

2000

ANNUAL REPORT

■ GUARANTY TRUST ■

GUARANTY TRUST BANK PLC
RC 152321

1990 - 2000

CONTENTS

| | |
|---|----|
| Foreword | 1 |
| Directors, Officers & Professional Advisers | 2 |
| Notice of Annual General Meeting | 3 |
| Results at a Glance | 4 |
| Chairman's Statement | 6 |
| Directors' Report | 8 |
| Report of the Audit Committee | 13 |
| Auditors' Report | 14 |
| Statement of Accounting Policies | 15 |
| Balance Sheets | 17 |
| Profit & Loss Accounts | 18 |
| Statement of Cash Flows | 19 |
| Notes to the Accounts | 20 |
| Statement of Value Added | 35 |
| Four-Year Financial Summary - Group | 37 |
| Five-Year Financial Summary - Bank | 38 |
| Board of Directors | 40 |
| Shareholders' Information | 42 |
| Proxy Form | 43 |
| Corporate Information | 45 |
| Corporate Directory | 46 |
| Notes | 47 |

FOREWORD

We started the process of building an enduring financial institution, when we commenced operations in 1990. From our early days at The Plaza on Adeyemo Alakija Street, Victoria Island, Lagos, we spared no energy in laying the foundation for a service-focussed institution where all our people, processes and even operating ambience and environment, supported the customers' needs for satisfaction.

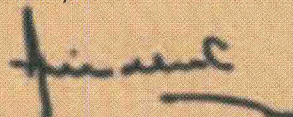
Ten years later, in 2000, we celebrate a significant milestone in our corporate existence. We celebrate our customers who have remained attracted to us. We celebrate our staff who have been faithful to that initial vision of service excellence, while exploring various contemporary modes of keeping our service on the cutting edge.

In acknowledging the past ten years, we look back with fond nostalgia. At the same time, we look forward with greater fire in our hearts and a never waning determination to remain a relevant, preferred financial institution in 2000 and beyond.

Events are yet unfolding in this new millennium. Trends are being set even as you read this, and global e-banking for customers who are global citizens with global needs, is fast becoming the concern of the future. Our goal is to be a citizen of the world. To do this, we shall keep the Future in Focus, without losing sight of sustaining our current value to our operating environment and maximizing our profitability position.

We invite you therefore in this Report, to walk down memory lane with us - refresh your memory about the times we shared, remember the people you met and then... to come with us as we step eagerly into the awaiting future.

Thank you.



FOLA ADEOLA
Managing Director/Chief Executive

DIRECTORS, OFFICERS & PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

| | | |
|---------------------------------|---|-----------------|
| Professor Mosobalaje O. Oyawoye | - | Chairman |
| Mr. Tajudeen A. Adeola | - | Managing |
| Mr. Olutayo Aderinokun | - | Deputy Managing |
| Alhaji Mohammed K. Jada | | |
| Mr. Victor G. Osibodu | | |
| Mr. Adetokunbo B. Adesanya | | |
| Owelle Gilbert P. Chikelu | | |
| Mr. J. K. Olusegun Agbaje* | - | Executive |
| Mr. Aigboje Aig-Imoukhuede* | - | Executive |
| Mr. Herbert O. Wigwe* | - | Executive |

**Appointed on 1 January, 2000*

COMPANY SECRETARY

Mr. Kolapo B. Omidire

REGISTERED OFFICE

Plural House,
Plot 1669, Oyin Jolayemi Street,
Victoria Island,
Lagos.

AUDITORS

Arthur Andersen
22a, Gerrard Road,
Ikoyi,
Lagos.

REGISTRAR & TRANSFER OFFICE

United Securities Limited
Niger House (5th Floor),
3/5, Odunlami Street,
Lagos.

NOTICE OF ANNUAL GENERAL MEETING

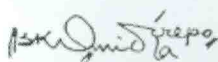
NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of **GUARANTY TRUST BANK PLC** will hold at the Banquet Hall, Eko Hotel, Victoria Island, Lagos, on Wednesday, 5 July, 2000, at 11:00 a.m to transact the following business:

1. To receive the Audited Financial Statements for the year ended 29 February, 2000, and the reports of the Directors, Auditors, and Audit Committee thereon.
2. To declare a dividend.
3. (a) To elect/re-elect Directors.
(b) Pursuant to the provision of section 256, Companies and Allied Matters Act, 1990, special notice is hereby given that Prof. Mosobalaje O. Oyawoye who is retiring as a Director and offering himself for re-election at this Meeting is above 70 years of age.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To fix the remuneration of Directors.
6. To elect/re-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 instead of him. 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, United Securities Limited, Niger House, 3-5, Odunlami Street, Lagos, not less than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.

BY ORDER OF THE BOARD



KOLAPO OMIDIRE

Company Secretary
Plot 1669, Oyin Jolayemi Street,
Victoria Island,
Lagos.

31 May, 2000

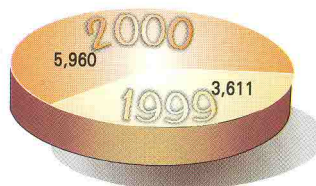
NOTES:

1. **Dividend**
If approved, a dividend will be payable on 5 July, 2000, to shareholders whose names are registered in the Register of Members at the close of business on 15 June, 2000. Dividend Warrants will be posted on 5 July, 2000.
2. **Closure of Register**
The Register of Members will be closed on 16 June, 2000, to enable the Registrar prepare for the payment of dividend.
3. **Audit Committee**
In accordance with section 359(5) of the Companies and Allied Matters Act, 1990, 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 21 days before the Annual General Meeting.

RESULTS AT A GLANCE

| | GROUP | | | BANK | | |
|-------------------------------------|--------------------|--------------------|--------------------------------|--------------------|--------------------|--------------------------------|
| | 2000 N' million | 1999 N' million | Increased/ (Decreased) % | 2000 N' million | 1999 N' million | Increased/ (Decreased) % |
| Major Profit and Loss | | | | | | |
| Account Items | | | | | | |
| Gross Earnings | 5,960 | 3,611 | 65 | 5,312 | 3,257 | 63 |
| Profit after tax | 1,053 | 920 | 14 | 1,018 | 875 | 16 |
| Dividend paid and proposed | 495 | 324 | 53 | 495 | 324 | 53 |
| Major Balance Sheet Items | | | | | | |
| Deposit Liabilities | 15,446 | 10,369 | 49 | 15,462 | 10,369 | 49 |
| Loans & Advances | 8,087 | 7,957 | 2 | 8,087 | 7,967 | 2 |
| Total Assets | 35,597 | 20,626 | 72 | 32,079 | 18,078 | 77 |
| Shareholders' Funds | 3,117 | 2,563 | 22 | 3,037 | 2,514 | 21 |
| Earnings per share | 69k | 47k | 47 | 68k | 42k | 62 |
| Dividends per share | 33k | 22k | 50 | 33k | 22k | 50 |
| Return on average equity (%) | 37 | 40 | | 37 | 39 | |
| Number of employees | 334 | 339 | (1) | 310 | 317 | (2) |
| Net Earnings per employee (N' '000) | 9,838 | 7,431 | 32 | 9,132 | 6,958 | 31 |
| Number of branches | - | - | - | 12 | 11 | - |

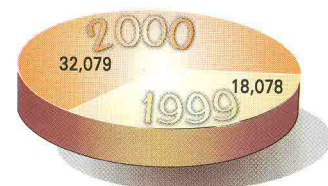
Group's Gross Earnings (N' million)



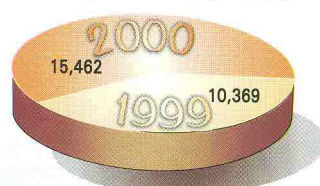
Group Shareholders' Funds (N' million)



Bank's Total Assets (N' million)




Bank's Deposit Liabilities (N' million)



Bank's Profit After Tax (N' million)



A close-up portrait of an elderly Black man with a white beard and glasses, wearing a white traditional cap. He is smiling slightly. The background is a mix of brown and green.

PROF. MOSOBALAJE O. OYAWOYE
Chairman

CHAIRMAN'S STATEMENT

It gives me great pleasure to welcome you, distinguished ladies and gentlemen, to the tenth Annual General Meeting of GUARANTY TRUST BANK PLC, and to present to you the Chairman's annual statement together with the Directors' report and audited financial statements for the Group for the year ended 29th February, 2000. This meeting coincides with the tenth anniversary of the incorporation and licencing of our Bank, and looking back, I have no doubt that I will be speaking your mind to say that there is every reason for us to be happy and grateful to God.

From a modest beginning with a balance sheet size of ₦172 million at the end of the Bank's first year of operations, our Bank has recorded significant growth, and at the end of our tenth year, we proudly report a balance sheet footing of ₦32 billion, and after tax profit of over ₦1 billion. By any standard, a growth volume in Net Assets from ₦25 million to ₦3 billion over a ten year period is indeed phenomenal.

More importantly, the influence of our Bank and its role in re-writing the history of banking in our country can in no way be underestimated. At our Bank's entry into the industry ten years ago, banking business took a significant turn for the better, and today, our competitors continually seek to match the goal which we gave to ourselves at inception - that we shall deliver the utmost in customer services by absolutely delighting our customers in every possible way. The result is a dynamic banking industry and satisfied customers, of which we are proud to be a major change agent. I assure you that the Board and Management of your Bank will sustain the effort towards consolidating the position of our Bank as a trailblazer in the industry.

OPERATING ENVIRONMENT

The process of democratisation embarked upon in late 1998 was concluded during the year under review with the inauguration of the elected government of President Olusegun Obasanjo on 29th May 1999. The new administration inherited an anaemic economy, characterised by declining capacity utilisation in the real sector, dilapidated infrastructural facilities, and rising levels of unemployment and inflation.

To achieve the monetary and fiscal objectives set out in the budget, the government sought to restore the long-lost autonomy of the Central Bank of Nigeria (CBN), with the hope that CBN at its reasonable discretion can influence interest rates through intervention with instruments under its control, and thereby engender economic growth.

During the year under review, the government implemented the plan which required all public agencies and parastatals to take their accounts out of CBN, to commercial and merchant banks. Furthermore, the foreign exchange market was deregulated, whereby oil firms were allowed to sell their foreign exchange proceeds to banks of their choice, with CBN joining other banks in the implementation of a two-way quote system for foreign exchange purchases and sales. The resultant injection of funds into the economy initially created liquidity which reduced inter-bank rates from about 25% to as low as 15%, but the CBN used its newly-found autonomy to vary discount rates of treasury bills, and at different times introduced special treasury bills. The effect of the stringent monetary tools introduced by CBN was to push inter-bank rate from about 23% in March 1999 to an average 30% for the rest of the period under review.

By the end of 1999, virtually all banks had complied with the requirement for minimum capitalisation of ₦500 million, as prescribed in 1998. Meanwhile, a number of banks took advantage of the policy shift which permitted merchant banks to convert to commercial banks. Fierce competition became more emphasised.

OPERATING RESULTS AND DIVIDEND

I am very pleased to report that our Bank's strategic review exercise continues to yield positive results. Our Bank's earnings and profitability attest to this fact. Gross Earnings rose from ₦3.2 billion for the year ended 28 February 1999, to ₦5.3 billion for the year under review. Profit after taxation rose from ₦874.7 million to ₦1.02 billion, representing an increase of 16.4%. In addition, shareholders' funds also witnessed a 21.2% growth from ₦2.5 billion to ₦3.03 billion.

