

Guaranty Trust Bank Plc and Subsidiary Companies

**Group Financial Statements – 31 December 2010
Together with Directors' and Auditor's Reports**

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DIRECTORS, OFFICERS & PROFESSIONAL ADVISERS

Directors

Mr. Oluwole S. Oduyemi	-	Chairman
Mr. Olutayo Aderinokun	-	Managing Director
Mr. Olusegun Agbaje	-	Deputy Managing Director
Mr. Egbert U. Imomoh	-	Director
Mr. Andrew Alli	-	Director
Mr. Akindele Akintoye	-	Director
Mr. Adebayo Adeola	-	Director
Mr. Olabode Augusto	-	Director
Mr. Ibrahim Hassan	-	Director
Mrs. Stella Okoli	-	Director
Mr. Babajide Ogundare	-	Executive Director
Mrs Catherine N. Echeozo	-	Executive Director
Mrs. Titi Osuntoki	-	Executive Director
Mr. Akinola George-Taylor	-	Executive Director

Company Secretary

Olutola Omotola

Registered Office

Guaranty Trust Bank Plc
Plural House
Plot 1669, Oyin Jolayemi Street
Victoria Island
Lagos.

Auditors

KPMG Professional Services
22A, Gerrard Road
Ikoyi, Lagos

Signing Partner

Ayodele Hilkiyah Othihiwa (Mr.)
FCA (ICAN membership number '8208')

Registrar & Transfer Office

GTB Registrars Limited
7, Anthony Village Road,
Anthony Village
Lagos

CORPORATE GOVERNANCE

Introduction

At Guaranty Trust Bank plc (“the Bank”), the principles of good corporate governance practices remain one of our core values and an important ingredient in creating and sustaining shareholders’ value as well as providing excellent service to our customers, while ensuring that behaviour is ethical, legal and transparent.

Corporate Governance practices in the Bank are codified in a Code of Corporate Governance (“the Code”), which can be summarized as a map indicating how the Bank is governed to ensure compliance with regulatory requirements as well as the core values upon which the Bank was founded. The provisions of the Code are geared towards ensuring accountability of the Board and Management to stakeholders of the Bank.

As a company publicly quoted on the Nigerian Stock Exchange with Global Depository Receipts (GDRs) listed on the London Stock Exchange, the Bank is mindful of its obligations to remain committed to safeguarding and improving shareholders’ value through transparent best practices fashioned along local regulatory standards as well as international best practice. The Bank accordingly ensures compliance with the Code of Corporate Governance issued by the Securities and Exchange Commission (“the SEC Code”), the Code of Corporate Governance for Banks in Nigeria Post Consolidation issued by the Central Bank of Nigeria (“the CBN Code”) and the additional disclosure requirements under the Disclosure and Transparency Rules of the Financial Services Authority (FSA), United Kingdom, which are applicable to Non-United Kingdom companies with Global Depository Receipts (GDRs) listed on the London Stock Exchange.

In line with our tradition of being in the forefront of best Corporate Governance practices in our operating environment, the Bank recently undertook a comprehensive review of the Code to ensure that all significant governance issues are included.

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

Governance Structure

The Board

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

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

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

The Board of Directors comprises fourteen members, eight (8) of whom are Non-Executive Directors (including the Chairman of the Board), while six (6) are Executive Directors (including the Managing Director and Deputy Managing Director). Two (2) of the Non-Executive Directors, are "Independent Directors", appointed based on criteria laid down by the CBN for the appointment of Independent Directors and the core values enshrined in the Bank's Code of Corporate Governance. Both Directors do not have any significant shareholding interest or any special business relationship with the Bank. In line with best practices, the roles of the Chairman and Chief Executive are separate and no one individual combines the two positions.

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

The effectiveness of the Board derives from the appropriate balance and mix of skills and experience of Directors both Executive and Non-Executive. The Bank's Board is made up of a crop of seasoned professionals who have excelled in their various professions including banking, accounting, oil and gas,

as well as law, and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board.

Responsibilities of the Board

The Board determines the strategic objectives and policies of the Bank to deliver long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. The Board also ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The Board is the decision making body of all matters of importance to the Bank as a whole because of its strategic, financial or reputational implications or consequences. The Board is responsible for ensuring that there exists an effective risk management policy which is appropriate to the corporate strategy of the Bank, and ensures that Management maintains an appropriate system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.

Powers reserved for the Board include the approval of quarterly, half yearly and full year financial statements, significant changes in accounting policy and practice, review of the performance of the Managing Director, the appointment or removal of Directors and the Company Secretary, change to the Bank's capital structure and major acquisitions, mergers, disposals or capital expenditure, approval of dividend and annual budget.

Executive and Non-Executive Directors share the same responsibilities in relation to the Bank and owe both fiduciary duties and general duties of care and skill to the Bank as a whole.

The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolution, as provided for in the Articles of Association of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met six (6) times during the 2010 financial year.

Board Committees

The Board carries out its responsibilities through its Standing Committees, which have clearly defined terms of reference, which set out their roles, responsibilities, functions and scope of authority. The Board's four (4) Standing Committees are Board Risk Management Committee, Board Credit Committee, Board Human Resources and Remuneration Committee and the Audit Committee of the Bank.

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

All Committees in the exercise of their powers so delegated conform to the regulations laid down by the Board. The Committees render reports to the Board at the Board's quarterly meetings.

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

Board Risk Management Committee

This Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. The coverage of supervision includes the following: credit risk, reputation risk, operations risk, technology risk, market and rate risks, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time.

The Committee's major responsibilities are to set policies on the Bank's risk profile and limits, determine the adequacy and completeness of the Bank's risk detection and measurement systems, assess the adequacy of the mitigants to the risks, review and approve the contingency plan for specific risks and ensure that all units in the Bank are fully aware of the risks involved in their functions. The Committee is charged with the quarterly review of the Bank's central liability report and summary of criticized loans with the concurrent power of recommending adequacy of the reserves for loan losses and approving possible charge-offs.

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times during the 2010 financial year.

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

The Board Risk Management Committee is made up of the following members:

- | | | | | |
|----|------------------------|--------------------------|---|----------|
| 1. | Mr. Egbert Imomoh | - Non-Executive Director | - | Chairman |
| 2. | Mr. Olutayo Aderinokun | - Managing Director | - | Member |
| 3. | Mr. Andrew Alli | - Non-Executive Director | - | Member |
| | | (Independent Director) | | |
| 4. | Mrs. Stella Okoli | - Non-Executive Director | - | Member |
| 5. | Mrs. Babajide Ogundare | - Executive Director | - | Member |
| 6. | Mrs. Titilayo Osuntoki | - Executive Director | - | Member |

Board Credit Committee

This Committee is responsible for approval of credit facilities in the Bank. It reviews credits granted by the Bank and approves specific loans above the Management Credit Committee's authority limit as may be defined from time to time by the Board. The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets. In view of the volume of transactions that require Board Credit Committee approvals, there are instances where credits will need to be approved by members expeditiously between Credit Committee Meetings. Such urgent credits are circulated amongst the members for consideration and approval in line with a defined procedure that ensures that all members of the Committee are furnished with full information on such credits. All credits considered as "Large Exposures" as defined by the Board of Directors from time to time are considered and approved by the Board Credit Committee at a special meeting convened for that purpose.

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met five (5) times during the 2010 financial year.

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

- | | | | | |
|----|---------------------------|----------------------------|---|----------|
| 1. | Mr. Akindele Akintoye | - Non-Executive | | |
| | | (Independent Director) | - | Chairman |
| 2. | Mr. Olusegun Agbaje | - Deputy Managing Director | - | Member |
| 3. | Mr. Adebayo Adeola | - Non-Executive Director | - | Member |
| 4. | Mr. Olabode Agusto | - Non-Executive Director | - | Member |
| 5. | Mr. Ibrahim Hassan | - Non-Executive Director | - | Member |
| 6. | Mrs. Cathy Echeozo | - Executive Director | - | Member |
| 7. | Mr. Akinola George-Taylor | - Executive Director | - | Member |

Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration Committee is responsible for the approval of the remuneration of the Executive Directors (including the Managing Director and Deputy Managing Director). The Committee is also responsible for the oversight of strategic people issues, including employee retention, equality and diversity as well as other significant employee relations matters.

The Board Human Resources and Remuneration Committee is made up of all Non-Executive Directors of the Bank (excluding the Chairman of the Board) as listed below:

- | | | | |
|----|-----------------------|---|----------|
| 1. | Mr. Andrew Alli | - | Chairman |
| 2. | Mr. Egbert Imomoh | - | Member |
| 3. | Mr. Akindele Akintoye | - | Member |
| 4. | Mr. Adebayo Adeola | - | Member |
| 5. | Mr. Olabode Augusto | - | Member |
| 6. | Mr. Ibrahim Hassan | - | Member |
| 7. | Mrs. Stella Okoli | - | Member |

Audit Committee of the Bank

This Committee is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors. Its major functions include: approval of the annual audit plan of the internal auditors, review and approval of the audit scope and plan of the external auditors, review of the audit report on internal weaknesses observed by both the internal and external auditors during their respective examination and to ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices.

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

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

Meetings are attended by the internal and external auditors, the Chief Financial Officer and on invitation, appropriate members of Management. The Committee meets at least four (4) times in a year. The Audit Committee of the Bank met four (4) times during the 2010 financial year.

The following members served on the Committee during the 2010 financial year:

Name	Status	Designation	Attendance
Mr. Mobolaji Fatai Lawal	Shareholders' Representative	Chairman	4
Alhaji Mohammed Usman	Shareholders' Representative	Member	4
Mrs. Sandra Mbagwu-Fagbemi	Shareholders' Representative	Member	4
Alhaji Mohammed Jada*	Non-Executive Director	Member	1
Mr. Adetokunbo Adesanya*	Non-Executive Director	Member	1
Mr. Oluwole Oduyemi*	Non-Executive Director	Member	1
Mr. Andrew Alli**	Non-Executive (Independent) Director	Member	2
Mr. Olabode Augusto**	Non-Executive Director	Member	3
Mr. Ibrahim Hassan**	Non-Executive Director	Member	2

* Ceased to be a member of the Committee with effect from April 22, 2010

** Appointed as a member of the Committee with effect from May 5, 2010

Attendance of Board and Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance for the financial year ended December 31, 2010.

Directors	Board	Board Credit Committee	Board Risk Management Committee
Frequency of Meetings	6	5	4
Owelle Gilbert Chikelu*	4	N/A	N/A
Mr. Oluwole Oduyemi**	6	2	N/A
Mr. Olutayo Aderinokun	6	N/A	4
Mr. Olusegun Agbaje	5	5	N/A
Mr. Victor Osibodu [†]	3	2	N/A
Alhaji Mohammed Jada [†]	3	2	N/A
Mr. Adetokunbo Adesanya [†]	3	N/A	2
Mr. Egbert Imomoh	5	N/A	3
Mr. Andrew Alli	6	N/A	4
Mr. Akindele Akintoye	6	5	N/A
Mr. Adebayo Adeola [§]	3	3	N/A
Mr. Olabode Augusto [§]	3	1	1
Mrs. Stella Okoli [§]	3	2	1
Mr. Ibrahim Hassan [§]	3	3	N/A
Mr. Babajide Ogundare	6	N/A	4
Mrs. Cathy Echeozo	6	5	N/A
Mrs. Titilayo Osuntoki	6	N/A	4
Mr. Akinola George-Taylor	6	5	N/A

* Retired with effect from May 6, 2010

** Appointed Chairman with effect from May 6, 2010

[†] Retired with effect from April 22, 2010

[§] Appointed with effect from April 22, 2010

N/A means not applicable

Tenure of Directors

In pursuance of the Bank's drive to continually imbibe best corporate governance practices, the Board of Directors at its meeting held on February 22, 2010, resolved to adopt a maximum tenure of three (3) terms of four (4) years each (i.e. a maximum of twelve (12) years) for Non-Executive Directors.

Consequent upon the above, Non-Executive Directors who had spent a maximum of twelve years on the Board retired and were replaced by new Directors. These changes on the Board which are contained in the Directors' Report became effective on April 22, 2010.

In appointing the new Non-Executive Directors, the Bank took into account the balance and mix of appropriate skills and experience required to bring independent judgment to bear on Board's deliberations, in addition to the core values such as integrity, professionalism, career success, recognition and ability to add value to the Bank, which are imperative in the choice of Non-Executive Directors.

The appointment of the new Directors was approved by the CBN, and by shareholders of the Bank at the 20th Annual General Meeting of the Bank held on May 5, 2010.

In the Bank's usual manner of setting the pace in the area of best practices in corporate governance in its operating environment, this decision by the Board found support when the Central Bank of Nigeria subsequently issued guidelines which made the implementation of the provision of the CBN Code in respect of the tenure of Non-Executive Directors retroactive, and mandated all Non-Executive Directors of banks who had exceeded the maximum tenure of twelve (12) years to resign from their boards.

Board Appraisal

In furtherance of best corporate governance practices, the Board engaged an Independent Consultant, J. K. Randle International, to carry out the annual Board and Directors review/appraisal for the 2010 financial year covering all aspects of the Board's structure, composition, responsibilities, processes, relationships, as well as individual members' competencies and respective roles in the Board performance. The Independent Consultant rated the Board and Directors very high.

Access to Senior Management

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

Information Flows

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

The Company Secretary

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

The Company Secretary is also responsible for assisting the Board and management in the implementation of the Code of Corporate Governance of the Bank, co-ordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors; assisting the Chairman and Managing Director to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organizing Board meetings and ensuring that the minutes of Board meetings clearly and properly capture the Board's discussions and decisions.

Independent Advice

Independent professional advice is available, on request, to all Directors at the Bank's expense.

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

Induction and Continuous Training

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

The induction, which is arranged by the Company Secretary, may include meetings with senior management and key external advisors, to assist Directors in building a detailed understanding of how the Bank operates and the key issues it faces, and to familiarize new Directors with the Bank's

operations, its strategic plan, its business environment and to introduce directors to their fiduciary duties and responsibilities.

