



Guaranty Trust Bank plc
RC 152321

Orange Rules



2006 Annual Report & Accounts

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Directors, Officers, & Professional Advisers

Directors

Owelle Gilbert P.O. Chikelu	-	Chairman
Mr. Olutayo Aderinokun	-	Managing Director
Mr. Olusegun J.K. Agbaje	-	Deputy Managing Director
Professor M. O. Oyawoye*		
Mr. Tajudeen A. Adeola*		
Alhaji Mohammed Jada		
Mr. Victor G. Osibodu		
Mr. Adetokunbo B. Adesanya		
Mr. Egbert U. Imomoh**		
Mr. Oluwole S. Oduyemi**		
Mr. Babajide Ogundare	-	Executive Director
Mrs. Mosunmola Olusoga***	-	Executive Director
Mrs. Catherine N. Echeozo	-	Executive Director
Alhaji Abba M. T. Habib	-	Executive Director

* Resigned with effect from June 29, 2005

** Appointed with effect from June 29, 2005

*** Resigned with effect from February 28, 2006

Company Secretary

Mr. Kolapo Omidire

Registered Office

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

Auditors

KPMG Professional Services
22, Gerrard Road,
Ikoyi,
Lagos.

Registrar & Transfer Office

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

Results at a Glance

	Group 2006 N' Million	Group 2005 N' Million	Increased/ (Decreased) %	Bank 2006 N' Million	Bank 2005 N' Million	Increased/ (Decreased) %
Major Profit and Loss Account Items						
Gross earnings	33,615	25,459	32	31,970	23,834	34
Profit on ordinary activity before tax	10,489	7,258	45	10,025	7,004	43
Profit after tax	8,307	5,434	53	7,906	5,331	48
Dividend paid and proposed	5,700	3,700	54	5,700	3,700	54
Major Balance Sheet Items						
Deposits and other accounts	215,774	97,445	121	212,834	95,564	123
Loans and advances	84,201	65,515	29	83,477	65,035	28
Total assets	308,411	185,151	67	305,081	167,898	82
Shareholders' funds	36,350	33,643	8	36,446	33,468	9
Earnings per share (kobo)	142	112	27	145	110	32
Dividend per share - Interim (kobo)	25	25	0	25	25	0
Final (kobo)	70	52	35	70	52	35

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of GUARANTY TRUST BANK PLC will hold at the Expo Hall, Eko Hotels and Suites, Victoria Island, Lagos, on Wednesday, 24th May, 2006, at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended February 28, 2006 and the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect/re-elect Members of the Audit Committee.

Special Business

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

6. "That the Directors' fees for the year ending February 28, 2007 be and is hereby fixed at ₦7,100,000.00.
7. "That following the recommendation of the Directors pursuant to Article 125 of the Bank's Articles of Association, the sum of ₦1,000,000,000.00 (One billion Naira only) being part of the amount standing to the credit of the Bank's Bonus Shares Reserve Account be and is hereby capitalised into 2,000,000,000 Ordinary shares of 50 Kobo each and appropriated to the members whose names appear in the Register of Members on 1st May, 2006, in the proportion of one new share for every three shares registered in such members' names on that date, subject to the approval of the appropriate regulatory authorities, the shares so distributed being treated for all purposes as capital and not as income, ranking *pari passu* with the existing shares of the Bank, provided that the shares issued pursuant to this resolution shall not rank for the dividend declared on 24th May, 2006".

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/her. 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 (5th Floor), 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 THE ORDER OF THE BOARD



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

24th April, 2006

Notes

1. Dividend

If approved, dividend is payable on 24th May, 2006, to shareholders whose names are registered in the Register of Members at the close of business on 1st May, 2006. Dividend Warrants will be posted on 24th May, 2006.

2. Closure of Register

The Register of Members will be closed on 2nd May, 2006, to enable the Registrar prepare for the payment of dividend and bonus issue.

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.

Chairman's Statement

Ladies and gentlemen,

I hereby present to you an economic review of the operating environment and a summary of your Bank's performance for the financial year ended February 28, 2006.

The financial year under review commenced with a declaration of Guaranty Trust Bank plc as ThisDay "Bank of the Year", and ended with the "Banker of the Year" award for our chief executive officer. The Board and Management of your Bank assiduously pursued the set objectives of building a financial services institution with enduring values. The results as you are now aware, confirm that the labour has not been in vain.

Operating Environment

The Federal Government of Nigeria recorded several achievements both locally and abroad in 2005, which positively impacted the national economy. The reforms enumerated in the National Economic Empowerment Development Strategy (NEEDS) continue to shape developments in critical sectors of the economy.

In terms of gross domestic product (GDP), the economy grew by 7% in 2005, as against the 5.5% growth in 2004. Inflation declined from a 28% high in August 2005, to 12% in December 2005. This was due partly to government's exchange rate stabilisation and aggressive liquidity mop up. Against the \$30 per barrel basis for the 2005 fiscal budget, oil prices rose throughout the year, peaking at \$66 per barrel in August 2005. According to the Central Bank of Nigeria (CBN), the economy recorded a net inflow of \$27 billion in 2005, and gross external reserves stood at N39 billion as at the end of March 2006. The Naira's appreciation from N133 to the United States Dollar at the beginning of 2005 to N129 by the end of December 2005, led to



Owelle G.P.O Chikelu
Chairman

Chairman's Statement contd

reductions in the cost of imports even as the benchmark dollar remained volatile against other currencies in the international markets.

The year was characterised by continued efforts to inject probity into government expenditure. The Fiscal Responsibility Bill was presented by the Executive arm of government to the National Assembly in 2005, while efforts to curtail economic crimes continued through anti-corruption awareness campaigns and investigative work of both the Economic and Financial Crimes Commission and the Independent Corrupt Practices Commission.

The International Monetary Fund had in October 2005 rewarded Nigeria with a Policy Support Instrument, which is intended to assist in the country's implementation of reforms, underwriting of government's economic credibility, and to encourage international investment. The measure portends a stable economic outlook for Nigeria and clearly indicates that government's economic reform programmes are on the right track.

The major event of the year was the successful cancellation of part of Nigeria's external debts, with the Paris Club of creditor nations agreeing to write off \$18 billion from the \$30 billion debt stock after a series of short-term agreements and payments. The historic debt relief coupled with other reform initiatives paved the way for positive reviews of the nation's long-term economic prospects by leading international rating agencies notably, Fitch, which assigned a sovereign risk rating of BB- to Nigeria in 2005. Standard & Poor (S&P) has also rated Nigeria BB, on its long term macroeconomic outlook. The ratings according to Fitch, are underpinned by the current administration's on-going commitment to economic reform and stability, and efforts to fundamentally improve the management and transparency of public finances and address corruption.

In the banking sector, 2005 witnessed the climax of the financial sector reform initiated by the Governor of the apex bank to raise the global profile of Nigerian banks and deepen their access to the international financial

markets. The CBN governor, Professor Charles Soludo, had in July 2004 stipulated that Nigerian banks shore up their minimum capital base from then minimum of N2 billion to at least N25 billion by the end of 2005. The result was a spate of corporate reconstructions in the form of mergers and acquisitions, and recourse to the capital market in the form of public offers and rights issues during the year. It is worthy of note that your Bank was largely unaffected by all of this, as we had concluded a public offer of shares by July 2004, thereby commencing the financial year with a shareholders fund of N33 billion, far in excess of the minimum capital requirement and ahead of the December 2005 deadline.

Financial Results

The Bank's results for the financial period under review attests to the fact that the Board and Management of your Bank continue to steer it on the right path of growth and profitability.

Gross Earnings at N34 billion, grew by 36% over the N25 billion reported for the last financial year. Despite a downward review of lending rates in the course of the year, your Bank managed its cost of funds efficiently, resulting in a 55% growth in the Net Interest Margin from N7.6 billion to N11.8 billion. Our operating expenses increased as a result of your Bank's aggressive branch expansion, which grew from 57 at the beginning of the financial year to 79 as at February 2006.

Profit before taxation rose from N7 billion for the year ended 28, February 2005, to N10.5 billion for the year under review. Profit after taxation rose from N5 billion to N9 billion, representing an increase of 80%. Total assets, including contingents stood at N383 billion as at February 2006. In addition, shareholders funds also witnessed a 7% growth from N33.6 billion to N36 billion.

Dividend and Bonus Issue

During the course of the year, the Board had authorised the payment of N1.5 billion as interim dividend at the rate of 25 kobo per share. This was 50% in excess of the interim dividend declared at the end of the previous

Chairman's Statement contd

half-year. The interim dividend was paid in December 2005. The Board now recommends a final dividend of N4.2 billion or 70 kobo per share, thereby bringing gross dividend for the 2005 / 2006 financial year to N5.7 billion or 95 kobo per share.

In addition, the Board is recommending for your approval at this meeting, the capitalisation of N1 billion from the bonus shares reserve account to be appropriated for a bonus issue in the proportion of one new share for every three shares currently held. The Bank's share capital reserve will therefore increase by this aggregate amount from N3 billion to N4 billion.

Subsidiaries

Our subsidiaries and associated companies continue to add value to our franchise. The latest member of the Guaranty Trust Group, Guaranty Trust Bank (Ghana) Limited, commenced operations in March 2006, in its purposely-built head office in Accra, the Ghanaian capital. It is already attracting positive reviews and comments from customers and the Ghanaian public.

The two other offshore subsidiaries - Guaranty Trust Bank (Gambia) Ltd and Guaranty Trust Bank (Sierra Leone) Ltd - are in their fourth year of operations and are already major players in their respective economies. More importantly, they grew their branch networks and ended their 2005 financial year with commendable results. Guaranty Trust Bank (Gambia) Ltd reported gross earnings of \$2.5 million and profits before tax of about \$500,000 in 2005, with corresponding figures of \$2 million and about \$310,000 respectively for Guaranty Trust Bank (Sierra Leone) Ltd. These results have been consolidated in the group financial results being presented to shareholders at this meeting.

Our non-bank subsidiary, Guaranty Trust Assurance Ltd, now in its second year of operations is also on course to becoming a dominant player in its industry. Its profit before taxation of N16 million in 2005, was a major improvement from the loss of N37 million reported in the previous year. The Bank's recent injection of N2.6 billion into the company's equity has enabled it to successfully raise its capital base to over N3 billion towards fulfilling the requirement of the National Insurance Commission that insurance firms increase their capital base by February 28, 2007.

The Bank divested its stake in Asset & Resource Management Company Ltd during the period under review. This decision became pertinent in order to avoid a conflict of interest in the market place as the Bank was also engaged in services similar to those being performed by the company, in furtherance of the Bank's universal banking licence. This divestment will enable the Bank realign and strengthen its investment banking business in line with the strategic long-term goal of becoming a dominant player in every market segment. The income realised from this divestment is reflected in the accounts.

Board of Directors

It is with mixed feelings that I formally announce the retirement of Professor Mosobalaje Oyawoye from the Board. Professor Oyawoye was a foundation director of the Bank till he succeeded the late Chief Agbaje as chairman in 1995. Under his focused leadership, your Bank grew from being a privately owned bank with gross earnings of slightly over N1 billion to a flourishing bank listed on the Exchange, with gross earnings in excess of N25 billion. We will surely miss his presence and wise counsel. Please join me in wishing him a well deserved retirement.

Consequent upon Professor Oyawoye's exit from the Board, my colleagues on the Board deemed it fit to appoint me as his successor. I have no doubt that their support and encouragement is assured as we steer the affairs of our Bank along the path of excellence laid by my very able predecessors.

In the course of the last financial year, Mr Tajudeen Adeola, the Bank's foundation Managing Director resigned his appointment from the Board to pursue other interests. Mr Adeola served your Bank meritoriously as Managing Director for 12 years and as a non-executive director until his resignation. His role and contributions to the growth and development of the Bank for over fifteen years will remain an indelible part of its history. He remains an active player in the nation's business environment, while his commitment to the ideals of our Bank remains unwavering. Please join me and other members of the board in thanking him for his selfless contribution to the Bank, and in wishing him God's guidance in his endeavours.

Chairman's Statement contd

Since the conclusion of the 15th Annual General Meeting in June 2005, two non-executive directors have joined the Board of the Bank. It is my pleasure to welcome and present for your approval, Messrs Oluwole Oduyemi and Egbert Imomoh as non-executive directors.