Your Directors had authorised in the course of the year, the payment of an interim dividend of ₦150 million at the rate of 10 kobo per 50 kobo Ordinary share. The payment made in November 1999, is subject to retroactive

CHAIRMAN'S STATEMENT CONT'D

approval at this meeting. In addition, the Directors recommend for your approval the payment of ₦345 million from the profits of the year under review, to be applied in paying final dividend at the rate of 23 kobo per share, thus bringing total dividend to ₦495 million gross, or 33 kobo per share. The dividend is subject to a deduction of the appropriate withholding tax.

BOARD OF DIRECTORS

In the course of the year, Chief Julius Kosebinu Agbaje, the first Chairman of the Bank, died on 3rd May, 1999. We all rose in silence in his honour at the last annual general meeting, but I find it necessary to refer to this subject again, to enable us capture its essence permanently on record. Chief Agbaje deserves nothing less. He contributed tremendously in laying a solid foundation upon which the Bank was built, and throughout his life, even in frail health of old age, he remained committed to the Bank's cause, ever ready to give advice whenever his expert opinion was sought on issues. It is my prayer that God will grant him eternal rest, and also grant the Bank and his family the fortitude to bear the loss.

Over the years, some employees of the Bank have proven themselves to be effective managers of both human and material resources, contributing in no small measure, to the development of the Bank. The Board believes that hardwork which yields positive result should be rewarded. Consequently, the Directors appointed Messrs. Aigboje Aig-Imoukhuede, Herbert Wigwe, and Olusegun Agbaje to join the Board as Executive Directors. The three gentlemen are thoroughbred Guaranty Trust people who possess strong technical competence in various aspects of the Bank's operations. They will support the Managing Director and his deputy to propel the Bank to higher attainment in the new millennium. These executive Directors are now being presented to you, with a view to having their appointment ratified at this meeting.

STAFF

On behalf of the Board and all shareholders, I commend the performance of the Bank's employees and thank them for their commitment to the ideals of our Bank. In recognition of the important role they play in the affairs of the Bank, the Board and Management will always regard employees' interest as paramount in the consideration of the Bank's affairs.

FUTURE OUTLOOK

The thrust of the Federal Government's policy in the current dispensation is the enhancement of political and economic growth, with specific emphasis on the welfare of the masses, self reliance, and self sufficiency.

Though a vast majority of the people of this country hope that good times might come again, governments in the past have failed to satisfy the reasonable expectations of the populace. The challenge facing the current government therefore, is to arrest the critical condition and continued decay of major infrastructural facilities, especially in the energy and communication sectors. Furthermore, the operational capacities of the law enforcement agencies to guarantee security of lives and property must be improved. These, coupled with the provision of an enabling legal, fiscal and monetary environment will surely attract the necessary inflow of investment required to lubricate the engine of growth and development of the economy.

On our part, we are aware that economic prosperity will invariably result in a redefinition of the market in which our Bank operates. The strategy approved by the Board and being operated by Management is robust enough to absorb any shock which the wave of change might introduce.

I assure you that my colleagues on the Board and myself remain steadfast to the objective that our Bank remains a first-class financial services provider, and it is my prayer that our Bank will continue to merit the favours of God as we nurture this organisation into an enduring institution.

Thank you.



Prof. Mosobalaje O. Oyawoye
12 April, 2000.

DIRECTORS' REPORT

For the Year Ended 29 February, 2000.

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Bank and Group for the year ended 29 February, 2000.

LEGAL FORM AND PRINCIPAL ACTIVITY:

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

The Bank'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 allied services, as well as foreign exchange operations. The Bank's only subsidiary (Asset & Resource Management Company Limited) is engaged in funds and portfolio management services.

OPERATING RESULTS:

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

| | <u>2000</u> | <u>1999</u> |
|---|-------------|-------------|
| | N'000 | N'000 |
| Profit after taxation and minority interest | 1,041,020 | 914,962 |
| Transfer to statutory reserve | 509,033 | 131,216 |
| Dividend (paid and proposed) | 495,000 | 324,000 |
| Shareholders' funds | 3,117,328 | 2,562,913 |
| Earnings per share | 69k | 47k |
| Dividend per share | 33k | 22k |

DIVIDENDS:

The Board authorised the payment of ₦150,000,000 (10 kobo per share) as interim dividend during the course of the year, and now recommends, for the approval of the shareholders, the payment of a final dividend of ₦345,000,000 (23 kobo per share), together totalling ₦495,000,000 (33 kobo per share). The dividends are subject to deduction of withholding tax.

DIRECTORS' REPORT CONT'D

THE BOARD:

The Directors who served during the year under review are listed on page 2 of this annual report.

The only Director to retire by rotation at this meeting in accordance with the Bank's Articles of Association is Professor M. O. Oyawoye, and being eligible offers himself for re-election.

Since the conclusion of the last Annual General Meeting, Messrs. Olusegun Agbaje, Aigboje Aig-Imoukhuede and Herbert Wigwe were appointed executive Directors of the Bank. Their appointments will be presented for ratification at this meeting.

DIRECTORS AND THEIR INTERESTS:

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

| | Number of Ordinary Shares of 50 kobo held as at <u>29/2/00*</u> | Number of Ordinary Shares of 50 kobo held as at <u>28/2/99</u> |
|--------------------------------------|--|---|
| Professor M.O. Oyawoye - Chairman | 32,431,822 | 32,431,822 |
| Mr. T.A. Adeola - Managing | 75,766,405 | 75,766,405 |
| Mr. O. Aderinokun - Deputy Managing | 74,812,500 | 74,812,500 |
| Alhaji M.K. Jada | 22,985,348 | 23,860,283 |
| Mr. V.G. Osibodu | 47,250,000 | 47,250,000 |
| Mr. A.B. Adesanya | 47,512,500 | 48,012,500 |
| Owelle G.P.O. Chikelu | 3,750,000 | 3,750,000 |
| Mr. J.K.O. Agbaje - Executive** | 3,750 | - |
| Mr. Aig Aig-Imoukhuede - Executive** | - | - |
| Mr. H. O. Wigwe - Executive** | 746,411 | - |

*There has been no change in the Directors' interests as at the date of Notice of Annual General Meeting.

**Appointed 1 January 2000

DIRECTORS' REPORT CONT'D

ANALYSIS OF SHAREHOLDING:

The analysis of the distribution of the shares of the Bank as at 31 May, 2000, is as follows:

| RANGE | NUMBER OF HOLDERS | | | | TOTAL HOLDINGS | | | | | |
|---------------------|-------------------|----|------------|-----|----------------|----|---------------|-----|--|--|
| | ABSOLUTE | | CUMULATIVE | | ABSOLUTE | | CUMULATIVE | | | |
| | NO. | % | NO. | % | NO. | % | NO. | % | | |
| 1 - 1,000 | 815 | 18 | 815 | 18 | 538,999 | 0 | 538,999 | 0 | | |
| 1,001 - 25,000 | 2,660 | 58 | 3,475 | 76 | 18,579,328 | 1 | 19,118,327 | 1 | | |
| 25,001 - 50,000 | 276 | 6 | 3,751 | 82 | 10,192,045 | 1 | 29,310,372 | 2 | | |
| 50,001 - 100,000 | 224 | 5 | 3,975 | 86 | 17,021,022 | 1 | 46,331,394 | 3 | | |
| 100,001 - 500,000 | 434 | 9 | 4,409 | 96 | 116,779,236 | 8 | 163,110,630 | 11 | | |
| 500,001 - 1,000,000 | 84 | 2 | 4,493 | 98 | 64,722,090 | 4 | 227,832,720 | 15 | | |
| 1,000,001 and above | 106 | 2 | 4,599 | 100 | 1,272,167,280 | 85 | 1,500,000,000 | 100 | | |

FIXED ASSETS:

Information relating to changes in fixed assets is reported in Note 8 to the financial statements.

DONATIONS AND CHARITABLE GIFTS:

In order to identify with the aspirations of the community and the environment within which the Group operates, the Group gave a total sum of ₦2,646,000 as donations and charitable contributions during the financial year. These comprise contributions to charitable organisations amounting to ₦244,000 and donations amounting to ₦2,402,000 to other non-political organisations.

Details of such donations and charitable contributions are as follows:

| | ₦ |
|---|------------------|
| Massey Street Children's Hospital | 1,912,000 |
| Sickle Cell Children's Hospital | 219,000 |
| Institute of Chartered Accountants of Nigeria | 200,000 |
| The Masoma Africa Foundation | 100,000 |
| Chartered Institute of Bankers of Nigeria | 50,000 |
| Nigerian Economic Students Association | 30,000 |
| Demonstration School for the Deaf | 25,000 |
| NACOSS, Ogun State University Chapter | 25,000 |
| Wesley School for the Deaf | 25,000 |
| Nigerian Police Force | 25,000 |
| Cheshire Home for the Handicapped | 15,000 |
| Federal University of Agriculture, Umudike | 10,000 |
| Nigerian National Brigade | 10,000 |
| | ----- |
| | 2,646,000 |
| | ----- |

DIRECTORS' REPORT CONT'D

EMPLOYMENT OF DISABLED PERSONS:

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

In the event of any employee becoming disabled in the course of employment, the Group 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 Group has one person on its staff list with a physical disability.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES:

The Group 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 Group provides medical facilities to its employees and their immediate families at its expense.

EMPLOYEE INVOLVEMENT AND TRAINING:

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Group provides opportunities where employees deliberate on issues affecting the Group and employee interests, with a view to making inputs to decisions thereon.

The Group places a high premium on the development of its manpower. Consequently, the Group sponsored its employees for various training courses both locally and abroad in the year under review.

AUDITORS:

The auditors, Messrs. Arthur Andersen, have indicated their willingness to continue in office in accordance with Section 357 (2) of the Companies and Allied Matters Act, 1990. A resolution will be proposed authorising the Directors to determine their remuneration.

BY ORDER OF THE BOARD



Kolapo Omidire

Company Secretary

Plot 1669, Oyin Jolayemi Street,

Victoria Island, Lagos.

12 April, 2000



Financial Statements

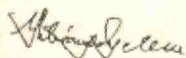
REPORT OF THE AUDIT COMMITTEE

For the Year Ended 29 February, 2000

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 Group and the Bank are in accordance with legal requirements and agreed ethical practices, and that the scope and planning of both the external and internal audit for the year ended 29 February, 2000, were satisfactory and reinforce the Group's internal control systems.
- * We have deliberated with the external auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit.



Mr. Y.A. Oyeleke

Chairman, Audit Committee

10 April, 2000

Members of the Audit Committee are:

1. Mr. Y.A. Oyeleke - Chairman
2. Mr. A.B. Adesanya
3. Owelle G.P.O. Chikelu
4. Alhaji M.A. Usman
5. Mr. M.F. Lawal
6. Alhaji M.K. Jada

In attendance:

Mrs. Cathy Echeozo - Secretary

AUDITORS' REPORT



ARTHUR ANDERSEN

22a, Gerrard Road
P. O. Box 51204, Ikoyi, Lagos.

To the Members of **Guaranty Trust Bank PLC:**

We have audited the balance sheets of **Guaranty Trust Bank PLC** ("the Bank") and subsidiary company ("the Group") as at 29 February, 2000 and the related profit and loss accounts and statements of cash flows for the year then ended, prepared under the historical cost convention and on the basis of the accounting policies set out in the financial statements.