Directors are also encouraged to make site visits to see the Bank's operations first hand.

Training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the Bank's business and operating environment.

Insider Trading and price sensitive information

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

Management Committees

These are Committees comprising of senior management staff of the Bank. The Committees are risk driven as they are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as the risk issues occur to immediately take action and decisions within the confines of their powers.

The standing Management Committees in the Bank are:

- Management Risk Committee;
- Management Credit Committee;
- Criticized Assets Committee;
- Assets and Liability Management Committee.

Management Risk Committee

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

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

Management Credit Committee

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

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

Criticized Assets Committee

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

Assets and Liability Management Committee

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

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

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

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

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

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

Whistle Blowing Procedures

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

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

Code of Professional Conduct for Employees

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

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

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

Shareholders

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

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

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

Protection of Shareholders Rights

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Directors' Report

For the year ended 31 December 2010

The Directors have pleasure in presenting their report on the affairs of Guaranty Trust Bank Plc (“the Bank”) and its subsidiaries (“the Group”), together with the Group audited financial statements and the auditor’s report for the year ended 31 December 2010.

Legal form and principal activity

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

The Bank’s principal activity continues to be the provision of commercial banking services to its customers. Such services include retail banking, granting of loans and advances, equipment leasing, corporate finance, money market activities and related services, as well as foreign exchange operations.

The Bank has five non-bank subsidiaries: Guaranty Trust Assurance Plc, which is engaged in the provision of insurance services, GTB Registrars Limited, which acts as registrars to public companies, GTB Finance B.V. Netherlands, a special purpose entity used to raise its \$350 million Eurobond Guarantee Notes, GT Homes Limited, a licensed Primary Mortgage Institution, which is engaged in mortgage activities, and GTB Asset Management Limited, an asset management and securities trading company.

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

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

Operating results

Gross earnings decreased by 5% and profit before tax of the Group increased by 73%. Highlights of the Group's operating results for the year are as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Gross earnings	<u>153,908,027</u>	<u>162,550,418</u>	<u>138,347,028</u>	<u>151,698,107</u>
Profit before taxation	48,455,850	27,963,003	45,475,040	26,959,809
Taxation	(10,109,227)	(4,276,160)	(8,963,412)	(3,111,748)
Profit after taxation	<u>38,346,623</u>	<u>23,686,843</u>	<u>36,511,628</u>	<u>23,848,061</u>
Non- controlling interest	(430,302)	(11,248)	-	-
Profit attributable to the equity holders' of the Bank	<u>37,916,321</u>	<u>23,675,595</u>	<u>36,511,628</u>	<u>23,848,061</u>

Appropriations:

Transfer to statutory reserve	11,621,393	8,002,767	10,953,489	7,154,418
Transfer to statutory contingency reserve	124,886	142,930	-	-
Transfer to bonus share reserve	2,914,648	2,331,719	2,914,648	2,331,719
Transfer to retained earnings	23,255,394	13,198,179	22,643,491	14,361,924
	<u>37,916,321</u>	<u>23,675,595</u>	<u>36,511,628</u>	<u>23,848,061</u>

EPS (Basic)	163k	127k	157k	128k
EPS (Adjusted)	163k	102k	157k	102k

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Total non-performing loans and advances	42,960,620	70,826,085	41,107,607	70,123,787
Total non-performing loans to total gross loans and advances (%)	6.74%	11.84%	6.79%	12.26%

Dividends

The Directors have proposed and paid an interim dividend of 25k per share as at June 2010 on the issued share capital of 23,317,185,766 shares of 50 kobo each. Withholding tax was deducted at the time of payment. The directors recommend the payment of a final dividend of 75k (December 2009: 75) on the issued share capital of 23,317,185,766 for the year ended 31 December 2010. Withholding tax will be deducted at the time of payment.

Bonus

Pursuant to Article 124 of the Bank's Articles of Association, the Directors recommend to the shareholders the creation of additional 5,829,296,442 units of ordinary shares by the capitalization of ₦ 2,914,648,221 from the Bonus Shares Reserve Account to pay for bonus shares, which shall be appropriated at the ratio of one new share for every four shares held by shareholders.

Directors and their interests

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

S/N	Names	Direct Holding Dec '09	*Indirect Holding Dec '09	Direct Holding Dec' 10	*Indirect Holding Dec '10
1	Owelle Gilbert Chikelu *	111,436,241	10,227,250	130,295,301	12,784,050
2	Mr. Oluwole Oduyemi **	713,207	388,600	891,508	485,750
3	Mr. Olutayo Aderinokun - Managing Director	20,280,667	298,806,452	25,350,833	373,508,040
4	Mr. Olusegun Agbaje - Deputy Managing Director	20,573,857	6,068,100	25,717,321	7,585,100
5	Mr. Adetokunbo Adesanya ^	0	72,570,523	0	61,338,153
6	Alhaji Mohammed Jada ^	0	3,765,075	0	2,813,343
7	Mr. Victor Osibodu ^	90,270,837	132,842,139	65,279,118	154,005,423
8	Mr. Egbert Imomoh	705,903	3,995,603	882,378	4,994,503
9	Mr. Andrew Alli,	281,250	0	791,066	0
10	Mr. Akindele Akintoye	0	0	0	0
11	Mr. Adebayo Adeola ^	3,116,476	0	3,895,594	0
12	Mr. Olabode Augusto ^	0	0	0	0
13	Mr. Ibrahim Hassan ^	81,817	0	102,271	0
14	Mrs. Stella Okoli ^	2,140,181	0	2,675,226	0
15	Mr. Jide Ogundare - Executive Director	1,239,000	2,045,400	2,798,750	2,556,750
16	Mrs. Cathy Echeozo - Executive Director	1,603,276	1,881,800	2,004,095	2,352,250
17	Mrs. Titi Osuntoki - Executive Director	6,939,047	347,650	12,773,808	434,550
18	Mr. Akinola George-Taylor - Executive Director	4,542	231,800	5,677	289,750

Indirect Holdings includes the underlying shares of the GDRs.

* Retired as Chairman of the Board with effective from May 6, 2010

** Appointed as Chairman with effective from May 6, 2010

♣ Retired effective April 22, 2010

♦ Appointed with effect from April 22 2010

There has been no significant change to Directors' shareholdings.

Directors' Interest in Contracts

For purposes of Section 277 of the Companies and Allied Matters Act 1990, Mr. Adebayo Adeola and Mr. Olabode Augusto disclosed to the Board their interests as directors of Comprehensive Project Management Services Limited (a Project Management company) and Augusto & Company Limited (a Credit Rating company) respectively, which provided services to the Bank in the course of the year.

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

Property and equipment

Information relating to changes in property and equipment is given in Notes 23a & 23b to the financial statements. In the directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

Shareholding analysis

The shareholding pattern of the Bank as at 31 December 2010 is as stated below:

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% Holding
1 - 10,000	260,011	73.63	798,343,159	3.42
10,001 - 50,000	68,553	19.24	1,446,596,620	6.20
50,001 - 100,000	12,080	3.39	828,240,119	3.55
100,001 - 500,000	10,442	2.93	2,122,822,444	9.10
500,001 - 1,000,000	10,442	0.38	948,870,472	4.07
1,000,001 - 5,000,000	1,256	0.35	2,545,956,810	11.92
5,000,001 - 10,000,000	119	0.33	809,512,308	3.47
10,000,001 - 50,000,000	125	0.35	2,580,896,108	11.07
50,000,001 - 100,000,000	18	0.01	1,304,798,905	5.60
100,000,001 - 500,000,000	12	0.00	2,750,530,197	11.80
500,000,001 - 1,000,000,000	3	0.00	2,194,412,175	9.41
1,000,000,001 - 2,000,000,000	1	0.00	1,945,421,849	8.34
Total:	356,829	100.00	20,276,401,166	86.96
Citibank Nigeria Limited GDR (underlying shares)	1	0.00	3,040,784,600	13.04
TOTAL:	356,830	100.00	23,317,185,766	100.00

According to the register of members at 31 December 2010, no individual shareholder held more than 5% of the issued share capital of the Bank except for the following:

Shareholder	No. of Shares held	Percentage of Shareholding (%)
*Citibank Nigeria Limited GDR (underlying shares)	3,040,784,600	13.04%
**Stanbic Nominees Nigeria Limited	2,680,223,218	11.49%

* Citibank Nigeria Limited held the 3,040,784,600 units of shares in its capacity as custodian for the underlying shares of the Global Depositary Receipts (GDRs) issued by the Bank in July 2007, and listed on the London Stock Exchange. Citibank does not exercise any rights over the underlying shares as beneficial owner. All the rights reside with the various GDR holders who have the right to convert their GDRs to ordinary shares. Citibank took over the role of the custodian of the underlying shares from Stanbic Nominees Nigeria Limited on September 17, 2010.

**Stanbic Nominees Nigeria Limited held 11.49% of the Bank's shares largely in trading accounts on behalf of various investors.

Compliance Plan with Central Bank of Nigeria's Regulation on the Scope of Banking Activities

Section 6(1) of the Central Bank of Nigeria Regulation on the Scope of Banking Activities and Ancillary Matters requires every bank currently operating under a universal banking licence to submit to the Central Bank of Nigeria (CBN), for approval, a compliance plan duly approved by the Bank's Board of Directors. The regulation requires banks to divest from all non-banking businesses and apply for a new type of banking license based on the decision of the Bank's Board of Directors.

At an extra-ordinary general meeting held in October, 2010, the shareholders authorized the divestment of the bank's equity interest in its non-banking subsidiaries. The divestment is in compliance with the new banking model approved by the CBN in September, 2010. The affected subsidiaries are **Guaranty Trust Assurance Plc**, **GTB Asset Management Limited** and **GTB Registrars Limited** (collectively the "**Target Companies**"). In January 2011, the Bank obtained CBN's approval-in-principle ("**AiP**") of the divestment plan in accordance with the provisions of CBN regulations to this effect.

The Bank's compliance plan duly approved by the Board of Directors on 28 October 2010 is the divestment from non-banking subsidiaries through a competitive process with the ultimate objective of ensuring the selection of credible investors to acquire the Bank's equity interest in the target companies.

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 N328,031,293 (Dec. 2009: N246,150,889) was given out as donations and charitable contributions during the period. These comprise contributions to charitable organisations amounting to N168,774,576 (Dec. 2009: N158,433,053) and donations amounting to N159,256,717 (Dec. 2009: N87,717,835) to other non-charitable organisations. Details of the donations and charitable contributions are as follows:

Charitable Organisations

Principals' Cup – Lagos State	76,638,625	
Students-In-Free Enterprise (SIFE)	25,546,236	
Swiss Red Cross	23,346,833	
Special Olympics Of Nigeria	10,377,700	
Augustine University Lagos	5,000,000	
St. George Boys & Girls School, Ikoyi	2,893,871	
Fate Foundation	2,800,000	
Patrick Speech & Language Centre	2,000,000	
New Era Foundation	2,000,000	
Chike Okoli Foundation	1,500,000	
Lagos State Traditional Sports Championship	1,500,000	
Downen College	1,242,000	
Peter Akinola Foundation	1,000,000	
The Bloom Cancer Care Trust Fund	1,000,000	
Holy Child College	1,000,000	
The Canterbury Health Consult	750,000	
Massey Street Hospital	740,000	
Baboko Community Secondary School, Ilorin	750,654	
Eko Boys' House School Idi Oro	630,000	
Edensfield Health Foundation	500,000	
Richardson Health, Safety, Security And Environment Forum	500,000	
9th Annual Conference of Women in Management and Business	500,000	
Corona Schools	439,000	
The Nigeria Institute of Architect	400,000	
The Chartered Institute of Bankers of Nigeria	400,000	
Honey Bee Foundation	398,848	
Rotary International	350,000	
The Zamarr Institute	350,000	
National University Commission	300,000	
The Nigerian Conservation Foundation	296,000	
Right Initiative Programme - Lydia	250,000	
St Saviours' School, Ikoyi	250,000	
Nigeria Boxing Federation	250,000	
The International Women Society	250,000	
The Dreamland Foundation	200,000	
Dtalkshop Law and Policy Club	200,000	
The Renal Care and Transplant Access Centre	200,000	
This Present House Family Fun Day	200,000	
Others	1,824,809	
		168,774,576

Non - charitable organisations

4th Plinth Initiative at Trafalgar square	57,283,008
Lekki Peninsula	22,100,000
The Nigeria At 50 Ball	15,136,800
The "Love Music Love Life" Concert	15,000,000
Chris Ofili Art Exhibition	13,105,679
Lagos State Summit On Climate Change	8,500,000
The 2nd Pan Nigeria Poetry Festival	5,290,000
The Debaters Reality Television Game show	3,076,670
Terra Kulture	2,189,750
Sierra Leone's 49th Independence Day Celebrations	1,567,000

Lagos Motor Boat Club	1,500,000	
Nigerian Economic Summit Group (NESG)	1,500,000	
Poetry laughter Art and You	1,478,800	
Sponsorship of "IJE" play	1,000,000	
The Nigeria-British Association	750,000	
Totally Whole's Business Clinic and Fair	750,000	
Lagos Business School Alumni President's Dinner	650,000	
The Nigeria Social Enterprise	600,000	
The Lord of the Ribs show	550,000	
IBB International Golf and Country Club	400,000	
Ikoyi Club	300,000	
Ibadan Old Boys Association	250,000	
Finance Correspondence Association of Nigeria	250,000	
The Guild of Professional Fine Artists of Nigeria	250,000	
'Morning Dew' Book Launch	200,000	
The 2010 Elegance and Style Awards	200,000	
Others	<u>5,379,010</u>	
		<u>159,256,717</u>
		<u>328,031,293</u>

Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December, 2010 and profit attributable to equity holders on that date other than as disclosed in the financial statements.

