1,734,877,860	1,598,873,445	1,168,052,897	1,078,177,585	963,118,827
Assets classified as held for sale and discontinued operations	-	9,779,201	-	-	-
Total assets	1,734,877,860	1,608,652,646	1,168,052,897	1,078,177,585	963,118,827
Liabilities					
Deposits from banks	23,860,259	37,229,029	26,026,980	31,187,065	62,989,263
Deposits from customers	1,148,197,165	1,026,119,419	753,088,230	666,921,855	469,249,902
Other liabilities	80,972,096	52,323,162	65,037,039	90,521,190	172,386,015
Current income tax liabilities	15,630,973	14,062,596	9,529,921	3,483,561	9,484,919
Deferred tax liabilities	3,288,196	3,407,652	4,884,484	6,557,821	3,646,484
Liabilities on insurance contracts	-	-	2,926,322	1,476,642	-
Debt securities issued	86,926,227	145,767,516	66,886,763	67,373,122	50,102,687
Other borrowed funds	92,561,824	93,230,139	23,033,947	12,390,288	14,221,064
	1,451,436,740	1,372,139,513	951,413,686	879,911,544	782,080,334
Liabilities included in assets classified as held for sale and discontinued operations	-	6,119,979	-	-	-
Total liabilities	1,451,436,740	1,378,259,492	951,413,686	879,911,544	782,080,334
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	11,658,594	9,326,875	7,461,500
Share premium	123,471,114	123,471,114	119,076,565	119,076,565	119,076,565
Treasury shares	(2,046,714)	(2,046,714)	(1,562,603)	(1,873,920)	(2,842,918)
Retained earnings	41,380,776	25,130,520	13,329,100	10,215,217	13,635,667
Other components of equity	104,651,663	67,121,427	68,106,870	56,379,365	39,665,555
Total equity attributable to owners of the Bank	282,172,429	228,391,937	210,608,526	193,124,102	176,996,369
Non-controlling interests in equity	1,268,691	2,001,217	6,030,685	5,141,939	4,042,125
Total equity	283,441,120	230,393,154	216,639,211	198,266,041	181,038,494
Total equity and liabilities	1,734,877,860	1,608,652,646	1,168,052,897	1,078,177,585	963,118,827

Five Year Financial Summary Cont'd

Income statements

Group

In thousands of Nigerian Naira	Dec-2012	Dec-2011	Dec-2010	Dec-2009	Dec-2008 (10 months)
Interest income	170,295,193	126,471,509	112,396,831	128,605,231	71,733,888
Interest expense	(39,609,462)	(27,980,359)	(29,774,970)	(44,227,069)	(22,358,280)
Net interest income	130,685,731	98,491,150	82,621,861	84,378,162	49,375,608
Loan impairment charges	(738,786)	(19,503,412)	(10,368,326)	(31,703,124)	(4,221,682)
Net interest income after loan impairment charges	129,946,945	78,987,738	72,253,535	52,675,038	45,153,926
Fee and commission income	44,320,753	43,518,522	33,634,283	27,886,901	20,830,453
Fee and commission expense	(1,591,016)	(1,837,536)	(3,198,819)	(349,726)	(175,208)
Net fee and commission income	42,729,737	41,680,986	30,435,464	27,537,175	20,655,245
Net gains/(losses) on financial instruments classified as held for trading	3,940,524	6,843,478	7,935,040	7,443,430	6,721,973
Net income from derivative instruments held for risk management purposes	-	-	-	(140,764)	2,684,703
Net premium less claims on insurance contracts	-	-	-	3,163,170	1,655,414
Other operating income	3,383,611	5,575,053	(2,261,461)	4,000,278	1,597,773
Other income	7,324,135	12,418,531	5,673,579	14,466,114	12,659,863
Operating income	180,000,817	133,087,255	108,362,578	94,678,327	78,469,034
Net impairment loss on financial assets	(96,869)	(1,181,354)	(228,910)	(1,573,001)	-
Net operating income after net impairment loss on financial assets	179,903,948	131,905,901	108,133,668	93,105,326	78,469,034
Personnel expenses	(25,966,061)	(22,374,358)	(16,932,927)	(18,484,414)	(12,751,408)
General and administrative expenses	(22,405,475)	(21,621,110)	(22,791,994)	(19,248,697)	(16,803,637)
Operating lease expenses	(791,433)	(677,886)	(594,272)	(969,720)	(661,414)
Depreciation and amortization	(8,891,796)	(7,608,215)	(6,539,171)	(5,950,871)	(3,976,597)
Other operating expenses	(18,821,260)	(17,544,126)	(15,000,112)	(13,439,090)	(6,641,292)
Operating expenses	(76,876,025)	(69,825,695)	(61,858,476)	(58,092,792)	(40,834,348)
Profit before income tax	103,027,923	62,080,206	46,275,192	35,012,534	37,634,686
Income tax expense	(16,341,043)	(14,277,068)	(7,666,836)	(6,409,456)	(7,720,982)
Profit for the year from continuing operations	86,686,880	47,803,138	38,608,356	28,603,078	29,913,704
Profit for the year from discontinued operations	609,077	3,938,482	995,668	-	-
Profit for the year	87,295,957	51,741,620	39,604,024	28,603,078	29,913,704

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

- Basic	3.06	1.69	1.36	1.53	2.00
- Diluted	3.06	1.69	1.36	1.53	2.00

Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

- Basic	0.02	0.13	0.04	-	-
- Diluted	0.02	0.13	0.04	-	-

Five Year Financial Summary

Statements of financial position

Bank

In thousands of Nigerian Naira	Dec-2012	Dec-2011	Dec-2010	Dec-2009	Dec-2008
Assets					
Cash and cash equivalents	256,433,560	330,294,424	226,123,548	232,253,559	246,509,929
Loans and advances to banks	177,985	158,616	186,480	146,002	34,364
Loans and advances to customers	742,436,944	679,358,919	574,255,521	550,281,123	418,324,991
Financial assets held for trading	267,417,182	151,819,087	131,189,143	126,598,639	52,037,511
Hedging derivatives	-	-	-	-	4,617,841
Investment securities:					
– Available for sale	10,138,761	3,744,970	6,919,692	9,865,756	65,503,442
– Held to maturity	118,897,917	163,914,120	23,443,181	8,212,983	-
Assets pledged as collateral	31,203,230	45,588,084	29,481,804	22,112,657	54,629,919
Investment in subsidiaries	22,925,088	16,233,581	30,115,862	29,774,817	28,274,817
Property and equipment	55,496,808	52,494,230	42,538,693	36,223,904	31,695,134
Intangible assets	1,539,717	762,709	1,374,207	1,835,440	1,725,891
Other assets	113,650,031	75,658,805	17,675,985	15,649,728	17,139,628
	1,620,317,223	1,520,027,545	1,083,304,116	1,032,954,608	920,493,467
Assets classified as held for sale and discontinued operations	-	3,500,000	-	-	-
Total assets	1,620,317,223	1,523,527,545	1,083,304,116	1,032,954,608	920,493,467
Liabilities					
Deposits from banks	7,170,321	21,636,242	5,361,654	12,246,124	61,097,426
Deposits from customers	1,054,122,573	962,486,292	711,038,787	651,145,758	444,606,688
Other liabilities	69,872,456	45,275,666	47,761,799	80,995,080	154,228,173
Current income tax liabilities	15,340,116	13,760,343	8,686,276	2,373,006	9,237,928
Deferred tax liabilities	3,225,418	3,308,557	4,708,122	6,348,353	3,395,712
Debt securities issued	13,238,291	13,233,169	68,370,952	67,403,227	50,102,687
Other borrowed funds	169,194,418	229,647,220	20,931,341	12,390,288	14,221,064
Total liabilities	1,332,163,593	1,289,347,489	866,858,931	832,901,836	736,889,678
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital	14,715,590	14,715,590	11,658,594	9,326,875	7,461,500
Share premium	123,471,114	123,471,114	119,076,565	119,076,565	119,076,565
Retained earnings	47,558,325	31,560,746	19,976,375	17,114,337	16,025,616
Other components of equity	102,408,601	64,432,606	65,733,651	54,534,995	41,040,108
Total equity attributable to owners of the Bank	288,153,630	234,180,056	216,445,185	200,052,772	183,603,789
Total equity	288,153,630	234,180,056	216,445,185	200,052,772	183,603,789
Total equity and liabilities	1,620,317,223	1,523,527,545	1,083,304,116	1,032,954,608	920,493,467

Five Year Financial Summary Cont'd

Income statements

Bank

In thousands of Nigerian Naira	Dec-2012	Dec-2011	Dec-2010	Dec-2009	Dec-2008 (10 months)
Interest income	160,124,580	119,016,532	104,114,184	120,889,212	68,847,825
Interest expense	(37,025,839)	(25,489,191)	(26,517,345)	(41,322,764)	(18,516,795)
Net interest income	123,098,741	93,527,341	77,596,839	79,566,448	50,331,030
Loan impairment charges	667,667	(18,661,992)	(9,771,893)	(31,288,431)	(4,121,745)
Net interest income after loan impairment charges	123,766,408	74,865,349	67,824,946	48,278,017	46,209,285
Fee and commission income	39,214,494	38,765,945	30,511,098	24,878,122	16,703,104
Fee and commission expense	(1,508,915)	(1,821,651)	(3,198,819)	(349,726)	(175,208)
Net fee and commission income	37,705,579	36,944,294	27,312,279	24,528,396	16,527,896
Net gains/(losses) on financial instruments classified as held for trading	2,339,332	4,878,110	7,001,436	8,690,480	9,924,347
Net income from derivative instruments held for risk management purposes	-	-	-	(140,764)	-
Other operating income	2,646,041	9,940,364	(2,123,952)	4,813,618	(1,812,130)
Other income	4,985,373	14,818,474	4,877,484	13,363,334	8,112,217
Operating income	166,457,360	126,628,117	100,014,709	86,169,747	70,849,398
Net impairment loss on financial assets	(96,869)	(1,181,354)	(51,442)	(1,464,670)	(343,120)
Net operating income after net impairment loss on financial assets	166,360,491	125,446,763	99,963,267	84,705,077	70,506,278
Personnel expenses	(20,774,540)	(17,851,900)	(13,691,152)	(13,777,781)	(12,447,485)
General and administrative expenses	(20,285,783)	(19,779,440)	(17,942,774)	(16,467,320)	(10,882,185)
Operating lease expenses	(622,158)	(487,393)	(563,314)	(905,881)	(668,240)
Depreciation and amortization	(8,052,743)	(6,830,267)	(5,831,757)	(5,244,550)	(3,550,543)
Other operating expenses	(16,483,600)	(15,752,662)	(16,422,938)	(12,206,641)	(8,332,673)
Total expenses	(66,218,824)	(60,701,662)	(54,451,935)	(48,602,173)	(35,881,126)
Profit before income tax	100,141,667	64,745,101	45,511,332	36,102,904	34,625,152
Income tax expense	(14,877,841)	(13,091,850)	(7,099,720)	(5,325,647)	(6,535,865)
Profit for the year from continuing operations	85,263,826	51,653,251	38,411,612	30,777,257	28,089,287
Profit for the year from discontinued operations	-	-	-	-	-
Profit for the year	85,263,826	51,653,251	38,411,612	30,777,257	28,089,287

Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

- Basic	2.90	1.77	1.65	1.65	1.51
- Diluted	2.90	1.77	1.65	1.65	1.51

Earnings per share for the profit from discontinued operations attributable to the equity holders of the parent entity during the year (expressed in naira per share):

- Basic	0.00	0.00	0.00	0.00	0.00
- Diluted	0.00	0.00	0.00	0.00	0.00

SHARE CAPITALISATION HISTORY

YEAR	AUTHORISED INCREASE	CUMMULATIVE	ISSUED INCREASE	CUMMULATIVE	NO. OF SHARES	CONSIDERATION
1991	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	CASH
1992	35,000,000	60,000,000	NIL	25,000,000	25,000,000	NIL
1993	NIL	60,000,000	25,000,000	50,000,000	50,000,000	SCRIP
1994	40,000,000	100,000,000	NIL	50,000,000	50,000,000	NIL
1995	NIL	100,000,000	50,000,000	100,000,000	100,000,000	SCRIP
1996	100,000,000	200,000,000	300,000,000	400,000,000	400,000,000	CASH
1997	300,000,000	500,000,000	600,000,000	1,000,000,000	1,000,000,000	SCRIP
1998	250,000,000	750,000,000	500,000,000	1,500,000,000	1,500,000,000	SCRIP
1999	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2000	NIL	750,000,000	NIL	1,500,000,000	1,500,000,000	NIL
2001	250,000,000	1,000,000,000	500,000,000	2,000,000,000	2,000,000,000	IPO
2002	1,000,000,000	2,000,000,000	500,000,000	2,500,000,000	2,500,000,000	SCRIP
2003	NIL	2,000,000,000	500,000,000	3,000,000,000	3,000,000,000	SCRIP
2004	1,000,000,000	3,000,000,000	1,000,000,000	4,000,000,000	4,000,000,000	SCRIP
2004	NIL	3,000,000,000	2,000,000,000	6,000,000,000	6,000,000,000	PUBLIC OFFER
2005	2,000,000,000	5,000,000,000	NIL	6,000,000,000	6,000,000,000	NIL
2006	NIL	5,000,000,000	2,000,000,000	8,000,000,000	8,000,000,000	SCRIP
2007	2,500,000,000	7,500,000,000	2,000,000,000	10,000,000,000	10,000,000,000	SCRIP
2007	NIL	7,500,000,000	3,679,415,650	13,679,415,650	13,679,415,650	GDR UNDERLYING SHARES
2008	7,500,000,000	15,000,000,000	1,243,583,241	14,922,998,890	14,922,998,890	SCRIP
2008	NIL	15,000,000,000	3,730,749,723	18,653,748,613	18,653,748,613	SCRIP
2009	NIL	15,000,000,000	4,663,437,153	23,317,185,766	23,317,185,766	SCRIP
2010	15,000,000,000	30,000,000,000	NIL	23,317,185,766	23,317,185,766	NIL
2010	20,000,000,000	50,000,000,000	5,829,296,442	29,146,482,207	29,146,482,207	SCRIP
2011	NIL	50,000,000,000	284,697,017	29,431,179,224	29,431,179,224	IFC SPECIAL PLACEMENT
2012	NIL	50,000,000,000	NIL	29,431,179,224	29,431,179,224	NIL

DIVIDEND HISTORY

Ten-year dividend and unclaimed dividend history as at 31st December, 2012

Dividend No.	Dividend Type	Financial Year Ended	Total Dividend Amount Declared	Dividend Per Share	Net Dividend Amount Unclaimed as at 31/12/2012	Percentage Dividend Amount Unclaimed
Payment 20	Interim	28-Feb-02	495,000,000.00	33 kobo	13,248,738.88	2.68%
Payment 21	Final	28-Feb-02	1,000,000,000.00	50 kobo	23,529,878.51	2.35%
Payment 22	Interim	28-Feb-03	625,000,000.00	25 kobo	5,150,352.33	0.82%
Payment 23	Final	28-Feb-03	875,000,000.00	35 kobo	129,998.57	0.01%
Payment 24	Interim	29-Feb-04	750,000,000.00	25 kobo	5,088,867.26	0.68%
Payment 25	Final	29-Feb-04	1,350,000,000.00	45 kobo	46,886,264.15	3.47%
Payment 26	Interim	28-Feb-05	1,000,000,000.00	25 kobo	56,773,614.62	5.68%
Payment 27	Final	28-Feb-05	2,700,000,000.00	45 kobo	82,519,452.72	3.06%
Payment 28	Interim	28-Feb-06	1,500,000,000.00	25 kobo	68,185,632.50	4.55%
Payment 29	Final	28-Feb-06	4,200,000,000.00	70 kobo	171,162,933.78	4.08%
Payment 30	Interim	28-Feb-07	2,000,000,000.00	25 kobo	203,326,119.74	10.17%
Payment 31	Final	28-Feb-07	4,000,000,000.00	50 kobo	230,413,300.53	5.76%
Payment 32	Interim	28-Feb-08	3,419,853,912.50	25 kobo	266,672,617.72	7.80%
Payment 33	Final	28-Feb-08	9,575,590,955.00	70 kobo	665,919,094.23	6.95%
Payment 34	Final	31-Dec-08	14,922,998,891.00	100 kobo	1,031,721,260.66	6.91%
Payment 35	Final	31-Dec-09	13,990,311,460.50	75 kobo	1,001,962,892.86	7.16%
Payment 36	Interim	31-Dec-10	5,829,296,441.75	25 kobo	395,918,330.76	6.79%
Payment 37	Final	31-Dec-10	17,487,889,325.37	75 kobo	1,220,855,231.22	6.98%
Payment 38	Interim	31-Dec-11	7,286,620,552.30	25 Kobo	512,691,680.21	7.04%
Payment 39	Final	31-Dec-11	25,016,502,340.40	85 Kobo	1,726,147,516.71	6.90%
Payment 40	Interim	31-Dec-12	7,357,794,806.00	25 Kobo	589,276,660.43	8.01%

Corporate Information



TOUCHING LIVES.

LIST OF MANAGEMENT TEAM INCLUDING SUBSIDIARIES

Segun Agbaje

Managing Director / CEO

Cathy Echeozo

Deputy Managing Director and Head, Institutional Banking Division

Demola Odeyemi

Executive Director and Head, International Banking, Group Coordination and Corporate Planning

Ohis Ohiwerei

Executive Director and Head, Lagos Island Division

Olutola Omotola

Executive Director and Head, Corporate Services Division

Wale Oyedeji

Executive Director and Head, Corporate Bank Island Group

Aderonke Kuye

General Manager and Head, Transaction Services Division

Aku Odinkemelu

General Manager and Head, South South Division

Bolaji Lawal

General Manager and Head, E-Business Division

Dan Shuaib

General Manager and Head, Abuja Public Sector Division

Dare Adeyeri

General Manager and Head, Technology Division

George Uwakwe

General Manager and Head, Enterprise Risk Management Division

Kafilat Araoye

General Manager and Head, Human Resources Group

Lola Odedina

General Manager and Head, Communication and External Affairs Group

Miriam Olusanya

General Manager and Head, Wholesale Banking Division

Siraj Abdullahi

General Manager and Head, North West Division

Tayo Asupoto

General Manager and Head, Operations Division

Adeola Ogunyemi

Deputy General Manager and Head, Lagos Mainland Retail Division

Adetunji Oduntan

Deputy General Manager and Head, Energy Group (Midstream)

Babatunji Fabamigbe

Deputy General Manager and Head, Maritime Group

Bayo Veracruz

Deputy General Manager and Head, International Settlement Group

Bolade Jegede

Deputy General Manager and Head, Commercial Banking Group (Lagos Island 1)

Don Ogbonna

Deputy General Manager and Head, South East Division

Femi Akerewusi

Deputy General Manager and Head, Lagos Mainland Division and Agric Banking

Haruna Musa

Deputy General Manager and Head, North East Division

Ibukun Odegbaike

Deputy General Manager and Head, Lagos Island Retail Division

Isa Omagu

Deputy General Manager and Head, Telecoms Group

Kunle Sonola

Deputy General Manager and Head, Corporate Bank Mainland Group

Lara Ogunlaja

Deputy General Manager and Head, Syndicated Corporate Finance Group

Segun Fadahunsi

Deputy General Manager and Head, Systems and Control Division

Simi Osinuga

Deputy General Manager and Head, E-Business and Card Services Group

Adebanji Adeniyi

Assistant General Manager and Head, Financial Control Group

Bosedede Babalola

Assistant General Manager and Regional Head, Transaction Services, Lagos Mainland Group