Respective Responsibilities of Directors and Auditors:

The Bank's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of Opinion:

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary, including adequate returns from branches not visited by us, in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements, and assessed whether the Group's books of account had been properly kept.

Banks and Other Financial Institutions Act, 1991:

Based on our audit and representations received, to the best of our knowledge and belief, the Bank did not contravene any section of the Banks and Other Financial Institutions Act, 1991 during the year ended 29 February, 2000.

Opinion:

In our opinion,

- (i) the Group's books of account have been properly kept.
- (ii) the financial statements referred to above, which are in agreement with the books of account, give a true and fair view of the state of affairs of the Bank and Group as at 29 February, 2000 and of their profit and statement of cash flows for the year then ended, and comply with the Banks and Other Financial Institutions Act, 1991, relevant Central Bank of Nigeria circulars, relevant Statements of Accounting Standards and the Companies and Allied Matters Act, 1990.

Arthur Andersen

12 April, 2000



STATEMENT OF ACCOUNTING POLICIES

For the Year Ended 29 February, 2000

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

(a) **Basis of Accounting:**

The financial statements are prepared under the historical cost convention.

(b) **Basis of Consolidation:**

The Group's financial statements consolidate the financial statements of Guaranty Trust Bank PLC and its subsidiary company, Asset and Resource Management Company Limited. In the Bank's books, investment in the subsidiary company is stated at cost. Provision is made for any permanent diminution in the value of the investment.

(c) **Investments:**

Short-term investments are stated at face value. Unearned income is deferred and amortised as earned.

Long-term investments are stated at cost. Provisions are made for permanent diminution in the value of such investments.

(d) **Investment in Associated Company:**

The Group's investment in the associated company is stated at cost and adjusted thereafter for changes in the Group's share of the net assets of the company using the equity method.

(e) **Loans and Advances:**

Loans and advances are stated net of provisions for bad and doubtful loans. Provisions are determined in accordance with the Central Bank of Nigeria's Prudential Guidelines from a specific assessment of each customer's account. A general provision of 1% is made on all loans and advances not specifically provided for.

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

(f) **Advances under Finance Leases:**

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

(g) **Equipment on Lease:**

Equipment on lease to customers is stated at cost less accumulated depreciation. Depreciation is provided on an appropriate basis to write-off the related asset cost over the period of the lease and is included in operating expenses. Rental income from equipment on lease to customers is credited to lease income on a consistent basis over the lease term.

(h) **Fixed Assets:**

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

STATEMENT OF ACCOUNTING POLICIES CONT'D

| | | |
|---|---|-----------------------|
| Leasehold Improvement, Land and Buildings | - | Over the lease period |
| Machinery and Equipment | - | 20% |
| Computers and Accessories | - | 20% |
| Furniture and Fittings | - | 20% |
| Motor Vehicles | - | 25% |

Gains or losses arising from the disposal of fixed assets are included in the profit and loss account.

(i) **Taxation:**

Income tax payable is provided on taxable profits at the current rate.

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is not provided for in the financial statements as the directors are of the opinion that the related timing differences are not likely to reverse in the next three years. The aggregate amount of deferred tax not provided for is disclosed in the notes to the financial statements.

(j) **Income Recognition:**

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

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

(k) **Foreign Currency Items:**

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

(l) **Pension Costs:**

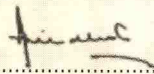
The Bank operates a defined contributory pension scheme, which is managed by external trustees. Employees are entitled to join the scheme on confirmation of their employment. Employee and Bank contributions are 5% and 20% of the employee's annual basic salary respectively.

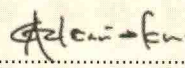
BALANCE SHEETS

As at 29 February, 2000

| | Notes | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|---|-------|------------------------|------------------------|-----------------------|-----------------------|
| ASSETS: | | | | | |
| Cash and short-term funds | 1 | 8,401,508 | 4,744,527 | 8,401,260 | 4,740,707 |
| Investments | 2 | 8,966,800 | 5,436,389 | 5,489,557 | 2,988,081 |
| Loans and advances | 3 | 8,087,278 | 7,956,883 | 8,087,278 | 7,967,295 |
| Other facilities | 4 | 2,508,413 | - | 2,508,413 | - |
| Advances under finance leases | 5 | 22,531 | 40,743 | 22,531 | 40,743 |
| Other assets | 6 | 6,365,563 | 1,380,040 | 6,376,758 | 1,332,021 |
| Equipment on lease | 7 | 256,979 | 120,590 | 256,979 | 120,590 |
| Fixed assets | 8 | 988,047 | 946,714 | 936,235 | 888,524 |
| | | ----- | ----- | ----- | ----- |
| TOTAL ASSETS | | 35,597,119 | 20,625,886 | 32,079,011 | 18,077,961 |
| | | ----- | ----- | ----- | ----- |
| LIABILITIES: | | | | | |
| Deposits and other accounts | 9 | 15,446,099 | 10,368,905 | 15,461,727 | 10,368,905 |
| Other liabilities | 10 | 13,670,376 | 7,112,124 | 10,264,701 | 4,632,203 |
| Other facilities | 11 | 2,533,750 | - | 2,533,750 | - |
| Tax payable | 12 | 455,182 | 344,351 | 436,479 | 337,828 |
| Dividend payable | 13 | 345,000 | 225,000 | 345,000 | 225,000 |
| | | ----- | ----- | ----- | ----- |
| TOTAL LIABILITIES | | 32,450,407 | 18,050,380 | 29,041,657 | 15,563,936 |
| | | ----- | ----- | ----- | ----- |
| NET ASSETS | | 3,146,712 | 2,575,506 | 3,037,354 | 2,514,025 |
| | | ===== | ===== | ===== | ===== |
| CAPITAL AND RESERVES: | | | | | |
| Share capital | 14 | 750,000 | 750,000 | 750,000 | 750,000 |
| Other reserves | 15 | 2,367,328 | 1,812,913 | 2,287,354 | 1,764,025 |
| | | ----- | ----- | ----- | ----- |
| SHAREHOLDERS' FUNDS | | 3,117,328 | 2,562,913 | 3,037,354 | 2,514,025 |
| Minority interest | | 29,384 | 12,593 | - | - |
| | | ----- | ----- | ----- | ----- |
| | | 3,146,712 | 2,575,506 | 3,037,354 | 2,514,025 |
| | | ===== | ===== | ===== | ===== |
| Acceptances, guarantees and other obligations for the account of customers (and the customers' liability thereon) | 16 | 3,939,342 | 3,095,734 | 3,939,342 | 3,095,734 |
| | | ===== | ===== | ===== | ===== |

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


)
 FOLA ADEOLA) Directors


)
 TAYO ADERINOKUN)

Approved by the Board of Directors on 12 April, 2000.

The accompanying notes form an integral part of these balance sheets

PROFIT AND LOSS ACCOUNTS

For the Year Ended 29 February, 2000

| | Notes | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|-------|--|--------------------------|--|--------------------------|
| GROSS EARNINGS | | 5,960,346 | 3,610,659 | 5,312,400 | 3,257,011 |
| INTEREST AND DISCOUNT INCOME | 17 | 4,197,629 | 2,252,090 | 3,877,919 | 2,124,755 |
| Lease finance income | | 9,503 | 7,211 | 9,503 | 7,211 |
| Interest expense | 18 | (2,221,403) | (1,021,883) | (2,028,396) | (981,998) |
| INTEREST MARGIN | | 1,985,729 | 1,237,418 | 1,859,026 | 1,149,968 |
| Loan loss expense (net) | 20 | (452,962) | (69,469) | (452,962) | (69,469) |
| NET INTEREST MARGIN | | 1,532,767 | 1,167,949 | 1,406,064 | 1,080,499 |
| Other banking income | 19 | 1,753,214 | 1,351,358 | 1,424,978 | 1,125,045 |
| Operating expenses | | 3,285,981 (1,925,054) | 2,519,307 (1,496,914) | 2,831,042 (1,519,879) | 2,205,544 (1,264,009) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXCEPTIONAL CHARGE | 20 | 1,360,927 | 1,022,393 | 1,311,163 | 941,535 |
| Exceptional charge | | - | (89,329) | - | (89,329) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1,360,927 | 933,064 | 1,311,163 | 852,206 |
| Taxation | 12 | (308,334) | (222,207) | (292,834) | (217,767) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 1,052,593 | 710,857 | 1,018,329 | 634,439 |
| Extra-ordinary income | | - | 209,108 | - | 240,337 |
| PROFIT AFTER TAX AND EXTRA- ORDINARY INCOME | | 1,052,593 | 919,965 | 1,018,329 | 874,776 |
| Minority interest | | (11,573) | (5,003) | - | - |
| PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS | | 1,041,020 | 914,962 | 1,018,329 | 874,776 |
| RETAINED PROFIT, beginning of year | | 462,380 | 2,634 | 420,702 | 1,142 |
| STATUTORY RESERVE | | (509,033) | (131,216) | (509,033) | (131,216) |
| DIVIDEND - Paid | 13 | 994,367 (150,000) | 786,380 (99,000) | 929,998 (150,000) | 744,702 (99,000) |
| - Proposed | 13 | (345,000) | (225,000) | (345,000) | (225,000) |
| RETAINED PROFIT, end of year | 15 | 499,367 | 462,380 | 434,998 | 420,702 |
| Earnings per share | 21 | 69k | 47k | 68k | 42k |
| Dividend per share | 21 | 33k | 22k | 33k | 22k |

The accompanying notes form an integral part of these profit and loss accounts.

STATEMENTS OF CASH FLOWS

For the Year Ended 29 February, 2000.

| | Notes | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|---|-------|------------------------|------------------------|-----------------------|-----------------------|
| Net cash flows from operating activities before changes in operating assets | 22 | 2,122,436 | 1,227,461 | 2,086,389 | 1,201,334 |
| Changes in operating assets | 23 | 2,756,217 | (2,156,101) | 2,684,787 | (1,455,481) |
| Income tax paid | | (197,503) | (259,483) | (194,183) | (256,719) |
| | | ----- | ----- | ----- | ----- |
| Net cash flows from operating activities | | 4,681,150 | (1,188,123) | 4,576,993 | (510,866) |
| | | ----- | ----- | ----- | ----- |
| Investing activities | | | | | |
| Proceeds from disposal of fixed assets | | 20,009 | 15,534 | 10,886 | 10,809 |
| Proceeds from sale of subsidiary | | - | 510,000 | - | 510,000 |
| Purchase of fixed assets | | (285,465) | (375,187) | (267,250) | (320,964) |
| Purchase of investment | | (133,713) | (530,568) | (35,076) | (443,855) |
| Purchase of equipment on lease | | (250,000) | - | (250,000) | - |
| | | ----- | ----- | ----- | ----- |
| Net cash flows from investing activities | | (649,169) | (380,221) | (541,440) | (244,010) |
| | | ----- | ----- | ----- | ----- |
| Financing activities | | | | | |
| Dividend paid | | (375,000) | (199,000) | (375,000) | (199,000) |
| | | ----- | ----- | ----- | ----- |
| Net increase/(decrease) in cash and short term funds | | 3,656,981 | (1,767,344) | 3,660,553 | (953,876) |
| Cash and short term funds, beginning of year | | 4,744,527 | 6,511,871 | 4,740,707 | 5,694,583 |
| | | ----- | ----- | ----- | ----- |
| Cash and short term funds, end of year | | 8,401,508 | 4,744,527 | 8,401,260 | 4,740,707 |
| | | ===== | ===== | ===== | ===== |

The accompanying notes form an integral part of these statements of cash flows.