Research and development

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

Human Resources

(1) Employment of disabled persons

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

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

(2) Health, Safety and Welfare of Employees

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

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

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

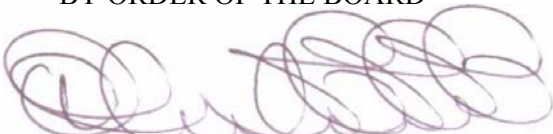
Employee Involvement and Training

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

Auditors

The Auditors, Messrs KPMG Professional Services, have indicated that they are not seeking reappointment as auditors in line with paragraph 8.2.3 of the CBN Code of Corporate Governance for Banks in Nigeria Post Consolidation.

BY ORDER OF THE BOARD



Olutola Omotola

Company Secretary

Plot 1669, Oyin Jolayemi Street

Victoria Island, Lagos

21 March, 2011

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2010


The directors accept responsibility for the preparation of the annual financial statements set out on pages 28 to 148 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:


SEGUN AGBAJE
21 March, 2011


CATHY ECHEOZO
21 March, 2011

Report of the Audit Committee

For the year ended 31 December 2010

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

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Guaranty Trust Bank Plc hereby report on the financial statements for the year ended 31st December, 2010, as follows:

- ◆ We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- ◆ We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2010 were satisfactory and reinforce the Group's internal control systems.
- ◆ We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦13,028,752,000 (31 December 2009: ₦10,016,822,000) was outstanding as at 31 December 2010. The status of performance of insider related credits is as disclosed in Note 42.
- ◆ We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.



Mr. M.F. Lawal
Chairman, Audit Committee
21 March, 2011

Members of the Audit Committee are:

1. Mr. M.F. Lawal - Chairman
2. Mr. A.B. Adesanya*
3. Alhaji M.K. Jada*
4. Mr. O.S. Oduyemi**
5. Alhaji M.A. Usman
7. Mrs. Sandra Mbagwu-Fagbemi
8. Mr Bode Augusto***
9. Ibrahim Hassan***
10. Andrew Alli***

In attendance:

Mr. George Uwakwe - Secretary

* Retired on April 22, 2010

** Ceased to be a member effective May 5, 2010

*** Appointed May 4, 2010



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

Telephone 234 (1) 271 8955
 234 (1) 271 8599
 Fax 234 (1) 462 0704
 Internet www.ng.kpmg.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Guaranty Trust Bank Plc

Report on the Financial Statements

We have audited the accompanying financial statements of Guaranty Trust Bank ("the Bank) and its subsidiary companies (together "the Group"), which comprise the balance sheets as at 31 December, 2010, the profit and loss accounts, the statement of cash flows and value added statements for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summaries, as set out on pages 28 to 148.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Guaranty Trust Bank Plc ("the Bank) and its subsidiaries (together "the Group") as at 31 December 2010 and of the Group and Bank's financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria and other relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books, and the balance sheet and profit and loss account are in agreement with the books of accounts.

Compliance with the Section 27 (2) of the banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

- i. The Bank did not pay any penalties in respect of contravention of the provisions of Section 27(2) of the Banks and other Financial Institutions Act of Nigeria and Central Bank of Nigeria circulars during year ended 31 December, 2010.
- ii. Related party transactions and balances are disclosed in note (42) of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

21 March, 2011
 Lagos, Nigeria



Statement of Significant Accounting Policies

A summary of the principal accounting policies, applied consistently throughout the current and preceding years unless otherwise stated is set out below; except for the waiver of 1% general provision on performing loans as described in note g.

(a) **Basis of preparation**

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

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

(b) **Basis of consolidation**

(i) *Subsidiaries*

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

The consolidated financial statements combine the financial statements of Guaranty Trust Bank Plc ("the Bank") and its subsidiaries ("the Group") wherein there is majority shareholding and/or control of the Board of Directors and management. The consolidated subsidiaries are Guaranty Trust Assurance Plc, Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited,

GTB Registrars Limited, GT Homes Limited, GTB BV, GTB Liberia and GTB Asset Management Limited.

(ii) *Special purpose entities*

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

(c) **Goodwill on consolidation**

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

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

(d) **Segment reporting**

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

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

(e) **Foreign currency translation**

i. Reporting currency

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

ii. Transactions and balances

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

iii. Group companies

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

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

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

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

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

(f) **Income recognition**

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

- *Interest* – recognised on an accrual basis except for interest on non-performing credit facilities, which is recognised on a cash basis.
- *Non-credit-related fees* – recognised when the successful outcome of the assignment can be determined and the assignment is considered substantially completed.
- *Credit-related fees* – spread systematically over the tenor of the credit facility where they constitute at least 10% of the projected average annual yield of the facility, otherwise credited to the profit and loss account at the time of occurrence.
- *Income from advances under finance leases* is recognized on a basis that provides a constant yield on the outstanding principal over the lease term.
- *Income arising on investments held by the life business* is recognized in the life fund whilst income derived from investments held by the general business is credited to the profit and loss account.
- *Commissions and fees charged to customers for services rendered* - recognised at the time the service or transaction is effected.
- *Investment income* – recognised on an accrual basis and credited to the profit and loss account.
- *Dividend income* - recognised when the right to receive the dividend is established.

(g) **Loans and advances**

Loans and advances are stated net of provision for bad and doubtful loans. Provision is made in accordance with the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facilities.

Non-specialized loans

Provision in respect of non-performing facilities other than specialized loans is determined as follows:

Interest and / or Principal outstanding for over	Classification	Provision
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
Over 360 days	Lost	100%

Specialized loans

Loans are treated as specialized loans in accordance with the criteria specified in the Prudential Guidelines for Deposit Money Banks in Nigeria which became effective 1 July, 2010. The classifications and provisioning for specialized loans take into consideration the cash flows and gestation periods of the different loan types. Specialized loans as defined by the Prudential Guidelines for Deposit Money Banks in Nigeria comprise:

- i. Agriculture Finance (including farm and non-farm credits)
- ii. Mortgage Loans
- iii. Margin Loans
- iv. Object Finance
- v. Project Finance
- vi. Income Producing Real Estate
- vii. Commercial Real Estate and
- viii. SME Loans

Provision in respect of non-performing specialised loans are determined as follows:

Project financing			
	% of repayment on outstanding obligations due and / or days past due		
Classification	% of repayment on outstanding obligation to amount due	Days past due for aggregate installments	% of Provision on total outstanding balance
Watch list	Between 60% and 75%	> 180 days	0%
Substandard	< 60%	180 days to 2 years	25%
Doubtful	< 60%	2 years to 3 years.	50%
Very Doubtful	< 60%	3 years to 4 years.	75%
Lost	< 60%	more than 4 years.	100%

Object Financing, Income Producing Real Estate and Commercial Real Estate Financing.			
	% of repayment on outstanding obligations due and / or days past due		
Classification	% of repayment on outstanding obligation to amount due	Days past due for aggregate installments	% of provision on total outstanding balance
Watch list	Between 60% and 75%	> 180 days	0%
Substandard	< 60%	180 days to 1 year	25%
Doubtful	< 60%	1 year to 2 years	50%
Very Doubtful	< 60%	2 years to 3 years	75%
Lost	< 60%	more than 3 years	100%

Mortgage loans		
Classification	Days past due for mark-up/interest for short term facilities	% of provision on outstanding balance
Watch list	> 90 days	0%
Substandard	>180 days	10%
Doubtful	> 1 year	The un-provided balance of mortgage loans classified as substandard does not exceed 50% of the estimated net realisable value of the related securities.
Lost	> 2 years	100%

SME Financing – Short term loans		
Classification	Days past due for mark-up/interest or principal	% of Provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 year to 1.5 years	50%
Very Doubtful	1.5 year to 2 years	75%
Lost	> 2 years	100%

SME Financing - Long term loans		
Classification	Days past due for mark-up/interest or principal	% of Provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 to 2 years	50%
Very Doubtful	2 to 3 years	75%
Lost	> 3 years	100%

Agricultural Financing – Short term loans		
Classification	Days past due for mark-up/interest or principal	% of Provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 year to 1.5 years	50%
Very Doubtful	1.5 year to 2 years	75%
Lost	> 2 years	100%

Agricultural Financing - Long term loans		
Classification	Days past due for mark-up/interest or principal	% of Provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 to 2 years	50%
Very Doubtful	2 to 3 years	75%
Lost	> 3 years	100%

Unrealized mark-up/interest in respect of non-performing loans and advances are reversed from revenue account and credited into interest in suspense account until they are realised in cash. Future interests charged on the accounts are credited to the same account until such facilities becomes performing.

Margin Financing:

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

Hair cut adjustments:

The Bank adjusts both the amount of the exposure to counterparty and the value of any qualified collateral received in support of the counterparty to take account of any possible future fluctuations in the value of either, occasioned by market movement.

Haircut adjustments on qualified collateral are provided for in line with the prudential guidelines' framework for haircut adjustments on lost facilities.

The following hair cut adjustments are applicable on all loan types classified as lost:

Description of Collateral	Haircut adjustments weightings
Cash collateral	0%
Treasury Bills and government securities e.g. bonds	0%
Quoted equities and other traded securities	20%
Bank Guarantees and Receivables of blue chip companies	20%
Residential legal mortgage	50%
Commercial legal mortgage	50%

Haircut adjustments on lost facilities are made for only one year. Thereafter, the collaterals are realised or the shortfall in provision is recognised.

General Provision

A minimum of 1% general allowance is made on all loans and advances, which have not been specifically provided for. The Bank did not make a general provision on loans and advances in current year. This is in line with the revised Prudential Guidelines and CBN circular BSD/DIR/GEN/CIR/04/013 dated 7 January 2011 and the Nigerian Accounting Standards Board (NASB) publication dated 21 March 2011 which stated that a 1% general provision on loans and advances is not required in the current year for Deposit Money Banks whose loan portfolios have been subjected to extensive review by the CBN and the Nigeria Deposit Insurance Corporation (NDIC) since the beginning of the current CBN reforms up till 31 December 2010.

Write-off

Bad debts are written off against the related provision for bad and doubtful debts when it is determined that they are uncollectible. Subsequent recoveries on bad debts written off are credited to the profit and loss account. A facility is written off only when full provision has been made on such a facility for at least one year.

(h) **Advances under finance leases**

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

(i) Underwriting profits

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

i. Underwriting profits for non-life insurance business

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

- Premiums written related to risks assumed during the year, and include estimates of premium due but not yet received, less an allowance for cancellations.
- Unearned premiums represent the proportion of the premiums written in years up to the accounting date which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated on the basis of time apportionment.
- Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported (“IBNR”).
- Provisions for unexpired risks are the estimated amounts required over and above provisions for unearned premiums to meet future claims and related expenses on businesses in force at the end of the accounting year
- Expenses are allocated to the relevant revenue accounts as incurred in the management of each class of business.

ii. Underwriting profits for life assurance business

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

- Premiums written relate to risks assumed during the year, and include estimates of premiums due but not yet received, less an allowance for estimated lapses.
- Claims arising on maturity are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.
- Expenses and commissions are allocated to the life fund as incurred in the management of the life business.
- The life assurance contracts (accounted for in the life fund) are assessed at least once every three years by qualified consulting actuaries in accordance with Section 29 of the Insurance Act. Any resulting actuarial loss is made up by additional provisions charged to the Group's profit and loss account.

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

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

(j) Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

(k) Outstanding claims and provisions

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

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

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

(1) Investments

The Group categorises its investments into the following categories: short-term investments, long-term investments and investments in subsidiaries. Investment securities (short-term and long-term investments) are initially recognized at cost and management determines the classification at initial investment. Debt and equity securities intended to be held for a period not exceeding one year or with an outstanding tenor to maturity not exceeding one year, and investments held for trading are classified as short-term investments.

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

i. Short term investments

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

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

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

ii. Long term investments

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

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

Net realizable value of unquoted securities is value based on net asset valuation of the entities by the directors. Any discount or premium arising on acquisition of bonds is included in the original cost of the investment and is amortised over the period of purchase to maturity.

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

iii. Investments in subsidiaries

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

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

(m). Trading properties

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

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

(n) Property and equipment

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

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

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

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

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

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

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

(o) Leases

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

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

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

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

i. A Group Company is the lessor

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

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

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

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

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

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

ii. A Group Company is the lessee

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

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

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

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

At the beginning of the lease term, the Group records the initial asset and liability at amounts equal to the fair value of the leased asset less the present value of an un-guaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease.

The discount factor to apply in calculating the present value of the un-guaranteed residual value accruing to the lessor is the interest rate implicit in the lease.

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

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

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

(p) Cash and cash equivalents

(i) Cash and balances with CBN

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

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

(ii) *Due from other banks*

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

(iii) *Treasury bills*

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

(q) **Provisions**

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

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

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

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

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

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

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

Acceptances

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

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

Guarantees and performance bonds

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

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

Commitments

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

Letters of credit

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

(s) **Retirement benefits**

Pension costs

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

Gratuity scheme

The Group also operates a non-contributory, funded lump sum defined benefit gratuity scheme, which is managed by external trustees. Employees are entitled to join the scheme after completing 10 continuous full years of service. Employees' terminal benefits are determined by an independent actuarial valuation every year using the "projected benefit cost method".