Both gentlemen bring on board a wealth of top-level experience in their respective professional fields, proven leadership skills, commitment to the ideals of good corporate governance and strong bias for entrepreneurship. Mr Oduyemi is a thoroughbred banker and recently retired from the CBN after having served as deputy governor in the apex bank for 14 years. Mr Imomoh, a petroleum engineer, joined Shell Petroleum Development Company in 1968, managing various aspects of the business until 1997, when he became the deputy-managing director of the company a position he occupied until his retirement in 2002.

Mrs Mosun Olusoga, an executive director and foundation staff of the Bank resigned at the end of the 2005 financial year. She has worked in various areas of the Bank, contributing to the growth of our business over the last 15 years. We can not thank her enough for her years of service and dedication to the Bank. She will be missed by all, but she will not be far from our hearts even as she moves on to other challenges.

Staff

Your Bank's superior financial and operational performance during the year is a result of the hard work and dedication of our staff and I thank them most sincerely for their contributions to our growth.

Future Outlook

The National Assembly approved a 2006 fiscal budget of N1.9 trillion in February 2006. Out of this, N568 billion has been earmarked for capital projects whilst provisions are made for key national priorities such as the population census, the elections, as well as the reform and restructuring of the civil service. The budget focuses on using debt relief savings of about N100 billion to boost the allocations for education, healthcare, environment, youth and gender initiatives,

healthcare, environment, youth and gender initiatives, which are all central to the attainment of the Millennium Development Goals of the United Nations.

As part of the ongoing economic reforms, 17 licensed pension fund administrators and custodians have already commenced operations and their activities are expected to improve employment and economic growth through the creation of long-term investment opportunities, required to boost the growth of the financial and real sectors of the economy.

In the foreseeable future, your Bank's on-going plans to grow small and medium scale enterprises into bigger businesses will bear fruit as our commitments in this sector continue to grow. We will be a big player in the retail and consumer banking market whilst retaining our excellent banking relationships in the corporate and multinational business segments. Our new Contact Centre, which is designed to assist our customers do their banking outside the walls of our branches will commence full operations during the 2006 financial year. Your Bank will continue to explore the regional and international environment for strategic opportunities even as our domestic franchise becomes a major driving force in the Nigerian economic landscape.

Thank you and God Bless.



Owelle Gilbert Prince Chikelu
Chairman
Guaranty Trust Bank plc

Managing Director's Statement



Exceeding Expectations

We commenced the last financial year in March 2005 with a firm resolve to build on the numerous achievements of the previous financial year, and I am pleased to say that we achieved our objectives. We continue to be a model institution, adding value to our numerous stakeholders, despite the daunting challenges posed by the operating environment.

The year 2005 will be viewed as a very challenging period in the annals of the Nigerian financial services industry. Mergers, acquisitions and recapitalisation exercises were the order of the day as the industry endeavoured to comply with the N25 billion minimum capital base requirement of the Central Bank of Nigeria (CBN) before the expiration of the stipulated December 31, 2005 deadline. We were one of the first banks to attain the required minimum capital due to our very successful public share offer in June 2004 from which we raised over N22 billion, resulting in the recapitalisation of our Bank to over N33 billion. Therefore, while many banks in the industry were contending with issues relating to consolidation, the Management of your Bank used the period to harmonise processes, refine product lines, update its technology platform and enhance its nationwide branch network, all with a view to serve customers better.

By the end of the financial year, we had applied the increased capital base to further expand our Bank's operations, resulting in gross earnings of N34 billion for the year, representing a 36% growth over the N25 billion recorded for the corresponding period last year. Profit before taxation increased by 48% from N7 billion to N10.5 billion, while our total Balance Sheet, including contingents grew significantly from N243 billion at the end of the previous year to N383.4 billion at the end of the 2005/2006 financial year.

Tayo Aderinokun MFR
Managing Director

Managing Director's Statement contd

It is pertinent to note that with these financial results, your Bank became the first Nigerian bank of its generation to cross the N10 billion mark in profitability, consequent upon the audit of its accounts and approval by the Central Bank of Nigeria (CBN). This could not have been achieved without the team spirit, unwavering commitment and dedication to duty exhibited by every member of the Guaranty Trust family. This commitment, and our culture of getting things done right the first time, was amply demonstrated when we launched our new corporate identity at the 15th Annual General Meeting in June 2005, to the delight of shareholders and the general public. In an unprecedented move, we unveiled the new corporate identity symbols and paraphernalia simultaneously at all our locations across the country on the same day. The new Guaranty Trust Bank logo has been well received by the public and it continues to enhance the visibility and market appeal of our brand.

The Nigerian banking industry, through Guaranty Trust Bank plc, recorded a major achievement, when Fitch, a leading international rating agency assigned a double A minus (AA-) rating to our Bank, in recognition of our strong domestic franchise, good quality assets and sound earnings record. According to Fitch, the rating reflects the fact that the Bank is doing extremely well, despite the "difficult operating environment, which is characterised by intense competition and high operational risks." AA- is the highest rating assigned to any bank in Nigeria by Fitch, and I am pleased to inform you that our Bank is presently the only Nigerian bank so rated.

Indeed for us, last year was a season of awards and commendations. We retained our triple A (Aaa) rating by Agosto & Co in August 2005, further confirming analysts' view about the long-term viability of our Bank. In September, one of our overseas correspondent banks, Citibank, conferred its 2005 "Quality Recognition Award" to the Funds Transfer Unit of Guaranty Trust Bank plc, in recognition of our

prompt and efficient processing of customer transactions. In recognition of our successful exploits in the capital market, the Nigerian Stock Exchange also awarded the Bank its 2004 President's Merit Award in the Banking sector. This is the fourth time our Bank will be winning this highly prestigious award in nine years.

In October 2005, your Bank also received the "Highly Commended Bank of the Year" in Africa award at the 2005 Africa Investor magazine awards ceremony, held in Johannesburg, South Africa. In the citation for this award, the judges validated the fact that our Bank is "doing well against the odds," and that, "Guaranty Trust Bank has met the challenges of the sector in Africa."

Our unrelenting desire to upgrade our customer service standards and invest in relevant technology saw us test-running the Bank's Call Centre in February 2006. This world class facility, complete with a Customer Relationship Management (CRM) technology, will commence full operations during the present financial year. Our growing network of automated teller machines (ATMs) also showcases the Bank's expanding capacity to provide 24/7 service to the country's growing bank customers.

Guaranty Trust Bank's country-wide branch network which stood at 57 branches at the end of the last financial year, is now over 90 branches strong, and will continue to increase. The Bank's equity investments in small and medium sized companies during the year also grew significantly with major investments being made in SME companies in critical economic sectors like agriculture, real estate, manufacturing, hospitality, information technology, education and healthcare.

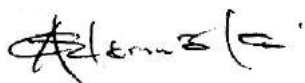
Our offshore subsidiaries in The Gambia and Sierra Leone also expanded their operations and recorded significant growth in their business. They continue to enhance our profile overseas and are now playing leading roles in their respective national economies. Our latest offshore subsidiary, Guaranty Trust Bank

Managing Director's Statement contd

(Ghana) Ltd, commenced operations in March 2006, having secured the necessary approvals from both the Central Banks of Nigeria and Ghana. Our strength in the Anglophone markets of the West African sub region is enhancing cross border exchange of goods and services and helping to promote the objectives of regional integration in the ECOWAS Zone.

We are investing substantial resources in our retail banking business in recognition of the fact that consumer banking will be an area of growth as the Nigerian economy expands, with the government recording successes in its job creation and poverty reduction programmes. Your Bank remains committed to its social responsibility programs and we will ensure that we maintain our leadership position in the nation's banking industry while ensuring that our quest to exceed stakeholders' expectations never wanes.

We thank you for your continued support.



TAYO ADERINOKUN MFR
Managing Director/Chief Executive

Directors' Report

For the year ended 28 February 2006

The Directors have pleasure in presenting their annual report on the affairs of Guaranty Trust Bank plc ("the Bank") and subsidiaries ("the Group"), together with the Group audited financial statements and the auditors' report for the year ended 28 February 2006.

Legal Form and Principal Activity

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

The Bank's principal activity continues to be the provision of commercial banking services to its customers. Such services include retail banking, granting of loans and advances, equipment leasing, corporate finance, money market activities and allied services, as well as foreign exchange operations. The Bank has one non-bank subsidiary, Guaranty Trust Assurance Limited, engaged in the provision of insurance services.

The Bank has three overseas subsidiaries namely Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Bank (Ghana) Limited. The financial results of Guaranty Trust Bank (Gambia) Limited and Guaranty Trust Bank (Sierra Leone) as well as Guaranty Trust Assurance Limited have been consolidated in these financial statements. Guaranty Trust Bank (Ghana) Limited commenced business in March 2006.

During the year, the Bank disposed of its investment in its subsidiary Asset and Resource Management Company Limited through a management buy-out.

Operating Results

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

	2006 N'000	2005 N'000
Profit attributable to group shareholders	8,545,996	5,361,568
Transfer to statutory reserve	1,301,626	799,619
Transfer to bonus shares reserve	1,000,000	-
Dividend (paid and proposed)	5,700,000	3,700,000
Transfer to small scale industries reserve	867,751	700,424
Shareholders' funds	36,349,833	33,643,184
Earnings per share- (Basic)	142k	112k
Dividend per share- Interim	25k	25k
- Final	70k	45k

Directors' Report Contd

Dividends

The Board authorised the payment of ₦1,500,000,000 (25 kobo per share) as interim dividend in the course of the year, and now recommends for the approval of the shareholders the payment of a final dividend of ₦4,200,000,000 (70 kobo per share), together totalling ₦5,700,000,000. The dividends are subject to deduction of withholding tax.

Bonus

Pursuant to Article 125 of the Bank's Articles of Association, the Directors recommend to the shareholders the creation of 2,000,000,000 ordinary shares by the capitalisation of ₦1,000,000,000 from the Bonus Shares Reserve Account to pay for bonus shares, which shall be appropriated at the ratio of one new share for every three shares held by shareholders at the close of business on 1st May, 2006

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 28 February 2006

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

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

The responsibilities include ensuring that:

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

Directors' Report Contd

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 28/02/06	Number of Ordinary Shares of 50 kobo held as at 29/02/05
Owelle Gilbert P.O. Chikelu	- Chairman	55,631,947	55,631,947
Mr. Olutayo Aderinokun	- Managing Director	188,548,494	188,548,494
Mr. Olusegun J.K. Agbaje	- Deputy Managing Director	8,677,498	9,176,076
Professor M. O. Oyawoye*		61,681,476	65,205,642
Mr. Tajudeen A. Adeola*		181,735,369	181,735,369
Mr. Adetokunbo B. Adesanya		60,035,000	64,185,000
Alhaji Mohammed Jada		11,593,290	27,397,214
Mr. Victor G. Osibodu		115,868,173	127,687,050
Mr. Egbert U. Imomoh**		272,466	265,000
Mr. Oluwole S. Oduyemi**		451,312	809,498
Mrs. Mosunmola Olusoga***	- Executive Director	5,606,907	5,606,907
Mr. Babajide Ogundare	- Executive Director	1,895,463	2,647,463
Mrs. Catherine N. Echeozo	- Executive Director	566,341	566,341
Alhaji Abba M. T. Habib	- Executive Director	571,137	542,337
* Resigned with effect from June 29, 2005			
** Appointed with effect from June 29, 2005			
*** Resigned with effect from February 28, 2006			

Changes on the Board

Since the conclusion of the last Annual General Meeting, Professor M. O. Oyawoye retired as a Director and Chairman of the Bank. Owelle G. P. O. Chikelu has since been appointed as Chairman of the Bank. Mr. Tajudeen Adeola and Mrs. Mosun Olusoga had also resigned their appointments as Directors of the Bank, while Messrs. Egbert Imomoh and Oluwole Oduyemi were appointed as non-executive Directors. Their appointments will be presented for approval at this meeting.