NOTES TO THE ACCOUNTS

For the Year Ended 29 February, 2000.

1. Cash and short-term funds:

(a) Cash and short-term funds comprise:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|---|------------------------|------------------------|-----------------------|-----------------------|
| Bank and cash balances in Nigeria | | | | |
| - Cash | 426,916 | 273,720 | 426,668 | 273,636 |
| - Balances held with the Central Bank of Nigeria | | | | |
| - Current account | 2,785,426 | 854,159 | 2,785,426 | 854,159 |
| - Cash reserve | 884,381 | 406,726 | 884,381 | 406,726 |
| - Balances held with other local banks (see (b) below) | 174,744 | 602,175 | 174,744 | 598,439 |
| Balances held with banks outside Nigeria (see (c) below) | 4,130,041 | 2,607,747 | 4,130,041 | 2,607,747 |
| | <u>8,401,508</u> | <u>4,744,527</u> | <u>8,401,260</u> | <u>4,740,707</u> |
| | ===== | ===== | ===== | ===== |

(b) Included in balances held with the local banks is an amount of ₦138,235,000 (1999: ₦516,797,000), being cash cover for managers cheques issued on other banks (see note 10).

(c) Included in bank and cash balances outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦1,961,430,000 (1999: ₦2,266,733,000). The corresponding liability for this amount is included in other liabilities (see note 10).

2. Investments:

(a) Investments comprise:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Short-term investments (see note (b) below) | 8,359,910 | 5,006,012 | 5,130,323 | 2,663,923 |
| Long-term investments (see note (c) below) | 606,890 | 430,377 | 359,234 | 324,158 |
| | <u>8,966,800</u> | <u>5,436,389</u> | <u>5,489,557</u> | <u>2,988,081</u> |
| | ===== | ===== | ===== | ===== |

(b) Short-term investments:

| | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|
| Short-term investments comprise: | | | | |
| Treasury bills | 4,642,870 | 2,176,470 | 4,642,870 | 2,176,470 |
| DCP treasury bills | 487,453 | 487,453 | 487,453 | 487,453 |
| Trading securities | 3,229,587 | 2,342,089 | - | - |
| | <u>8,359,910</u> | <u>5,006,012</u> | <u>5,130,323</u> | <u>2,663,923</u> |
| | ===== | ===== | ===== | ===== |

NOTES TO THE ACCOUNTS CONT'D

(c) Long-term investments:

(i) Long-term investments comprise:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|---|------------------------|------------------------|-----------------------|-----------------------|
| Subsidiary: | | | | |
| Equity shares in Asset and Resource Management Company Limited (see (ii) below) | - | - | 28,000 | 10,500 |
| Associated company: | | | | |
| Equity shares in Magnum Trust Bank Limited (MTB) | 336,618 | 289,093 | 259,087 | 259,087 |
| Other equity investments: | | | | |
| - Kakawa Discount House Limited | 34,100 | 34,100 | 34,100 | 34,100 |
| - Smartcard Nigeria PLC (see (iii) below) | 36,692 | 1,616 | 36,692 | 1,616 |
| - Crusader Insurance PLC (see (iv)) | 25,565 | - | - | - |
| - Proprietary investment (see (v)) | 172,560 | 104,213 | - | - |
| Debentures: | | | | |
| - Smartcard Nigeria PLC. | 1,355 | 1,355 | 1,355 | 1,355 |
| - Asset and Resource Management Company Limited (see (ii) below) | - | - | - | 17,500 |
| | <u>606,890</u> | <u>430,377</u> | <u>359,234</u> | <u>324,158</u> |
| | ===== | ===== | ===== | ===== |

(ii) The Bank increased its investment in Asset and Resource Management Company Limited (ARM) through the conversion of its debenture investment to equity. The Bank's share of the company's equity is now 71%.

(iii) The Bank also increased its investment in Smartcard Nigeria PLC through the acquisition of additional ordinary shares of the company.

(iv) This represents ARM's 14% equity holding in Crusader Insurance PLC.

(v) Proprietary investment represents ARM's trading investment in quoted equities in Nigeria and abroad.

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

NOTES TO THE ACCOUNTS CONT'D

3. Loans and advances:

(a) Loans and advances comprise, by security:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Secured against real estate | 2,815,140 | 4,800,080 | 2,815,140 | 4,800,080 |
| Otherwise secured | 4,697,148 | 3,314,630 | 4,697,148 | 3,314,630 |
| Unsecured | 989,076 | 93,912 | 989,076 | 104,324 |
| | 8,501,364 | 8,208,622 | 8,501,364 | 8,219,034 |
| Less: Provisions for bad and doubtful loans | | | | |
| - Specific (see (b) below) | (241,902) | (110,698) | (241,902) | (110,698) |
| - General (see (b) below) | (123,587) | (79,617) | (123,587) | (79,617) |
| Interest in suspense | (48,597) | (61,424) | (48,597) | (61,424) |
| | 8,087,278 | 7,956,883 | 8,087,278 | 7,967,295 |
| | ===== | ===== | ===== | ===== |

(b) The movements on specific and general provisions for bad and doubtful loans during the year were as follows:

| | | | | |
|--|-----------|----------|-----------|----------|
| Specific provision: | | | | |
| Balance, beginning of year | 110,698 | 145,458 | 110,698 | 118,082 |
| Adjustment for disposed subsidiary | - | (27,376) | - | - |
| Provisions made during the year | 367,877 | 44,472 | 367,877 | 44,472 |
| Provisions written off during the year | (236,673) | (51,856) | (236,673) | (51,856) |
| | 241,902 | 110,698 | 241,902 | 110,698 |
| | ===== | ===== | ===== | ===== |
| General provision: | | | | |
| Balance, beginning of year | 79,617 | 72,957 | 79,617 | 71,754 |
| Adjustment for disposed subsidiary | - | (1,203) | - | - |
| Provisions made during the year | 43,970 | 7,863 | 43,970 | 7,863 |
| | 123,587 | 79,617 | 123,587 | 79,617 |
| | ===== | ===== | ===== | ===== |

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

| | | | | |
|----------------|-----------|-----------|-----------|-----------|
| Under 1 month | 5,998,074 | 6,154,252 | 5,998,074 | 6,154,252 |
| 1 - 3 months | 514,770 | 786,108 | 514,770 | 786,108 |
| 3 - 6 months | 67,608 | 80,642 | 67,608 | 80,642 |
| 6 - 12 months | 553,785 | 535,710 | 553,785 | 544,217 |
| Over 12 months | 1,367,127 | 651,910 | 1,367,127 | 653,815 |
| | 8,501,364 | 8,208,622 | 8,501,364 | 8,219,034 |
| | ===== | ===== | ===== | ===== |

NOTES TO THE ACCOUNTS CONT'D

(d) The gross value of loans and advances by performance is:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|----------------------------|------------------------|------------------------|-----------------------|-----------------------|
| Performing | 8,107,466 | 7,951,313 | 8,107,466 | 7,961,725 |
| Non-performing - principal | 345,301 | 195,885 | 345,301 | 195,885 |
| - interest | 48,597 | 61,424 | 48,597 | 61,424 |
| | <u>8,501,364</u> | <u>8,208,622</u> | <u>8,501,364</u> | <u>8,219,034</u> |
| | ===== | ===== | ===== | ===== |

4. Other facilities:

(a) The Bank acts as an intermediary for Afrexim loans (see note 11). The classification of such loans outstanding at year end is as follows:

| | | | | |
|--------------------------------------|------------------|----------|------------------|----------|
| Unsecured | 2,533,750 | - | 2,533,750 | - |
| Less: 1% statutory general provision | (25,337) | - | (25,337) | - |
| | <u>2,508,413</u> | <u>-</u> | <u>2,508,413</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== |

(b) The movement on provision for other facilities during the year was as follows:

| | | | | |
|---------------------------|---------------|----------|---------------|----------|
| Balance beginning of year | - | - | - | - |
| Provision during the year | 25,337 | - | 25,337 | - |
| | <u>25,337</u> | <u>-</u> | <u>25,337</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== |

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

| | | | | |
|---------------|------------------|----------|------------------|----------|
| 3 - 6 months | 1,520,250 | - | 1,520,250 | - |
| 6 - 12 months | 1,013,500 | - | 1,013,500 | - |
| | <u>2,533,750</u> | <u>-</u> | <u>2,533,750</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== |

(d) All other facilities were performing as at year end.

5. Advances under finance leases:

(a) Advances under finance leases comprise:

| | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Gross investment in finance leases | 26,903 | 53,462 | 26,903 | 53,462 |
| Unearned income | (4,144) | (12,308) | (4,144) | (12,308) |
| | <u>22,759</u> | <u>41,154</u> | <u>22,759</u> | <u>41,154</u> |
| Less: 1% statutory general provision | (228) | (411) | (228) | (411) |
| | <u>22,531</u> | <u>40,743</u> | <u>22,531</u> | <u>40,743</u> |
| | ===== | ===== | ===== | ===== |

NOTES TO THE ACCOUNTS CONT'D

(b) The movement on the general provision for advances under finance leases during the year was as follows:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|-------------------------------------|------------------------|------------------------|-----------------------|-----------------------|
| Balance, beginning of year | 411 | 434 | 411 | 434 |
| Provisions released during the year | (183) | (23) | (183) | (23) |
| | ----- | ----- | ----- | ----- |
| Balance, end of year | 228 | 411 | 228 | 411 |
| | ===== | ===== | ===== | ===== |

(c) The net investment in finance leases by maturity is:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|----------------|------------------------|------------------------|-----------------------|-----------------------|
| 3 - 6 months | 300 | - | 300 | - |
| 6 - 12 months | 5,082 | 2,356 | 5,082 | 2,356 |
| Over 12 months | 17,377 | 38,798 | 17,377 | 38,798 |
| | ----- | ----- | ----- | ----- |
| | 22,759 | 41,154 | 22,759 | 41,154 |
| | ===== | ===== | ===== | ===== |

6. Other assets:

(a) Other assets comprise:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|------------------------------------|------------------------|------------------------|-----------------------|-----------------------|
| OBB treasury bills (see (b) below) | 5,809,500 | 805,000 | 5,809,500 | 805,000 |
| Interbank placement swaps | - | 7,782 | - | 7,782 |
| Prepayments: | | | | |
| - Short-term (within one year) | 199,992 | 72,413 | 191,165 | 63,357 |
| - Long-term (over one year) | 124,696 | 120,348 | 124,696 | 120,348 |
| Discount paid in advance | 89,084 | 61,105 | 89,084 | 61,105 |
| Other accounts receivable | 142,291 | 313,392 | 162,313 | 274,429 |
| | ----- | ----- | ----- | ----- |
| | 6,365,563 | 1,380,040 | 6,376,758 | 1,332,021 |
| | ===== | ===== | ===== | ===== |

(b) OBB treasury bills represent treasury bills pledged as security against open buy back interbank takings (see note 10)

(c) There has been no diminution in the value of other assets, hence no provision is required at the balance sheet date (1999: Nil).