Deji Oguntonade

Assistant General Manager and Head, E-Payment Solutions Group

Dele Kola-Daisi

Assistant General Manager and Head, Total Quality Management Group

Ikenna Anekwe

Assistant General Manager and Head, Commercial Banking, Mainland 3 Group

Jika Aliyu

Assistant General Manager and Head, Advantium Banking North East 2 Group

Jubril Adeniji

Assistant General Manager and Head, Abuja Commercial Banking Division

Oyedotun Oyedeji

Assistant General Manager and Head, Public Sector South West Division

Mary Ahukanna

Assistant General Manager and Head, Commercial Banking South South 3 Group

Musa Abba

Assistant General Manager and Head, SME Abuja Division

Olumide Oguntuase

Assistant General Manager and Head, Credit Risk-Admin Group

Olusina Ayegbusi

Assistant General Manager and Head, Business Solution Group

Osamudiame Ayanru

Assistant General Manager and Head, Energy Group (Downstream)

Paul Abiagam

Assistant General Manager and Head, Commercial Banking Lagos Island 2 Group

Sylvia Nwawkwue

Assistant General Manager and Regional Head, Transaction Services, Lagos Island Group

Tokunbo Akinsowon

Assistant General Manager and Head, GT Projects Group

Yewande Ige

Assistant General Manager and Head, Retail South West Division

SUBSIDIARIES**Ade Adebisi**

Managing Director, Guaranty Trust Bank (United Kingdom) Limited

Ayoku Liadi

Managing Director, Guaranty Trust Bank (Sierra Leone) Limited

Dan Orogun

Managing Director, Guaranty Trust Bank (Liberia) Limited

Olalekan Sanusi

Managing Director, Guaranty Trust Bank (Ghana) Limited

Olufemi Omotoso

Managing Director, Guaranty Trust Bank (Gambia) Limited

Oulimata Ndiaye

Managing Director, Guaranty Trust Bank (Cote d'Ivoire) Limited

Abraham Aziegbé

Executive Director, Guaranty Trust Bank (Sierra Leone) Limited

Bolaji Ayodele

Executive Director, Guaranty Trust Bank (Gambia) Limited

Isiaka Ajani-Lawal

Executive Director, Guaranty Trust Bank (Cote d'Ivoire) Limited

Mathila Soumahoro

Executive Director, Guaranty Trust Bank (Cote d'Ivoire) Limited

Olatunde Macaulay

Executive Director, Guaranty Trust Bank (Liberia) Limited

Jamiu Yusuff

General Manager, Guaranty Trust Bank (Ghana) Limited

Products & Services



TOUCHING LIVES.



GTCONNECT
Nigeria's first interactive contact centre

GTConnect is our total banking solution that provides you with instant service via telephone. It is accessible from anywhere in the world and open for business 24 hours a day, seven days a week; even on public holidays.

The interactive contact centre allows you perform 90% of your transactions via the telephone. Customers can check account(s) balances, request electronic cards, request cheque books, stop cheques, reactivate dormant accounts, effect own and 3rd party transfers within GTBank and get up to date information on every aspect of the Bank's operations using this medium.

It's simple, just dial 0700GTCONNECT (0700 482 666 328) 01 4480000, 080 2900 2900 or, 080 3900 3900 to obtain your user I.D and log on details.

*For all international calls, please use prefix +234



GTBank Internet Banking

The Guaranty Trust Bank Internet Banking Services is a reliable and flexible way of managing your bank account(s) conveniently from anywhere in the world 24/7.

Our internet Banking Service is equipped to enable you make 3rd party transfers to all bank account in Nigeria and foreign exchange transfers to any account in the world. You can also make own transfers between your accounts, check account balances, print account statements, apply for loans and it also provides a platform to stop and confirm cheques. Please visit www.gtbank.com to experience our internet banking service.



GTBank Mobile Money

GTBank Mobile Money is a convenient, secure and affordable way to send money to friends and family from your mobile phone. With GTBank Mobile Money, all mobile phone users can transfer funds to any recipient in Nigeria and also pay for goods and services with their mobile phones, even if they do not have a GTBank account.

Our Mobile Money service also allows you make cardless withdrawals from any GTBank ATM, airtime purchase, make balance enquiries and pay utility bills.

To activate this service, simply download the mobile money application (app) from your favourite appstore (iphone, google play, Blackberry, Nokia ovi) or www.gtbank.com/mobilemoney



Guaranty Trust Bank Foreign Currency Transfers (GTFX)

GTFX is a service that allows you safely transfer FX from your domiciliary account to beneficiary accounts in other banks abroad, either using the GTBank Internet Banking platform or by submitting your request at any of our branches. The service offers an efficient platform for paying school fees, medical bills, mortgages and other foreign payments. You can initiate FX transfers on our internet banking platform, whenever you want from the comfort of your home or office. In addition all online transfer requests are acknowledged via e-mails and secured by multiple passwords and the use of a token hardware.

Please visit www.gtbank.com to experience GTFX on our internet banking platform



GTBank Automated Payment System (GAPS)

The Guaranty Trust Bank Automated Payment System (GAPS) is a web-based service that facilitates the processing of vendor (and other) payments in batches, using either a dial-up connection to the bank or a secured (https) connection over the Internet. It also gives you online real-time access to your account 24/7.

The GAPS application form can be downloaded from www.gtbank.com, completed and submitted at any of our branches nationwide.



GTPAY

A Convenient and highly secure online payment gateway

GTPAY is an Internet-based payment gateway solution which facilitates online payments using both local (InterSwitch, VISA Naira & MasterCard Naira) and International cards (MasterCard and VISA)

This product enables corporate customers accept payments through their website from their own customers, located anywhere in the world, thereby taking their businesses global.

Benefits of GTPAY include: convenience, international acceptance, global reach, reduced cost, increased sales and promotion of cashless transactions.

GTPAY is an essential solution for every customer with an online presence.

The GTPAY application form can be downloaded from www.gtbank.com, completed and submitted at any of our branches nationwide.



GeNS

Keeping you on top of your finances

The Guaranty Trust Bank electronic Notification Service (GeNS) provides instant details of transactions on your account(s).

This service is designed to generate and send out notification prompts to customers via electronic mail* and SMS**, whenever there is a transaction on their account(s). GeNS ensures customers have real time knowledge of transactions on their accounts.

To subscribe for GeNs from your mobile phone, simply sms "Gens <your NUBAN>" to 08076665555. An example is Gens 0103050709.

* Electronic mail notifications are free for all Guaranty Trust Bank customers

**Fee of N10.00 applies to SMS notifications.



GTBank Point of Sale (POS)

The GTBank Point of Sale (PoS) terminal is a portable device that allows bank customers (irrespective of the financial institution they bank with) make payment for goods and services with their debit cards.

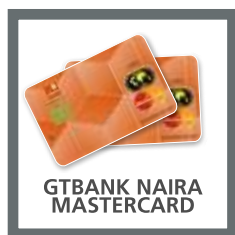
The device provides a convenient, modern and efficient way of processing real time payment and supports a variety of financial transactions that include; printing mini statements, cash advance, balance enquiry, loading funds from a current/savings account unto a cash card and

vending airtime (recharge).

The benefits of a GTBank POS terminal to Merchants include:

- Improved efficiency (minimizes cash handling costs and aids account reconciliation),
- Reduction in operational costs associated with equipment for handling cash receipts,
- Minimized exposure to theft.

Merchants can request for GTBank POS terminals by visiting www.gtbank.com, to download the POS Merchant Registration Form, complete it and submit at any of our branches nationwide.

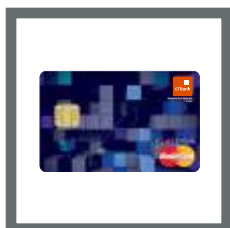


GTBank Naira MasterCard
Spend Naira anywhere in the world

The GTBank Naira MasterCard is a multi-purpose debit card issued in partnership with MasterCard Worldwide to provide 24 hour access to customers' accounts.

The card is linked to your current and / or savings account and can be used for online transactions, to pay for goods and services at Point of Sale (POS) terminals and also to withdraw cash from ATMs that display the MasterCard logo in over 210 countries and territories worldwide.

Please visit any GTBank branch to request for our Naira MasterCard



GTBank Platinum Debit MasterCard
Experience a world without limits

The GTBank Platinum Debit MasterCard is a Naira denominated premium card issued in partnership with MasterCard Worldwide.

It is linked online real-time to your Naira denominated GTBank Current and/or Savings account and avails the cardholder with premium benefits above those enjoyed by Standard Naira MasterCard holders. These include travel benefits, preferential treatment/rewards, higher transaction limits and access to exclusive products owned by partner organizations.

The GTBank Platinum Debit MasterCard offers higher daily transaction limits:

- ATM transactions - N200,000 (or its equivalent in the local currency of any country)
- POS Transactions - N2,000,000 (or its equivalent in the local currency of any country)

The GTBank Platinum Debit MasterCard is issued by invitation only and grants access to the MasterCard Moments Website: <http://www.mastercardmoments.com>, which contains information about the various privileges you can enjoy at MasterCard partner outlets worldwide. Card holders also enjoy discounts and other privileges at local Merchant outlets within Nigeria.



The Prepaid GTBank Dollar Card

The GTBank Prepaid Dollar card is a non-personalized international payment card that is ideal for online shoppers, pilgrims, international conference attendees, individuals studying abroad and last minute travelers.

The card is issued upon request to GTBank / non GTBank customers and does not require the

existence of a domiciliary account or any other banking relationship. It is accepted by a wide range of international online merchants.

The GTBank Prepaid Dollar card is not linked to any of your accounts and allows you spend only a preloaded amount of money. Its universal acceptability makes it an effective alternative to cash.



GTBank Dollar Visa Card

The Guaranty Trust Bank Dollar Visa Card is an international payment card issued in partnership with Visa Incorporated. and accepted as a means of payment in over 200 countries and territories worldwide. It is available in three variants: Visa Classic, Visa Debit and Visa Prepaid. Please visit any GTBank branch to request for our Dollar Visa Card



GTBank Visa Dollar Credit Card

The Guaranty Trust Bank Visa Credit card allows cardholders to spend on credit within an approved limit, and make payments over time.

The card is an international payment card issued in partnership with Visa International. It is denominated in US Dollars but can also be used to settle payments in other major currencies.

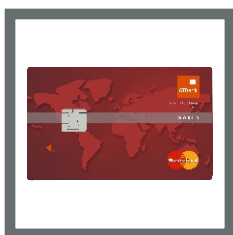
Please visit any GTBank branch for more details.