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

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

(t) **Deferred taxation**

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

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

(u) **Taxation**

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

(v) **Borrowings**

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

(w) **Ordinary share capital**

Share issue costs

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

(x) Dividends

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

(y) Sale of loans or securities

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

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

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

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

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

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

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

(z) Earnings per share

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

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

(aa) **Offsetting**

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

Profit and Loss Accounts
For the year ended 31 December 2010

	Notes	Group Dec. 2010	Group Dec. 2009	Bank Dec 2010	Bank Dec 2009
		N'000	N'000	N'000	N'000
GROSS EARNINGS		153,908,027	162,550,418	138,347,028	151,698,107
Interest and similar income	3	112,261,166	119,589,004	102,336,973	110,911,050
Interest and similar expenses	4	(30,152,104)	(40,540,465)	(26,517,345)	(37,421,590)
<i>Net interest margin</i>		<u>82,109,062</u>	<u>79,048,539</u>	<u>75,819,628</u>	<u>73,489,460</u>
Fee and commission income	5	34,912,784	30,883,470	31,263,714	28,049,040
Fee and commission expenses	6	(3,212,332)	(1,616,785)	(3,198,819)	(1,616,785)
<i>Net fee and commission income</i>		<u>31,700,452</u>	<u>29,266,685</u>	<u>28,064,895</u>	<u>26,432,255</u>
Net foreign exchange income	7	4,577,796	6,035,587	3,372,360	5,042,456
Underwriting profit	8	1,172,064	1,392,365	-	-
Income from investments	9	984,217	4,649,992	1,373,981	7,695,561
<i>Operating income</i>		<u>120,543,591</u>	<u>120,393,168</u>	<u>108,630,864</u>	<u>112,659,732</u>
Operating expenses	10	(63,770,331)	(54,903,436)	(55,612,315)	(48,696,218)
Loan loss expenses	15(p)	(8,088,500)	(35,953,728)	(7,492,067)	(35,539,035)
Diminution in other assets values	15(q)	(228,910)	(1,573,001)	(51,442)	(1,464,670)
PROFIT ON ORDINARY					
<i>ACTIVITIES BEFORE TAXATION</i>		48,455,850	27,963,003	45,475,040	26,959,809
Taxation	11(a)	(10,109,227)	(4,276,160)	(8,963,412)	(3,111,748)
PROFIT ON ORDINARY					
<i>ACTIVITIES AFTER TAXATION</i>		38,346,623	23,686,843	36,511,628	23,848,061
Non-controlling interest	40(b)	(430,302)	(11,248)	-	-
<i>Profit attributable to equity holders of the Bank</i>		<u>37,916,321</u>	<u>23,675,595</u>	<u>36,511,628</u>	<u>23,848,061</u>
APPROPRIATIONS					
Transfer to statutory reserve	39(a)&(b)	11,621,393	8,002,767	10,953,489	7,154,418
Transfer to statutory contingency reserve	39(a)&(b)	124,886	142,930	-	-
Transfer to bonus shares reserve	39(a)&(b)	2,914,648	2,331,719	2,914,648	2,331,719
Transfer to retained earnings	39(a)&(b)	23,255,394	13,198,179	22,643,491	14,361,924
		<u>37,916,321</u>	<u>23,675,595</u>	<u>36,511,628</u>	<u>23,848,061</u>
Earnings per share (kobo) - Basic	44	163k	127k	157k	128k
Earnings per share (kobo) - Adjusted	44	163k	102k	157k	102k
Declared Dividend per share	43	100k	100k	100k	100k

The board of directors has proposed a dividend of 75k (31 December 2009: 75k) per share on the issued share capital of 23,317,185,766 (31 December 2009: 18,653,748,614) ordinary shares of 50k each subject to the approval of the shareholders at the next annual general meeting.

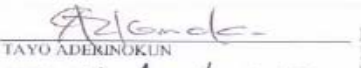

The accounting policies on pages 28 to 47 and notes on page 48 to 148 form an integral part of these financial statements.

Balance Sheets

As at 31 December 2010

	Notes	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
ASSETS					
Cash in hand and balances with CBN	12	28,855,906	35,889,931	27,017,683	34,890,767
Treasury bills	13	157,291,249	36,936,014	141,775,484	29,405,616
Due from other banks	14	250,180,751	225,330,111	204,567,931	202,810,278
Loans and advances to customers	15	593,562,579	563,488,164	563,482,281	538,137,569
Advances under finance lease	16	9,821	6,070	-	1,288
Insurance receivables	17	873,841	809,546	-	-
Investment securities	18	51,738,634	136,193,629	46,356,435	134,126,992
Investment in subsidiaries	19	-	-	30,115,862	29,774,817
Trading properties	21	7,349,815	5,070,666	-	-
Other assets	22	10,600,066	15,523,244	7,631,958	9,478,730
Deferred tax assets	32(b)	587,881	410,864	-	-
Property and equipment	23	50,597,029	46,491,151	45,815,129	41,285,479
Goodwill on consolidation	24	354,328	354,328	-	-
TOTAL ASSETS		1,152,001,900	1,066,503,718	1,066,762,763	1,019,911,536
LIABILITIES					
Customers' deposits	25	761,194,792	683,080,902	713,080,374	662,261,026
Due to other banks	26	17,943,922	14,981,705	3,320,059	1,083,016
Claims payable	27	727,653	350,631	-	-
Finance lease obligations	28	1,847,629	2,211,130	1,847,629	2,211,130
Liability on investment contracts	29	1,822,664	1,115,094	-	-
Liabilities on insurance contracts	30	2,198,669	1,126,011	-	-
Current income tax payable	11(b)	9,529,921	3,483,561	8,686,276	2,373,006
Other liabilities	31	53,697,738	85,491,872	43,243,089	81,284,082
Deferred tax liabilities	32(c)	4,337,046	4,346,591	4,160,684	4,134,454
Dividend payable	33	-	-	-	-
Retirement benefit obligations	34	36,699	253,075	35,785	240,811
Debt securities in issue	35	64,903,211	65,485,550	66,387,400	65,515,655
Other borrowings	36	22,936,267	12,332,568	20,833,661	12,332,568
TOTAL LIABILITIES		941,176,211	874,258,690	861,594,957	831,435,748
NET ASSETS		210,825,689	192,245,028	205,167,806	188,475,788
CAPITAL AND RESERVES					
Share capital	37(b)&(c)	11,658,594	9,326,875	11,658,594	9,326,875
Share premium	38	119,076,566	119,076,566	119,076,566	119,076,566
Translation reserve	39(a)&(b)	(392,596)	12,200	-	-
Retained earnings	39(a)&(b)	18,860,299	15,424,515	21,465,320	18,641,439
Other reserves	39(a)&(b)	55,592,286	43,263,078	52,967,326	41,430,908
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE PARENT		204,795,149	187,103,234	205,167,806	188,475,788
Non-controlling interest	40	6,030,540	5,141,794	-	-
TOTAL EQUITY		210,825,689	192,245,028	205,167,806	188,475,788
Guarantees and other commitments on behalf of customers	41(c)(i)	424,988,204	332,820,260	401,745,825	316,381,113

The accounting policies on pages 28 to 47 and notes on page 48 to 148 were approved by the Board of Directors on 21 March, 2011 and signed on its behalf by:


 TAYO ADERINOKUN

 SEGUN AGBAJE

Directors

Statements of Cash Flows

For the year ended 31 December 2010

	Notes	Group Dec 2010 N'000	Group Dec 2009 N'000	Bank Dec 2010 N'000	Bank Dec 2009 N'000
OPERATING ACTIVITIES					
Net cash flow from operating activities	45	201,522,113	2,026,834	163,039,446	29,915,653
Income tax paid	11(b)	(4,249,246)	(9,866,763)	(2,623,912)	(9,237,928)
VAT paid		(1,385,097)	(1,357,624)	(1,385,097)	(1,357,624)
Net cash flows from operating activities		195,887,770	(9,197,553)	159,030,437	19,320,101
FINANCING ACTIVITIES					
Dividend paid	33	(19,819,610)	(14,922,999)	(19,819,610)	(14,922,999)
Borrowings					
- Inflow from debt securities issue	35(b)	-	13,135,000	-	13,165,000
- Inflow from other borrowings	36(b)	12,952,606		10,850,000	
- Repayment of borrowings	36(b)	(2,554,270)	(2,737,048)	(2,554,270)	(2,736,942)
- Interest paid on borrowings	4(a)	(7,652,450)	(6,053,331)	(6,855,704)	(5,554,944)
- Finance lease repayment	28(b)	(400,321)	(335,534)	(400,321)	(335,534)
- Interest paid on finance lease		(173,098)	(386,462)	(173,098)	(386,462)
Inflow from non-controlling interest	40(b)	-	1,747,988	-	-
Dividend paid to non-controlling interest	40(b)	(115,040)	(521,275)	-	-
Net cash flows from financing activities		(17,762,183)	(10,073,661)	(18,953,003)	(10,771,881)
INVESTING ACTIVITIES					
Purchase of long term investments	17(h)	(27,925,844)	(8,716,096)	(24,999,000)	(8,305,379)
Dividend income received	9	192,331	358,620	667,303	1,530,245
Purchase of property and equipment	23(a)&(b)	(11,806,669)	(12,993,177)	(10,527,067)	(10,643,282)
Proceeds from disposal of property and equipment		757,735	218,696	214,718	162,829
Additional investment in subsidiaries		-	-	(769,264)	(1,500,000)
Proceeds on disposal of interest in subsidiaries		725,445	-	725,445	-
Redemption of long term investments	17(h)	1,000	1,024,893	-	1,496,018
Purchase of trading properties	21(a)	(2,750,120)	(2,195,080)	-	-
Proceeds from disposal of trading properties		-	10,278,083	-	-
Investment in gratuity scheme	34(b)&(c)	(1,816,896)	(2,230,268)	(1,801,159)	(2,230,268)
Net cash flows from investing activities		(42,623,018)	(14,254,329)	(36,489,024)	(19,489,837)
Net increase/(decrease) in cash and cash equivalents		135,502,569	(33,525,543)	103,588,410	(10,941,617)
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents, beginning of the year		(277,413,577)	(311,109,803)	(260,262,871)	(271,204,488)
Effect of exchange rate fluctuations on foreign cash held		721,920	170,683	-	-
Cash and cash equivalents, end of the year	46	412,194,226	277,413,577	363,851,281	260,262,871
Net (decrease)/increase in cash and cash equivalents		135,502,569	(33,525,543)	103,588,410	(10,941,617)

The accounting policies on pages 28 to 47 and financial statements and notes on pages 48 to 148 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

1 General information

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 has ten (10) subsidiaries as shown below:

	Country of Incorporation	Percentage holding 2010	Percentage holding 2009
Guaranty Trust Assurance Plc	Nigeria	67.68%	71.24%
GTB Asset Management Ltd	Nigeria	100.00%	99.90%
GT Homes Limited	Nigeria	75.11%	75.11%
GT Registrars Limited	Nigeria	99.99%	99.99%
GTB Finance, B.V. (Netherlands)	Netherlands	100.00%	100.00%
GTB (UK) Limited	United Kingdom	100.00%	100.00%
GTB (Liberia) Limited	Liberia	99.43%	100.00%
GTB (Sierra Leone) Limited	Sierra Leone	84.24%	84.30%
GTB (Gambia) Limited	Gambia	77.81%	77.92%
GTB (Ghana) Limited	Ghana	95.72%	96.00%

2 Segment analysis

(a) By geographical segment

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

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

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

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

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

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

	Nigeria		Rest of West Africa		Europe		Total	
	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000
External revenue	141,656,228	152,610,110	10,855,822	9,251,737	1,395,977	493,503	153,908,027	162,355,350
Revenue from other segments	-	195,068	-	-	-	-	-	195,068
Interest and similar expenses	(26,894,479)	(37,653,537)	(2,954,305)	(2,553,351)	(303,320)	(333,577)	(30,152,104)	(40,540,465)
Fee and commission expenses	(3,212,332)	(1,616,785)	-	-	-	-	(3,212,332)	(1,616,785)
Operating income	111,549,417	113,534,856	7,901,517	6,698,386	1,092,657	159,926	120,543,591	120,393,168
Profit before tax	46,576,212	26,587,308	2,095,968	2,492,102	(216,330)	(1,116,407)	48,455,850	27,963,003
Income tax expense	(9,261,004)	(3,482,999)	(848,223)	(793,161)	-	-	(10,109,227)	(4,276,160)
Profit after tax	37,315,208	23,104,309	1,247,745	1,698,941	(216,330)	(1,116,407)	38,346,623	23,686,843
	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000
Assets and liabilities:								
Segment assets	1,076,756,597	1,030,079,758	51,665,920	36,586,674	23,225,055	(517,042)	1,151,647,572	1,066,149,390
Intangible assets	354,328	354,328	-	-	-	-	354,328	354,328
Total assets	1,077,110,925	1,030,434,086	51,665,920	36,586,674	23,225,055	(517,042)	1,152,001,900	1,066,503,718
Segment liabilities	867,248,027	838,403,450	48,672,133	34,288,447	25,256,051	1,566,793	941,176,211	874,258,690
Total liabilities	867,248,027	838,403,450	48,672,133	34,288,447	25,256,051	1,566,793	941,176,211	874,258,690
Other segment items								
Depreciation	6,115,225	5,507,799	593,959	433,414	116,428	72,340	6,825,612	6,013,553
Amortisation	-	-	-	-	-	-	-	-

2 (b) By business segment

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

- (b) (i) *Retail banking*
Retail banking incorporates private banking services, private customer current accounts, savings deposits, investment savings products, custody, credit and debit cards, customer loans and mortgages.
- (b) (ii) *Corporate banking*
Corporate banking incorporates direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products.
- (b) (iii) *Commercial banking*
Commercial banking incorporates direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for medium-sized companies.
- (b) (iv) *Insurance*
Includes insurance transactions with individuals and corporate customers.
- (b) (v) *Asset management*
Includes portfolio and asset management transactions with individuals and corporate customers.