7. Equipment on lease:

The movement on this account during the year (Group and Bank) was as follows:

| | Machinery and Equipment N'000 |
|----------------------------------|-------------------------------------|
| COST: | |
| Beginning of year | 285,000 |
| Addition | 250,000 |
| | ----- |
| End of year | 535,000 |
| | ===== |
| ACCUMULATED DEPRECIATION: | |
| Beginning of year | 164,410 |
| Charge for the year | 113,611 |
| | ----- |
| End of year | 278,021 |
| | ===== |
| NET BOOK VALUE: | |
| End of year | 256,979 |
| | ===== |
| Beginning of year | 120,590 |
| | ===== |

NOTES TO THE ACCOUNTS CONT'D

8. Fixed assets:

(a) GROUP:

(i) The movement on these accounts during the year was as follows:

| | Leasehold Improvement, Land and Buildings N'000 | Machinery & Equipment N'000 | Computers & Accessories N'000 | Furniture & Fittings N'000 | Motor Vehicles N'000 | Capital Work in Progress N'000 | Total N'000 |
|----------------------------------|--|-----------------------------------|-------------------------------------|----------------------------------|----------------------------|--------------------------------------|----------------|
| COST: | | | | | | | |
| Beginning of year | 458,122 | 223,556 | 381,084 | 116,977 | 275,207 | 43,480 | 1,498,426 |
| Additions | 42,402 | 66,553 | 55,018 | 19,654 | 101,838 | - | 285,465 |
| Disposals | - | (3,259) | - | (952) | (35,382) | - | (39,593) |
| Transfers | 36,975 | - | - | 2,731 | - | (39,706) | - |
| End of year | 537,499 | 286,850 | 436,102 | 138,410 | 341,663 | 3,774 | 1,744,298 |
| ACCUMULATED DEPRECIATION: | | | | | | | |
| Beginning of year | 99,278 | 128,180 | 152,766 | 69,446 | 102,042 | - | 551,712 |
| Charge for the year | 23,842 | 41,605 | 72,975 | 19,839 | 70,738 | - | 228,999 |
| Disposals | - | (2,751) | - | (901) | (20,808) | - | (24,460) |
| End of year | 123,120 | 167,034 | 225,741 | 88,384 | 151,972 | - | 756,251 |
| NET BOOK VALUE: | | | | | | | |
| End of year | 414,379 | 119,816 | 210,361 | 50,026 | 189,691 | 3,774 | 988,047 |
| Beginning of year | 358,844 | 95,376 | 228,318 | 47,531 | 173,165 | 43,480 | 946,714 |

(ii) No leased assets were included in the above fixed assets.

(iii) The Group had no capital commitments as at the balance sheet date (1999: N15,893,000)

NOTES TO THE ACCOUNTS CONT'D

(b) BANK:

(i) The movement on these accounts during the year was as follows:

| | Leasehold Improvement, Land and Buildings N'000 | Machinery & Equipment N'000 | Computers & Accessories N'000 | Furniture & Fittings N'000 | Motor Vehicles N'000 | Capital Work in Progress N'000 | Total N'000 |
|----------------------------------|--|-----------------------------------|-------------------------------------|----------------------------------|----------------------------|--------------------------------------|----------------|
| COST: | | | | | | | |
| Beginning of year | 449,913 | 221,270 | 358,810 | 100,542 | 249,998 | 43,480 | 1,424,013 |
| Additions | 41,857 | 66,529 | 50,138 | 18,618 | 90,108 | - | 267,250 |
| Disposals | - | (3,259) | - | (952) | (22,832) | - | (27,043) |
| Transfers | 36,975 | - | - | 2,731 | - | (39,706) | - |
| End of year | 528,745 | 284,540 | 408,948 | 120,939 | 317,274 | 3,774 | 1,664,220 |
| ACCUMULATED DEPRECIATION: | | | | | | | |
| Beginning of year | 97,143 | 127,786 | 148,265 | 67,143 | 95,152 | - | 535,489 |
| Charge for the year | 21,102 | 41,125 | 69,298 | 16,398 | 65,454 | - | 213,377 |
| Disposals | - | (2,751) | - | (901) | (17,229) | - | (20,881) |
| End of year | 118,245 | 166,160 | 217,563 | 82,640 | 143,377 | - | 727,985 |
| NET BOOK VALUE: | | | | | | | |
| End of year | 410,500 | 118,380 | 191,385 | 38,299 | 173,897 | 3,774 | 936,235 |
| Beginning of year | 352,770 | 93,484 | 210,545 | 33,399 | 154,846 | 43,480 | 888,524 |

(ii) No leased assets are included in the above fixed assets accounts.

(iii) The Bank had no capital commitments as at the balance sheet date (1999: ₦15,893,000).

NOTES TO THE ACCOUNTS CONT'D

9. Deposits and other accounts:

(a) Deposits and other accounts comprise:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--------------------|------------------------|------------------------|-----------------------|-----------------------|
| Time | 5,148,883 | 2,790,537 | 5,148,883 | 2,790,537 |
| Savings | 255,101 | 296,818 | 255,101 | 296,818 |
| Demand | 7,977,115 | 4,622,768 | 7,992,743 | 4,622,768 |
| | ----- | ----- | ----- | ----- |
| | 13,381,099 | 7,710,123 | 13,396,727 | 7,710,123 |
| Due to local banks | 2,065,000 | 2,658,782 | 2,065,000 | 2,658,782 |
| | ----- | ----- | ----- | ----- |
| | 15,446,099 | 10,368,905 | 15,461,727 | 10,368,905 |
| | ===== | ===== | ===== | ===== |

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

| | | | | |
|----------------|------------|------------|------------|------------|
| Under 1 month | 13,753,952 | 9,003,144 | 13,769,580 | 9,003,144 |
| 1 - 3 months | 1,608,859 | 1,169,466 | 1,608,859 | 1,169,466 |
| 3 - 6 months | 80,698 | 103,894 | 80,698 | 103,894 |
| 6 - 12 months | 2,590 | 11,105 | 2,590 | 11,105 |
| Over 12 months | - | 81,296 | - | 81,296 |
| | ----- | ----- | ----- | ----- |
| | 15,446,099 | 10,368,905 | 15,461,727 | 10,368,905 |
| | ===== | ===== | ===== | ===== |

10. Other liabilities:

Other liabilities comprise:

| | | | | |
|---|------------|-----------|------------|-----------|
| Foreign currency denominated liabilities (see note 1 (c)) | 1,961,430 | 2,266,733 | 1,961,430 | 2,266,733 |
| Certified cheques | 634,779 | 535,426 | 634,779 | 535,426 |
| Due to other local banks (see note 1(b)) | 138,235 | 516,797 | 138,235 | 516,797 |
| OBB takings (see note 6 (b)) | 5,809,500 | 805,000 | 5,809,500 | 805,000 |
| Customers' FEM deposits | 1,350,153 | 220,486 | 1,350,153 | 220,486 |
| Unearned interest and discounts | 258,225 | 98,999 | 258,225 | 98,999 |
| Interest payable | 56,102 | 49,615 | 56,102 | 49,615 |
| Other current liabilities | 3,461,952 | 2,619,068 | 3,461,952 | 2,619,068 |
| | ----- | ----- | ----- | ----- |
| | 13,670,376 | 7,112,124 | 10,264,701 | 4,632,203 |
| | ===== | ===== | ===== | ===== |

NOTES TO THE ACCOUNTS CONT'D

11. Other facilities:

The maturity profile of amounts received from Afrexim for on lending (see note 4) is as follows:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|---------------|------------------------|------------------------|-----------------------|-----------------------|
| 3 - 6 months | 1,520,250 | - | 1,520,250 | - |
| 6 - 12 months | 1,013,500 | - | 1,013,500 | - |
| | <u>2,533,750</u> | <u>-</u> | <u>2,533,750</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== |

12. Tax payable:

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

| | 344,351 | 389,781 | 337,828 | 376,780 |
|------------------------------------|----------------|----------------|----------------|----------------|
| Balance, beginning of year | 344,351 | 389,781 | 337,828 | 376,780 |
| Adjustment for subsidiary disposed | - | (8,154) | - | - |
| Charge for the year | 308,334 | 222,207 | 292,834 | 217,767 |
| Payment during the year | (197,503) | (259,483) | (194,183) | (256,719) |
| | <u>455,182</u> | <u>344,351</u> | <u>436,479</u> | <u>337,828</u> |
| | ===== | ===== | ===== | ===== |

(b) The current tax charge has been computed at the current income tax rate of 30% (1999 : 30%) and education tax rate of 2% (1999 : 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes.

(c) Deferred taxation arising from timing differences in recognition of depreciation and capital allowance on fixed assets amounts to N151,645,000 (1999 : N130,310,100) and has not been provided for in the account because the directors are of the opinion that the related timing difference is not likely to reverse in the next three years.

13. Dividend payable:

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

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Balance, beginning of year | 225,000 | 100,000 | 225,000 | 100,000 |
| Dividends declared during the year - interim | 150,000 | 99,000 | 150,000 | 99,000 |
| - proposed final | 345,000 | 225,000 | 345,000 | 225,000 |
| Payments during the year | (375,000) | (199,000) | (375,000) | (199,000) |
| | <u>345,000</u> | <u>225,000</u> | <u>345,000</u> | <u>225,000</u> |
| | ===== | ===== | ===== | ===== |

NOTES TO THE ACCOUNTS CONT'D

14. Share capital:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Authorised - 1,500,000,000 ordinary shares of 50k each (1999: 1,500,000,000 ordinary shares of 50k each) | 750,000 ===== | 750,000 ===== | 750,000 ===== | 750,000 ===== |
| Issued and fully paid - 1,500,000,000 ordinary shares of 50k each (1999: 1,500,000,000 ordinary shares of 50k each) | 750,000 ===== | 750,000 ===== | 750,000 ===== | 750,000 ===== |

15. Other reserves:

(a) Other reserves comprise:

| | | | | |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| Statutory reserve | 1,852,356 | 1,343,323 | 1,852,356 | 1,343,323 |
| Retained profit | 499,367 | 462,380 | 434,998 | 420,702 |
| Capital reserves | 15,605 | 7,210 | - | - |
| | ----- | ----- | ----- | ----- |
| | 2,367,328 ===== | 1,812,913 ===== | 2,287,354 ===== | 1,764,025 ===== |

(b) The movement on these accounts during the year was as follows:

i. Statutory reserves:

| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Balance, beginning of year | 1,343,323 | 1,225,806 | 1,343,323 | 1,212,107 |
| Reserve of subsidiary Disposed | - | (13,699) | - | - |
| Transfer from profit and loss account | 509,033 | 131,216 | 509,033 | 131,216 |
| | ----- | ----- | ----- | ----- |
| Balance, end of year | 1,852,356 ===== | 1,343,323 ===== | 1,852,356 ===== | 1,343,323 ===== |

The Bank transferred 50% (1999: 15%) of its profit after tax to statutory reserve during the year.

ii. Retained profit:

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Balance, beginning of year | 462,380 | 7,402 | 420,702 | 1,142 |
| Retained profit of disposed Subsidiary | - | (4,768) | - | - |
| Transfer from profit and loss Account | 36,987 | 459,746 | 14,296 | 419,560 |
| | ----- | ----- | ----- | ----- |
| Balance, end of year | 499,367 ===== | 462,380 ===== | 434,998 ===== | 420,702 ===== |

NOTES TO THE ACCOUNTS CONT'D

16. Acceptances, guarantees, and other obligations for the account of customers:

These comprise:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Transaction-related bonds and guarantees | 998,036 | 1,480,708 | 998,036 | 1,480,708 |
| Guaranteed commercial papers and bankers acceptances | 2,941,306 | 1,615,026 | 2,941,306 | 1,615,026 |
| | <u>3,939,342</u> | <u>3,095,734</u> | <u>3,939,342</u> | <u>3,095,734</u> |
| | ===== | ===== | ===== | ===== |