GTBank Dollar Credit MasterCard Card

GTBank Dollar Credit MasterCard allows cardholders to spend within an approved credit limit.

The card is an international payment card issued in partnership with MasterCard Worldwide. It is denominated in US Dollars, but can be used to settle payments in other major currencies. It grants instant access to credit with flexible repayment options.

Please visit any GTBank branch for more details.



GTBank World MasterCard
Life. Style. Luxury

GTBank World MasterCard is a premium Dollar product with exclusive privileges and preferential treatment that world Cardholders can take advantage of as they travel across the globe. It features extensive purchasing and travel benefits that are carefully designed to empower, provide privileged access, memorable experiences and peace of mind.

Special benefits include: World Privileged Access Program, International Concierge, Priority Pass - Access to 600 VIP airport lounges worldwide and 24hr MasterCard Global Service (emergencies)

Cardholders also have instant access to interest free credit and flexible repayment plan within a stipulated period.



GTBank Dollar MasterCard

GTBank Dollar MasterCard is an international payment card issued in partnership with

MasterCard Worldwide. It is denominated in US Dollars, but can be used to settle payments in other major currencies. All transactions done using the GTBank Debit MasterCard are reflected on the account instantly.

Please visit any GTBank branch to request for our Dollar MasterCard



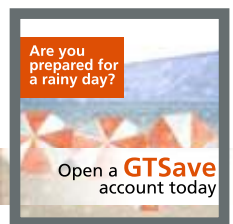
CURRENT ACCOUNT

The Guaranty Trust Bank current account is a checking account which allows you to conduct own and 3rd party transactions from over 200 business locations nationwide using our real-time online IT platform.

The account is unique because it has no minimum account balance requirements and further enables you to safely and securely conduct online transactions whilst on the move. The account accepts all clearing house instruments including cheques, dividend warrants and allows you access your funds from all ATMs with the MasterCard sign world wide..

Having a Guaranty Trust Bank current account also gives you free access to our internet banking service 24/7, GTConnect and GeNs; thereby providing a convenient way of managing your day-to-day finances.

The current account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with all required documents at any of our branches nationwide.



GT SAVE (savings account)

GTSave is a flexible instant access interest bearing savings account that also avails account holders free access to our internet banking service, GTConnect, GeNS and other e-channels.

The account comes with a Guaranty Trust Bank Naira MasterCard which is accepted at 33million merchant locations worldwide and all ATMs that have the MasterCard sign worldwide.

The savings account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide



SMART KIDS SAVE (SKS) ACCOUNT A Savings Account for children & teenagers

The Guaranty Trust Bank Smart Kids Save (SKS) and SKS Teen Accounts are unique products designed to introduce “smart” kids (children under the age of 18) to the world of money and finance.

With as little as N1,000 (one thousand Naira), an SKS Account can be opened at any of our branches nationwide. Account holders have free access to all Guaranty Trust Bank e-banking channels and the SKS website where they can easily enjoy exciting games, partake in competitions, and get educational support for homework, study and other fun activities. The SKS Account has a tiered interest rate that is above prevailing savings account rate* and is designed to accept cheques and other clearing instruments such as dividend warrants, not

An SKS Teen account is opened for the kids when they become teenagers (13 years), and the account comes with a free Trendy Teen MasterCard (issued upon Parent's request) to enable the child learn to manage money responsibly. This Naira MasterCard is accepted at 33 million merchant locations and 2 million ATMs worldwide.

Parents can make regular lodgments into these accounts using the Bank's Standing Order service and monitor their children/ward's expenses and savings using the Guaranty Trust Electronic Notification Service (GeNS) or internet banking aggregation service.

The Smart Kids Save Account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide

(*TERMS AND CONDITIONS APPLY)



GTCrea8 e-Savers Account

This is an interest bearing card account designed to enable undergraduates conveniently perform their banking transactions 24/7, via different e-channels, anytime, anyplace.

The account comes with a trendy Naira MasterCard, which can be used to pay for goods/services at point of sale terminals (POS) and withdraw cash from ATMs that display the MasterCard logo worldwide.

Account holders can easily purchase textbooks and supplies, pay for meals at restaurants, buy tickets at cinemas and even shop online.

The GTCrea8 e-Savers Account easily caters for the banking needs of students schooling in Nigeria. It is COT free and offers competitive interest on account balances.

The GTCrea8 e-Savers Account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide.



GTBank e-Account

The e-Account is designed to meet the unique financial needs of today's salary earners.

This is a unique product that allows account holders enjoy zero COT, have access to various personal loan products and can perform their banking transactions quickly, safely and conveniently via several electronic and alternative channels.

The account is managed with an e-Account Naira MasterCard which can be used at point of sale terminals (POS) and ATMs in over 210 countries worldwide. e-Account holders also enjoy interest payment on account balances, at a rate of 0.5% higher than standard savings account rates.

The e-Account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide



GTMax

Something for everyone

GTMax is a high yield current account with zero COT*, enabling customers to minimize bank charges whilst earning interest on their balances

The account is available in three variants; Platinum, Gold and Silver. Each variant is designed with its own unique features to ensure there is something for everyone.

The GTMax Account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide (*TERMS AND CONDITIONS APPLY)



Seniors Account

The Seniors Account is a current account which offers free banking services to senior Nigerian citizens who are aged 65 years and above.

Seniors Account holders enjoy COT free transactions, free ATM Card, cheque book and SMS notifications as well as access to the Fast Track lane in our branches.

The Seniors Account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide.



GT-TARGET

The GT-Target Account is a savings account with a very competitive interest rate designed to help customers save towards their financial goals.

It is a non-transactional account which functions via Standing Order Instructions. The frequency of the transfer into the account can be monthly/quarterly or semi-annually with a minimum Standing Order value and saving period of N5, 000 and 6 months respectively.

Interest rate is pegged at savings account rate +1%, with a bonus 1% for maintaining a Standing Order for 12 months. Interest is however forfeited where funds are liquidated before 6 months.

The GT-Target Account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide. The account can also be opened from the request menu on our internet banking platform.



GTBank's Non Resident Nigerian (NRN) Service

The Non Resident Nigerian service offering is a platform which provides Nigerians who reside abroad access to the wide range of products and services GTBank offers. These include accounts, investment products, cards, transfer and remittances, electronic banking and notification services.

It presents a convenient way for individuals to open and operate a GTBank account from anywhere in the world at anytime, 24/7.

To access the service, please visit www.gtbank.com to download and complete the NRN account opening form which should be sent by e-mail along with copies of all required documents to nrnaccount@gtbank.com.



GTBusiness Account

GTBusiness Account is a turnover specific, fixed charge account (N5,000) specifically targeted at small and medium scale businesses with a monthly turnover of N50 million. This account is designed to help and encourage the Small and Medium Scale Enterprises (SME) segment of the economy to minimize their costs whilst boosting profits.

The GTBusiness Account opening form can be downloaded from our website, www.gtbank.com, completed and submitted along with required documents at any of our branches nationwide.

MAXADVANCE

MaxAdvance is a personal loan product designed to finance the needs of staff of corporate and public organizations whose salary accounts are domiciled with GTBank.

This product provides salary earners access to flexible termed facilities which are repaid over a defined period of time.

Customers can apply via the GTBank internet banking platform or by downloading a Max Advance application form at www.gtbank.com. An application form can also be picked up at any of our branches nationwide



MAXPLUS

MaxPlus is a personal loan product with a maximum borrowing amount of N20 million. Designed to fund the needs of staff of select corporate and public organizations that have salary accounts with the bank and earn a minimum net annual income of N10 million.

This product provides salary earners access to flexible termed facilities which are repaid over a defined period of time.

Customers can apply via the GTBank internet banking platform or by downloading a Maxplus application form at www.gtbank.com. An application form can also be picked up at any of our branches nationwide



GTSALARY ADVANCE

Cash Guaranteed... anytime of the month

GTSalary Advance is a short term overdraft product which allows you withdraw cash against your monthly salary. The product is designed for convenience and enables customers draw up to 50% of their monthly salary in advance without having to provide any form of security.

Guaranty Trust Bank Salary Advance allows salary earners address cash challenges within the month easily and conveniently.

Customers can apply by downloading the Salary Advance application form at www.gtbank.com. An Application form can also be picked up from any of our branches nationwide.



GTAUTO

GTAuto is a vehicle financing product designed to make it easier for customers to purchase brand new vehicles. Customers can enjoy this product by providing a minimum equity contribution of 20% of the cost of the vehicle to be acquired.

GTAuto offers competitive rates and quick turnaround time.

Customers can apply by downloading a GTAUTO application form at www.gtbank.com. An application form can also be picked up at any of our r branches nationwide.



GTMORTGAGE

GTMortgage is a product that provides customers with mortgage facilities to part-finance the acquisition of residential properties at very attractive rates.

Customers can take advantage of this facility by providing a minimum equity contribution of 20% of the property cost and enjoy a repayment plan spanning 20 years.

Customers can apply via the GTBank internet banking platform or by downloading a GTMortgage application form at www.gtbank.com. An application form can also be picked up at any of our branches nationwide.



SCHOOL FEES ADVANCE

The GTBank School Fees Advance is a loan facility which parents/guardians can access to pay their children's/wards' school fees.

The product has a minimum facility amount of N50,000 and a maximum tenor of 4 months per cycle. Monthly principal and interest repayments are set to ensure they do not exceed 50% of the customer's monthly salary with the Bank.

Required documentation to access this facility includes a letter of undertaking from the customer's employer acceding to domicile his/her salary.

Customers can apply via the GTBank internet banking platform or by downloading a School Fees Advance application form at www.gtbank.com. An application form can also be picked up



at any of our branches nationwide.

GTBank Social Banking

GTBank Social Banking is a novel offering that allows people open GTBank accounts, perform basic banking services and have access to an online customer service team on Facebook. The product is designed to provide the Bank with an additional and convenient service channel to interface with both customers and non-customers alike.

GTBank Social Banking offers Online Account Opening, Airtime Top-up, Money Transfer and Customer Service. The application is also optimized for mobile devices to offer an equally exciting user experience on the devices.

For more information, please visit www.gtbank.com/socialbanking.