Guaranty Trust Bank Plc and Subsidiary Companies
Group Financial Statements for the year ended 31 December 2010
Together with Directors' and Auditor's Reports

Business segments:

	Corporate Banking		Retail		Commercial Banking		Insurance		Asset Mgt		Group	
	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009	Dec. 2010	Dec. 2009
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross earnings:												
Derived from external customers	83,827,084	80,783,626	30,328,245	34,375,104	36,439,891	43,930,108	1,595,374	3,044,419	1,717,433	417,161	153,908,027	162,550,418
Derived from other business segments	(16,608,486)	(10,116,981)	22,838,076	17,667,347	(6,229,590)	(7,550,366)	-	-	-	-	-	-
	<u>67,218,598</u>	<u>70,666,645</u>	<u>53,166,321</u>	<u>52,042,451</u>	<u>30,210,301</u>	<u>36,379,742</u>	<u>1,595,374</u>	<u>3,044,419</u>	<u>1,717,433</u>	<u>417,161</u>	<u>153,908,027</u>	<u>162,550,418</u>
Interest and similar expenses	(14,866,374)	(21,993,554)	(9,598,499)	(11,987,532)	(5,628,563)	(6,455,657)	(2,365)	(19,689)	(56,303)	(84,033)	(30,152,104)	(40,540,465)
Fee and commission expenses	(3,198,819)	(1,444,646)	(13,513)	(75,567)		(96,572)	-	-	-	-	(3,212,332)	(1,616,785)
	<u>49,153,405</u>	<u>47,228,445</u>	<u>43,554,309</u>	<u>39,979,352</u>	<u>24,581,738</u>	<u>29,827,513</u>	<u>1,593,009</u>	<u>3,024,730</u>	<u>1,661,130</u>	<u>333,128</u>	<u>120,543,591</u>	<u>120,393,168</u>
Expense:												
Loan loss expenses/allowance on other assets	5,082,485	20,757,796	1,702,007	4,113,874	1,355,450	12,503,053	177,468	151,506	-	500	8,317,410	37,526,729
Depreciation	1,709,044	1,347,739	3,481,351	3,132,346	1,459,818	1,369,811	126,759	119,286	48,640	44,371	6,825,612	6,013,553
Other operating expenses	8,128,398	4,480,651	34,463,636	29,265,853	13,303,309	13,325,120	695,268	1,492,287	354,108	325,972	56,944,719	48,889,883
	<u>14,919,927</u>	<u>26,586,186</u>	<u>39,646,994</u>	<u>36,512,073</u>	<u>16,118,577</u>	<u>27,197,984</u>	<u>999,495</u>	<u>1,763,079</u>	<u>402,748</u>	<u>370,843</u>	<u>72,087,741</u>	<u>92,430,165</u>
Profit on Ordinary Activities Before Taxation	<u>34,233,478</u>	<u>20,642,259</u>	<u>3,907,315</u>	<u>3,467,279</u>	<u>8,463,161</u>	<u>2,629,529</u>	<u>593,514</u>	<u>1,261,651</u>	<u>1,258,382</u>	<u>(37,715)</u>	<u>48,455,850</u>	<u>27,963,003</u>
Income tax expense											<u>(10,109,227)</u>	<u>(4,276,160)</u>
Profit after tax											<u>38,346,623</u>	<u>23,686,843</u>
	<u>Dec. 2010</u>	<u>Dec. 2009</u>	<u>Dec. 2010</u>	<u>Dec. 2009</u>	<u>Dec. 2010</u>	<u>Dec. 2009</u>	<u>Dec. 2010</u>	<u>Dec. 2009</u>	<u>Dec. 2010</u>	<u>Dec. 2009</u>	<u>Dec. 2010</u>	<u>Dec. 2009</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Assets and Liabilities:												
Tangible segment assets	662,601,838	578,758,337	181,735,926	201,722,742	282,653,287	266,639,477	19,739,553	16,794,411	4,916,968	2,234,423	1,151,647,572	1,066,149,390
Intangible segment assets	354,328	354,328	-	-	-	-	-	-	-	-	354,328	354,328
Unallocated segment assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>662,956,166</u>	<u>579,112,665</u>	<u>181,735,926</u>	<u>201,722,742</u>	<u>282,653,287</u>	<u>266,639,477</u>	<u>19,739,553</u>	<u>16,794,411</u>	<u>4,916,968</u>	<u>2,234,423</u>	<u>1,152,001,900</u>	<u>1,066,503,718</u>
Segment liabilities	309,682,474	267,940,346	434,711,670	376,408,810	181,639,539	225,203,464	7,520,442	4,123,706	(1,007,728)	582,364	932,546,397	874,258,690
Unallocated liabilities	5,034,820	-	3,270,120	-	324,873	-	-	-	-	-	8,629,813	-
Total liabilities	<u>314,717,294</u>	<u>267,940,346</u>	<u>437,981,791</u>	<u>376,408,810</u>	<u>181,964,412</u>	<u>225,203,464</u>	<u>7,520,442</u>	<u>4,123,706</u>	<u>(1,007,728)</u>	<u>582,364</u>	<u>941,176,211</u>	<u>874,258,690</u>
Net Assets	<u>348,238,872</u>	<u>311,172,319</u>	<u>(256,245,865)</u>	<u>(174,686,068)</u>	<u>100,688,875</u>	<u>41,436,013</u>	<u>12,219,111</u>	<u>12,670,705</u>	<u>5,924,696</u>	<u>1,652,059</u>	<u>210,825,689</u>	<u>192,245,028</u>

3 Interest and similar income

Interest and similar income was derived as follows:

(a) Source

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Placements	9,131,453	9,805,634	7,983,208	7,742,749
Treasury bills and investment securities	17,922,208	15,891,768	11,828,396	14,021,192
Loans and advances	85,088,506	93,889,385	82,525,347	89,144,892
Advances under finance lease	118,999	2,217	22	2,217
	<u>112,261,166</u>	<u>119,589,004</u>	<u>102,336,973</u>	<u>110,911,050</u>

(b) Geographical location

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Interest income earned in Nigeria	96,195,137	107,631,150	98,064,522	105,780,709
Interest income earned outside Nigeria	16,066,029	11,957,854	4,272,451	5,130,341
	<u>112,261,166</u>	<u>119,589,004</u>	<u>102,336,973</u>	<u>110,911,050</u>

4 Interest and similar expenses

Interest and similar expenses comprise:

(a) Source:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Current accounts	3,147,543	3,606,851	3,087,686	3,568,530
Savings accounts	1,050,684	842,241	938,987	783,956
Time deposits	17,920,510	28,611,651	15,487,518	26,082,120
Inter-bank takings	380,917	1,426,391	147,450	1,432,040
Borrowed funds	7,652,450	6,053,331	6,855,704	5,554,944
	<u>30,152,104</u>	<u>40,540,465</u>	<u>26,517,345</u>	<u>37,421,590</u>

(b) Geographical location:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Paid in Nigeria	16,997,600	30,015,530	21,438,916	29,588,515
Paid outside Nigeria	13,154,504	10,524,935	5,078,429	7,833,075
	<u>30,152,104</u>	<u>40,540,465</u>	<u>26,517,345</u>	<u>37,421,590</u>

Included in interest expense paid outside Nigeria is an amount of ₦4,674,535,000 (December 2009: ₦4,763,407,000) representing interest paid on Eurobond debt securities.

5 Fee and commission income

Fee and commission income comprises:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Commission on turnover	11,090,485	9,971,014	10,861,601	9,634,633
Commission on letter of credit transactions	3,074,534	2,380,321	2,206,474	2,234,941
Remittance fees	3,633,978	3,050,604	3,165,068	2,580,421
Facility management fees	11,800,508	12,604,227	10,951,908	11,711,936
Other fees and commissions	4,867,707	2,495,861	3,877,595	1,859,861
Other income	445,572	381,443	201,068	27,248
	<u>34,912,784</u>	<u>30,883,470</u>	<u>31,263,714</u>	<u>28,049,040</u>

6 Fee and commission expense

Fee and commission expense comprises:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Credit card expenses	1,671,772	349,726	1,671,772	349,726
Other fees and commission expense	1,540,560	1,267,059	1,527,047	1,267,059
	<u>3,212,332</u>	<u>1,616,785</u>	<u>3,198,819</u>	<u>1,616,785</u>

7 Net foreign exchange income

Net foreign exchange income comprises:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Foreign currency trading	4,332,452	6,364,603	3,139,067	5,675,935
Translation gain/(loss)	245,344	(329,016)	233,293	(633,479)
	<u>4,577,796</u>	<u>6,035,587</u>	<u>3,372,360</u>	<u>5,042,456</u>

8 Underwriting profit

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
(i) <i>General insurance</i>				
Gross premium	5,449,723	5,377,502	-	-
Outward insurance premium	(1,959,458)	(2,199,214)	-	-
Increase in unexpired risks (see note 30(c))	(744,190)	(255,719)	-	-
Commission received	193,974	240,601	-	-
Claims incurred	(1,140,401)	(1,076,010)	-	-
Underwriting expenses	(630,598)	(619,049)	-	-
(ii) <i>Life assurance</i>				
Profit from deposit administration	(23,036)	-	-	-
Decrease/(Increase) in life funds (see note 30(b)(i))	26,050	(75,746)	-	-
Underwriting profit	<u>1,172,064</u>	<u>1,392,365</u>	<u>-</u>	<u>-</u>

9 Income from investments

Income from investments comprises:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Dividend income	192,331	358,620	667,303	1,530,245
Profit on sale of securities	3,754,425	3,019,357	3,862,369	3,014,545
Unrealised (loss)/gain on valuation of securities	(3,137,308)	3,204,192	(3,155,691)	3,150,771
Gain/(loss) on sale of trading properties	174,769	(1,932,177)	-	-
	<u>984,217</u>	<u>4,649,992</u>	<u>1,373,981</u>	<u>7,695,561</u>

10 Operating expenses

(a) (i) Analysis of operating expenses:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Staff salaries and allowances	17,544,401	17,302,333	14,469,774	14,120,149
Other staff cost - gratuity (see note 34(c)(i))	650,000	1,100,000	650,000	1,100,000
Depreciation (see note 23(a) & (b))	6,825,612	6,013,553	5,913,843	5,307,232
Profit on disposal of property and equipment	(118,603)	(81,665)	(131,143)	(81,264)
Repairs and maintenance	3,958,290	2,927,403	3,857,331	2,882,908
Insurance	734,753	143,826	710,801	110,550
Professional fees	552,118	184,602	478,873	161,075
Directors' emoluments	459,118	139,801	368,666	139,801
Contract services	4,991,757	4,536,452	4,884,753	4,494,917
NDIC premium	3,811,448	2,257,601	3,796,640	2,238,132
Lease finance charges	512,761	386,684	331,222	386,684
Operating lease expenses	509,215	520,354	481,228	456,515
Occupancy costs	3,262,488	2,497,798	2,842,191	2,480,134
Advertisement and promotion expenses	6,142,960	3,973,740	5,818,152	3,856,262
Auditor's remuneration (see note (a)(ii) below)	312,455	175,689	228,062	132,813
Stationery and postage	2,071,744	1,793,216	2,026,054	1,793,216
Business travel expenses	1,298,587	1,033,171	1,238,077	1,033,171
Other operating expenses	10,251,228	9,998,878	7,647,791	8,083,923
	<u>63,770,331</u>	<u>54,903,436</u>	<u>55,612,315</u>	<u>48,696,218</u>

(ii) Auditor's remuneration represents fees for two audits of the Bank: for the period ended 30 June 2010 and year ended 31 December 2010

(b) Staff and executive directors' costs

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Wages and salaries	16,926,320	16,644,158	13,939,233	13,614,110
Pension cost : -				
Defined contribution scheme	618,081	658,175	530,541	506,039
	<u>17,544,401</u>	<u>17,302,333</u>	<u>14,469,774</u>	<u>14,120,149</u>
Defined benefit scheme (see note 34(c)(i))	650,000	1,112,264	650,000	1,100,000
	<u>18,194,401</u>	<u>18,414,597</u>	<u>15,119,774</u>	<u>15,220,149</u>

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

	Group Dec-10 Number	Group Dec-09 Number	Bank Dec-10 Number	Bank Dec-09 Number
Executive directors	35	6	6	6
Management	311	149	62	56
Non-management	3,400	3,556	2,521	2,504
	<u>3,746</u>	<u>3,711</u>	<u>2,589</u>	<u>2,566</u>

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

	Group Dec-10 Number	Group Dec-09 Number	Bank Dec-10 Number	Bank Dec-09 Number
Abuja and north central	79	74	68	74
North east division	67	27	67	27
North west division	64	37	63	37
South east division	94	95	94	95
South west division	99	105	99	105
Lagos division	357	381	197	186
Financial control & strategy	50	56	32	31
General services and external affairs	220	208	92	85
Institutional banking division	205	197	179	185
Commercial banking	54	45	-	-
Retail	531	584	406	481
Management and corporate services	64	77	34	30
Payment and settlement	333	334	303	296
Risk management	72	56	59	55
Systems and control	102	93	79	71
Transaction services group	1,129	1,057	817	808
Public sector group	15	12	-	-
Others	211	273	-	-
	<u>3,746</u>	<u>3,711</u>	<u>2,589</u>	<u>2,566</u>

- (iv) 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:

	Group Dec-10 Number	Group Dec-09 Number	Bank Dec-10 Number	Bank Dec-09 Number
₦ 720,001 - ₦ 740,000	209	181	-	-
₦ 830,001 - ₦ 840,000	35	17	-	-
₦ 930,001 - ₦ 980,000	63	64	-	-
₦1,100,001 - ₦1,260,000	12	10	-	-
₦1,270,001 - ₦1,280,000	20	17	-	-
₦1,300,001 - ₦1,310,000	17	-	-	-
₦1,310,001 - ₦1,340,000	17	13	13	13
₦1,340,001 - ₦1,400,000	184	240	-	-
₦1,400,001 - ₦2,050,000	47	29	2	2
₦2,190,001 - ₦2,330,000	31	7	-	-
₦2,330,001 - ₦2,840,000	689	695	646	673
₦2,840,001 - ₦3,000,000	322	307	-	-
₦3,130,001 - ₦3,830,000	53	13	-	-
₦3,830,001 - ₦4,530,000	737	797	725	598
₦4,530,001 - ₦5,930,000	484	471	442	462
₦6,300,001 - ₦6,800,000	318	367	304	362
₦6,800,001 - ₦7,300,000	7	10	-	-
₦7,300,001 - ₦7,800,000	207	188	198	188
₦7,800,001 - ₦8,600,000	16	-	-	-
₦8,600,001 - ₦11,800,000	164	183	159	175
Above ₦11,800,000	114	102	100	93
	<u>3,746</u>	<u>3,711</u>	<u>2,589</u>	<u>2,566</u>

(c) **Directors' remuneration:**

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

	Group Dec-10 ₦'000	Group Dec-09 ₦'000	Bank Dec-10 ₦'000	Bank Dec-09 ₦'000
Fees as directors	144,232	103,712	42,500	42,500
Other allowances	396,113	132,064	326,166	97,301
	<u>540,345</u>	<u>235,776</u>	<u>368,666</u>	<u>139,801</u>
Executive compensation	310,191	406,665	278,477	253,719
	<u>850,536</u>	<u>642,441</u>	<u>647,143</u>	<u>393,520</u>