17. Interest and discount income:

Interest and discount income was derived as follows:

Source:

| | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Lending to financial institutions | 201,620 | 112,095 | 201,620 | 83,798 |
| Lending to non-bank customers | 3,485,053 | 1,850,046 | 3,165,343 | 1,753,627 |
| Interest income on securities trading | 510,956 | 289,949 | 510,956 | 287,330 |
| | <u>4,197,629</u> | <u>2,252,090</u> | <u>3,877,919</u> | <u>2,124,755</u> |
| | ===== | ===== | ===== | ===== |

Geographical location:

| | | | | |
|------------------------|------------------|------------------|------------------|------------------|
| Earned outside Nigeria | 210,411 | 61,657 | 210,411 | 61,657 |
| Earned in Nigeria | 3,987,218 | 2,190,433 | 3,667,508 | 2,063,098 |
| | <u>4,197,629</u> | <u>2,252,090</u> | <u>3,877,919</u> | <u>2,124,755</u> |
| | ===== | ===== | ===== | ===== |

18. Interest expense:

Interest expense comprises:

Source:

| | | | | |
|--|------------------|------------------|------------------|----------------|
| Borrowing from banks | 549,797 | 67,360 | 356,790 | 65,828 |
| Borrowing from non-bank depositors | 1,191,240 | 800,293 | 1,191,240 | 761,940 |
| Interest expense on securities trading | 480,366 | 154,230 | 480,366 | 154,230 |
| | <u>2,221,403</u> | <u>1,021,883</u> | <u>2,028,396</u> | <u>981,998</u> |
| | ===== | ===== | ===== | ===== |

Geographical location:

| | | | | |
|----------------------|------------------|------------------|------------------|----------------|
| Paid outside Nigeria | 132,423 | - | 132,423 | - |
| Paid in Nigeria | 2,088,980 | 1,021,883 | 1,895,973 | 981,998 |
| | <u>2,221,403</u> | <u>1,021,883</u> | <u>2,028,396</u> | <u>981,998</u> |
| | ===== | ===== | ===== | ===== |

NOTES TO THE ACCOUNTS CONT'D

19. Other banking income:

This comprises:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Commissions and similar income | 1,420,022 | 1,068,134 | 1,035,494 | 852,577 |
| Other fees and charges | 163,496 | 148,956 | 153,288 | 105,800 |
| Operating lease income | 162,023 | 121,073 | 162,023 | 121,073 |
| Dividend income from equity investment | 7,673 | 13,195 | 74,173 | 45,595 |
| | <u>1,753,214</u> | <u>1,351,358</u> | <u>1,424,978</u> | <u>1,125,045</u> |
| | ===== | ===== | ===== | ===== |

20. Supplementary profit and loss information:

(a) General:

The profit before taxation for the year is stated after charging/(crediting) the following:

| | | | | |
|---|----------------|---------------|----------------|---------------|
| Specific provisions on risk assets | 367,877 | 44,472 | 367,877 | 44,472 |
| General provision on loans, other facilities and finance leases | 69,123 | 7,840 | 69,123 | 7,840 |
| Loan amounts written-off | 15,962 | 17,157 | 15,962 | 17,157 |
| | <u>452,962</u> | <u>69,469</u> | <u>452,962</u> | <u>69,469</u> |
| | ===== | ===== | ===== | ===== |
| Depreciation on fixed assets | 228,999 | 205,528 | 213,377 | 194,391 |
| Depreciation on equipment on lease | 113,611 | 87,917 | 113,611 | 87,917 |
| Auditors' remuneration | 9,350 | 7,275 | 7,350 | 5,500 |
| Gain on sale of fixed assets | (4,876) | (7,374) | (4,724) | (2,649) |
| | ===== | ===== | ===== | ===== |

The auditors' remuneration is for two audits; half-year and full year audits for the Bank.

(b) Staff and executive directors' costs:

i. Employee costs, including executive directors, during the year amounted to:

| | | | | |
|---------------------|----------------|----------------|----------------|----------------|
| Wages and salaries | 458,615 | 314,271 | 433,997 | 245,989 |
| Other pension costs | 16,850 | 10,666 | 15,096 | 8,444 |
| | <u>475,465</u> | <u>324,937</u> | <u>449,093</u> | <u>254,433</u> |
| | ===== | ===== | ===== | ===== |

NOTES TO THE ACCOUNTS CONT'D

ii. The average number of persons in employment during the year was:

| | GROUP 2000 Number | GROUP 1999 Number | BANK 2000 Number | BANK 1999 Number |
|---|-------------------------|-------------------------|------------------------|------------------------|
| Institutional Banking Group | 36 | 33 | 32 | 33 |
| Commercial Banking Group | 54 | 54 | 54 | 54 |
| Investment Banking Group | 19 | 38 | 16 | 16 |
| Payments / Settlements Group | 30 | 29 | 30 | 29 |
| Public Sector Group | 15 | 10 | 15 | 10 |
| Transaction Services Group | 91 | 95 | 91 | 95 |
| Financial Control & Risk Mgt. Group | 19 | 14 | 13 | 14 |
| Systems & Control Group | 15 | 16 | 11 | 16 |
| Gen. Internal Services & Ext. Affairs Group | 31 | 27 | 24 | 27 |
| Management and Corporate Services Group | 24 | 23 | 24 | 23 |
| | ----- 334 ----- | ----- 339 ----- | ----- 310 ----- | ----- 317 ----- |

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

| | GROUP 2000 Number | GROUP 1999 Number | BANK 2000 Number | BANK 1999 Number |
|---------------------|-------------------------|-------------------------|------------------------|------------------------|
| ₦60,001 - ₦70,000 | - | 1 | - | - |
| ₦70,001 - ₦80,000 | 3 | 1 | - | - |
| ₦80,001 - ₦90,000 | 3 | 2 | - | - |
| ₦90,001 - ₦100,000 | - | 4 | - | - |
| ₦110,001 - ₦120,000 | - | 1 | - | - |
| ₦130,001 - ₦140,000 | 1 | 2 | - | - |
| ₦140,001 - ₦150,000 | - | 1 | - | - |
| ₦150,001 - ₦160,000 | - | 1 | - | - |
| ₦160,001 - ₦170,000 | - | 1 | - | - |
| ₦180,001 - ₦190,000 | 18 | 21 | 17 | 21 |
| ₦190,001 - ₦200,000 | 1 | - | - | - |
| ₦200,001 - ₦210,000 | - | 8 | - | 8 |
| ₦250,001 - ₦260,000 | 6 | 6 | 4 | 4 |
| ₦260,001 - ₦270,000 | 1 | - | - | - |
| ₦270,001 - ₦280,000 | - | 1 | - | - |
| ₦280,001 - ₦290,000 | - | 1 | - | - |
| ₦350,001 - ₦360,000 | 2 | 1 | 1 | 1 |
| ₦360,001 - ₦370,000 | 1 | 1 | - | - |
| ₦380,001 - ₦390,000 | - | 1 | - | - |
| ₦390,001 - ₦400,000 | 1 | 111 | 1 | 111 |
| ₦400,001 - ₦410,000 | 2 | 2 | 1 | 2 |
| ₦420,001 - ₦430,000 | 3 | - | - | - |
| ₦430,001 - ₦440,000 | 2 | - | - | - |
| ₦450,001 - ₦460,000 | 5 | 5 | 5 | 5 |
| ₦480,001 - ₦490,000 | 1 | - | - | - |
| Above ₦500,001 | 284 | 167 | 281 | 165 |
| | ----- 334 ===== | ----- 339 ===== | ----- 310 ===== | ----- 317 ===== |

NOTES TO THE ACCOUNTS CONT'D

(c) Directors' remuneration:

Directors' remuneration was provided as follows:

| | 2000 N'000 | 1999 N'000 |
|-------------------|---------------|---------------|
| Fees as directors | 2,445 | 1,930 |
| Other emoluments | 24,196 | 15,597 |
| | 26,641 | 17,527 |
| | ===== | ===== |

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

| | | |
|-----------------------|-------|-------|
| Chairman | 1,941 | 1,888 |
| | ===== | ===== |
| Highest-paid director | 6,645 | 4,840 |
| | ===== | ===== |

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

| | 2000 (Number) | 1999 (Number) |
|-------------------------|------------------|------------------|
| N1,540,001 - N1,550,000 | - | 1 |
| N1,680,001 - N1,690,000 | - | 1 |
| N1,720,001 - N1,730,000 | - | 2 |
| N1,890,001 - N1,900,000 | 2 | - |
| N2,050,001 - N2,060,000 | 4 | 1 |
| N4,230,001 and above | 2 | - |
| | 8 | 5 |
| | ----- | ----- |

21. Earnings and dividend per share:

Earnings and dividend per share have been computed based on profit after tax and the number of ordinary shares in issue during the year and on dividend and the appropriate number of shares qualifying for dividend.

NOTES TO THE ACCOUNTS CONT'D

22. Net cashflow from operating activities comprise:

| | GROUP 2000 N'000 | GROUP 1999 N'000 | BANK 2000 N'000 | BANK 1999 N'000 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Profit before tax | 1,360,927 | 933,064 | 1,311,163 | 852,206 |
| Extraordinary item | - | 209,108 | - | 240,337 |
| Minority interest | (11,573) | (5,003) | - | - |
| | 1,349,354 | 1,137,169 | 1,311,163 | 1,092,543 |
| Adjustments to reconcile profit before tax to net Cashflow from operating activities: | | | | |
| - depreciation on fixed assets | 228,999 | 205,528 | 213,377 | 194,391 |
| - depreciation on equipment on lease | 113,611 | 87,917 | 113,611 | 87,917 |
| - loss/(gain) on disposal of fixed assets | (4,876) | (7,374) | (4,724) | (2,649) |
| - provision for bad and doubtful loans | 452,962 | 69,469 | 452,962 | 69,469 |
| - extraordinary item | - | (209,108) | - | (240,337) |
| - minority interest | 16,791 | 5,093 | - | - |
| - write-up of investment in MTB | (39,130) | (61,233) | - | - |
| - write-off of other investments | 4,725 | - | - | - |
| | 2,122,436 | 1,227,461 | 2,086,389 | 1,201,334 |
| Net cashflow from operating activities before changes in operating assets | 2,122,436 | 1,227,461 | 2,086,389 | 1,201,334 |

23. Changes in operating assets:

| | | | | |
|---|-------------|-------------|-------------|-------------|
| (Increase)/decrease in operating assets: | | | | |
| Short-term investment | (3,353,898) | (1,973,034) | (2,466,400) | (1,233,822) |
| Loans and advances | (558,203) | (1,020,610) | (547,791) | (953,845) |
| Advances under finance lease | 18,395 | 2,286 | 18,395 | 2,286 |
| Other facilities | (2,533,750) | - | (2,533,750) | - |
| Other assets | (4,985,523) | 3,587 | (5,044,737) | (67,236) |
| Increase/(decrease) in operating liabilities: | | | | |
| Deposits and other accounts | 5,077,194 | (438,673) | 5,092,822 | 556,406 |
| Other liabilities | 6,558,252 | 1,270,343 | 5,632,498 | 240,730 |
| Other facilities | 2,533,750 | - | 2,533,750 | - |
| | 2,756,217 | (2,156,101) | 2,684,787 | (1,455,481) |
| | 2,756,217 | (2,156,101) | 2,684,787 | (1,455,481) |

24. Related party transactions:

During the year, 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 N49,670,000 (1999: N90,206,000) was outstanding on these various facilities at the end of the year, all performing.