Invoice Discounting Facility For Small And Medium Scale Enterprises (SMEs)

The Invoice Discounting Facility is a short term borrowing facility which provides prompt cash flow solution to the business needs of SMEs. This product avails small and medium scale businesses funds against receivables for jobs executed or services rendered. A maximum of 70% of confirmed invoice value can be advanced for a pre-defined period prior to receipt of payments from Principals.

Customers can apply via by downloading the SME Invoice Discounting application form at www.gtbank.com or pick up the form at any of our branches nationwide.

Corporate Social Responsibility



TOUCHING LIVES.

At Guaranty Trust Bank plc, Corporate Social Responsibility (CSR) is a key component of our business strategy. We are driven by the developmental challenges of our host communities and believe that giving back to the host communities is a requirement for the overall development of the country and our business. We ensure that our CSR projects are targeted towards the needs of the society and are sustainable.

We passionately believe that Social responsibility embodies our ardent commitment and social pact with all our stakeholders. Our CSR programs are also strategically diversified through involvements of customers, shareholders and staff.

In order to ensure optimum impact and sustainability, our CSR strategy focuses on four major pillars, namely; Community Development, Education, Environment and Arts; as we believe they are essential building blocks for the development of communities and prerequisites for economic growth.

Community Development

We have a long standing commitment to the communities in which we operate. Beyond the benefits our core business brings to our host communities, we aim to encourage social and economic opportunities through community investment activities.

Our commitment to community development is evident in the series of projects we undertook in 2012. Our programmes were targeted at marginalized and vulnerable children and families as we hope to improve the lives of the children, parents, caregivers, community members and partner organizations. This we did through advocacy, education and relief programmes.

Improving lives through advocacy: Efforts are constantly being made to be a voice for our host communities. An example of this can be seen in our orange ribbon initiative which is designed to support children with Autism Spectrum Disorders (ASD); a developmental disability.

Improving lives through education: We recognize the importance of educating the people in our community and have done this through series of programmes that are impactful and beneficial to their well being, day to day activities and social interaction.

Improving lives through relief programs: Relief programs help to eradicate poverty and hunger. We provided relief materials to victims of the flood disasters around the country.

Our specific community development projects in 2012 included;

- The Orange Ribbon Initiative
- Special Olympics Partnership
- Swiss Red Cross Partnership
- Maternal and Child Health Initiative

Orange Ribbon Initiative

The Orange Ribbon Initiative is an advocacy program designed to support children with developmental disabilities, most especially the Autism Spectrum Disorder (ASD). The initiative seeks to ensure that these children are not stigmatized and that they receive the required support from parents, teachers, friends, the government and the society.

Our Bank partnered with Blazing Trails International Center Lewisville, Texas, USA to deliver consultation services and seminar to caregivers, parents, therapists and children living with the Autism Spectrum Disorder. In 2012, we also built on our commitment by engaging the Federal and State government ministries of Health and Education to ensure the participation and involvement of the government in driving these objectives.

The 2012 orange ribbon initiative covered the following activities;

- A Seminar on the awareness, management and care for Autism Spectrum Disorder.
- One-on-one consultation program for children – This was an opportunity for parents to bring their children for assessment by ASD specialists
- A radio show titled: ‘Let’s talk Autism’ was aired on four Nigerian radio stations. The radio programme was used to enlighten the general public on caring for children with Autism.
- The development of a website to promote knowledge sharing and interaction amongst parents of children with ASD.

It is note worthy to say that the series of programmes had positive impacts. Testimonials show that parents and caregivers now have a better understanding of Autism and

caring for children with Autism; there has also been improved public awareness and government support.

Special Olympics, Nigeria

GTBank sponsored the National Olympics games in 7 States of the federation including: Enugu, Lagos, Imo, Abia, Osun, Ogun and Oyo States with GTBank staff serving as active volunteers in the state competitions.

Swiss Red Cross Partnership

We partnered with The Swiss Red Cross, a humanitarian organization which provides welfare initiatives for victims of forgotten disasters across the globe. Proceeds from the fund raising events of the Swiss Red Cross are used to ensure continuation of efforts in the areas of healthcare, reconstruction and disaster relief across Africa, Asia and Latin America.

The proceeds from the 2012 event was targeted at providing access to functioning healthcare and improving living conditions in Sudan, Bolivia, Ecuador, Paraguay, Cambodia and Ghana. The specific objectives of the 2012 projects were:

- The prevention of blindness by conducting eye examination and treatment in Ghana
- Provision of primary healthcare and safe drinking water in Sudan to 200,000 children and adults
- Provision of portable water and building of latrines to improve hygiene in villages in Cambodia
- Prevention/cure of tuberculosis through access to treatment and the provision of required vitamins and mineral supplements to prevent malnourishment in Bolivia, Ecuador & Paraguay

Maternal and Child Health Initiative

Globally, the availability of affordable healthcare services underscore the disparity in the quality of life enjoyed by the people. We are working to resolve the ongoing health struggles faced by children every day and replacing them with hope for the future.

The Massey Street Children's Hospital project remains our flagship in the area of healthcare. The hospital was renovated in 1996 and has since then received our support in equipment and infrastructure maintenance.

Education

Education is a priority to us and we support educational programs for children in and outside the classroom through our "adopt a school" and sport programmes -

- We provide a conducive environment for learning
- We train teachers to engage their students using effective teaching practices
- We encourage outstanding performance through scholarships
- We also encourage our staff to volunteer as coaches to students in our adopted schools outside of school hours

We partnered with the British Council on a teacher training programme to deliver the British Council's Content and Language Integrated Learning module to the teachers of some of our adopted schools with a view to improving the delivery capacity of the teachers.

Guaranty Trust Bank is also a major sponsor of sport education in Nigeria. Our proud interest in sponsoring sport is borne out of a commitment to the development of young people in the local community. Sport plays a major part in the development of life skills and values in society and we support a wide range of tournaments that bring learning opportunities to young people in the country.

Our football tournaments include;

- Principals Cup
- Heritage Cup
- Super Cup

We also provide a football talent development vehicle through our residential football camp called CAMP GTBank. This is intended to train and develop the next generation of Nigerian football talents that emerge from the tournaments.

The Tournament Ambassadors Programme (TAP) is another development programme we sponsor. TAP creates a platform for appointed ambassadors to serve as role models and inspire students to take full advantage of opportunities available to them during and after the tournaments.

Principals Cup

The GTBank - Lagos State Principals Cup is a football competition amongst public secondary schools aimed at

fostering camaraderie and identifying local football talent at grassroots level. GTBank and Lagos State began this partnership in 2009 where an annual football competition is organized starting at the beginning of a new academic session in secondary schools and ending mid-June.

In 2012, about 400 schools in Lagos participated in this competition. It is noteworthy to say that this competition has been instrumental in bringing otherwise drop-outs back to school.

Heritage Cup

The GTBank Heritage cup is an offshoot of the GTBank-Lagos State Principals cup. The Heritage cup was first conceived when GTBank realized the grassroots football development was incomplete without the participation of all schools in Lagos state (Private and Public) especially those that dominated the Principals Cup over 3 decades ago.

GTBank in partnership with Lagos State First Generation College Association therefore established another platform for these exempted schools called the "GTBank Heritage Cup".

Super Cup

The Super Cup is a competition between the winner of the Principals Cup and winner of the Heritage Cup, in a battle for the ultimate title of the Champion of Champions 'GTBank Super Cup'.

ART

We believe that Cultural Exchange has important business benefits, and we also know how vital it is to appreciate and understand different values in order to build successful relationships and do business internationally. Our global cultural partnerships with Tate and other Art Initiatives seek to increase understanding and interaction among cultures around the world through the exploration of culture in all its varied forms which include painting, film and music. Each cultural project is chosen for its ability to enhance cultural awareness and provide tangible benefits for African Art.

Our Art project in partnership with TATE is referred to as "Across the Board". The GTBank and Tate partnership brings governance and legality through the interaction of Africa-based and international cultural institutions and

individuals. We constantly work to promote the value of African Artists and Art at both local and international levels.

The "Across the Board" project invites local and international audiences to engage with artists, curators and scholars and look into current cultural and artistic production in Africa. They present various narratives on art making and knowledge production through a wide range of initiatives which includes exhibitions, lectures, screenings and performance programmes. The project engages local art scenes and creates great visibility and a strong social component.

We also partnered with Terra Kulture on the Theater at Terra initiative within the year. This partnership was to support and build talents in stage performance.

The Environment

We take steps to safeguard our environment by ensuring the sustainable use of our resources. We also take measures to protect and restore the natural environment in which we operate through internal and external projects and campaigns.

The effect of climate change being felt all over the globe with debilitating consequences has called for our concerted efforts to address environmental issues and take actions such as;

- Greening i.e planting of trees and flowers to keep the environment as verdant as possible
- Erecting structures such as roundabouts to beautify the environment
- Raising eco-awareness 'Ethics Campaign' among staff and stakeholders
- A 'waste to energy bio-gas' project with Students in Free Enterprise

The Bank introduced convenient ways of banking through our various e-channels, which is aimed at minimizing the impact of the Bank's operations on the environment through reduced use of paper (slip free banking) and fuel. This year, we went a step further to reduce the amount of diesel consumed by our business by investing in solar powered inverter batteries for some of our branch operations.