Directors' Report Contd

Analysis of Shareholding

The analysis of the distribution of the shares of the Bank at the date of the Notice of the Annual General Meeting is as follows:

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% Shareholders
1-1,000	124,862	45.71	89,342,772	1.49
1001 -5,000	92,784	33.97	264,265,029	4.40
5,001 -10,000	24,957	9.14	215,370,578	3.59
10,001 -50,000	22,756	8.33	562,079,717	9.37
50,001- 100,000	3,980	1.45	324,584,412	5.41
100,001- 500,000	2,886	1.06	642,651,263	10.71
500,001 -1,000,000	516	0.19	392,103,211	6.54
1,000,001 -5,000,000,000	414	0.15	3,509,603,018	58.49
Total	273,155	100.00	6,000,000,000	100.00

Fixed assets

Information relating to changes in fixed assets is given 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, a total sum of ₦17,634,235 (2005: ₦27,347,285) was given out as donations and charitable contributions during the financial year. These comprise contributions to charitable organisations amounting to ₦13,039,235 (2005: ₦750,000) and donations amounting to ₦4,595,000 (2005: ₦26,597,285) to other non-political organisations. Details of such donations and charitable contributions are as follows:

	₦'000
Art of Life	200
African Children Initiative	200
Anglo-Nigerian Welfare Association for the Blind	500
Annual Fate Entrepreneurs Award	500
Annual Leadership & Entrepreneur Development Workshop	100
Baptist Nursery & Primary School	20
Bellina College Year Book	20
Bible Society of Nigeria	200
Child Care Trust Funds	500
Command Secondary School	25
Construction of Shed for Displaced Okada Riders	15
Corona School	262
Corporate Social Responsibility Workshop	25

Directors' Report Contd

	N'000
Digitest 2005	100
Eko Greater Tomorrow Foundation	100
Elan 2005 Conference	520
Greenwood House School	20
Hope High School Hostel Appeal Fund	50
Honey Bee Foundation	268
Ibadan Grammar School	300
Kaduna International School	10
Kaduna State Muslim Pilgrims Welfare Board	100
Lagos State University Strategic Planning Programme	980
Loyola Jesuit College	100
Massey Street Hospital	853
Meadow Hall Junior School	105
Methodist School	20
Micro Credit 2005	2,000
National Health Insurance Scheme	100
NDLEA Memorial Fund	100
Nigerian Army Tombola Night	100
Nigerian Society for the Blind	100
Nnamdi Azikiwe University, Awka	300
Ondo State Economic Summit	250
Premier School	53
Regent School Abuja Appeal Fund	100
Rotary International Centinell Award	100
Royal Marsden Hospital Cancer Campaign	1,481
Sacred Heart Primary School	60
Sickle Initiative - New Era Foundation	200
St. George's Boys and Girls School	2,300
St. Saviours Primary School, Ikoyi	200
Suntulma Primary School	2,197
The Banking & Finance Student Association - Babcock University	50
The National Sickle Cell Centre	1,000
The Sickle Cell Foundation	300
University of Ibadan	350
Benue State University, Makurdi	200
	<hr/> <hr/> 17,634 <hr/> <hr/>

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 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 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 four persons on its staff list with a physical disability.

Directors' Report Contd

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 overseas in the year under review.

Auditors

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

BY ORDER OF THE BOARD



Kolapo Omidire
Company Secretary
Plot 1669, Oyin Jolayemi Street
Victoria Island
Lagos

17 March 2006

Report of the Audit Committee

For the year ended 28 February 2006 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:

- a) 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.
- b) 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 28 February 2006 were satisfactory and reinforce the Group's internal control systems.
- c) We have complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦662,978,000 was outstanding as at 28 February 2006 all of which are performing. See Note 29.
- 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.



Mr. M.F. Lawal
Chairman, Audit Committee

16 March 2006

Members of the Audit Committee are:

1. Mr. M.F. Lawal - Chairman (appointed 20 September 2005)
2. Mr. A.B. Adesanya
3. Alhaji M.K. Jada
4. Alhaji M.A. Usman
5. Mr. A.K.A. Kosoko
6. Mr. O.S. Oduyemi

In attendance:

Mr. George Uwakwe - Secretary

Audit Report

to the members of Guaranty Trust Bank plc



We have audited the accompanying financial statements of **Guaranty Trust Bank plc** ("the Bank") and its subsidiary companies ('the Group') as at 28 February 2006 and the related profit and loss account and statement of cash flows for the year then ended set out on pages 26 to 62 which have been prepared on the basis of the accounting policies set out on pages 21 to 24.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities in relation to the financial statements, the Directors are responsible for the preparation of the financial statements. It is our responsibility to express an independent opinion, based on our audit, on the 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.

We believe that our audit provides us with a reasonable basis for our opinion.

In accordance with CBN circular BSD/1/2004, details of insider related credits are set out in Note 29 to the financial statements.

Banks and Other Financial Institutions Act, 1991

Based on our audit and representations received, to the best of our knowledge and belief, the Bank contravened the provisions of Section 44 (1) of the Banks and Other Financial Institutions Act, 1991 and CBN Circular BSD/DO/CIR/Vol 1/8/2000 during the year. These contraventions, which have been disclosed in Note 31, have been reported to the Central Bank of Nigeria and the assessed penalties paid.

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 the Group as at 28 February 2006 and of their profit and statements of cash flow for the year then ended, and comply with the Banks and Other Financial Institutions Act, 1991, relevant Statements of Accounting Standards in Nigeria, relevant Central Bank of Nigeria circulars and the Companies and Allied Matters Act, 1990.

Lagos Nigeria



KPMG

17 March 2006

Statement of Accounting Policies

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 financial statements consolidate the financial statements of Guaranty Trust Bank Plc and its subsidiaries wherein there is majority shareholding and/or control of the board of directors and management. The consolidated subsidiaries are Guaranty Trust Assurance Company Limited, Guaranty Trust Bank (Gambia) Limited and Guaranty Trust Bank (Sierra Leone) Limited.

In the Bank's books, investment in subsidiary companies is stated at cost. Provision is made for any permanent diminution in the value of the investment.

(c) **Goodwill on Consolidation**

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

Goodwill arising on consolidation of subsidiaries are amortised over a five-year period on a straight line basis in line with the provision of the Companies and Allied Matters Act 1990.

(d) **Cash and Short Term Funds**

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

(e) **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.

Statement of Accounting Policies contd

(f) 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 as stated below:

Period principal or interest has been outstanding	Classification	% provision required
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

A minimum of 1% general provision 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.

(g) 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.

(h) 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. Lease rentals that are past due for 90 days or more are provided for in accordance with Central Bank of Nigeria's Prudential Guidelines for licensed banks.

(i) Fixed Assets

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

Leasehold Improvement, Land and Buildings	-	Over the lease period
Machinery and Equipment	-	20%
Computer Hardware	-	33 1/3%
Computer Software	-	20%
Furniture and Fittings	-	20%
Motor Vehicles	-	25%

Capital work in progress is not depreciated. Upon completion, the attributable cost of each asset is transferred to the relevant asset category.

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

Statement of Accounting Policies contd

(j) Taxation

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

(k) Deferred Taxation

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

(l) Income Recognition

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

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

(m) Foreign Currency Items

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

(n) Retirements Benefits

Pension Costs

The Group operates a defined contribution 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 7.5% and 10% of the employee's annual basic salary, respectively.

Statement of Accounting Policies contd

Gratuity Scheme

The Bank also 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. Employee's terminal benefits are calculated based on number of service years, limited to a maximum of 10 years.

(o) **Off Balance Sheet Transactions**

Transactions to which there are no direct balance sheet risks to the Bank are reported and accounted for as off balance sheet transactions and comprised of:

Acceptances

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

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

Guarantees and Performance Bonds

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

The amounts reflected in the financial statements for bonds and guarantees represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted. Commissions and fees charged to customers for services rendered in respect of bonds and guarantees are recognized at the time the service or transaction is effected.

Commitments

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

Letters of Credit

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

(p) **Repurchase Agreements**



The Bank enters into purchases (sales) of securities under agreements to resell (repurchase) substantially identical securities at a certain date in the future at a fixed price. Securities purchased subject to commitments to resell them at future dates are accounted for as repurchase transactions.

Securities sold under repurchase agreements continue to be recognised in the balance sheet and the proceeds from the sale of the securities are reported as liabilities to either banks or customers. The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction.

Financials

Balance Sheets

As at 28 February, 2006

	Notes	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
Assets					
Cash and short-term funds	1	74,501,717	47,471,360	72,767,868	46,293,166
Investments	2	116,523,937	47,718,917	116,429,273	32,333,424
Loans and advances	3	84,200,695	65,515,276	83,476,852	65,035,248
Advances under finance leases	4	-	920	-	920
Other facilities	5	4,460,852	-	4,460,852	-
Other assets	6	16,553,082	16,161,832	16,215,034	16,593,043
Equipment on lease	7	1,250	241,967	1,250	241,967
Fixed assets	8	12,100,006	7,940,279	11,729,436	7,399,936
Goodwill on consolidation	9	69,203	100,692	-	-
Total Assets		308,410,742	185,151,243	305,080,565	167,897,704
Liabilities					
Deposits and other accounts	10	215,773,715	97,444,855	212,833,770	95,563,587
Other liabilities	11	34,841,228	41,244,210	34,542,138	26,565,121
Other facilities	5	4,505,911	-	4,505,911	-
Taxation payable	12	2,206,703	2,063,482	2,171,208	1,875,551
Dividend payable	14	4,200,000	2,700,000	4,200,000	2,700,000
Deferred taxation	13	1,087,290	815,621	1,144,411	815,621
Long-term borrowings	15	9,237,585	6,909,788	9,237,585	6,909,788
Total Liabilities		271,852,432	151,177,956	268,635,023	134,429,668
Net Assets		36,558,310	33,973,287	36,445,542	33,468,036
Capital And Reserves					
Share capital	16	3,000,000	3,000,000	3,000,000	3,000,000
Share premium		21,391,928	21,391,928	21,391,928	21,391,928
Other reserves	17	11,957,905	9,251,256	12,053,614	9,076,108
Shareholders' Funds		36,349,833	33,643,184	36,445,542	33,468,036
Minority interest		208,477	330,103	-	-
		36,558,310	33,973,287	36,445,542	33,468,036
Acceptances, guarantees and other obligations for the account of customers (and the customers' liability thereon)	18	75,036,570	57,604,813	74,583,586	57,270,362
Signed on Behalf of the Board of Directors by					
 Tayo Aderinokun					
 Segun Agbaje					
} Directors					
Approved by the Board of Directors on 17 March 2006.					
The accompanying notes form an integral part of these balance sheets.					

Profit And Loss Accounts

For the year ended 28 February, 2006

	Notes	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
Gross Earnings		33,614,668	25,458,623	31,970,318	23,833,771
Interest And Discount Income	19	21,599,750	15,487,889	21,339,688	15,261,384
Lease finance income		32	634	32	634
Interest expense	20	(8,042,556)	(6,712,599)	(7,982,295)	(6,638,628)
Interest margin		13,557,226	8,775,924	13,357,425	8,623,390
Loan loss expense (net)	23(a)	(1,783,516)	(1,148,639)	(1,763,891)	(1,087,435)
Net interest margin		11,773,710	7,627,285	11,593,534	7,535,955
Other banking income	21	12,014,886	9,493,394	10,630,598	8,095,047
Exceptional income	22	-	476,706	-	476,706
Operating expenses	23(b)	23,788,596 (13,300,038)	17,597,385 (10,339,571)	22,224,132 (12,199,196)	16,107,708 (9,103,465)
Profit on ordinary activities before taxation		10,488,558	7,257,814	10,024,936	7,004,243
Taxation	24	(2,181,780)	(1,824,066)	(2,119,430)	(1,673,447)
Profit on ordinary activities after taxation		8,306,778	5,433,748	7,905,506	5,330,796
Extra-ordinary incomes	25	283,487	-	772,000	-
Profit after tax and extra-ordinary income		8,590,265	5,433,749	8,677,506	5,330,796
Minority interest		(44,269)	(72,180)	-	-
Profit attributable to Group Shareholders		8,545,996	5,361,568	8,677,506	5,330,796
Transfer to statutory reserves	17	(1,301,626)	(799,619)	(1,301,626)	(799,619)
Transfer to bonus shares reserve	17	(1,000,000)	-	(1,000,000)	-
Transfer to small scale industries reserve	17	(867,751)	(700,424)	(867,751)	(700,424)
Profit for the year		5,376,619	3,861,525	5,508,129	3,830,753
Retained profit, beginning of year		1,460,505	1,298,981	1,421,718	1,290,965
Dividend - Paid	12	(1,500,000)	(1,000,000)	(1,500,000)	(1,000,000)
- Proposed	12	(4,200,000)	(2,700,000)	(4,200,000)	(2,700,000)
Retained profit, end of year		1,137,125	1,460,506	1,229,847	1,421,718
Earnings per share (kobo)					
- Basic	26	142k	112k	145k	110k
- adjusted	26	142k	112k	145k	110k
Dividend per share (kobo)		95k	77k	95k	77k