STATEMENT OF VALUE ADDED

For the Year Ended 29 February, 2000.

GROUP:

| | 2000 | % | 1999 | % |
|--|-------------|-----|-------------|-----|
| | N'000 | | N'000 | |
| Gross earnings | 5,960,346 | | 3,610,659 | |
| Interest expense | (2,221,403) | | (1,021,883) | |
| | 3,738,943 | | 2,588,776 | |
| Loan loss expense | (452,962) | | (69,469) | |
| | 3,285,981 | | 2,519,307 | |
| Bought-in materials and services | (1,106,979) | | (967,861) | |
| | 2,179,002 | | 1,551,446 | |
| Extra-ordinary income | - | | 209,108 | |
| | 2,179,002 | 100 | 1,760,554 | 100 |
| Value added | ===== | == | ===== | == |
| Applied to pay: | | | | |
| Employees as wages and salaries | 475,465 | 22 | 324,937 | 16 |
| Shareholders as dividends | 495,000 | 23 | 324,000 | 20 |
| Government as taxes | 308,334 | 14 | 222,207 | 13 |
| Retained in the business: | | | | |
| Depreciation | 342,610 | 16 | 293,445 | 17 |
| Profit for the year (including minority interest, statutory and bonus shares and reserves) | 557,593 | 25 | 595,965 | 34 |
| | 2,179,002 | 100 | 1,760,554 | 100 |
| | ===== | == | ===== | == |

STATEMENT OF VALUE ADDED

For the Year Ended 29 February, 2000.

BANK:

| | 2000 | % | 1999 | % |
|---|-------------|-----|-----------|-----|
| | N'000 | | N'000 | |
| Gross earnings | 5,312,400 | | 3,257,011 | |
| Interest expense | (2,028,396) | | (981,998) | |
| | 3,284,004 | | 2,275,013 | |
| Loan loss expense | (452,962) | | (69,469) | |
| | 2,831,042 | | 2,205,544 | |
| Bought-in materials and services | (743,798) | | (816,597) | |
| | 2,087,244 | | 1,388,947 | |
| Extra-ordinary income | - | | 240,337 | |
| Value added | 2,087,244 | 100 | 1,629,284 | 100 |
| | ===== | == | ===== | == |
| Applied to pay: | | | | |
| Employees as wages and salaries | 449,093 | 22 | 254,433 | 16 |
| Shareholders as dividends | 495,000 | 24 | 324,000 | 20 |
| Government as taxes | 292,834 | 14 | 217,767 | 13 |
| Retained in the business: | | | | |
| Depreciation | 326,988 | 15 | 282,308 | 17 |
| Profit for the year (including, statutory and bonus shares reserves) | 523,329 | 25 | 550,776 | 34 |
| | 2,087,244 | 100 | 1,629,284 | 100 |
| | ===== | == | ===== | == |

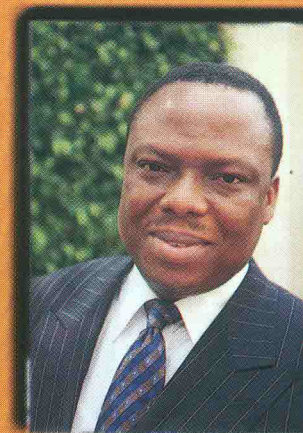
FOUR-YEAR FINANCIAL SUMMARY - GROUP

| | 2000 N'000 | 1999 N'000 | 1998 N'000 | 1997 N'000 |
|---|------------------|------------------|------------------|------------------|
| Gross earnings | 5,960,346 | 3,610,659 | 2,863,698 | 2,786,047 |
| Profit on ordinary activities before taxation | 1,360,927 | 933,064 | 872,528 | 1,040,933 |
| Taxation | (308,334) | (222,207) | (219,186) | (239,104) |
| Profit on ordinary activities after taxation | 1,052,593 | 710,857 | 653,342 | 801,829 |
| Extra-ordinary income | - | 209,108 | - | - |
| Profit after taxation and extra-ordinary income | 1,052,593 | 919,965 | 653,342 | 801,829 |
| Minority interest | (11,573) | (5,003) | (2,766) | (3,754) |
| Profit attributable to Group shareholders | 1,041,020 | 914,962 | 650,576 | 798,075 |
| Earnings per share (adjusted) | 69k | 47k | 43k | 53k |
| Dividend per share (adjusted) | 33k | 22k | 13k | 20k |
| ASSETS: | | | | |
| Cash and short-term funds | 8,401,508 | 4,744,527 | 6,511,871 | 4,543,258 |
| Investments | 8,966,800 | 5,436,389 | 3,068,694 | 4,648,153 |
| Loans and advances | 8,087,278 | 7,956,883 | 7,005,765 | 5,753,868 |
| Other facilities | 2,508,413 | - | - | - |
| Advances under finance leases | 22,531 | 40,743 | 43,006 | 10,710 |
| Other assets | 6,365,563 | 1,380,040 | 1,383,627 | 285,826 |
| Equipment on lease | 256,979 | 120,590 | 208,507 | 200,000 |
| Fixed assets | 988,047 | 946,714 | 890,592 | 689,780 |
| Goodwill | - | - | 20,664 | 38,376 |
| | 35,597,119 | 20,625,886 | 19,132,726 | 16,169,971 |
| LIABILITIES: | | | | |
| Deposits and other accounts | 15,446,099 | 10,368,905 | 10,807,578 | 9,752,944 |
| Other facilities | 2,533,750 | - | - | - |
| Other liabilities, including tax and dividend payable | 14,470,558 | 7,681,475 | 6,331,562 | 4,870,128 |
| | 32,450,407 | 18,050,380 | 17,139,140 | 14,623,072 |
| NET ASSETS | 3,146,712 | 2,575,506 | 1,993,586 | 1,546,899 |
| CAPITAL AND RESERVES | | | | |
| Share capital | 750,000 | 750,000 | 500,000 | 200,000 |
| Bonus shares reserve | - | - | 250,000 | 300,000 |
| Other reserves | 2,367,328 | 1,812,913 | 1,234,467 | 1,038,550 |
| SHAREHOLDERS' FUNDS | 3,117,328 | 2,562,913 | 1,984,467 | 1,538,550 |
| Minority interest | 29,384 | 12,593 | 9,119 | 8,349 |
| | 3,146,712 | 2,575,506 | 1,993,586 | 1,546,899 |

FIVE-YEAR FINANCIAL SUMMARY - BANK

| | 2000 N'000 | 1999 N'000 | 1998 N'000 | 1997 N'000 | 1996 N'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Gross earnings | 5,312,400 | 3,257,011 | 2,639,205 | 2,654,386 | 2,117,235 |
| Profit on ordinary activities before taxation | 1,311,163 | 852,206 | 835,004 | 1,030,895 | 1,010,042 |
| Taxation | (292,834) | (217,767) | (208,792) | (236,860) | (233,780) |
| Profit on ordinary activities after taxation | 1,018,329 | 634,439 | 626,212 | 794,035 | 776,262 |
| Extra-ordinary item | - | 240,337 | - | - | - |
| Profit after taxation and extra-ordinary item | 1,018,329 | 874,776 | 626,212 | 794,035 | 776,262 |
| Earnings per share (adjusted) | 68k | 42k | 42k | 53k | 52k |
| Dividend per share (adjusted) | 33k | 22k | 13k | 20k | 20k |
| ASSETS: | | | | | |
| Cash and short-term funds | 8,401,260 | 4,740,707 | 5,694,583 | 4,222,871 | 5,168,202 |
| Investments | 5,489,557 | 2,988,081 | 1,580,067 | 3,699,263 | 2,787,018 |
| Loans and advances | 8,087,278 | 7,967,295 | 7,082,942 | 5,798,609 | 3,290,329 |
| Other facilities | 2,508,413 | - | - | - | - |
| Advances under finance leases | 22,531 | 40,743 | 43,006 | 10,710 | 15,358 |
| Other assets | 6,376,758 | 1,332,021 | 1,264,785 | 220,736 | 112,825 |
| Equipment on lease | 256,979 | 120,590 | 208,507 | 200,000 | - |
| Fixed assets | 936,235 | 888,524 | 770,111 | 594,632 | 416,670 |
| | 32,079,011 | 18,077,961 | 16,644,001 | 14,746,821 | 11,790,402 |
| LIABILITIES: | | | | | |
| Deposits and other accounts | 15,461,727 | 10,368,905 | 9,812,499 | 9,231,401 | 7,531,852 |
| Other facilities | 2,533,750 | - | - | - | - |
| Other liabilities, including tax and dividend payable | 11,046,180 | 5,195,031 | 4,868,253 | 3,978,383 | 3,240,548 |
| | 29,041,657 | 15,563,936 | 14,680,752 | 13,209,784 | 10,772,400 |
| NET ASSETS | 3,037,354 | 2,514,025 | 1,963,249 | 1,537,037 | 1,018,002 |
| SHAREHOLDERS' FUNDS | | | | | |
| Share capital | 750,000 | 750,000 | 500,000 | 200,000 | 100,000 |
| Statutory reserve | 1,852,356 | 1,343,323 | 1,212,107 | 962,107 | 843,002 |
| Bonus shares reserve | - | - | 250,000 | 300,000 | 75,000 |
| Retained profit | 434,998 | 420,702 | 1,142 | 74,930 | - |
| | 3,037,354 | 2,514,025 | 1,963,249 | 1,537,037 | 1,018,002 |

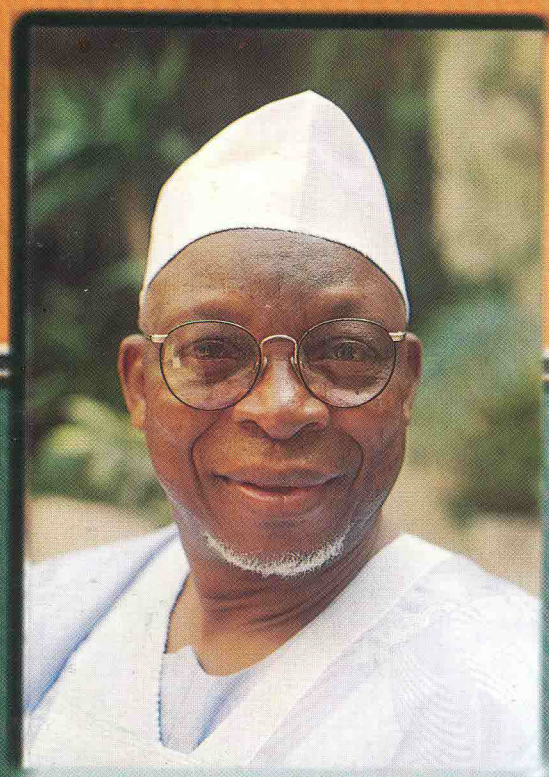
Board of
Directors



Mr. Victor Osibodu
Director



Mr. Tajudeen A. Adeola
Managing Director



Prof. Mosobalaje O. Oyawoye
Chairman



Mr. Olutayo Aderinokun
Deputy Managing Director



***Mr. Herbert Wigwa**
Executive Director



Alhaji Mohammed Jada
Director



Owelle G. P. Chikelu
Director



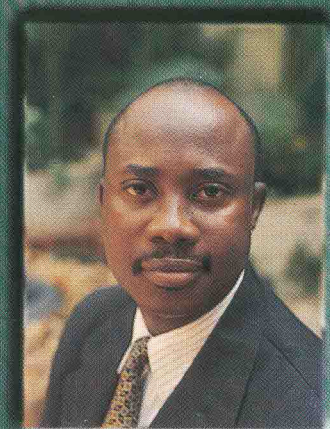
Mr. Adetokunbo Adesanya
Director



***Mr. Aigboje Aig-Imoukhuede**
Executive Director



***Mr. Olusegun Agbaje**
Executive Director



Mr. Kolapo Omidire
Company Secretary

*Appointed 1 January 2000

SHAREHOLDERS' INFORMATION

The Bank was registered as a private company on 20 July, 1990. It became a public limited liability company on 2 April, 1996, and its shares were listed on the Nigerian Stock Exchange on 9 September, 1996. Since the listing, the Bank has paid dividends and issued bonus shares as indicated hereunder.