Guaranty Trust Bank plc

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(+234) 700 482 666 328

BANK SUBSIDIARIES

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11, Rue du Sénateur Lagarosse,
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Fax: (225) 20 31 15 15
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Web : www.gtbankci.com

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56 Kairaba Avenue, Fajara KSMD
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Guaranty Trust Bank (Sierra Leone) Limited

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Web: www.gtbankuk.com

CORRESPONDENT BANKING RELATIONSHIPS

S/No	BANK	LOCATION
1	ANZ BANKING GROUP	LONDON
2	ABSA	SOUTH AFRICA
3	BANK OF BEIRUT PLC	LONDON
4	BANK OF CHINA	CHINA
5	BNP PARIBAS BANK	FRANCE
6	BYBLOS BANK	LONDON
7	CITIBANK	HONG KONG, NEW YORK, LONDON
8	COMMERZBANK	GERMANY
9	DEUTSCHE BANK	LONDON, NEWYORK, GERMANY
10	FBN (UK) BANK	LONDON
11	FORTIS BANK	FRANCE
12	GTBANK-UK	LONDON
13	H.S.B.C BANK	LONDON, NEW YORK , SOUTH AFRICA
14	ING BANK, BELGIUM	BELGIUM
15	JP MORGAN	NEW YORK, LONDON
16	MASHREQ BANK	UNITED ARAB EMIRATES
17	NORDEA BANK	SWEDEN
18	STANDARD BANK OF SOUTH AFRICA	SOUTH AFRICA
19	STANDARD CHARTERED	LONDON, GERMANY, CHINA, HONG KONG, NEW YORK
20	SUMITOMO BANK	LONDON
21	SVENSKA HANDELS BANKEN SWEDEN	SWEDEN
22	UBS	SWEDEN

BRANCH NETWORK



S/n	State	Branch	Address
1	ABIA	Aba	28, Aba - Owerri Road, Aba, Abia State, Nigeria
2		Port Harcourt Road, Aba	4/6, Port-Harcourt Road, Aba, Abia State, Nigeria
3		Umuahia	34, Aba Road, (Opposite Federal Medical Centre) Umuahia, Abia State, Nigeria
4	ABUJA	Area 11	Plot 1473, Ahmadu Bello Way, Area 11, Garki, Abuja FCT, Nigeria.
5		Bloomsbury Plaza	Plot 1245, Bloomsbury Plaza, Adetokunbo Ademola Crescent, Wuse 2, Abuja FCT, Nigeria
6		Adetokunbo Ademola	Plot 211, Adetokunbo Ademola Crescent, Cadastral Zone, Wuse 2, Abuja FCT, Nigeria
7		CBD	Plot 171 Central Business District, next to Tofa house, Abuja FCT, Nigeria
8		Kaura Namoda	Plot 1088, Cadastral Zone A1, Garki, Kaura Namoda Close, Abuja FCT, Nigeria
9		Kubwa	Plot 47, Cadastral Zone, 07-06 Kubwa Commercial District, Gado Nasko Road, Kubwa FCT, Nigeria
10		Garki	Plot 1072, J.S Tarka/Faskari Street, Area 3, Abuja, FCT, Nigeria
11		Gwagwalada	Plot 598, Gwagwalada Expansion Layout, University Teaching Hospital Road, Gwagwalada, Abuja, FCT
12		Maitama, Abuja	Plot 433, ETF Building, Zambezi Crescent, Off Aguiyi Ironsi Road, Maitama, Abuja FCT, Nigeria
13		National Assembly	National Assembly Complex, Three Arms Zone, Abuja FCT, Nigeria
14		Aminu Kano	Plot 527, Aminu Kano Crescent, Wuse 2, Abuja FCT, Nigeria
15		Asokoro	No.69, Yakubu Gowon Crescent, Asokoro District, Abuja FCT, Nigeria.
16		Silverbird	SilverBird Entertainment Center, 1361 Memorial Drive, Central Business District, Abuja
17	ULO Plaza	Plot 1953, Cadastral Zone A2, ULO Plaza, Zone 5, Abuja FCT, Nigeria	
18	ADAMAWA	AUN	American University of Nigeria, Yola, Adamawa State, Nigeria
19		Mubi	60, Ahmadu Bello Way, Mubi, Adamawa State, Nigeria
20		Yola	No 43, Galadima Aminu Way, Jimeta-Yola, Adamawa State, Nigeria
21	AKWA IBOM	Uyo	26, Aka Road, Uyo, Akwa Ibom State, Nigeria
22	ANAMBRA	Awka	96, Nnamdi Azikiwe Avenue, Awka, Anambra State, Nigeria
23		Cemetery Road, Onitsha	2, Old Cemetery Road, Onitsha, Anambra State, Nigeria
24		New Market Road, Onitsha	15, New Market Road, Onitsha, Anambra State, Nigeria
25		Nnewi	No 7, Edo-Ezemewi Street, Nnewi, Anambra State, Nigeria
26	Onitsha Bridge Head	No 4, Port Harcourt Road, Niger bridge Onitsha	
27	BAUCHI	Azare	No 1, Jama're Road, Azare, Bauchi State, Nigeria
28		Bauchi	No 6, Murtala Muhammed Way, Bauchi, Bauchi State, Nigeria
29	BAYELSA	Yenogoa	Barracuda Square, Ekeki-Ekpe Area, Yenogoa, Bayelsa State, Nigeria
30	BENUE	BCC GBOKO	Benue Central Company, Gboko, Benue State, Nigeria
31		Makurdi	41 A/B, New Bridge Road, Makurdi, Benue State, Nigeria
32	BORNO	Maiduguri	59, Kashim Ibrahim Way, Maiduguri, Borno State, Nigeria
33		Monday Market	81, Ali Monguno Street, Monday Market, Maiduguri, Borno State, Nigeria
34		UMTH	University of Maiduguri Teaching Hospital, Maiduguri, Borno State, Nigeria
35	CROSS RIVER	Calabar	11, Calabar Road, Calabar, Cross River State, Nigeria
36		Obudu	Obudu Cattle Ranch, Obudu, Cross River State, Nigeria
37		Ikom	18, Ogoja Road, Ikom, Cross River State, Nigeria
38		Tinapa	Tinapa Shopping Complex, Tinapa
39	DELTA	Asaba	457, Nnebisi Road Asaba, Delta State, Nigeria
40		Sapele-Warri Road, Sapele	80, Ajogodo, Sapele - Warri Road, Sapele, Delta State, Nigeria
41		Warri	85, Effurun-Warri, Effurun, Delta State, Nigeria
42		Airport Road Warri.	7B Airport Road, Warri, Delta State, Nigeria.
43	EBONYI	Abakaliki	35A, Ogoja Road, Abakaliki, Ebonyi State, Nigeria
44	EDO	Akpakpava	43, Akpakpava Street, Benin City, Edo State, Nigeria
45		Auchi	31, Polytechnic Road, Auchi, Edo State, Nigeria
46		Ekenwan Road, Benin	No 90, Ekenwan Road, Oredo LGA, Benin City, Edo State, Nigeria
47		Gaius Obaseki, GRA Benin	Didio Plaza, 66 Gaius Obaseki Shopping Complex, Oko Central, GRA Benin, Edo State, Nigeria
48		Ikpoba Hills	62, Agbor Road, Ikpoba Hills, Benin City, Edo State, Nigeria
49		NDPC	High Court Road, Benin City, Edo State, Nigeria
50		Sapele Road, Benin	35B, Benin-Sapele Road, Benin City, Edo State, Nigeria
51		UNIBEN	University of Benin, Benin City
52		Uselu	158, New Lagos Road, Benin City, Edo State, Nigeria
53	EKITI	Ado Ekiti	21/22, New Iyin/Secretariat Road, Ado Ekiti, Ekiti State, Nigeria
54		EKSU	Faculty of Education, Ekiti State University, Ado Ekiti
55	ENUGU	Ogui Road, Enugu	1, Ogui Road, Enugu, Enugu State, Nigeria
56		Rangers Avenue, Enugu	Plot 381 Igboeze Street, Rangers Avenue, Independence Layout, Enugu, Enugu State, Nigeria
57		UNTH	University Road, University of Nigeria Teaching Hospital, Enugu State, Nigeria