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

Statements of Cash Flows

For the year ended 28 February, 2006

	Notes	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
Net cash flow from operating activities before changes in operating assets	27	13,883,819	10,289,376	13,350,325	9,887,139
Changes in operating assets	28	30,718,399	(11,278,625)	30,136,362	(10,589,772)
Income tax paid		(1,766,890)	(907,147)	(1,494,983)	(841,794)
Net cash flows from operating activities		42,835,329	(1,896,396)	41,991,704	(1,544,427)
Investing Activities					
Proceeds from disposal of fixed assets		83,605	54,483	83,605	50,164
Purchase of fixed assets		(5,865,538)	(4,660,811)	(5,737,771)	(4,385,800)
Purchase of investments		(8,954,725)	504,153	(8,794,521)	(159,007)
Proceeds from Sale of investment		800,000	-	800,000	-
Purchase of equipment on lease		-	(175,974)	-	(175,974)
Proceeds from disposal of equipment on lease		3,889	393,396	3,889	393,396
Net cash flows from investing activities		(13,932,769)	(3,884,753)	(13,644,799)	(4,277,221)
Financing Activities					
Dividend paid		(4,200,000)	(2,350,000)	(4,200,000)	(2,350,000)
Proceeds from issue of shares		-	21,200,000	-	21,200,000
Issue expenses		-	(980,738)	-	(980,738)
Long-term borrowings					
- Inflow from long term borrowings		2,842,758	5,315,222	2,842,758	5,315,222
- Repayment of long term borrowings		(514,961)	(1,931,238)	(514,961)	(1,931,238)
Net cash flows from financing activities		(1,872,203)	21,253,246	(1,872,203)	21,253,246
Net increase in cash and short term funds		27,030,357	15,472,097	26,474,702	15,431,598
Cash and short term funds, beginning of year (gross)		47,471,360	31,999,263	46,293,166	30,861,568
Cash and short term funds, end of year (gross)		74,501,717	47,471,360	72,767,868	46,293,166
The accompanying notes form an integral part of these statements of cash flows.					

Notes to the Financial Statements

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
1. Cash and short-term funds				
a. Cash and short-term funds comprise				
Bank and cash balances in Nigeria				
- Cash	3,885,769	1,839,832	3,653,781	1,687,243
- Balances held with the Central Bank of Nigeria				
- Current account	13,034,584	5,225,127	12,596,109	4,790,958
- Cash reserve	7,278,298	5,781,936	7,278,298	5,781,936
- Blocked fund (see note (b) below)	7,366,620	-	7,366,620	-
- Balances held with other local banks and discount houses	491,725	112,940	462,570	105
Secured Placements (see note (c) below)	17,604,025	18,830,001	17,080,000	18,830,000
Balances held with other banks outside Nigeria (see note (d) below)	16,442,117	13,022,554	15,931,911	12,543,954
Placements with foreign banks	8,398,579	2,658,970	8,398,579	2,658,970
	74,501,717	47,471,360	72,767,868	46,293,166
b. Blocked fund represents the amount transferred out of cash reserve held with CBN and invested at 3% subsequent to reduction of cash reserve ratio from 11% to 5% during the year.				
c. Amount represents placements with local banks secured by treasury bills under open buy back agreement.				
d. Included in balances held with other banks outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦9,183,340,000 (2005: ₦9,215,129,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note (11)).				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
2. Investments				
a. Investments comprise				
Short-term investments (see (b) below)	104,646,366	44,559,224	103,806,539	28,477,211
Long-term investments (see (e) below)	11,877,571	3,159,693	12,622,734	3,856,213
	116,523,937	47,718,917	116,429,273	32,333,424
b. Short-term investments comprise				
Treasury bills (see (c) below)	102,163,864	28,559,499	101,806,539	28,228,975
Treasury bearer bonds	482,502	126,739	-	-
Trading securities	-	15,624,750	-	-
Federal Government Bonds (see (d) below)	2,000,000	-	2,000,000	-
Underwriting commitments	-	248,236	-	248,236
	104,646,366	44,559,224	103,806,539	28,477,211
(c) Included in treasury bills is an amount of N23,600,000,000 (2005: N18,500,000,000) worth of treasury bills pledged as collateral to Central Bank of Nigeria and Nigeria Interbank Settlement System.				
(d) This represents the Bank's investment of N2 billion in the Federal Government 2006 bond with interest rate fixed at 17.75% and maturing September 2006.				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
d. Subsidiaries				
Investment in Asset and Resource Management Company Limited (ARM) (see note (i) below)	-	-	-	28,000
Investment in GTB Gambia (see note (ii) below)	-	-	267,451	196,564
Investment in GTB Sierra Leone (see (iii) below)	-	-	242,588	242,588
Investment in GTB Assurance Limited (see note (iv) below)	-	-	337,967	337,967
Investment in GTB Ghana (see note (v) below)	1,046,710	-	1,046,710	-
Other investments				
Kakawa Discount House Limited	34,100	34,100	34,100	34,100
Valucard Nigeria Plc (see note (x) below)	90,153	84,153	90,153	84,153
Nigeria Automated Clearing System	18,000	18,000	18,000	18,000
Afrexim	14,131	14,131	14,131	14,131
Proprietary investments (see (vi) below)	25,000	6,000	-	-
Small and medium industries investments (See note (vii) below)	1,506,634	790,710	1,506,634	790,710
Other Equity Investments (see (viii) below)		102,599		
Other Investments				
Delta State Govt. Bond (see note (ix) below)	40,000	60,000	40,000	60,000
Federal Government Bond (see note (xi) below)	9,000,000	2,000,000	9,000,000	2,000,000
Akwa Ibom State Govt. Bond (see note (xii) below)	25,000	50,000	25,000	50,000
	11,877,571	3,159,693	12,622,734	3,856,213
i.	During the year, the bank sold its investment in ARM. The related profit on sale of this investment has been recognised as an extra-ordinary income in the profit and loss account (see Note (25)).			
ii.	The Bank acquired 70% of the equity of GTB Gambia on 5 March 2002. The Bank's investment was increased by ₦70,887,000 (\$535,393.75) in December 2005, thus increasing the shareholding percentage to 78%.			
iii.	The Bank acquired 90% of the equity of GTB Sierra Leone in January 2002.			
iv.	The Bank acquired 72% of the equity of Guaranty Trust Assurance Limited (formerly Heritage Assurance Company Limited) in May 2002.			
v.	The Bank acquired 78.11% of the equity of Guaranty Trust Bank Ghana in April 2005. GT Bank Ghana, commenced operations 1 March 2006 and will prepare its first financial statement effective 28 February 2007.			
vi.	Proprietary investment represents Guaranty Trust Assurance Limited's trading investments in quoted equities in Nigeria and abroad.			
vii.	This represents the Bank's investment in small and medium sized industries from funds set aside in the small scale industries reserve account (see (Note 17c)). An additional ₦715,924,000 investment was made during the year.			

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
Details of the investment are as follows:				
Forrilon Translantic Ltd.	580,851	480,850	580,851	480,850
Omatek Computers	104,000	104,000	104,000	104,000
Sokoa Chair Centre	61,288	49,020	61,288	49,020
Terra Kulture Ltd.	60,000	60,000	60,000	60,000
Hygeia	68,530	-	68,530	-
Tinapa Business Resort	500,000	-	500,000	-
Iscare Nigeria Limited	40,000	40,000	40,000	40,000
Ruqayya Integrated Farms	25,500	25,500	25,500	25,500
National Government Strategies	25,000	-	25,000	-
Interswitch Nigeria	20,840	20,840	20,840	20,840
Central Securities Clearing System	10,500	10,500	10,500	10,500
Patrick Speech & Language Centre Ltd.	10,125	-	10,125	-
	1,506,634	790,710	1,506,634	790,710
viii.	This represents Guaranty Trust Assurance Limited investment in stocks of various companies.			
ix.	This represents the Bank's investment in the Delta State Government floating rate redeemable revenue bond (2003/2007). The redeemable bond is priced at 2% above MRR subject to a minimum or maximum rate of 15% or 22% respectively.			
x.	This represents the Bank's investment of ₦6 billion in the 2nd Federal Government 2008 bond with interest rate fixed at 11.50% and additional investment of ₦1 billion and ₦2 billion in the Federal Government 2008 bond with interest rate fixed at 15% and 12.5% respectively.			
xi.	This represents the Bank's investment in the ₦6 billion Akwa Ibom State Government Revenue Bond (2005/2006). The redeemable bond is priced at 4.5% per annum above CBN Minimum Rediscount Rate, subject to a minimum coupon rate of 19.5% and a maximum coupon rate of 23.5%.			
xii.	The directors are of the opinion that the market value of long term investments is not lower than cost.			

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
3. Loans and advances				
a. Loans and advances comprise, by security				
Secured against real estate	40,629,223	23,378,742	40,020,545	22,847,971
Otherwise secured	42,997,925	34,361,477	42,832,704	34,282,262
Unsecured	4,143,430	10,021,317	4,104,968	10,048,951
	<u>87,770,578</u>	<u>67,761,536</u>	<u>86,958,217</u>	<u>67,179,184</u>
Less Provisions for bad and doubtful loans				
Specific (see note (b) below)	(2,003,464)	(1,061,021)	(1,941,870)	(983,009)
General (see note (c) below)	(1,033,697)	(959,744)	(1,028,328)	(942,786)
Interest in suspense	(532,722)	(225,495)	(511,167)	(218,141)
	<u>84,200,695</u>	<u>65,515,276</u>	<u>83,476,852</u>	<u>65,035,248</u>
b. The movements on specific provisions for bad and doubtful loans during the year were as follows:				
Balance, beginning of year	1,061,021	840,308	983,009	809,520
Exchange difference on translation of opening balances	(12,497)	(1,440)	-	-
Provisions made during the year	1,640,284	682,270	1,622,712	633,199
Provision no longer required	-	-407	-	-
Provisions written off during the year	(678,119)	(459,710)	(663,853)	(459,710)
Other provision adjustment	(7,224)	-	-	-
Balance, end of year	<u>2,003,464</u>	<u>1,061,021</u>	<u>1,941,868</u>	<u>983,009</u>
c. The movements on general provisions for bad and doubtful loans during the year were as follows:				
Balance, beginning of year	959,744	505,252	942,786	500,719
Exchange difference on translation of opening balances	(13,580)	(115)	-	-
Provisions made during the year	87,532	454,607	85,542	442,067
Balance, end of year	<u>1,033,697</u>	<u>959,744</u>	<u>1,028,328</u>	<u>942,786</u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
d. The movements on interest in suspense during the year was as follows:				
Balance, beginning of year	225,495	213,670	218,141	211,878
Exchange difference on translation of opening Balances	(228)	(1,338)	-	-
Interest suspended during the year	564,027	398,969	549,598	392,069
Interest recovered	(4,235)	(109,271)	(4,235)	(109,271)
Interest written off	(252,337)	(276,535)	(252,337)	(276,535)
Balance, end of year	532,722	225,495	511,167	218,141
e. The gross value of loans and advances by maturity is:				
Under 1 month	14,565,293	33,759,986	14,636,525	33,303,205
1 - 3 months	9,812,014	8,907,289	9,466,285	8,867,547
3 - 6 months	9,684,826	3,043,059	9,684,826	3,000,532
6 - 12 months	31,159,976	9,112,371	30,713,389	9,071,926
Over 12 months	22,548,470	12,938,831	22,457,192	12,935,974
	87,770,578	67,761,536	86,958,217	67,179,184
f. The gross value of loans and advances by performance is:				
Performing	84,810,282	66,333,108	84,046,742	65,819,891
Non-performing - principal	2,442,234	1,202,933	2,400,307	1,141,152
- interest	518,062	225,495	511,168	218,141
	87,770,578	67,761,536	86,958,217	67,179,184
g. The analysis of non-performing loans and advances is as follows:				
Number of days past due				
90 - 180	117,957	365,910	69,135	296,776
180 - 360	1,255,484	447,449	1,255,484	447,449
Over 360	1,586,855	615,068	1,586,855	615,068
	2,960,296	1,428,427	2,911,474	1,359,293