DIVIDEND

| Financial Year Ended | Dividend No. | Final or Interim | Gross Unclaimed Amount | Amount Paid Per 50 kobo share |
|----------------------|--------------|------------------|------------------------|-------------------------------|
| 28/02/97 | 10 | Interim | NIL | 25 kobo |
| 28/02/97 | 11 | Final | ₦1,855,288.91 | 50 kobo |
| 28/02/98 | 12 | Interim | ₦7,934,209.69 | 10 kobo |
| 28/02/98 | 13 | Final | NIL | 10 kobo |
| 28/02/99 | 14 | Interim | ₦895,663.75 | 7 kobo |
| 28/02/99 | 15 | Final | ₦8,370,709.96 | 12 kobo |
| 28/02/00 | 16 | Interim | ₦9,185,772.84 | 10 kobo |

SCRIP ISSUE

| Financial Year Ended | To Shareholders as at | Amount Capitalised | Ratio |
|----------------------|-----------------------|--------------------|---------|
| 28/02/97 | 30/06/97 | ₦300,000,000 | 3 for 2 |
| 28/02/98 | 06/07/98 | ₦250,000,000 | 1 for 2 |

UNCLAIMED DIVIDENDS/CERTIFICATES

Our records indicate that some dividend warrants and bonus share certificates have been returned unclaimed for various reasons. A list of unclaimed dividends for dividend payment numbers 15 and 16 is produced in the enclosed Shareholders' Bulletin. Please contact the Registrar (United Securities Limited, Niger House, 3-5, Odunlami Street, Lagos) for a reissue of any unclaimed dividend warrant, or unclaimed certificate.

PROXY FORM

■ GUARANTY TRUST ■ GUARANTY TRUST BANK PLC

RC 152321

10TH ANNUAL GENERAL MEETING to be held at the Banquet Hall, Eko Hotel, Victoria Island, Lagos on 5 July, 2000, at 11.00a.m.

I/We..... being a member/members of Guaranty Trust Bank PLC

hereby appoint* or failing him Prof. M. O. Oyawoye or failing him Mr. T. A. Adeola 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 5 July, 2000, and at any adjournment thereof.

Dated this.....day of

.....2000

Signature of shareholder.....

Name of shareholder.....

| NUMBER OF SHARES: | | |
|--|--------------------------|--------------------------|
| RESOLUTIONS | FOR | AGAINST |
| To declare a dividend | <input type="checkbox"/> | <input type="checkbox"/> |
| To elect/re-elect Directors | <input type="checkbox"/> | <input type="checkbox"/> |
| To authorise the Directors to fix the Auditors' remuneration | <input type="checkbox"/> | <input type="checkbox"/> |
| To elect members of the Audit Committee | <input type="checkbox"/> | <input type="checkbox"/> |
| To fix the Directors' remuneration | <input type="checkbox"/> | <input type="checkbox"/> |
| Please indicate with an "X" in the appropriate box 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 discretion. | | |

ADMISSION CARD

Annual General Meeting to be held on 5 July, 2000, at the Banquet Hall, Eko Hotel, Victoria Island, Lagos, at 11:00a.m.

Name of shareholder (in BLOCK CAPITALS).....

Number of Shares.....

IMPORTANT:

1. Before posting the above form of proxy, please tear off this part and retain it. A person attending the Annual General Meeting of the Bank or his proxy should produce this card to secure admission to the meeting.
2. A member of the Bank is entitled to attend and vote at the Annual General Meeting of the Bank. He is also entitled to appoint a proxy to attend and vote instead of him, and in this case, the above card may be used to appoint a proxy.
3. In line with the current practice, the names of two of the Directors of the Bank have been entered on the form of proxy to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may insert in the blank space on the form (marked*) the name of any person, whether a member of the Bank or not, who will attend the meeting and vote on your behalf instead of one or other of the directors named.
4. The above form of proxy, when completed, must be deposited at the office of the Registrar, **United Securities Limited**, Niger House, 3-5 Odunlami Street, 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. 411, Laws of the Federation of Nigeria, 1990, 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 three (3) kobo.
6. If the form of proxy 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.....

AFFIX
POSTAGE
STAMP
HERE

The Registrar,
United Securities Limited,
Niger House,
3-5, Odunlami Street,
Lagos

CORPORATE INFORMATION

EXECUTIVE OFFICE

| | | |
|-----------------|---|-----|
| Adeola Fola | - | MD |
| Aderinokun Tayo | - | DMD |
| Ijeh Ben | - | DM |

COMMERCIAL BANKING GROUP

| | | |
|--------------------|---|-----|
| Ogundare Jide | - | AGM |
| Usman Kabir | - | MGR |
| Oladaiyi Demola | - | MGR |
| Ogundipe Gbenga | - | MGR |
| Ogbonnewo Segun | - | MGR |
| Odedina Titilola | - | MGR |
| Agbede Bolaji | - | MGR |
| Lawal Jubril | - | MGR |
| Abiru Tokunbo | - | MGR |
| Sadipe Tolulope | - | DM |
| Odulate Segun | - | DM |
| Fijabi Tayo | - | DM |
| Ezeobi Stanis | - | DM |
| Dan Shuaib Ibrahim | - | DM |

INSTITUTIONAL BANKING GROUP

| | | |
|-------------------|---|------|
| Wigwe Herbert | - | ED |
| Harris-Eze Nkiru | - | AGM |
| Habib Abba | - | AGM |
| Sanusi Lekan | - | SMGR |
| Ogunmekan Dolapo | - | SMGR |
| Nwuke Okechukwu | - | SMGR |
| Oyedeji Adebawale | - | MGR |
| Ezechukwu Ikenna | - | MGR |
| Douglas Inaingo | - | DM |
| Obiekwe Sunday | - | DM |

INVESTMENT BANKING GROUP

| | | |
|--------------------|---|-----|
| Olufowose Ebenezer | - | GM |
| Runsewe Tosin | - | MGR |

TRANSACTION SERVICES GROUP

| | | |
|----------------------|---|-----|
| Abubakar Bello-Sadiq | - | AGM |
| Orogun Daniel | - | MGR |
| Okeke Ifeatu | - | MGR |
| Ohiwerei Olubunmi | - | MGR |
| Alabi Adewuyi | - | MGR |
| Jenrola David | - | DM |
| Olabisi Adebayo | - | DM |

PUBLIC SECTOR GROUP

| | | |
|--------------------|---|------|
| Aig-Imoukhuede Aig | - | ED |
| Bello Farouk | - | SMGR |
| Momoh Jimoh Umar | - | MGR |
| Okojie Henry | - | DM |

PAYMENTS SYSTEMS GROUP

| | | |
|-----------------------|---|-----|
| Agbaje Segun | - | ED |
| Kuye Aderonke | - | MGR |
| George-Taylor Akinola | - | DM |

SYSTEMS & CONTROL GROUP

| | | |
|---------------|---|-----|
| Echeozo Cathy | - | AGM |
| Uwakwe George | - | MGR |
| Arasi Kunle | - | MGR |

GENERAL INTERNAL SERVICES & EXT. AFFAIRS GROUP

| | | |
|--------------------|---|-----|
| Omidire Kolapo | - | DGM |
| Giwa Joke | - | MGR |
| Ajayi Femi | - | MGR |
| Nyamali Nicholas | - | DM |
| Ogunbiyi Olusola | - | DM |
| Akinmolayan Funsho | - | DM |

SETTLEMENTS GROUP

| | | |
|----------------|---|-----|
| Olusoga Mosun | - | GM |
| Osunsade Segun | - | MGR |
| Yusuf Jamiu | - | MGR |

FIN. CONTROL & RISK MGT GROUP

| | | |
|---------------|---|-----|
| Osuntoki Titi | - | AGM |
| Asupoto Tayo | - | MGR |

TECHNOLOGY UNIT

| | | |
|----------------|---|-----|
| Bammeke Ronke | - | AGM |
| Mosugu Aaron | - | MGR |
| Ogunbekun Dayo | - | DM |
| Ogunleye Taye | - | DM |

HUMAN RESOURCES & TRAINING UNIT

| | | |
|-----------------|---|------|
| Araoye Khafilat | - | SMGR |
|-----------------|---|------|

CORPORATE DIRECTORY

OVERSEAS CORRESPONDENT BANKS

ANZ Bank, London
Citibank (London & New York)
Standard Chartered Bank (London & New York)

CORPORATE ADDRESSES

HEAD OFFICE: PLURAL HOUSE
Plot 1669, Oyin Jolayemi Street
P. O. Box 75455
Victoria Island, Lagos
Tel: 01-2622650-69
Fax: 2622698, 2622699
Telex: 23380 GT Bank NG

Internet Address: www.gtb.com.ng
SWIFT Address: GTBINGLA XXX
E-mail: corpaff@gtb.com.ng

BRANCHES

ABA

28, Aba-Owerri Road,
Aba.
Tel: 082-220560, 224033,
225726

ABUJA

Plot 1072, J.S. Tarka Street,
Garki, Area 3,
Abuja.
Tel: 09-2346250-4, 2346301,
2346302, 2346048-9

APAPA

Doyin House
4, Commercial Avenue
Apapa.
Tel: 01-5451050-7
Fax: 01-5451059

BROAD STREET

82/86, Broad Street
Lagos.
Tel: 01-2640257-8, 2666232,
2667941, 2665053
Fax: 01-2641100

IBADAN

11B, Alhaji Jimoh Odutola Road,
Dugbe, Ibadan.
Tel: 02-2413904, 2413903,
2413795, 2413779, 2413739,
2413607, 2413780, 2413889,
2413576, 2413677.

IKEJA

80/82, Allen Avenue
Ikeja, Lagos.
Tel: 01-900020, 4900025-9
Fax: 01-4936444

KADUNA

Plot 7-10, Murtala Muhammed Square
Kaduna.
Tel: 062-240103-7
Fax: 062-240109

KANO

145, Murtala Muhammed Way
Kano.
Tel: 064-638851-3, 642148
Fax: 064-643220

ONITSHA

2, Old Cemetery Road,
Onitsha.
Tel: 046-219114, 219014, 214445,
219344, 218256, 090-500496

PORT HARCOURT

Plot 47, Trans Amadi Layout,
Port Harcourt.
Tel: 084-231424, 090-54013
Fax: 084-237513

VICTORIA ISLAND

The Plaza,
6, Adeyemo Alakija Street,
Victoria Island, Lagos.
Tel: 01-2601760-9
Fax: 2616963

EFFURUN - WARRI

Plot 85, Effurun G.R.A.
Effurun - Warri Road,
Warri
Delta State
Tel: 053-256406
Fax: 053-256407

NOTES