S/n	State	Branch	Address
58	GOMBE	Gombe	Plot 45, New Commercial Layout, Gombe, Gombe State, Nigeria
59	IMO	Port Harcourt Road	Plot 17, Port Harcourt Road, Opp. Owerri Girls High School, Owerri, Imo State, Nigeria
60		Owerri	Plot 265, Ikenegbu Layout, Aladinma Ikenga Road, Owerri, Imo State, Nigeria
61	JIGAWA	Dutse	Plot 727, Kiyawa Road, Dutse, Jigawa State, Nigeria
62	KADUNA	Barnawa	Plot 1A, Zaire Road, Barnawa Phase 1, Barnawa, Kaduna, Kaduna State, Nigeria
63		Kano Road, Kaduna	PPMC, Kaduna, Kaduna State, Nigeria
64		KRPC, Kaduna	Kaduna Refinery Complex, Kaduna, Kaduna State, Nigeria
65		Muritala Mohammed Square	7/10 Muritala Mohammed Square, Kaduna, Kaduna State, Nigeria
66		Nnamdi Azikiwe, Kaduna	Plot 9-11, Nnamdi Azikiwe Expressway, Kaduna Bye pass, Kaduna, Kaduna State, Nigeria
67	Zaria	13/15, Manchester Road, GRA, Zaria, Kaduna State, Nigeria	
68	KANO	AKTH, Kano	Aminu Kano Teaching Hospital, Zaria Road, Kano State, Nigeria
69		Bachirawa	24, Bachirawa road, Along Katsina Road, Kano, Kano State, Nigeria
70		Bayero University	Bayero University, New site Campus, Gwarzo Rd, Kano
71		Bello Road, Kano	Plot12E, Bello Road, Kano, Kano State, Nigeria
72		Muritala Mohammed Way	145 Muritala Mohammed Way, Kano, Kano State, Nigeria
73		Wapa	59, Murtala Muhammed Way, Wapa, Kano, Kano State, Nigeria
74		Zaria Road, Kano	Plot 22, Zaria Road, Gyadi-Gyadi, Kano Municipal District, Kano State, Nigeria
75		Kwori	Kanti Kwori Market , Kano, Kano State, Nigeria
76	Singer	50A, Ado Bayero Road Singer Market, Kano, Kano State, Nigeria	
77	KATSINA	Katsina	No. 120, IBB Way, Katsina, Katsina State, Nigeria
78	KEBBI	Birnin Kebbi	No 9, Sultan Abubakar Way, Birnin Kebbi, Kebbi State, Nigeria
79	KOGI	Lokoja	Plot 27, IBB Way, Lokoja, Kogi State, Nigeria
80		Obajana	Obajana Cement Factory Complex, Obajana, Kogi State, Nigeria
81		Okene	Auchi-Abuja Expressway, Okene, Kogi State, Nigeria
82	KWARA	GRA, Ilorin	10, Umar Audi Road, GRA, Ilorin, Kwara State, Nigeria
83		Offa	No 53, Olofa Way, Offa, Kwara State, Nigeria
84		Taiwo Road, Ilorin	147 Upper Taiwo Rd Ilorin Kwara State
85		Unity Ilorin	1, Wahab Folawiyi Road, Ilorin, Kwara State, Nigeria
86		UNILORIN	University of Ilorin, Campus, Kwara State, Nigeria
87	LAGOS	Abule Egba	402, Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria
88		Abule Egba 2	641 Lamgan Plaza Abule Tailor Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria
89		Adeola Odeku	56A, Adeola Odeku Street, Victoria Island, Lagos State, Nigeria
90		Adetokunbo Ademola	714, Adetokunbo Ademola Street, Victoria Island, Lagos State, Nigeria
91		Ajose Adeogun	279, Ajose Adeogun Street, Victoria Island, Lagos State, Nigeria
92		Adeniyi Jones	31, Adeniyi Jones Avenue, Ikeja, Lagos State, Nigeria
93		Airport Road	15, International Airport Road, Isolo, Lagos State, Nigeria
94		Ajah	Km 22, Lekki-Epe Expressway, Ajah, Lagos State, Nigeria
95		Akowonjo	35, Shasha Road, Akowonjo, Lagos State, Nigeria
96		Alaba	13, Obosi Plaza, Alaba International Market, Lagos State, Nigeria
97		Alausa	Technical Reference Centre, Lagos State Secretariat, Alausa, Ikeja, Lagos State, Nigeria
98		Amuwo Odofin	Plot B16, Block 41B, Akin Mateola Close, Amuwo Odofin Residential Scheme, Amuwo Odofin LGA.
99		Anthony Village	7, Anthony Village Road, Anthony Village, Lagos State, Nigeria
100		Aspamda	Zone A, R1 Aspamda Plaza, International Trade Fair Complex, Ojo, Lagos State, Nigeria
101		635 (Head Office)	635 Akin Adesola, Victoria Island, Lagos State, Nigeria
102		Adeyemo Alakija (Plaza)	No. 6, Adeyemo Alakija Street, Victoria Island, Lagos State, Nigeria
103		Allen Avenue	80/82, Allen Avenue, Ikeja, Lagos State, Nigeria
104		Apapa	Doyin House, 4 Commercial Avenue Apapa, Lagos State, Nigeria
105		Awolowo 2	54, Awolowo Road, Ikoyi, Lagos
106		Ayangbure	68, Ayangbure Road, Ikorodu
107		Oba Akran II	Plot 10, Oba Akran Avenue, Ikeja, Lagos State, Nigeria
108		Bayo Kuku	19, Bayo Kuku Road, off Osborne Road, Ikoyi, Lagos State, Nigeria
109		Bode Thomas	94, Bode Thomas Street, Surulere, Lagos State, Nigeria
110	Broad Street	82/86, Broad Street, Lagos State, Nigeria	
111	Burma Road	Plot 17, Burma Road, Apapa, Lagos State, Nigeria	
112	Catholic Mission	22/24, Catholic Mission Street, Lagos Island, Lagos State, Nigeria	
113	CBD Alausa	Plot 11, Block A, IPM Road, Central Business District, Alausa, Lagos State, Nigeria	
114	Chevron drive	Block LXXIV A, Ojomu land, Beside Chevron Roundabout, Lekki/Epe Expressway, Lagos State, Nigeria	
115	Computer Village	5, Osintelu Street, off Oremeji Street, Computer Village, Ikeja, Lagos State, Nigeria	
116	Creek Road	35, Creek Road, Apapa, Lagos State, Nigeria	
117	Egbeda	26 - 28 Akowonjo Road, Egbeda, Lagos State, Nigeria	
118	Festac	House 11, 301 Road, 2nd Avenue, Festac Town, Lagos State, Nigeria	
119	Gbagada	14, Diya Street, Ifako, Gbagada, Lagos State, Nigeria	
120	Guinness	24 Oba Akran Avenue, Ikeja, Lagos State, Nigeria	
121	Ibafon	1, Bakare Street, Ibafon, Apapa Expressway, Lagos State, Nigeria	
122	Idi Oro	110, Agege Motor Road, Idi-Oro, Mushin, Lagos State, Nigeria	
123	Idumota	134, Nnamdi Azikwe Street, Lagos Island, Lagos State, Nigeria	

S/n	State	Branch	Address
124		Ikorodu	47, Lagos Road, Ikorodu Town, Lagos State, Nigeria
125		Ikosi	Plot A3C, Ikosi Road, Oregun, Ikeja, Lagos State, Nigeria
126		Ikota	Block K7 - 11 & K18 - 22, Ikota Shopping Complex, Lekki-Epe Expressway, Lagos State, Nigeria
127		Ikoyi 1	178, Awolowo Road, Ikoyi, Lagos State, Nigeria
128		Ilupeju	48, Town Planning Way, Ilupeju, Lagos State, Nigeria
129		Isolo	1, Abimbola Way, Isolo, Lagos State, Nigeria
130		Itire	41/43 Itire road, Surulere, Lagos
131		Ketu	570, Ikorodu Road, Ketu, Kosofe L.G.A, Lagos State, Nigeria
132		LASU	Lagos State University Campus, Motion Ground, Ojo Badagry Expressway, Lagos State, Nigeria
133		Lawanson	Muniru Baruwa Shopping Complex By Olatilewa Junction Itire Road, Lawanson, Lagos State, Nigeria
134		Lekki	Block 5, Plot 5, Victoria Island Annex, Lekki, Lagos State, Nigeria
135		LUTH	Route 1, Lagos University Teaching Hospital (LUTH) premises, Idi-Araba, Lagos State, Nigeria
136		Magodo	16 CMD Road, Magodo, Lagos
137		Marina	49A, Marina Street, Lagos State, Nigeria
138		Matori	135, Ladipo Street, Matori, Lagos State, Nigeria
139		MMA 2	New Local Wing, Murtala Mohammed Airport 2, Ikeja, Lagos State, Nigeria
140		Mobolaji Bank Anthony	31, Mobolaji Bank-Anthony Way, Ikeja, Lagos State, Nigeria
141		Moloney	30, Moloney Street, Lagos Island, Lagos State, Nigeria
142		Mushin	311, Agege Motor Road, Olorunsogo, Mushin, Lagos State, Nigeria
143		Oba Akran	33, Oba Akran Avenue, Ikeja, Lagos State, Nigeria
144		Ogba	4, Ogunnusi Road, Ogba, Lagos State, Nigeria
145		Ojodu	50, Isheri Road, Ojodu, Lagos State, Nigeria
146		Ojuelegba	74/76, Ojuelegba Road, Lagos State, Nigeria
147		Oke Arin	40, John Street, Oke-Arin, Lagos Island, Lagos State, Nigeria
148		Okota	115A, Okota Road, Okota, Lagos State, Nigeria
149		Onipanu	196, Ikorodu Road, Onipanu, Lagos State, Nigeria
150		Opebi	14, Opebi Road, Ikeja, Lagos State, Nigeria
151		Oregun	100, Kudirat Abiola Way, Oregun, Ikeja, Lagos State, Nigeria
152		Oyin Jolayemi (Plural House)	Plot 1669, Oyin Jolayemi Street, Victoria Island, Lagos State, Nigeria
153		Processing Centre	714, Adetokunbo Ademola Street, Victoria Island, Lagos State, Nigeria
154		St. Gregory	No. 1 Obadeyi Close, off St. Gregory Road, Ikoyi, Lagos State, Nigeria
155		Surulere	124, Bode Thomas Street, Surulere, Lagos State, Nigeria
156		Tiamiyu Savage	Plot 1400, Tiamiyu Savage Road, Victoria Island, Lagos State, Nigeria
157		Wamco	Plot 7B, Achme Road , Ogba, Lagos State Nigeria
158		Yaba	216/218, Herbert Macaulay Way, Yaba, Lagos State, Nigeria
159	NASARAWA	Lafia	Jos Road, Lafia, Nasarawa State, Nigeria
160		Karu	Plot 13754, Abuja – Keffi, Expressway, Mararaba, Karu, LGA., Nasarawa State, Nigeria
161	NIGER	Kontangora	Plot 6C, KTF 139, Lagos - Kaduna Road, Kontangora, Niger State, Nigeria
162		Minna	Plot 4936, Paiko Road, Minna, Niger State, Nigeria
163	OGUN	Abeokuta	IBB Boulevard Road, Abeokuta, Ogun State, Nigeria
164		Agbara	Plot C 2/4, Ilaro Road, Agbara Industrial Estate, Agbara, Ogun State, Nigeria
165		Ago-Iwoye	P.S. Olabisi Onabanjo University, Ago Iwoye, Ogun State, Nigeria
166		Asero	Block 7, Plot 17/20, Abeokuta/Ibadan Road, Asero, Abeokuta, Ogun State, Nigeria
167		Ewekoro	Lagos - Abeokuta Expressway, opposite Larfage Cement, Ogun State, Nigeria
168		Governor's Office	Governor's Office Complex, Oke-Mosan, Abeokuta South LGA, Ogun State, Nigeria
169		Ijebu-Ode	183, Fologbade Street, Ijebu Ode L.G.A., Ijebu Ode, Ogun State, Nigeria
170		Sagamu	143, Akarigbo Street, Sabo, Sagamu, Ogun State, Nigeria
171		Sango Idiroko	Idiroko Road, opposite Fowobi filling station, Oju Ore, Sango Otta
172		Sango Otta	63, Abeokuta Expressway, Joju Junction, Sango Otta, Ogun State, Nigeria
173		RCCG	Redeem Christain Church Camp Ground, KM 46 Lagos Ibadan Expressway, No 1 Salvation Way
174		UNAAB	University of Agriculture, off Alabata Road, Alabata, Abeokuta, Ogun State, Nigeria
175	ONDO	Akure	Plot 3, Alagbaka Quarters, Alagbaka, Akure, Ondo State, Nigeria
176	OSUN	JABU	Joseph Abu Babalola University, Ikeji-Arakeji, Osun State, Nigeria
177		Ile-Ife	3, Lagere Road, Ile-Ife, Osun State, Nigeria
178		Ilesha	196, Isokun Street, Along Ilesha-Osogbo Road, Ilesha, Osun State, Nigeria
179		OAU Campus	Road 1, Obafemi Awolowo University Campus, Ile- Ife, Osun State, Nigeria
180		Osogbo	No 67, Gbongan / Ibadan Road, Ogo Oluwa, Osogbo, Osun State, Nigeria
181	OYO	Apata, Ibadan	SW9/21A, Ibadan - Abeokuta Road, Apata, Ibadan, Oyo State, Nigeria
182		Bodija, Ibadan	Plot 6A, U.I-Secretariat Road, Bodija, Ibadan, Oyo State, Nigeria
183		Challenge	Plot 14, JFK Osibodu Layout, Ijebu Road, Challenge, Ibadan, Oyo State, Nigeria
184		Dugbe, Ibadan	11B, Jimoh Odutola Road, Dugbe, Ibadan, Oyo State, Nigeria
185		LAUTECH	Ladoke Akintola University of Technology LAUTECH
186		Ogbomosho	Ibapon Area, Ilorin-Ogbomosho Express Road, Ogbomosho, Oyo State, Nigeria
187		Owode, Oyo	Ibadan – Ogbomosho Express Road, Owode, Oyo Town, Oyo State, Nigeria
188		Ring Road, Ibadan	106, Ring Road, Lister Bus Stop, Ibadan, Oyo State, Nigeria
189		Mokola	27, Majaro Street, Old Oyo Road, CocaCola Area, Mokola, Ibadan, Oyo State, Nigeria