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
4. Advances under Finance Leases				
a. Advances under finance leases comprise:				
Gross investment in finance leases	-	973	-	973
Unearned income	-	(44)	-	(44)
	<u>-</u>	<u>929</u>	<u>-</u>	<u>929</u>
Net investment in finance leases	-	929	-	929
Less 1% general provision	-	(9)	-	(9)
	<u>-</u>	<u>920</u>	<u>-</u>	<u>920</u>
	<u><u>-</u></u>	<u><u>920</u></u>	<u><u>-</u></u>	<u><u>920</u></u>
b. The movement on the general provision for advances under finance leases during the year was as follows:				
Balance, beginning of year	9	57	9	57
Provision no longer required	(9)	(48)	(9)	(48)
	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>
Balance, end of year	<u><u>-</u></u>	<u><u>9</u></u>	<u><u>-</u></u>	<u><u>9</u></u>
c. The net investment in finance leases by maturity is:				
3-6 months	-	929	-	929
Over 12 months	-	-	-	-
	<u>-</u>	<u>929</u>	<u>-</u>	<u>929</u>
	<u><u>-</u></u>	<u><u>929</u></u>	<u><u>-</u></u>	<u><u>929</u></u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
5. Other Facilities				
a. The Bank acts as intermediary for Afexim loans. The classification of such loans outstanding as year end is as follows:				
Unsecured	4,505,911	-	4,505,911	-
Less 1% statutory general provision	(45,059)	-	(45,059)	-
Balance, end of year	4,460,852	-	4,460,852	-
b. The Bank acts as guarantor in respect of these facilities and have previously classified them as off-balance sheet transactions in line with the contract signed with Afrexim Bank. The regulatory authorities have however requested that the facilities be reported on the balance sheet of the Bank despite being a guarantor on the premise that settlement is made directly by the Bank at the point of settlement irrespective of the customers' capacity to pay. See Note 18 on guarantee facilities.				
(c) The maturity profile of other facilities is 3-6 months.				
(d) All other facilities were performing as at year end.				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
6. Other Assets				
a. Other assets comprise				
Treasury bills on open buy back (see note 10(a))	10,100,000	10,070,000	10,100,000	10,070,000
Prepayments	3,697,772	1,209,667	3,697,783	982,985
Gratuity fund investment	1,340,211	-	1,340,211	1,171,812
Discount paid in advance	578,481	376,948	578,481	376,948
Due from local banks (see (b) below)	499,932	3,758,226	499,932	3,758,226
Interest receivable	386,926	15,354	373,665	10,116
Other accounts receivable	345,593	1,124,441	17,767	615,760
	<u>16,948,915</u>	<u>16,554,636</u>	<u>16,607,839</u>	<u>16,985,847</u>
Provision on other assets (see (c) below)	(395,833)	(392,804)	(392,804)	(392,804)
	<u>16,553,082</u>	<u>16,161,832</u>	<u>16,215,035</u>	<u>16,593,043</u>
b. Amounts represent receivables due from local banks for which Guaranty Trust Bank Plc is clearing and settlement bank. The receivables which, represents the overdrawn position of some of these banks are secured with treasury bills.				
c. The movement on provision on other assets during the year was as follows:				
Balance, beginning of year	(392,804)	(325,895)	(392,804)	(325,895)
Provisions made during the year	(3,029)	(66,909)	-	(66,909)
Balance, end of year	<u>(395,834)</u>	<u>(392,804)</u>	<u>(392,804)</u>	<u>(392,804)</u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Computer Hardware N'000	Motor Vehicle N'000	Machinery & Equipment N'000	Total N'000
7. Equipment on lease				
The movement on this account during the year was as follows:				
Cost				
Balance, beginning of year	29,603	794,500	1,767,747	2,591,850
Additions	-	-	-	-
Disposals	-	(29,500)	-	(29,500)
Balance, end of year	29,603	765,000	1,767,747	2,562,350
Accumulated Depreciation				
Balance, beginning of year	4,402	605,504	1,739,977	2,349,883
Charge for the year	25,201	185,871	26,520	237,592
Disposals	-	(26,375)	-	(26,375)
Balance, end of year	29,603	765,000	1,766,497	2,561,101
Net Book Value				
End of year	-	-	1,250	1,250
Beginning of year	25,201	188,996	27,770	241,967

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Leasehold Improvements Land & 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
8. Fixed Assets							
a. Group							
The movement on these accounts during the year was as follows:							
Cost							
Balance, beginning of year	3,917,771	1,479,808	1,888,434	648,001	1,598,888	1,898,618	11,431,520
Exchange difference on translation of opening balances	(2,255)	968	(2,366)	198	(455)	-	(3,910)
Adjustment for disposed subsidiary	(91,112)	(50,264)	(39,263)	(38,958)	(88,230)	-	(307,827)
Additions	1,370,249	740,926	690,896	427,526	781,964	1,853,978	5,865,538
Disposals	(7,242)	(23,756)	(23,906)	(9,986)	(261,199)	-	(326,088)
Transfers	1,517,685	88,151	52,201	6,052	-	(1,664,089)	-
Adjustments	(17,092)	-	-	-	-	-	(17,092)
Balance, end of year	6,688,003	2,235,833	2,565,996	1,032,833	2,030,968	2,088,508	16,642,142
Accumulated Depreciation							
Balance, beginning of year	591,438	671,124	1,214,190	296,940	717,549	-	3,491,241
Exchange difference on translation of opening Balances	(467)	17	(3,246)	(167)	(2,689)	-	(6,552)
Adjustment for disposed subsidiary	(33,052)	(31,266)	(12,051)	(21,967)	(35,488)	-	(133,824)
Charge for the year	221,131	304,584	390,045	121,263	428,820	-	1,465,843
Disposals	-	(18,875)	(23,344)	(6,114)	(225,831)	-	(274,164)
Transfers	-	-	-	-	-	-	-
Adjustments	475	(1,954)	1,310	256	(493)	-	(406)
Balance, end of year	779,524	923,630	1,566,904	390,211	881,868	-	4,542,137
Net Book Value							
End of year	5,908,479	1,312,204	999,092	642,622	1,149,100	2,088,508	12,100,006
Beginning of year	3,326,333	808,684	674,244	351,061	881,339	1,898,618	7,940,279
i. No leased assets are included in the above fixed assets accounts.							
ii. The Group had capital commitments of N285,157,183 (2005: N104,734,176) as at the balance sheet date.							

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Leasehold Improvements Land & 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
8. Fixed Assets							
b. Bank							
The movement on these accounts during the year was as follows:							
Cost							
Balance, beginning of year	3,716,464	1,388,511	1,667,110	521,466	1,378,564	1,898,619	10,570,734
Additions	1,334,572	735,751	671,356	398,987	757,457	175,560	4,073,683
Disposals	(7,242)	(21,825)	(23,319)	(8,030)	(255,969)	-	(316,385)
Transfers	1,517,685	88,151	52,201	6,052	-	-	1,664,089
Balance, end of year	6,561,480	2,190,588	2,367,347	918,475	1,880,052	2,074,179	15,992,121
Accumulated Depreciation							
Balance, beginning of year	547,427	627,147	1,126,403	237,487	632,334	-	3,170,798
Charge for the year	214,659	294,211	351,536	104,863	394,380	-	1,359,649
Disposals	-	(17,923)	(23,319)	(4,926)	(221,594)	-	(267,762)
Balance, end of year	762,086	903,435	1,454,620	337,424	805,120	-	4,262,685
Net Book Value							
End of year	5,799,394	1,287,153	912,727	581,051	1,074,932	2,074,179	11,729,436
Beginning of year	3,169,037	761,364	540,707	283,979	746,230	1,898,619	7,399,936
i. No leased assets are included in the above fixed assets accounts.							
ii. The Bank had capital commitments of N285,157,183 (2005: N104,734,176) as at the balance sheet date.							

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
9. Goodwill On Consolidation				
a. The movement on goodwill on consolidation is as follows:				
Balance, beginning of year	100,692	101,051	-	-
Goodwill arising during the year	-	31,130	-	-
Amortisation during the year	(31,489)	(31,489)	-	-
Balance, end of year	69,203	100,692	-	-
10. Deposits And Other Accounts				
a. Deposits and other accounts comprise:				
Demand	99,324,416	53,037,689	97,133,071	51,643,759
Time	108,819,556	39,952,038	108,411,490	39,688,073
Savings	7,629,743	3,524,964	7,289,209	3,301,591
	215,773,715	96,514,691	212,833,770	94,633,423
Due to local banks	-	930,164	-	930,164
	215,773,715	97,444,855	212,833,770	95,563,587
b. The maturity profile of deposit liabilities is as follows:				
Under 1 month	203,578,609	90,441,231	202,566,271	88,997,975
1 – 3 months	11,863,472	5,893,082	10,188,465	5,455,070
3 – 6 months	88,709	681,921	53,835	681,921
6 – 12 months	242,925	428,621	25,199	428,621
	215,773,715	97,444,855	212,833,770	95,563,587

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
11. Other liabilities				
a. Other liabilities comprise:				
Foreign currency denominated liabilities (see Note 1 (d))	9,183,340	9,215,129	9,183,340	9,126,524
Secured buy back takings (see Note 6 (a))	10,100,000	10,070,000	10,100,000	10,070,000
Due to other local banks (see note (b) below)	856,429	958,035	856,429	958,035
Funds under management	-	13,285,751	-	-
Certified cheques	7,711,743	3,774,959	7,663,304	3,720,777
Customers' FEM deposits	107,370	247,444	107,370	247,444
Unearned interest and discount	3,910,307	1,205,707	3,910,307	1,205,707
Interest payable	591,262	337,146	591,262	325,085
Gratuity provisions (see note (c) below)	644,563	524,882	644,563	524,882
Other current liabilities	1,736,213	1,625,157	1,485,563	386,667
	34,841,227	41,244,210	34,542,138	26,565,121
b. Amount represents the credit balances outstanding in favour of some banks for which the Bank serves as settlement bank.				
c. The movement on gratuity provision account was as follows:				
Balance, beginning of year	524,882	406,707	524,882	406,707
Payments in the year	(6,650)	(1,825)	(6,650)	(1,825)
Charge for the year (see (ii) below)	126,331	120,000	126,331	120,000
Balance, end of year	644,563	524,884	644,563	524,882
ii. Gratuity provision represents the Bank's obligations to its employees under its gratuity scheme. This has been accounted for in line with the Statement of Accounting Standard Number 8 on employees' retirement benefits.				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
12. Taxation payable				
The movement on the tax payable account during the year was as follows:				
Balance, beginning of year	2,063,482	1,393,602	1,875,551	1,290,937
Charge for the year (See note (24))	1,910,111	1,577,027	1,790,640	1,426,408
Payments during the year	<u>(1,766,890)</u>	<u>(907,147)</u>	<u>(1,494,983)</u>	<u>(841,794)</u>
Balance, end of year	<u>2,206,703</u>	<u>2,063,482</u>	<u>2,171,208</u>	<u>1,875,551</u>

The current tax charge has been computed at the current company income tax rate of 30% (2005: 30%) on the profit for the year after adjusting for certain items of income and expenditure, which are not deductible or chargeable for tax purposes, plus 2% (2005: 2%) Education Levy for the year.