(ii) The directors' remuneration shown above includes:

	Bank Dec-10 N'000	Bank Dec-09 N'000
Chairman	31,075	14,894
Highest paid director	76,656	76,656

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

	Bank Dec-10 N'000	Bank Dec-09 N'000
N 6,500,001 - N11,000,000	-	1
N11,000,001 - N11,500,000	-	-
N11,500,001 - N12,000,000	-	-
N12,000,001 - N12,500,000	-	-
N12,500,001 - N13,000,000	-	-
N13,000,001 - N13,500,000	-	-
N13,500,001 - N22,500,000	-	7
Above N22,500,001	18	5
	18	13

11 Taxation

(a) *Tax charge*

The tax charge for the year comprises:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Company income tax	8,596,043	2,396,462	7,345,022	1,287,834
Education tax	570,118	295,454	569,842	234,206
NITDA levy	280,351	344,571	269,598	344,571
	9,446,512	3,036,487	8,184,462	1,866,611
Prior year under-provision (see note 11(b))	795,938	741,262	752,720	506,395
Deferred tax liability (credit)/charge (see note 32(b)&(c))	(6,953)	872,428	26,230	738,742
Deferred tax (charge)/credit (see note 32(b) & (c))	(126,270)	(374,017)	-	-
	10,109,227	4,276,160	8,963,412	3,111,748

(b) *Current income tax payable*

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	3,483,561	9,636,970	2,373,006	9,237,928
Exchange difference on translation	53,157	(64,395)		-
Charge for the year (see note 11(a))	9,446,511	3,036,487	8,184,462	1,866,611
Payments during the year	(4,249,246)	(9,866,763)	(2,623,912)	(9,237,928)
Prior year under-provision (see note 11(a))	795,938	741,262	752,720	506,395
Balance, end of year	<u>9,529,921</u>	<u>3,483,561</u>	<u>8,686,276</u>	<u>2,373,006</u>

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

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Cash in hand	21,200,955	15,318,073	19,370,403	14,318,909
Operating account held with the Central Bank of Nigeria (CBN)	1,465,193	14,811,084	1,457,522	14,811,084
	<u>22,666,148</u>	<u>30,129,157</u>	<u>20,827,925</u>	<u>29,129,993</u>
Mandatory reserve deposits with Central Bank of Nigeria (CBN)	6,189,758	5,760,774	6,189,758	5,760,774
	<u>28,855,906</u>	<u>35,889,931</u>	<u>27,017,683</u>	<u>34,890,767</u>

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

(c) Included in Group's cash in hand is an amount of ₦3,228,327,000 (31 December 2009: ₦3,847,641,000) and ₦1,516,154,000 (31 December 2009: Nil) representing unclaimed dividend held in the accounts of GTB Registrars and GTB Asset Management Limited respectively. The corresponding balances are included in other liabilities. (See note 31).

13 Treasury bills

These comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Treasury bills (see note a) below	157,291,249	36,936,014	141,775,484	29,405,616
	<u>157,291,249</u>	<u>36,936,014</u>	<u>141,775,484</u>	<u>29,405,616</u>

- (a) (i) Included in treasury bills is ₦13,400,000,000 (31 December 2009: ₦6,800,000,000) pledged as collateral to the Central Bank of Nigeria, Nigeria Interbank Settlement System, Federal Inland Revenue Services, Bank of Industry, Interswitch Nigeria Limited and Valucard Nigeria Limited as at year end.
- (a) (ii) The original cost of treasury bills as at 31 December 2010 was ₦141,755,364,000 (31 December 2009: ₦29,178,489,000).

14 Due from other banks

- (a) Due from other banks comprise:

	Group Dec-10 ₦'000	Group Dec-09 ₦'000	Bank Dec-10 ₦'000	Bank Dec-09 ₦'000
Balances held with other local banks and discount houses				
- Current accounts	(2,979,235)	-	-	-
- Placements (see note (a)(i) below)	148,241,685	88,513,207	107,820,390	80,000,000
- Commercial bills	-	577,219	-	-
Mandatory reserve deposit with NAICOM (National Insurance Commission)	500,000	500,000	-	-
Balances and cash balances outside Nigeria				
- Balances held with Central Banks	9,022,065	4,072,223	-	-
- Balances held with other banks outside Nigeria (see note (a)(ii) below)	68,979,225	106,915,375	64,748,019	107,751,567
- Placements with foreign Banks (see note (a)(iii) below)	26,417,011	24,752,087	31,999,522	15,058,711
	<u>250,180,751</u>	<u>225,330,111</u>	<u>204,567,931</u>	<u>202,810,278</u>

- (a) (i) All placements with local banks in Nigeria are backed by CBN guarantees valid until 30 June 2011.
- (a) (ii) Included in balances held with other banks outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦29,650,355,000 (31 December 2009: ₦60,283,827,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note 31). The amount is not available for the day-to-day operations of the Bank.
- (a) (iii) Included in balances with other banks outside Nigeria are restricted amounts totalling ₦3,508,046,000 (31 December 2009: ₦3,508,046,000).

15 Loans and advances to customers:

(a) Loans and advances to customers comprise:

	Group Dec-10 <u>₦'000</u>	Group Dec-09 <u>₦'000</u>	Bank Dec-10 <u>₦'000</u>	Bank Dec-09 <u>₦'000</u>
Overdrafts	149,275,060	157,051,870	140,098,022	147,098,062
Term loans	341,152,155	332,426,809	323,968,855	318,127,380
Others	146,523,279	108,615,706	141,312,498	106,784,280
	<u>636,950,494</u>	<u>598,094,385</u>	<u>605,379,375</u>	<u>572,009,722</u>
Less: allowances for bad and doubtful loans				
- specific allowance (see note (k) below)	(22,859,463)	(17,651,783)	(21,866,022)	(17,224,213)
- allowance for margin facilities (see note (l)(i) below)	(11,630,186)	(13,933,289)	(11,630,186)	(13,933,289)
- general allowance (see note (m)(i) below)	(211,512)	(230,981)	-	-
- Interest in suspense (see note (o) below)	(8,686,754)	(2,790,168)	(8,400,886)	(2,714,651)
	<u>593,562,579</u>	<u>563,488,164</u>	<u>563,482,281</u>	<u>538,137,569</u>

(b) Gross loans and advances by type comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Specialised loans (See note (c) below)	85,720,952	15,593,905	85,720,952	15,593,905
Non-specialised (See note (i) below)	551,229,542	582,500,480	519,658,423	556,415,817
Gross loan a	636,950,494	598,094,385	605,379,375	572,009,722
Less: allowances for bad and doubtful loans				
i Specialised:				
- Interest in suspense (See note (d)(ii) below)	(645,062)	-	(645,062)	-
- Allowance for margin facilities (See note (d)(ii) below)	(11,630,186)	(13,933,289)	(11,630,186)	(13,933,289)
b	(12,275,248)	(13,933,289)	(12,275,248)	(13,933,289)
ii Non specialised:				
- Specific allowance	(22,859,463)	(17,651,783)	(21,866,022)	(17,224,213)
- General allowance	(211,512)	(230,981)	-	-
- Interest in suspense	(8,041,692)	(2,790,168)	(7,755,824)	(2,714,651)
c	(31,112,667)	(20,672,932)	(29,621,846)	(19,938,864)
Total provisions (b+c)	(43,387,915)	(34,606,221)	(41,897,094)	(33,872,153)
Net loans and advances (a-(b+c))	593,562,579	563,488,164	563,482,281	538,137,569

(c) Specialised loans comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Project finance	20,290,471	-	20,290,471	-
Object finance	17,109,755	-	17,109,755	-
Agriculture finance	6,174,033	-	6,174,033	-
Real estate finance	26,378,759	-	26,378,759	-
Mortgage finance	1,463,239	-	1,463,239	-
	71,416,257	-	71,416,257	-
Margin loans	14,304,695	15,593,905	14,304,695	15,593,905
	85,720,952	15,593,905	85,720,952	15,593,905

(d) (i) Classification of gross specialised loans by performance include:

Group/Company

	Project finance	Object finance	Agriculture finance	Real Estate finance	Mortgage finance	Total
	Dec-10	Dec-10	Dec-10	Dec-10	Dec-10	Dec-10
	N'000	N'000	N'000	N'000	N'000	N'000
Performing	15,737,832	17,109,755	6,174,033	26,378,759	1,463,239	66,863,617
Watchlist	4,552,639	-	-	-	-	4,552,639
	<u>20,290,471</u>	<u>17,109,755</u>	<u>6,174,033</u>	<u>26,378,759</u>	<u>1,463,239</u>	<u>71,416,257</u>
Other Classification:						
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Very doubtful	-	-	-	-	-	-
Lost	-	-	-	-	-	-
(a)	-	-	-	-	-	-
	-	-	-	-	-	-
(b)	<u>20,290,471</u>	<u>17,109,755</u>	<u>6,174,033</u>	<u>26,378,759</u>	<u>1,463,239</u>	<u>71,416,257</u>
Percentage to total loans (a/b)	-	-	-	-	-	-

(d) (ii) The allowance for specialised loans comprises:

Group/Company

	Balance	Allowance	Balance	Allowance
	Dec-10	Dec-10	Dec-09	Dec-09
	N'000	N'000	N'000	N'000
Project finance	20,290,471	645,062	-	-
Object finance	17,109,755	-	-	-
Agriculture finance	6,174,033	-	-	-
Real Estate finance	26,378,759	-	-	-
Mortgage finance	1,463,239	-	-	-
	<u>71,416,257</u>	<u>645,062</u>	<u>-</u>	<u>-</u>
Margin facilities	14,304,695	11,630,186	15,593,905	13,933,289
	<u>85,720,952</u>	<u>12,275,248</u>	<u>15,593,905</u>	<u>13,933,289</u>

(e) (i) Gross loans and advances by security comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Secured against real estate	233,865,979	206,706,912	274,757,993	199,317,105
Secured by shares of quoted companies	49,135,133	63,224,123	32,055,611	63,224,123
Otherwise secured	292,472,127	313,170,284	291,421,389	296,568,468
Unsecured	61,477,255	14,993,066	7,144,382	12,900,026
	<u>636,950,494</u>	<u>598,094,385</u>	<u>605,379,375</u>	<u>572,009,722</u>

(e) (ii) Included in loans and advances is a total loan amount of N8,799,049,000 (December 2009: N13,957,089,000) secured by cash held in various deposit accounts on behalf of customers.

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Under 1 month	192,258,781	284,532,330	186,526,661	277,714,164
1 - 3 months	32,041,842	38,512,089	26,491,478	35,717,361
3 - 6 months	45,700,192	21,793,284	44,218,876	19,649,220
6 - 12 months	90,616,362	31,384,881	79,920,035	24,218,203
Over 12 months	276,333,317	221,871,801	268,222,325	214,710,774
	<u>636,950,494</u>	<u>598,094,385</u>	<u>605,379,375</u>	<u>572,009,722</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Activities Of Extraterritorial Organizations And Bodies	27,408	4,207	27,408	4,207
Administrative And Support Service Activities	1,307,437	1,241,615	1,307,437	1,241,615
Agriculture, Forestry And Fishing	3,932,847	2,691,785	2,998,167	1,979,640
Arts, Entertainment And Recreation	318,683	664,683	318,683	664,683
Capital Market	25,242,495	45,531,028	24,938,450	45,112,928
Construction	41,061,082	43,418,393	35,261,843	42,350,533
Education	23,779,760	20,967,754	22,794,813	17,325,635
Finance And Insurance	22,182,599	17,098,326	9,894,135	16,579,901
General	38,389,313	48,841,383	35,810,813	31,919,907
General Commerce	69,089,863	51,061,336	69,089,863	51,061,336
Government	13,204,037	23,808,957	13,183,486	22,708,780
Human Health And Social Work Activities	6,793,970	5,963,827	6,793,970	5,963,827
Information And Communication	62,623,220	48,886,674	62,623,220	48,162,780
Manufacturing	116,912,839	114,887,711	113,264,258	113,907,244
Mining And Quarrying	1,233,937	276,716	359,591	276,716
Oil And Gas	137,891,807	107,173,815	135,706,922	107,173,815
Power And Energy	26,731	21,250	26,731	21,250
Professional, Scientific And Technical Activities	6,437,615	7,400,509	6,437,615	7,400,509
Real Estate Activities	38,547,046	34,547,049	38,525,007	34,547,049
Transportation And Storage	27,800,655	23,514,114	25,869,813	23,514,114
Water Supply, Sewerage, Waste Management And Remediation Activities	147,152	93,253	147,152	93,253
	<u>636,950,494</u>	<u>598,094,385</u>	<u>605,379,375</u>	<u>572,009,722</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Insider related loans (see note 42(b))	13,028,752	10,016,822	13,028,752	10,016,822
Other loans	623,921,742	588,077,563	592,350,624	561,992,900
	<u>636,950,494</u>	<u>598,094,385</u>	<u>605,379,375</u>	<u>572,009,722</u>

(i) The analysis of non specialised loans by performance is as follows:

	N'000 Dec-10 N'000	N'000 Dec-09 N'000	N'000 Dec-10 N'000	N'000 Dec-09 N'000
Performing	508,268,922	511,674,395	478,550,816	486,292,030
Non-performing (see note (j) below):				
- Principal	34,918,928	68,035,917	33,351,783	67,409,136
- Interest	8,041,692	2,790,168	7,755,824	2,714,651
	<u>551,229,542</u>	<u>582,500,480</u>	<u>519,658,423</u>	<u>556,415,817</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
90-180 days (sub-standard)	9,181,846	54,872,053	8,392,872	54,425,048
180-360 days (doubtful)	7,263,692	2,632,669	7,030,404	2,524,756
Over 360 days (lost)	18,473,390	10,531,195	17,928,507	10,459,332
Interest in suspense	8,041,692	2,790,168	7,755,824	2,714,651
	<u>42,960,620</u>	<u>70,826,085</u>	<u>41,107,607</u>	<u>70,123,787</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	17,651,783	2,689,984	17,224,213	2,540,971
Exchange difference	(40,621)	(13,586)	3,189	-
Allowances made during the year (see note (p) below)	7,817,045	27,122,877	7,124,139	26,837,581
Allowances written-off during the year	(196,563)	(11,903,937)	(185,262)	(11,925,705)
Allowances no longer required	(2,372,181)	(243,555)	(2,300,257)	(228,634)
Balance, end of year	<u>22,859,463</u>	<u>17,651,783</u>	<u>21,866,022</u>	<u>17,224,213</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	13,933,289	-	13,933,289	-
Allowances made during the year (see note (p) below)	3,824,479	13,933,289	3,824,479	13,933,289
Allowances no longer required (see note (p) below)	(1,348,095)	-	(1,348,095)	-
Allowances written-off during the year	(4,779,487)	-	(4,779,487)	-
Balance, end of year	<u>11,630,186</u>	<u>13,933,289</u>	<u>11,630,186</u>	<u>13,933,289</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	230,981	5,440,413	-	5,337,866
Exchange difference	(5,721)	5,001	-	-
Allowances made during the year (see note (p) below)	45,381	123,433	-	-
Write back of allowance during the year (see note (p) below)	(59,129)	(5,337,866)	-	(5,337,866)
Balance, end of year	211,512	230,981	-	-

(n) In the current year, the Bank did not make a 1% general provision on performing loans and advances based on the CBN circular BSD/DIR/GEN/CIR/04/013 to all banks in respect of 1% general provisioning on performing risk assets dated 7 January 2011 and a publication by the Nigerian Accounting Standards Board (NASB) dated 21 March 2011 (2009: Nil). The CBN circular waived the requirement of the 1% general provision for all deposit money banks while the NASB publication stated that the level of provisioning over the period from 2008 to 2010 was considered adequate for individual Deposit Money Banks (DMBs) that have subjected their loan portfolios to extensive review by the CBN and the Nigeria Deposit Insurance Corporation (NDIC) since the beginning of the current CBN reforms. The NASB publication excludes those individual DMBs from making the general loan loss provision required by paragraph 55 of Statement of Accounting Standard SAS 10: Accounting By Banks and Non-Bank Financial Institutions (Part I) in the financial statements for the year ended 31 December, 2010 only.

The directors are of the opinion that the Bank qualifies for the exclusion as provided by the NASB publication and have also complied with the CBN circular BSD/DIR/GEN/CIR/04/013 dated 7 January 2011. Accordingly, the Bank has not made the 1% general provision on performing loans and advances for the year ended 31 December 2010.

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	2,790,168	1,078,012	2,714,651	1,041,722
Exchange difference	(15,179)	(2,179)	-	-
Interest suspended during the year	8,549,751	3,547,439	8,352,146	3,492,431
Interest recovered	(425,173)	(34,952)	(453,098)	(21,350)
Interest written off	(2,212,813)	(1,798,152)	(2,212,813)	(1,798,152)
Balance, end of year	8,686,754	2,790,168	8,400,886	2,714,651

(p) Loan loss expenses

The analysis of loan loss expense is shown below:

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Specific allowances on risk assets (see note (k) above)	7,817,045	27,122,877	7,124,139	26,837,581
Margin loan loss allowance (see note (l)(i) above)	3,824,479	13,933,289	3,824,479	13,933,289
Margin loan loss allowance no longer required (see note (l)(1))	(1,348,095)	-	(1,348,095)	-
General allowance on loans and advances (see note (m)(i) above)	45,381	123,433	-	-
(Writeback)/ General allowance on advance under finance lease (see note 16(a)(i))	-	(241)	-	(241)
Write-back of general allowance on loans and advances (see (m)(i) above)	(59,129)	(5,337,866)	-	(5,337,866)
Loan amounts written off	181,000	355,791	191,801	334,906
Specific loan loss allowance no longer required (see note (k) above)	(2,372,181)	(243,555)	(2,300,257)	(228,634)
	<u>8,088,500</u>	<u>35,953,728</u>	<u>7,492,067</u>	<u>35,539,035</u>

(q) Diminution in other assets value

This comprises:

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Diminution in value of SMEEIS Investments (See note 18(d)(i))	-	1,065,426	-	1,065,426
Diminution in value of other investments (see note 18(a)(ii))	-	264,201	-	264,201
	-	1,329,627	-	1,329,627
Allowances on other assets (See note 22(d))	51,442	139,858	51,442	135,043
Allowance on insurance receivables (see note 17(b))	177,468	103,516	-	-
	<u>228,910</u>	<u>1,573,001</u>	<u>51,442</u>	<u>1,464,670</u>

16 Advances under finance lease

(a) Advances under finance lease comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Gross investment in finance lease	9,821	6,093	-	1,311
Less: Un-earned income	-	(23)	-	(23)
Net investment in finance lease	9,821	6,070	-	1,288
Less 1% general allowance (see note (a)(i) below)	-	-	-	-
Balance, end of year	<u>9,821</u>	<u>6,070</u>	<u>-</u>	<u>1,288</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	-	241	-	241
(Writeback)/allowance made during the year	-	(241)	-	(241)
Balance, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Under 1 month	-	1,288	-	1,288
1 - 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	9,821	4,782	-	-
Over 12 months	-	-	-	-
	<u>9,821</u>	<u>6,070</u>	<u>-</u>	<u>1,288</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Performing	9,821	6,070	-	1,288
Non performing	-	-	-	-
	<u>9,821</u>	<u>6,070</u>	<u>-</u>	<u>1,288</u>

17 Insurance receivables

(a) Insurance receivables comprise of:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Due from policy holders	1,106,190	236,020	-	-
Due from agents and brokers	50,013	553,815	-	-
Due from reinsurers	32,306	213,285	-	-
	<u>1,188,509</u>	<u>1,003,120</u>	<u>-</u>	<u>-</u>
Allowance for doubtful receivables (see (b) below)	(314,668)	(193,574)	-	-
	<u><u>873,841</u></u>	<u><u>809,546</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of the year	193,574	124,058	-	-
Additions during the year	177,468	103,516	-	-
Written off during the year	(56,374)	(34,000)	-	-
Balance, end of the year	<u><u>314,668</u></u>	<u><u>193,574</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

18 Investment securities

Investment securities comprise:

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
(i) <i>Unlisted debt securities - at cost</i>				
- GTB UK Subordinated loan	-	-	1,895,700	1,212,983
- Federal Govt. bonds (see note (c)(i) below)	22,014,615	4,931,477	20,969,623	4,461,477
- State Government bonds	7,100,000	7,000,000	7,000,000	7,000,000
- Sovereign Debt Notes (see note (d) below)	3,663,576	-	3,663,576	-
- Corporate Bonds (see note (e) below)	3,204,301	132,700	3,000,000	-
- AMCON Bonds (see note (f) below)	1,727,278	-	1,727,278	-
(ii) <i>Unlisted equity securities - at cost</i>				
- Kakawa Discount House Limited	34,100	34,100	34,100	34,100
- Valucard Nigeria Plc	90,153	90,153	90,153	90,153
- Nigeria Automated Clearing Systems	47,547	47,547	47,547	47,547
- Afrexim	14,131	14,131	14,131	14,131
- ICHL Nigeria Limited	264,201	264,201	264,201	264,201
- Africa Finance Corporation	636,048	636,048	636,048	636,048
- ARM Pension Managers Limited	38,625	38,625	-	-
- Other diversified portfolio	-	1,000	-	-
- Other unquoted investments	1,392,308	1,491,000	-	-
- Small and medium industries investments (see note (g) below)	4,931,906	4,831,906	4,931,906	4,831,906
(iii) <i>Quoted equity investments</i>	2,278,943	-	-	-
	47,437,732	19,512,888	44,274,263	18,592,546
Less: diminution in value of investment (see note 15(q) above)	(1,329,627)	(1,329,627)	(1,329,627)	(1,329,627)
	<u>46,108,105</u>	<u>18,183,261</u>	<u>42,944,636</u>	<u>17,262,919</u>
(b) <i>Investment securities- short term.</i>				
(i) <i>Listed equity securities</i>				
Proprietary investments (see note (j) below)	1,471,047	985,968	-	-
Underwritten shares (see note (k) below)	-	-	-	-
Investment in other funds	-	160,327	-	-
(ii) <i>Unlisted debt securities</i>				
FGN Bonds- trading (see note (l) below)	4,159,482	116,864,073	3,411,799	116,864,073
Treasury bearer bonds	-	-	-	-
	<u>5,630,529</u>	<u>118,010,368</u>	<u>3,411,799</u>	<u>116,864,073</u>
	<u><u>51,738,634</u></u>	<u><u>136,193,629</u></u>	<u><u>46,356,435</u></u>	<u><u>134,126,992</u></u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
3rd FGN Bond Series 3 (14.50%)	252,370	268,394	252,370	268,394
3rd FGN Bond Series 5 (14.50%)	358,071	358,071	358,071	358,071
4th FGN Bond Series 2 (9.50%)	52,283	-	52,283	52,269
4th FGN Bond Series 5 (9.23%)	4,993,940	-	4,993,940	-
4th FGN Bond Series 10 (9.5%)	10,780,462	-	10,780,462	-
4th FGN Bond Series 14 (15.5%)	-	52,269	-	3,782,743
6th FGN Bond Series 2 (10.50%)	4,858,352	4,252,743	4,532,497	-
5th FGN bond series 4 (10.50%)	459,225	-	-	-
6th FGN bond series 5 (8.50%)	149,615	-	-	-
5th FGN bond series 4 (10.50%)	110,297	-	-	-
	<u>22,014,615</u>	<u>4,931,477</u>	<u>20,969,623</u>	<u>4,461,477</u>

(ii) Included in the FGN (Federal Government of Nigeria) is an amount ₦15,000,000,000 (December 2009: ₦3,785,000,000) representing the face value of FGN bonds pledged to the Central bank of Nigeria (CBN) discount, office to act as settlement bank and also for its participation in clearing activities with the CBN.

(iii) The market value of FGN Bonds held to maturity was ₦21,705,318,000 (31 December 2009: ₦4,622,869,000)

(d) The amount represents the value of the Bank's investment in Federal Government Sovereign Debt Notes. These notes were bought from Oando Plc at a discounted rate of 7.75%.

(e) The amount represents the total value of the group's investment in the corporate bonds. Of this amount, the sum of N3,000,000,000 represents the value of Corporate Bonds issued by Flour Mills of Nigeria Plc to the Bank. These bonds are 12% Fixed Rate Senior Unsecured Bonds with a tenure of 5 years.

(f) This represents Initial Consideration Bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The Initial Consideration Bonds are three year zero coupon with a yield to maturity of 10.125%. The Initial Consideration Bonds were issued to banks in exchange for non-performing margin and share-backed loans as part of the Nigerian Government's policy measures to reduce the negative impact of the margin and share-backed loans on the Nigerian banking industry and the economy as a whole. As at 31 December 2010, the bank received a total of N2,322,977,000 AMCON Bonds in consideration for capital market loss with gross value of N7,402,968,000 and a total provision of N1,824,421,000 made in the books against these loans.

A loss of N3,849,584,000 representing the difference between the net amount (after provisions) of the margin and share backed market loans acquired by AMCON and the value of the AMCON Bonds issued in consideration was charged to the income statement during the year.

(f) (i) The AMCON bonds comprise:

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Face value	2,322,997	-	2,322,997	-
Unearned interest	(595,719)	-	(595,719)	-
	<u>1,727,278</u>	<u>-</u>	<u>1,727,278</u>	<u>-</u>

(g) Investment in SMEEIS

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

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
Sokoa Chair Centre	61,288	61,288	61,288	61,288
TerraKulture Ltd	289,999	189,999	289,999	189,999
Tinapa Business Resort	500,000	500,000	500,000	500,000
Iscare Nigeria Ltd	40,000	40,000	40,000	40,000
Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
National E-Government Strategy	25,000	25,000	25,000	25,000
Interswitch Nigeria	20,840	20,840	20,840	20,840
Central Securities Clearing System	10,500	10,500	10,500	10,500
Patrick Speech & Language Centre Ltd	30,000	30,000	30,000	30,000
Bookcraft Ltd	20,000	20,000	20,000	20,000
3 Peat Investment Ltd	855,532	855,532	855,532	855,532
Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
Safe Nigeria Ltd	350,000	350,000	350,000	350,000
CRC Credit Bureau	61,111	61,111	61,111	61,111
Cards Technology Limited	265,000	265,000	265,000	265,000
Thisday Events Center	500,000	500,000	500,000	500,000
HITV Limited	500,000	500,000	500,000	500,000
Thai Farm International Limited	81,285	81,285	81,285	81,285
	<u>4,931,906</u>	<u>4,831,906</u>	<u>4,931,906</u>	<u>4,831,906</u>
Less: diminution in the value of investment	(1,065,426)	(1,065,426)	(1,065,426)	(1,065,426)
	<u>3,866,480</u>	<u>3,766,480</u>	<u>3,866,480</u>	<u>3,766,480</u>

(ii) Long term investments as at 31 December, 2010 have been valued by an officer of the Bank, using the net assets valuation model.

(iii) The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the Bank's investment under the Small and Medium Industries Equity Investment Scheme (SMIEIS)). A total of ₦4,931,906,000 (31 December 2009: ₦4,831,906,000) has been so far invested under the scheme. Due to the effective percentage holding of the Bank in these companies, some of them qualify as subsidiaries and associates. However, they are not consolidated as the investments are held for sale and the cost of the Bank's residual interest in the individual investee companies is not material.