S/n	State	Branch	Address
190	PLATEAU	Ahmadu Bello Way, Jos	Plot 1902, Ahmadu Bello Way, Jos, Plateau State, Nigeria
191		Commercial Layout, Jos	13B, Commercial Layout, Jengre Road, Jos, Plateau State, Nigeria
192	RIVERS	Aba Road, PH	Plot 279A, Tombia Street, off Aba Road, Port Harcourt, Rivers State, Nigeria
193		Bonny Island	34, King Perekule Road, Bonny Island, Rivers State, Nigeria
194		East West Road	11, East West Road, Port Harcourt, Rivers State, Nigeria
195		Happy Bite Aba Road PH	Happy Bite Plaza, Opposite Air force base, Aba Road, Port Harcourt
196		Ikwerre Road	225, Ikwerre Road Mile 4, Port Harcourt, Rivers State, Nigeria
197		Mgbuoba	110 NTA Road, Location junction, Mgbuoba, Port Harcourt Rivers State, Nigeria
198		Nnamdi Azikiwe Road, PH	5, Nnamdi Azikiwe Road, Port Harcourt, Rivers State, Nigeria
199		Shell Camp, Port Harcourt	Plot 215, Aba – Port Harcourt Road, Shell Residential Area, Port Harcourt, Rivers State, Nigeria
200		Trans Amadi, PH	44, Trans Amadi Industrial Layout, Port Harcourt, Rivers State, Nigeria
201		Industrial Layout	Plot 23, Trans-Amadi Layout, Port Harcourt, Rivers State, Nigeria
202	SOKOTO	Ahmadu Bello way	No.101, Ahmadu Bello Way, Sokoto, Sokoto State, Nigeria
203		Maiduguri road	No.41, Maiduguri Road, Sokoto, Sokoto State, Nigeria
204	TARABA	Jalingo	Plot 106B, Hamman Ruwa Way, Jalingo, Taraba State, Nigeria
205		Wukari	No 3, Ibi Road, Wukari G.R A., Taraba State, Nigeria
206	YOBE	Damaturu	Potiskum Road, Damaturu, Yobe State, Nigeria
207	ZAMFARA	Gusau	5, Sani Abacha Way, Gusau, Zamfara State, Nigeria

eBranches

S/n	State	Branch	Address
01	ABUJA	Utako	Wildot Plaza, Plot 903, Obafemi Awolowo, Utako, Abuja
02	KADUNA	Kaduna Mm Square	7/10, Muritala Mohammed Square, Kaduna, Kaduna State, Nigeria
03		Zaria	13/15 Manchester Road, Zaria, Kaduna State, Nigeria
04	LAGOS	Head Office	635 Akin Adesola, Victoria Island, Lagos State, Nigeria
05		Abule Egba	641 Lamgan Plaza Abule Tailor Lagos-Abeokuta Expressway, Abule-Egba, Lagos State, Nigeria
06		Adeola Odeku	56a Adeola Odeku Street, Lagos
07		Amuwo Odofin	Plot B16, Block 41B by Akin Mateola close, Amuwo Odofin Residential Scheme, along Ago Palace Way, Amuwo Odofin LGA, Lagos, Nigeria
08		Awolowo Road	54, Awolowo Road, Off Ademola Street , Ikoyi, Lagos State, Nigeria
09		Egbeda	26/28 Akowonjo Road Egbeda, Lagos State , Nigeria.
10		Ikeja Cantonment	Mobilaji Bank Anthony way , Maryland, Ikeja
11		Ikota	Block K7 - 11 and K18 - 22 Ikota Shopping Complex, Ajah, Lagos State, Nigeria
12		Ikorodu	No 68, Ayangbure Rd, Ikorodu, Lagos State, Nigeria
13		Ilupeju Bye-Pass	Ilupeju Bye-Pass road, Ilupeju, Lagos State, Nigeria
14		Magodo	No 16, CMD Road, Magodo
15		Ogudu GRA	133, Ogudu Road, Ogudu, Lagos State, Nigeria
16		Onipanu	Mansard building, Onipanu, Lagos State, Nigeria
17		Plural House	Plot 1669, Oyin Jolayemi Street, Victoria Island, Lagos State, Nigeria
18		St Gregory	1, Obadeyi Close, off St. Gregory Road, Ikoyi, Lagos, Nigeria
19		Toyin Street	47, Toyin Street, Ikeja, Lagos State, Nigeria
20	Yaba	Crusader House, 16 Commercial Avenue, Sabo, Yaba, Lagos, Nigeria	
21	NIGER	Minna	Plot 4936, Paiko Road, Minna, Niger State, Nigeria
22	OGUN	Sango Otta	Idi Iroko Expressway, Sango Otta, Ogun state
23		UNAAB	University of Agriculture, Alabata, Abeokuta
24	ONDO	Akure	16 Oba Ile Owo Rd, Akure
25	OYO	Ring Road	1 Akinyemi Street, Ring Road Ibadan
26		LAUTECH	Ladoke Akintola University of Technology LAUTECH
27	RIVERS	Aba Road, PH	Happy Bite Plaza, Opposite Air force base, Aba Road, Port Harcourt

Forms



TOUCHING LIVES.

23rd ANNUAL GENERAL MEETING to be held at Zinnia Hall, Eko Hotel and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos, on Thursday, April 25, 2013, at 10.00 a.m.

I/We _____ being a member/members of Guaranty Trust Bank plc hereby appoint* _____ or failing him Mr. Oluwole Oduyemi or failing him Mr. Segun Agbaje, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on April 25, 2013 and at any adjournment thereof.

Dated this _____ day of _____, 2013.

Signature of Shareholder _____

NUMBER OF SHARES:		
RESOLUTIONS	FOR	AGAINST
Ordinary Business		
To receive the Audited Financial Statements for the year ended December 31, 2012, and the Reports of the Directors, Auditor and Audit Committee thereon.		
To declare a dividend*		
To elect/re-elect Directors**		
To authorise Directors to fix the remuneration of the Auditor***		
To elect members of the Audit Committee		
Please mark the appropriate box with an "X" to indicate how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.		

ADMISSION CARD

Twenty-third Annual General Meeting to be held on Thursday, April 25, 2013, at Zinnia Hall, Eko Hotel and Suites, Victoria Island, Lagos at 10.00 a.m.

Name of Shareholder (in BLOCK CAPITALS) _____
 (Surname) (Other names)

Shareholder's Account No. _____ Number of Shares _____

IMPORTANT

1. Before posting the above Proxy Form, please tear off this part and retain it. A person attending the Annual General Meeting of the Company or his/her proxy should produce this card to secure admission to the meeting.
2. A member of the Company is entitled to attend and vote at the Annual General Meeting of the Company. He/She is also entitled to appoint a proxy to attend and vote instead of him/her, and in this case, the above card is required for the appointment of a proxy.
3. In line with the current practice, the names of two of the Directors of the Company have been entered on the Proxy Form to ensure that someone will be at the meeting to act as your proxy. You may however wish to insert in the blank space on the form (marked " ") the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of one of the Directors named.
4. The above Proxy Form, when completed, must be deposited at the office of the Registrar, Datamax Registrars Limited (formerly GTB Registrars Limited), No. 7, Anthony Village Road, Anthony, Lagos, not less than 48 hours before the time fixed for the meeting.
5. It is a requirement of the law under the Stamp Duties Act, Cap. A8, Laws of the Federation of Nigeria, 2004, that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear a stamp duty of ₦500.00 (five hundred Naira)
6. If the Proxy Form is executed by a Company, it should be sealed under its Common Seal or under the hand and seal of its attorney.

Signature of the person attending _____

* ₦1.30 for every 50 Kobo Ordinary Share

**Mr. E. U. Imomoh being due for retirement by rotation has offered himself for re-election as a Director

***PricewaterhouseCoopers are the Auditors of the Bank



7, Anthony Village Road,
Anthony,
P.M.B 10014,
Shomolu, Lagos State.
Tel: 01-2716090-4, 01-8419257-8
Fax: 01-2716094.
E-mail: gtb.registrars@gtbregistrars.com

GTB Registrars Limited
RC 645075

SHAREHOLDER'S DATA UPDATE FORM

Shareholder Account Number :

CSCS CHN Number :

Name of Company in which Shares are held

Date (DD/MM/YYYY)

GTBank: GTBank (GDR):

/ /

DETAILS OF INVESTORS/SIGNATORY

*Surname/Company's Name :

*Other Names (For Individual Shareholders) :

*E-mail Address :

*Mobile (GSM) Phone Number :

*Present Postal Address :

*City :

*State :

Note : Asterixed boxes must be completed by shareholders