13. Deferred Taxation

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

Balance, beginning of year	815,621	568,582	815,621	568,582
Charge for the year (See note (24))	<u>271,669</u>	<u>247,039</u>	<u>328,790</u>	<u>247,039</u>
Balance, end of year	<u>1,087,290</u>	<u>815,621</u>	<u>1,144,411</u>	<u>815,621</u>

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

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
14. Dividend payable				
The movement on this account during the year was as follows:				
Balance, beginning of year	2,700,000	1,350,000	2,700,000	1,350,000
Dividends declared during the year				
- Interim	1,500,000	1,000,000	1,500,000	1,000,000
- Final	4,200,000	2,700,000	4,200,000	2,700,000
Payment during the year	(4,200,000)	(2,350,000)	(4,200,000)	(2,350,000)
Balance, end of year	4,200,000	2,700,000	4,200,000	2,700,000
15. Long-term borrowings				
a. Long-term borrowings comprise:				
Due to IFC (see note (c) (i) below)	6,179,534	4,252,177	6,179,534	4,252,177
Due to FMO Netherlands (see note (c) (ii) below)	2,575,274	2,657,611	2,575,274	2,657,611
Due to EIB (see note (c) (iii) below)	482,777	-	482,777	-
	9,237,585	6,909,788	9,237,585	6,909,788
b. The movement on this account during the year was as follows:				
Balance, beginning of period/year	6,909,788	3,525,804	6,909,788	3,525,804
Additions during the period/year	2,842,758	5,315,222	2,842,758	5,315,222
Payments during the period/year	(514,961)	(1,931,238)	(514,961)	(1,931,238)
Balance, end of period/year	9,237,585	6,909,788	9,237,585	6,909,788

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
c. i.	<p>The amount of ₦6,179,534,000 (USD48,000,000) comprise of the outstanding balance of a \$20,000,000 dollar facility granted by IFC in March 2001 for a period of 7 years, the outstanding of another \$20,000,000 granted in October 2004 for 10 years and an additional \$20,000,000 granted in July 2005 for 7 years. Interest is payable quarterly on the first two facilities at 4.75% and 3.5% above LIBOR rates respectively, while interest on the additional facility granted during the period is payable half year at 3% above LIBOR rates.</p>			
ii.	<p>The amount of ₦2,575,274,000 (USD20,000,000) represents the dollar facility granted by FMO in December 2004 for a period of 4 years. Interest is payable half yearly at 3% above LIBOR rates.</p>			
iii.	<p>The amount of ₦482,777,000 (USD3,750,000) represents the dollar facility granted by European Investment Bank (EIB) in June 2005 for a period of 4 years. Interest is payable half yearly at 2.5% above LIBOR rates.</p>			
16.	Share Capital			
a.	Authorised			
	6,000,000,000 Ordinary shares of 50k each			
	(2005: 6,000,000,000 of 50k each)			
	<u>5,000,000</u>	<u>3,000,000</u>	<u>5,000,000</u>	<u>3,000,000</u>
	<p>At the 15th Annual General Meeting of the Bank held on 29 June, 2005, the authorised share capital of the Bank was increased from ₦3, 000,000,000 to ₦5, 000,000,000 by creation of an additional 4,000,000,000 Ordinary Shares of 50k each. This increase has been approved by Corporate Affairs Commission (CAC) with effect from 29 September, 2005.</p>			
	Issued and fully paid			
	6,000,000,000 Ordinary shares of 50k each			
	(2005: 6,000,000,000 ordinary shares of 50k each)			
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
17. Other reserves				
a. Other reserves comprise:				
Statutory reserve (see (b) below)	6,901,672	5,600,046	6,901,672	5,600,046
Retained profit	1,137,126	1,460,506	1,229,847	1,421,718
Capital reserve	-	43,454	-	-
Small Scale Industries (SSI) reserve (see (c) below)	2,922,095	2,054,344	2,922,095	2,054,344
Foreign currency translation reserve (see (d) below)	(2,988)	(65,655)	-	-
Other reserves	-	158,561	-	-
Bonus reserve (see note (e) below)	1,000,000	-	1,000,000	-
Balance, end of the year	11,957,905	9,251,256	12,053,614	9,076,108
b. The movement on the statutory reserve account during the year was as follows:				
Balance, beginning of year	5,600,046	4,800,427	5,600,046	4,800,427
Transfer from profit and loss account	1,301,626	799,619	1,301,626	799,619
Balance, end of year	6,901,672	5,600,046	6,901,672	5,600,046
In accordance with existing legislation, the Bank transferred 15% (2005: 15%) of its profit after taxation to Statutory reserves.				
c. The movement in SSI reserve account during the year is as follows:				
Balance, beginning of year	2,054,344	1,353,920	2,054,344	1,353,920
Transfer from profit and loss account	867,751	700,424	867,751	700,424
Balance, end of year	2,922,095	2,054,344	2,922,095	2,054,344
In accordance with the Small and Medium Enterprises Equity Investment Scheme revised April 2005. 10% of profit after taxation for the year ended 28 February 2006 has been transferred to Small Scale Industries reserves.				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
d. The movement in foreign currency translation Reserve during the year was as follows:				
Balance, beginning of year	(65,655)	(58,115)	-	-
Exchange difference on consolidation	62,667	(7,540)	-	-
Balance, end of year	(2,988)	(65,655)	-	-
e. The movement on the bonus reserve account during the year was as follows:				
Balance, beginning of year	-	500,000	-	500,000
Transfer to share capital	-	(500,000)	-	(500,000)
Transfer from profit and loss account	1,000,000	-	1,000,000	-
Balance, end of year	1,000,000	-	1,000,000	-
<p>The bank has proposed a bonus issue of 2,000,000 ordinary shares of 50k each to its existing shareholders to be appropriated in the ratio of one new share for every three shares held. Accordingly, an amount of ₦1,000,000,000 (2005: Nil) has been transferred to a bonus share reserve account.</p>				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
18. Acceptances, Bonds, Guarantees and other Obligations for the account of customers				
a. These comprise:				
Transaction-related bonds and Guarantees (see note (c))	38,585,473	18,475,885	38,490,852	18,141,434
Guaranteed commercial papers and bankers acceptances	21,851,213	22,663,601	21,851,213	22,663,601
Commitments	1,944,589	775,977	1,944,589	775,977
Treasury Bills held on behalf of customers	60,850	-	60,850	-
Guaranteed facilities (see (b))	-	4,650,819	-	4,650,819
Clean line facilities for letters of credit (see note (d))	12,594,446	11,038,531	12,236,082	11,038,531
	75,036,570	57,604,813	74,583,586	57,270,362
b. This represents USD35,000,000 (2005: USD35,000,000) disbursed to customers on behalf of Afrexim for which the Bank served as guarantor(See Note 5(b)).				
c. During the year, the Bank issued bonds and guarantees amounting to N18,379,027,415 (2005: N2,208,742,040) which were cash collateralised. N1,310,249,200 (2005: N645,167,881) out of the cash collateralised bonds and guarantees had been received as at year end.				
d. The Bank granted clean line facilities for letter of credit during the year to guarantee the performance of customers to third parties.				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
19. Interest and discount income				
Interest and discount income was derived as follows:				
Source				
Lending to financial institutions	746,531	334,107	743,827	332,390
Lending to non-bank customers	15,326,528	10,559,388	15,139,930	10,430,187
Interest income on securities trading	5,526,692	4,594,394	5,455,931	4,498,807
	<u>21,599,750</u>	<u>15,487,889</u>	<u>21,339,688</u>	<u>15,261,384</u>
Geographical location				
Earned in Nigeria	20,698,492	14,373,933	20,698,492	14,373,933
Earned outside Nigeria	901,258	1,113,956	641,196	887,451
	<u>21,599,750</u>	<u>15,487,889</u>	<u>21,339,688</u>	<u>15,261,384</u>
20. Interest Expense				
Interest expense comprise:				
Source				
Borrowing from financial institutions	132,038	150,405	131,445	150,355
Borrowing from non-bank customers	6,753,352	5,843,699	6,693,683	5,769,778
Interest income on securities trading	1,157,167	718,495	1,157,167	718,495
	<u>8,042,556</u>	<u>6,712,599</u>	<u>7,982,295</u>	<u>6,638,628</u>
Geographical location				
Paid in Nigeria	6,866,077	6,051,931	6,866,077	6,051,931
Paid outside Nigeria	1,176,479	660,668	1,116,218	586,697
	<u>8,042,556</u>	<u>6,712,599</u>	<u>7,982,295</u>	<u>6,638,628</u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
21. Other Banking Income				
a. This comprises:				
Foreign exchange earnings (see note (b) below)	981,397	686,821	875,335	603,790
Commissions and similar income	5,385,334	3,635,834	4,771,262	3,242,603
Other fees and charges	5,199,147	4,009,565	4,557,891	3,130,599
Operating lease income	310,233	1,035,442	310,233	1,035,442
Dividend income from equity investments	138,775	125,732	115,877	82,613
	<u>12,014,886</u>	<u>9,493,394</u>	<u>10,630,598</u>	<u>8,095,047</u>
b. Foreign exchange earnings comprise				
Foreign Currency Trading	1,202,514	803,603	1,096,452	720,572
Net translation difference	(221,117)	(116,782)	(221,117)	(116,782)
	<u>981,397</u>	<u>686,821</u>	<u>875,335</u>	<u>603,790</u>
22. Exceptional Income				
This represents realised gain on the disposal of the Bank's gratuity fund investment. The gain on disposal is computed as follows:				
Proceeds on disposal	-	810,855	-	810,855
Less				
Cost of investment	-	(334,149)	-	(334,149)
Gain on disposal	<u>-</u>	<u>476,706</u>	<u>-</u>	<u>476,706</u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
23. 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	1,640,284	681,863	1,622,712	633,199
General provision on loans and finance leases	87,585	454,559	85,533	442,019
General provision on Afrexim	45,059	-	45,059	-
Loan amounts written off	10,587	12,217	10,587	12,217
	1,783,516	1,148,639	1,763,891	1,087,435
Depreciation				
Fixed assets	1,465,843	1,110,747	1,359,649	981,617
Equipment on lease	237,592	801,525	237,592	801,525
Auditors' remuneration	40,963	34,169	36,000	27,500
Provision for other assets	(3,029)	(66,909)	-	(66,909)
Gain on disposal of fixed assets	(34,809)	(24,086)	(34,979)	(23,110)
Gain on disposal of equipment on lease	(764)	(31,481)	(764)	(31,481)
Auditors' remuneration represents payments for two audits of the Bank for the year ended 31 August 2005 and full year 28 February 2006 respectively.				
b. Analysis of operating expenses				
Staff salaries and allowances	3,611,653	2,536,261	3,193,197	2,395,564
Depreciation	1,703,435	1,912,272	1,597,241	1,783,142
Repairs and maintenance	1,703,435	1,912,272	418,005	277,752
Insurance	(62,551)	28,195	(62,551)	28,195
Professional fees	186,672	158,792	184,827	155,286
Contract services	1,166,101	715,475	1,166,101	715,475
NDIC premium	851,367	480,490	851,367	480,490
Other operating expenses	4,139,927	2,595,814	4,851,009	3,267,561
	13,300,038	10,339,571	12,199,196	9,103,465
i. Staff and executive directors' costs				
Employee costs, including executive directors, during the year amounted to:				
Wages and salaries	3,283,824	2,413,289	3,029,997	2,275,564
Other pension costs	164,629	122,972	163,200	120,000
	3,448,453	2,536,261	3,193,197	2,395,564

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 Number	Group 2005 Number	Bank 2006 Number	Bank 2005 Number
ii. The average number of persons in employment during the year was:				
Abuja and North Central	73	58	73	58
Financial Control & Strategy	14	12	10	9
General Services and External Affairs	43	29	40	26
Institutional Banking division	101	98	101	98
Lagos Division	197	141	197	141
Retail	12	-	12	-
Management and Corporate Services	61	56	61	56
North East division	54	35	54	35
North West division	39	33	39	33
Payment and Settlement	98	68	98	68
Risk management	22	15	22	15
South East division	107	89	107	89
South West division	49	45	49	45
System and Control	32	29	32	29
Transaction Services Group	367	395	367	288
	<u>1,269</u>	<u>1,103</u>	<u>1,262</u>	<u>990</u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
iii. Employees, other than directors, earning more than ₦60,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:				
₦ 420,001 - ₦ 430,000	1	1	-	-
₦ 500,001 - ₦ 510,000	14	14	-	14
₦ 610,001 - ₦ 620,000	37	39	-	2
₦ 690,001 - ₦ 700,000	1	1	-	-
₦ 720,001 - ₦ 740,000	13	-	13	-
₦ 830,001 - ₦ 840,001	5	4	2	1
₦ 930,001 - ₦ 940,000	11	11	1	1
₦1,200,001 - ₦1,260,000	10	9	1	-
₦1,270,001 - ₦1,280,000	5	6	-	1
₦1,300,001 - ₦1,310,000	-	-	-	-
₦1,340,001 - ₦1,350,000	9	409	1	401
₦1,840,001 - ₦1,850,000	449	12	437	-
₦2,120,001 - ₦2,130,000	2	241	-	239
₦2,190,001 - ₦2,200,000	342	5	337	-
₦2,660,001 - ₦2,670,000	2	116	-	114
₦2,730,001 - ₦2,740,000	-	-	-	-
₦2,800,001 - ₦2,810,000	192	2	190	-
₦3,130,001 - ₦3,830,000	107	120	107	120
₦3,830,001 - ₦4,530,000	69	26	63	22
₦4,530,001 - ₦5,930,000	39	34	32	27
Above ₦5,930,000	77	53	72	48
	<u>1,385</u>	<u>1,103</u>	<u>1,256</u>	<u>990</u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	2006 N'000	2005 N'000																																	
c. Directors' remuneration																																			
Directors' remuneration was provided as follows:																																			
Fees as directors	6,200	5,100																																	
Other emoluments	114,941	79,186																																	
	<u>121,141</u>	<u>84,286</u>																																	
The directors' remuneration shown above (excluding pension contributions and certain benefits) includes:																																			
Chairman	<u>6,453</u>	<u>4,227</u>																																	
Highest-paid director	<u>21,537</u>	<u>18,611</u>																																	
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">2006 Number</th> <th style="text-align: right;">2005 Number</th> </tr> </thead> <tbody> <tr> <td>N3,000,001 - N3,500,000</td> <td style="text-align: right;">2</td> <td style="text-align: right;">-</td> </tr> <tr> <td>N3,500,001 - N3,700,000</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>N3,700,001 - N3,900,000</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1</td> </tr> <tr> <td>N3,900,001 - N4,100,000</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1</td> </tr> <tr> <td>N4,100,001 - N4,300,000</td> <td style="text-align: right;">-</td> <td style="text-align: right;">3</td> </tr> <tr> <td>N4,300,001 - N4,500,000</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>N4,500,001 - N6,300,000</td> <td style="text-align: right;">6</td> <td style="text-align: right;">-</td> </tr> <tr> <td>N6,300,001 - N8,500,000</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>N8,500,001 - N10,700,000</td> <td style="text-align: right;">6</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Above N10,700,000</td> <td style="text-align: right;"><u>14</u></td> <td style="text-align: right;"><u>8</u></td> </tr> </tbody> </table>				2006 Number	2005 Number	N3,000,001 - N3,500,000	2	-	N3,500,001 - N3,700,000	-	-	N3,700,001 - N3,900,000	-	1	N3,900,001 - N4,100,000	-	1	N4,100,001 - N4,300,000	-	3	N4,300,001 - N4,500,000	-	-	N4,500,001 - N6,300,000	6	-	N6,300,001 - N8,500,000	-	-	N8,500,001 - N10,700,000	6	3	Above N10,700,000	<u>14</u>	<u>8</u>
	2006 Number	2005 Number																																	
N3,000,001 - N3,500,000	2	-																																	
N3,500,001 - N3,700,000	-	-																																	
N3,700,001 - N3,900,000	-	1																																	
N3,900,001 - N4,100,000	-	1																																	
N4,100,001 - N4,300,000	-	3																																	
N4,300,001 - N4,500,000	-	-																																	
N4,500,001 - N6,300,000	6	-																																	
N6,300,001 - N8,500,000	-	-																																	
N8,500,001 - N10,700,000	6	3																																	
Above N10,700,000	<u>14</u>	<u>8</u>																																	

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
24. Taxation Charge				
The tax charge for the year comprises:				
Company income tax	1,554,947	1,387,057	1,435,476	1,236,438
Prior year under-provision	355,164	189,970	355,164	189,970
Deferred tax	271,669	247,039	328,790	247,039
	<u>2,181,780</u>	<u>1,824,066</u>	<u>2,119,430</u>	<u>1,673,447</u>
25. Extra Ordinary Income				
a. This represents realised gain on the disposal of the Bank's equity investment in Asset and Resources Management Company (ARM) in October 2005. The gain on disposal is computed as follows:				
Proceeds on disposal	800,000	-	800,000	-
Less				
Cost of investment	-	-	(28,000)	-
Less				
71% of net assets as at date of disposal	(516,513)	-	-	-
	<u>283,487</u>	<u>-</u>	<u>772,000</u>	<u>-</u>
Extra ordinary income before taxation	283,487	-	772,000	-
Taxation (see note (b) below)	-	-	-	-
Gain on disposal	<u>283,487</u>	<u>-</u>	<u>772,000</u>	<u>-</u>
b. Effective 1 January 1998, stocks and shares were exempted from capital gains tax. Accordingly, income on this sale is not subject to capital gains tax				
26. Earnings and dividend per share				
Earnings and dividend per share have been computed based on profit after tax before minority interest, dividend declared and ordinary shares of 6,000,000, in issue during the year.				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
27. Net cash flow from operating activities				
This comprises				
Profit before tax	10,488,558	7,257,814	10,024,936	7,004,243
Extraordinary income	283,487	-	772,000	-
Minority interest	(44,269)	(72,180)	-	-
	<u>10,727,776</u>	<u>7,185,634</u>	<u>10,796,936</u>	<u>7,004,243</u>
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Depreciation of - Fixed assets	1,465,843	1,110,747	1,359,649	981,617
- Equipment on lease	237,592	801,525	237,592	801,525
(Gain)/loss on disposal of fixed assets	(34,809)	(24,086)	(34,979)	(23,109)
(Gain) on disposal of equipment on lease	(764)	(31,481)	(764)	(31,481)
Amortisation of goodwill on consolidation	31,489	31,489	-	-
Provision for bad and doubtful loans	1,783,516	1,148,639	1,763,891	1,087,435
Extra ordinary items	(283,487)	-	(772,000)	-
Provision for other assets	3,029	66,909	-	66,909
Dividend income from ARM included in profit before tax	(63,051)	-	-	-
Net adjustments to fixed assets	16,686	-	-	-
Net cash flow from operating activities before changes in operating assets	<u><u>13,883,819</u></u>	<u><u>10,289,376</u></u>	<u><u>13,350,325</u></u>	<u><u>9,887,139</u></u>

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

	Group 2006 N'000	Group 2005 N'000	Bank 2006 N'000	Bank 2005 N'000
28. Changes in operating assets				
This comprises:				
(Increase)/decrease in operating assets:				
Short-term investments	(60,087,142)	(12,534,470)	(75,329,328)	(8,059,621)
Loans and advances	(20,432,718)	(22,630,616)	(20,160,445)	(22,447,126)
Advances under finance leases	929	4,810	929	4,810
Other assets	(490,798)	97,256	378,008	(871,604)
Foreign currency translation reserve	(62,667)	(7,540)	-	-
Minority interest	(121,627)	91,134	-	-
Increase/(decrease) in operating liabilities:				
Deposits and other accounts	118,328,860	22,161,958	117,270,183	21,341,090
Other liabilities	(6,402,984)	1,523,355	7,977,015	(557,321)
Capital and other reserves	(43,454)	15,488	-	-
	<u><u>30,718,399</u></u>	<u><u>(11,278,625)</u></u>	<u><u>30,136,362</u></u>	<u><u>(10,589,772)</u></u>
29. 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 on N662,978,000 (2005: N762,584,000) were outstanding on these various facilities at the end of the year, all of which were performing.				
30. Claims and Litigation				
The Bank in its ordinary course of business is presently involved in 40 cases as a defendant and 52 cases as plaintiff. The total amount claimed in the 40 cases against the Bank is estimated at N1,551,489,364 and \$2,040,000 while the total amount claimed in the 52 cases instituted by the Bank is N2,439,361,197. However, the Solicitors of the Bank are of the opinion that the contingent liability arising from the cases pending against the Bank is not likely to exceed N515,870,836 (2005: N220,363,880). The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Bank and are not aware of any pending and or threatened claims or litigation which may be material to the financial statements.				

Notes to the Financial Statements cont'd

For the year ended 28 February, 2006

31. Contraventions

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

a.	Section of BOFIA	Nature of Contravention	Penalties N'000
	44(1)	Publication of the name of an Executive Director without CBN's approval	2,000
b.	CBN Circular		
	BSD/DOCIR/VOL 1/8/2000	Granting of facilities to some applicants to buy the Bank's shares in the last public offer	2,000

32. Prior Year Comparatives

Certain prior year balances have been classified in line with current year presentation.

Statement of Value Added (Group)

For the year ended 28 February, 2006

	2006 N'000	%	2005 N'000	%
Gross earnings	33,614,668		25,458,623	
Interest expense				
- Loan	(6,866,077)		(6,051,931)	
- Foreign	(1,176,479)		(660,668)	
	25,572,112		18,746,024	
Loan loss expense	(1,783,516)		(1,148,639)	
	23,788,596		17,597,385	
Bought-in materials and services				
- Local	(7,849,341)		(5,620,421)	
- Foreign	(298,809)		(270,618)	
Extra ordinary income	283,487		-	
Value added	15,923,933	100	11,706,347	100
Applied to pay				
Employees as wages, salaries and pensions	3,448,453	22	2,536,261	22
Government as taxes	2,181,780	16	1,824,066	16
Shareholders' dividend	5,700,000	32	3,700,000	31
Retained in business				
Depreciation				
- Fixed assets	1,465,843	9	1,110,747	9
- Equipment on lease	237,592	7	801,525	7
Profit for the year (including statutory, minority interest and bonus shares reserves)	2,890,265	15	1,733,748	15
	15,923,933	100	11,706,347	100

Statement of Value Added (Bank)

For the year ended 28 February, 2006

	2006 N'000	%	2005 N'000	%
Gross earnings	31,970,318		23,833,771	
Interest expense				
- Loan	(6,866,077)		(6,051,931)	
- Foreign	(1,116,218)		(586,697)	
	<u>23,988,023</u>		<u>17,195,143</u>	
Loan loss expense	(1,763,891)		(1,087,435)	
	<u>22,224,132</u>		<u>16,107,708</u>	
Bought-in materials and services				
- Local	(7,308,721)		(4,873,726)	
- Foreign	(100,037)		(51,033)	
Extra ordinary income	772,000		-	
Value added	<u>15,587,374</u>	<u>100</u>	<u>11,182,949</u>	<u>100</u>
Applied to pay				
Employees as wages, salaries and pensions	3,193,197	21	2,395,564	21
Government as taxes	2,119,430	13	1,673,447	15
Shareholders' as dividend	5,700,000	36	3,700,000	32
Retained in the business				
Depreciation				
- Fixed assets	1,359,649	9	981,617	9
- Equipment on lease	237,592	2	801,525	7
Profit for the year (including statutory, minority interest and bonus shares reserves)	2,977,506	19	1,630,796	16
	<u>15,587,374</u>	<u>100</u>	<u>11,182,949</u>	<u>100</u>

Five-Year Financial Summary (Group)

For the year ended 28 February, 2006

	2006 N'000	2005 N'000	2004 N'000	2003 N'000	2002 N'000
Assets					
Cash and short-term funds	74,501,717	47,471,360	31,999,263	31,256,470	23,223,202
Investments	116,523,937	47,718,917	35,688,600	12,527,182	8,865,092
Loans and advances	84,200,695	65,515,276	44,031,308	30,775,145	17,573,538
Advances under finance lease	-	920	5,682	154,482	73,686
Other facilities	4,460,852	-	-	-	4,434,662
Other assets	16,553,082	16,161,832	16,392,516	10,392,425	7,235,876
Equipment on lease	1,250	241,967	1,229,433	1,915,185	1,503,752
Fixed assets	12,100,006	7,940,279	4,387,262	3,098,642	2,111,393
Goodwill on consolidation	69,203	100,692	101,051	126,314	-
Total Assets	308,410,742	185,151,243	133,835,115	90,244,845	65,021,201
Liabilities					
Deposits and other accounts	215,773,715	97,444,855	75,282,897	51,521,786	31,365,637
Other facilities	4,505,911	-	-	-	4,479,456
Other liabilities, including tax and dividend payable	42,335,221	46,823,313	43,033,039	27,028,733	19,348,713
Long term borrowings	9,237,585	6,909,788	3,525,804	1,921,382	1,765,071
Total Liabilities	271,852,432	151,177,956	121,841,740	80,471,901	56,958,877
Net Assets	36,558,310	33,973,287	11,993,375	9,772,944	8,062,324
Capital And Reserves					
Share capital	3,000,000	3,000,000	1,500,000	1,250,000	1,000,000
Share premium	21,391,928	21,391,928	2,172,666	2,172,666	2,172,666
Other reserves	11,957,905	9,251,256	8,081,740	6,216,259	4,843,826
Shareholders' Fund	36,349,833	33,643,184	11,754,406	9,638,925	8,016,492
Minority Interest	208,477	330,103	238,969	134,019	45,832
	36,558,310	33,973,287	11,993,375	9,772,944	8,062,324
Gross Earnings	33,614,668	25,458,623	18,917,299	16,664,539	11,168,682
Profit on ordinary activities before taxation	10,488,558	6,781,108	4,976,213	4,210,360	3,175,997
Exceptional charges	-	476,706	196,469	(442,419)	(450,666)
Taxation	(2,181,780)	(1,824,066)	(1,046,850)	(623,759)	(538,272)
Profit on ordinary activities after taxation	8,306,778	5,433,748	4,125,832	3,144,182	2,187,059
Extra-ordinary income	283,487	-	-	-	788,085
Profit after taxation and extraordinary income	8,590,265	5,433,748	4,125,832	3,144,182	2,975,144
Minority Interest	(44,269)	(72,180)	(47,515)	14,897	(19,918)
Profit attributable to Group shareholders	8,545,996	5,361,568	4,078,317	3,159,079	2,955,226
Earnings per share (Unadjusted)	142k	112k	138k	126k	150k
Dividend per share (Unadjusted)	95k	77k	70k	60k	83k

Five-Year Financial Summary (Bank)

For the year ended 28 February, 2006

	2006 N'000	2005 N'000	2004 N'000	2003 N'000	2002 N'000
Assets					
Cash and short-term funds	72,767,868	46,293,166	30,861,568	31,144,698	23,214,944
Investments	116,429,273	32,333,424	24,114,796	6,530,411	3,830,625
Loans and advances	83,476,852	65,035,248	43,675,606	30,663,550	17,573,538
Advances under finance lease	-	920	5,682	154,482	73,686
Other facilities	4,460,852	-	-	-	4,434,662
Other assets	16,215,034	16,593,043	15,788,347	10,124,492	6,613,363
Equipment on lease	1,250	241,967	1,229,433	1,915,185	1,503,752
Fixed assets	11,729,436	7,399,936	4,022,808	2,777,913	2,047,825
Total Assets	305,080,565	167,897,704	119,698,240	83,310,731	59,292,395
Liabilities					
Deposits and other accounts	212,833,770	95,563,587	74,222,497	51,067,765	31,372,594
Other facilities	4,505,911	-	-	-	4,479,456
Other liabilities, including tax and dividend payable	42,057,757	31,956,293	30,331,961	20,660,163	13,725,292
Long term borrowings	9,237,585	6,909,788	3,525,804	1,921,382	1,765,071
Total Liabilities	268,635,023	134,429,668	108,080,262	73,649,310	51,342,413
Net Assets	36,445,542	33,468,036	11,617,978	9,661,421	7,949,982
Capital And Reserves					
Share capital	3,000,000	3,000,000	1,500,000	1,250,000	1,000,000
Share premium	21,391,928	21,391,928	2,172,666	2,172,666	2,172,666
Other reserves	12,053,614	9,076,108	7,945,312	6,238,755	4,777,316
Shareholders' Fund	36,445,542	33,468,036	11,617,978	9,661,421	7,949,982
Gross Earnings	31,970,318	23,833,771	18,053,377	16,050,075	10,898,091
Profit on ordinary activities before taxation	10,024,936	6,527,537	4,833,256	4,144,919	3,107,315
Exceptional charges	-	476,706	196,469	(342,419)	(450,666)
Taxation	(2,119,430)	(1,673,447)	(973,168)	(591,061)	(516,294)
Profit on ordinary activities after taxation	7,905,506	5,330,796	4,056,557	3,211,439	2,140,355
Extra-ordinary income	772,000	-	-	-	940,913
Profit after taxation and extraordinary income	8,677,506	5,330,796	4,056,557	3,211,439	3,081,268
Profit attributable to Group shareholders	8,677,506	5,330,796	4,056,557	3,211,439	3,081,268
Earnings per share (Unadjusted)	145k	110k	135k	128k	154k
Dividend per share (Unadjusted)	95k	77k	70k	60k	83k

Shareholders' Information

Outstanding Unclaimed Dividends

The Bank was registered as a private company on 20 July, 1990. It became a public limited company on April 2, 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:

Financial Year Ended	Dividend No	Final Or Interim	Net Unclaimed Amount (₦)	Amount Paid Per 50k Share
28/02/97	10	Interim	78,657.15	25 Kobo
28/02/97	11	Final	Nil	50 Kobo
28/02/98	12	Interim	70,621.25	10 Kobo
28/02/98	13	Final	Nil	10 Kobo
28/02/99	14	Interim	240,517.41	7 Kobo
28/02/99	15	Final	385,460.86	12 Kobo
29/02/00	16	Interim	4,324,337.33	10 Kobo
29/02/00	17	Final	323,130.61	23 Kobo
28/02/01	18	Interim	2,309,841.56	12 Kobo
28/02/01	19	Final	20,210,668.97	28 Kobo
28/02/02	20	Interim	14,791,042.80	33 Kobo
28/02/02	21	Final	27,395,958.64	50 Kobo
28/02/03	22	Interim	8,581,520.27	25 Kobo
28/02/03	23	Final	25,609,575.45	35 Kobo
29/02/04	24	Interim	10,985,786.70	25 Kobo
29/02/04	25	Final	57,976,878.19	45 Kobo
28/02/05	26	Interim	68,765,406.07	25 Kobo
28/02/05	27	Final	130,300,162	45 Kobo
28/02/06	28	Interim	151,704,891	25 Kobo

Scrip Issue Financial Year Ended	To Shareholders As At	Amount Capitalised	Ratio
28/02/97	30/6/1997	₦300,000,000	3 for 2
28/02/98	6/7/1998	₦250,000,000	1 for 2
28/02/02	24/04/2002	₦250,000,000	1 for 4
28/02/03	12/5/2003	₦250,000,000	1 for 5
28/02/04	14/5/2004	₦500,000,000	1 for 3

Unclaimed Divident 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 number 28 is contained in this Annual Report. Please contact the Registrar (United Securities Limited, Niger House, 1 - 5 Odunlami Street, Lagos) for a re-issue of any unclaimed dividend warrant, or share certificate.

Corporate Information

The Bank's management team comprises of the Executive Office, the Marketing and Operation divisional and group Heads, including heads of the bank's local and offshore subsidiaries.

Executive Office

Tayo Aderinokun	Managing Director
Segun Agbaje	Deputy Managing Director

Institutional Banking Division

Cathy Echeozo	Executive Director
Adetilewa Adebajo	Deputy General Manager
Akin Ogunbiyi	Deputy General Manager
Bolaji Lawal	Deputy General Manager
Obidi Obiekwe	Assistant General Manager
Ade Buraimoh	Senior Manager
Ben Akaneme	Senior Manager
Isa Emmanuel Omagu	Senior Manager
Kunle Sonola	Senior Manager
Mariam Olusanya	Senior Manager
Tunji Oduntan	Senior Manager
Bose Babalola	Manager
Benson Ogundeji	Manager
Detola Owolabi	Manager

Lagos Division

Titi Osuntoki	General Manager
Wale Oyedeji	Deputy General Manager
Bolade Jegede	Senior Manager
Azu Okonkwo	Manager
Dele Kola-Daisi	Manager
Femi Omotosho	Manager
Jude Onochie	Manager
Moji Alley	Manager
Simi Osinuga	Manager

South West Division

Sola Ajayi	Assistant General Manager
Adewuyi Alabi	Senior Manager

South East Division

Aku Odinkemelu	General Manager
Arinze Okeke	Senior Manager
Robert Asibor	Senior Manager
Kingsley Osualla	Manager

Abuja & North Central Division

Jide Ogundare	Executive Director
Ifeanyi Njoku	Senior Manager
Ibrahim Yusuf	Manager

North East Division

Abba Habib	Executive Director
Aliyu Jika	Senior Manager
Haruna Musa	Senior Manager

North West Division

Siraj Abdullahi	Assistant General Manager
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Retail Division

Joke Giwa	Deputy General Manager
Don Ogbonna	Senior Manager
Ibukun Odegbaiké	Senior Manager
Inaingo Ogufere	Senior Manager
Kehinde Ogundipe	Senior Manager
Kemi Osiyemi	Senior Manager
Henry Mbadiwe	Manager
Isiaka Ajani-Lawal	Manager
Uwem Akai	Manager

Operations Division

Kafilat Araoye	General Manager
Sadiq Bello	General Manager
Dare Adeyeri	Deputy General Manager
Segun Ogbonnewo	Assistant General Manager
Tayo Itseumah	Assistant General Manager
Aaron Mosugu	Senior Manager
Bolude Owele	Senior Manager
Oludayo Ogunbekun	Senior Manager
Segun Fadahunsi	Senior Manager
Abraham Aziegbe	Manager
Kikelomo Osobu	Manager
Oluremi Onigbinde	Manager
Patricia Mogbo	Manager
Sylvia Nwawkwue	Manager
Taye Ogunleye	Manager
Tunde Macaulay	Manager

Corporate Information Contd

Corporate Services Division

Demola Odeyemi	Deputy General Manager
George Uwakwe	Deputy General Manager
Morayo Oyeleke	Senior Manager
Tunde Olagbaju	Senior Manager
Tunde Dawodu	Manager

Internal Services Division

Kolapo Omidire	General Manager
Tayo Asupoto	Assistant General Manager
Lola Odedina	Senior Manager
Charles Udoh	Manager
Funso Akinmolayan	Manager
Morayo Anthonio	Manager
Olusina Borisade	Manager
Olusola Ogunbiyi	Manager

Guaranty Trust Bank (Gambia) Limited

Lekan Sanusi	Managing Director
Bolaji Ayodele	General Manager

Guaranty Trust Bank (Sierra Leone) Limited

Akin George-Taylor	Managing Director
Daniel Daniel Orogun	Executive Director

Guaranty Trust Bank (Ghana) Limited

Dolapo Ogundimu	Managing Director
Jamiu Yusuf	General Manager

Guaranty Trust Assurance Limited

Tosin Runsewe	Managing Director
Owolabi Salami	General Manager

Corporate Directory

Head Office

Plural House, Plot 1669, Oyin Jolayemi Street
P. O. Box 75455, Victoria Island, Lagos.
Switchboard: 234 1 2622650-69 (18 Lines)
Fax: 234 1 2622698, 2622670 E-mail: Corpaff@gtbplc.com
Website: Www.gtbplc.com

Ordinary Shares Listed on The Nigerian Stock Exchange

Stock Symbol: Gtb
Telex: 23380 Gt Bank Ng
Swift Address: Gtb Inqla Xxx

Subsidiaries

Guaranty Trust Bank (Gambia) Limited

Head Office:
56 Kairaba Avenue, Fajara Ksmd,
P. O. Box 1958, Banjul.
Tel: +220 376371-4
Fax: +220 376380
E-mail: Guarantytrust@qanet.gm

Guaranty Trust Bank (Sierra Leone) Limited

Head Office:
Sparta Building,
12, Wilberforce Street, Freetown.
Sierra Leone
Tel: +22 220232
Fax: +22 228318

Guaranty Trust Bank (Ghana) Limited

Head Office:
25, Castle Road, Ambassadorial Area,
Ridge, Accra
Ghana
Tel: +233 676254
Fax: +233 662727

Guaranty Trust Assurance Limited

Head Office:
Heritage Plaza,
Plot 928a, Bishop Aboyade Cole Street,
Victoria Island, Lagos
Nigeria
Tel: 01-2701560-5
Fax: 01-4613284

Affiliate Companies

Kakawa Discount House

10th Floor, Nal Towers
20 Marina
Lagos Island
Tel: 234 12645480-5
Fax: 234 1 2645500

Valucard Nigeria Plc

3 Idowu Taylor Street
Victoria Island, Lagos.
Tel: 234 1 2703010-4

Correspondent Banking Relationships

- ANZ Bank, London
- Bank Belgoilaise S.A. (London)
- Bank of China
- BNP Paribas (Paris)
- Citibank (London & New York)
- Deutsche Bank AG
- FBN Bank Ltd (London)
- HSBC (Johannesburg)
- Nordea Bank, Sweden
- Standard Chartered Bank (London)
- Sumitomo Bank, London
- UBS, Zurich