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

	Group Dec-10 ₦'000	Group Dec-09 ₦'000	Bank Dec-10 ₦'000	Bank Dec-09 ₦'000
Balance, beginning of the year	18,183,261	11,821,685	17,262,919	11,783,185
Investments purchased during the year	27,925,844	8,716,096	24,999,000	8,305,379
Redemption of long term investments	(1,000)	(1,024,893)	-	(1,496,018)
Provision for diminution	-	(1,329,627)	-	(1,329,627)
Balance, end of year	<u>46,108,105</u>	<u>18,183,261</u>	<u>42,261,919</u>	<u>17,262,919</u>

(i) The directors are of the opinion that the net realisable value of long term investments is not lower than their cost.

(j) Proprietary investments as at 31 December 2010, represent Guaranty Trust Assurance Plc's trading investment in quoted securities on the stock market. The cost of the investments as at that date was ₦1,449,661,000. (Dec. 2009: Market value ₦1,273,464,000, Cost ₦985,968,000).

(k) (i) Underwritten shares comprise:

	Group Dec-10 ₦'000	Group Dec-09 ₦'000	Bank Dec-10 ₦'000	Bank Dec-09 ₦'000
Balance, beginning of the year	-	1,608,652	-	1,608,652
Transferred to loans and advances	-	(1,608,652)	-	(1,608,652)
Balance, end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(ii) The underwritten commitment has been transferred to loans and advances as at 31 December 2010 and specific provision taken in line with the CBN circulars.

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
3rd FGN Bond Series 3 (14.5%)	-	1,043,260	-	1,043,260
3rd FGN Bond Series 7 (12.5%)	431,400	431,400	431,400	431,400
3rd FGN Bond Series 14 (12.74%)	1,041,060	-	1,041,060	-
4th FGN Bond Series 1 (10.75%)	-	1,012,600	-	1,012,600
4th FGN Bond Series 3 (10.75%)	56,075	-	56,075	-
4th FGN Bond Series 4 (9.00%)	-	5,375,790	-	5,375,790
4th FGN Bond Series 5 (9.23%)	-	3,910,875	-	3,910,875
4th FGN Bond Series 6 (9.20%)	-	206,440	-	206,440
4th FGN Bond Series 7 (7.95%)	-	2,942,630	-	2,942,630
4th FGN Bond Series 9 (9.35%)	8,716	1,506,695	8,716	1,506,695
4th FGN Bond Series 10 (9.50%)	103,840	6,286,992	103,840	6,286,992
4th FGN Bond Series 11 (9.25%)	91,980	107,470	91,980	107,470
4th FGN Bond Series 12 (7.00%)	-	304,950	-	304,950
4th FGN Bond Series 14 (8.99%)	-	28,820,400	-	28,820,400
5th FGN Bond Series 1 (9.45%)	88,816	10,003,895	88,816	10,003,895
5th FGN Bond Series 2 (10.70%)	162,270	821,132	162,270	821,132
5th FGN Bond Series 3 (10.50%)	168,468	14,255,670	168,468	14,255,670
5th FGN Bond Series 4 (10.5%)	28,931	18,167,294	28,931	18,167,294
5th FGN Bond Series 5 (15%)	-	406,525	-	406,525
6th FGN Bond Series 1 (9.92%)	-	1,794,010	-	1,794,010
6th FGN Bond Series 2 (10.5%)	102,480	11,107,200	102,480	11,107,200
6th FGN Bond Series 3 (12.49%)	59,079	6,365,816	59,079	6,365,816
6th FGN Bond Series 4 (7%)	59,748	392,189	59,748	392,189
6th FGN Bond Series 5 (8.5%)	-	600,840	-	600,840
7th FGN Bond Series 1 (5.5%)	8,936	-	8,936	-
FMBN Mortgage Bonds (9.89%)	1,000,000	1,000,000	1,000,000	1,000,000
6th FGN Bond Series 5 (8.5%)	299,230	-	-	-
6th FGN Bond Series 4 (7%)	448,453	-	-	-
	<u>4,159,482</u>	<u>116,864,073</u>	<u>3,411,799</u>	<u>116,864,073</u>

(ii) The original cost of FGN bonds-trading as at 31 December 2010 was ~~N~~4,190,773,000 (31 December 2009: N113,763,108,000).

(iii) Included in the FGN (Federal Government of Nigeria) bonds is an amount N3,875,000,000 (December 2009: N11,215,000,000) representing the face value of FGN bonds pledged to the Central Bank of Nigeria (CBN) Discount, Office to act as settlement bank and also for its participation in clearing activities with the CBN.

19 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
GTB Gambia (see note (c) below)	-	-	574,278	574,278
GTB Sierra Leone (see note (d) below)	-	-	594,109	597,038
GT Assurance Plc (see note (e) below)	-	-	8,082,281	8,507,571
GTB Ghana (see note (f) below)	-	-	8,114,710	8,114,710
GTB Finance B.V. (See note (g) below)	-	-	3,220	3,220
GTB Registrars (see note (h) below)	-	-	50,000	50,000
GT Homes Limited (see note (i) below)	-	-	3,500,000	3,500,000
GTB UK Limited (see note (j) below)	-	-	5,000,000	5,000,000
GTB Asset Management Limited (see note (k) below)	-	-	2,250,000	2,250,000
GTB Liberia Limited (see note (l) below)	-	-	1,947,264	1,178,000
	<u>-</u>	<u>-</u>	<u>30,115,862</u>	<u>29,774,817</u>

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

	<i>Country of Incorporation</i>	<i>Company Name</i>	<i>Nature of Business</i>	<i>Percentage of equity capital held</i>	<i>Year end</i>
1	Gambia	GTB Gambia Limited	Banking	77.81%	31/12/2010
2	Sierra Leone	GTB Sierra Leone Limited	Banking	84.24%	31/12/2010
3	Nigeria	GT Assurance Plc	Insurance	67.68%	31/12/2010
4	Ghana	GTB Ghana Limited	Banking	95.72%	31/12/2010
5	Netherlands	GTB Finance, B.V.	SPV	100.00%	31/12/2010
6	Nigeria	GT Registrars Limited	Registrar	99.99%	31/12/2010
7	Nigeria	GT Homes Limited	Mortgage	75.11%	31/12/2010
8	United Kingdom	GTB UK, Limited	Banking	100.00%	31/12/2010
9	Nigeria	GTB Asset Management Limited	Asset Mgt.	100.00%	31/12/2010
10	Liberia	GTB Liberia Limited	Banking	99.43%	31/12/2010

- (c) This represents the cost of the Bank's 77.81% equity holding in GTB Gambia. The company was incorporated in September 2001 and commenced operations in January 2002.
- (d) This represents the cost of the Bank's 84.24% equity holding in GTB Sierra Leone. It was incorporated in September 2001 and commenced operations in January 2002. During the year, the Bank ceded 0.46% of its shareholding in Guaranty Trust Bank Sierra Leone. The cost of ceded shares was ₦2,929,138. The proceeds of ₦25,177,007 resulted in a profit of ₦22,247,869.
- (e) This represents the cost of the Bank's 67.68% equity holding in Guaranty Trust Assurance Plc. The Company was incorporated on 23 June 1989 as Heritage Assurance Limited. However, the Bank acquired a majority shareholding in the Company in September 2004. In January 2010, 5% of the equity holding in the company was ceded for the purpose of listing the shares of the company on the floor of the Nigerian Stock Exchange. The cost of ceded shares was ₦425,289,000. The proceeds of ₦700,268,000 resulted in a profit of ₦274,978,000.
- (f) This represents the cost of the Bank's 95.72% equity holding in Guaranty Trust Bank Ghana. The Company was incorporated in October 2004 and commenced operations in March 2006.
- (g) This represents the cost of the Bank's 100% holding of the equity of GTB Finance B.V., Netherlands. GTB Finance B.V was incorporated in December 2006 and commenced operations in December 2006. An obligation exists between the Bank and GTB Finance B.V, for which GTB Finance B.V was expected to lend the Bank the sum of N307.87 million (\$2,608,000) as a share premium loan. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.

- (h) This represents the cost of the Bank's 99.99% holding of the equity of GTB Registrars. The Company was incorporated in February 2006 and commenced operations in September 2006.
- (i) This represents the cost of the Bank's 75.11% holding of the equity of GT Homes Limited. The Company was incorporated in 1992 as Citizens Savings and Loans Limited. Its name was changed to New Patriot Building Society in 1997. However, the Bank acquired majority shareholding in August 2007, consequent upon which the name was changed to GTHomes Limited. It commenced operations under this name in January 2008.
- (j) This represents the cost of the Bank's 100% holding of the equity of Guaranty Trust Bank (UK) Limited. It was incorporated in February 2007 and commenced operations in January 2008.
- (k) This represents the cost of the Bank's 100% holding in the equity of GTB Asset Management Company Limited. The Company provides security brokerage and asset management services and was incorporated on 14 January 2008 and commenced operations in April 2008.
- (l) This represents the cost of the Bank's 99.43% holding in the equity of Guaranty Trust Bank (Liberia) Limited. GTB (Liberia) Limited was incorporated in September 2008 and commenced operations in March 2009. During the year, the Bank took on the rights issue offered by the subsidiary by making an additional investment of US \$ 4.955 million in it. The rights issue was to enable the company meet the prescribed minimum capital requirements for all banks operating in Liberia, prescribed by the Central Bank of Liberia. Guaranty Trust Bank Liberia made a rights issue of 1 new share for every 2 existing shares.
- (m) The condensed financial statements of the consolidated subsidiaries are included in Note 20.

20 Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at **31 December 2010**, are as follows:

<i>Subsidiary companies/parent company</i>	<i>Group balance</i>	<i>Elimination Entries</i>	<i>GTBank Plc</i>	<i>GTA Plc</i>	<i>GTB Asset Mgt</i>	<i>GT Registrars</i>	<i>GT Homes Ltd</i>	<i>GT Bank BV</i>	<i>GT Bank Ghana</i>	<i>GT Bank Sierra Leone</i>	<i>GT Bank Liberia</i>	<i>GT Bank UK</i>	<i>GT Bank Gambia</i>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed profit and loss													
Operating income	120,543,591	(1,045,315)	108,630,864	2,225,947	461,929	77,703	801,142	96,266	5,111,747	1,617,113	316,906	996,391	1,252,898
Operating expenses	(63,770,331)	306,995	(55,612,315)	(1,120,483)	(402,748)	(70,589)	(340,167)	(17,984)	(2,917,849)	(1,111,833)	(430,853)	(1,291,000)	(761,505)
Loan loss expenses	(8,088,500)	-	(7,492,067)	-	-	-	(16,335)	-	(432,523)	(99,621)	(20,855)	-	(27,099)
Diminution on other risk values	(228,910)	(26,137)	(51,442)	(151,331)	-	-	-	-	-	-	-	-	-
<i>Profit before tax</i>	48,455,850	(764,457)	45,475,040	954,133	59,181	7,114	444,640	78,282	1,761,375	405,659	(134,802)	(294,609)	464,294
Taxation	(10,109,227)	(39,301)	(8,963,412)	(355,467)	(1,434)	(4,213)	102,817	-	(588,839)	(111,579)	(5,592)	-	(142,207)
<i>Profit after tax</i>	38,346,623	(803,758)	36,511,628	598,666	57,747	2,901	547,457	78,282	1,172,536	294,080	(140,394)	(294,609)	322,087

December 2010

<i>Subsidiary companies/parent company</i>	<i>Group balance</i>	<i>Elimination Entries</i>	<i>GTBank Plc</i>	<i>GTA Plc</i>	<i>GTB Asset Mgt</i>	<i>GT Registrars</i>	<i>GT Homes Ltd</i>	<i>GT Bank BV</i>	<i>GT Bank Ghana</i>	<i>GT Bank Sierra Leone</i>	<i>GT Bank Liberia</i>	<i>GT Bank UK</i>	<i>GT Bank Gambia</i>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed financial position													
Assets													
Cash and balances with Central Bank of Nigeria	28,855,906	-	27,017,683	52	191	1	7,706	-	717,652	302,613	426,540	104,974	278,494
Treasury bills	157,291,249	(137,286)	141,775,484	137,286	-	-	-	-	11,459,587	1,110,123	-	-	2,946,055
Due from other banks	250,180,751	(13,182,842)	204,567,931	5,870,060	157,680	99,105	969,650	760	12,836,165	3,331,289	1,288,408	31,884,022	2,358,523
Loans and advances to customers	593,562,579	(53,222,400)	563,482,281	-	-	-	4,157,749	53,194,268	13,515,485	3,548,887	1,262,131	3,980,973	3,643,205
Advances under finance lease	9,821	-	-	-	-	-	-	-	-	-	-	-	9,821
Insurance receivables	873,841	(27,882)	-	901,723	-	-	-	-	-	-	-	-	-
Investment securities	51,738,634	(5,479,647)	46,356,435	8,333,602	2,385,593	-	-	-	-	-	-	142,651	-
Investment in subsidiaries	-	(30,115,862)	30,115,862	-	-	-	-	-	-	-	-	-	-
Trading properties	7,349,815	1,857,251	-	2,563,703	300,000	-	2,628,861	-	-	-	-	-	-
Other assets	10,600,066	(2,174,938)	7,631,958	1,287,681	196,593	22,030	31,743	2,018,346	681,886	137,760	164,031	205,395	397,581
Deferred tax assets	587,881	2,773	-	4,705	-	-	529,656	-	50,747	-	-	-	-
Property and equipment	50,597,029	-	45,815,129	384,184	99,203	2,603	73,573	-	1,662,239	552,609	674,556	597,146	735,787
Goodwill on consolidation	354,328	354,328	-	-	-	-	-	-	-	-	-	-	-
Total assets	1,152,001,900	(102,126,505)	1,066,762,763	19,482,996	3,139,260	123,739	8,398,938	55,213,374	40,923,761	8,983,281	3,815,666	36,915,161	10,369,466

December 2010

	<i>Elimination</i>			<i>GTB Asset</i>	<i>GT</i>	<i>GT Homes</i>		<i>GT Bank</i>	<i>GT Bank</i>	<i>GT Bank</i>		<i>GT Bank</i>	
<i>Group balance</i>	<i>Entries</i>	<i>GTBank Plc</i>	<i>GTA Plc</i>	<i>Mgt</i>	<i>Registrars</i>	<i>Ltd</i>	<i>GT Bank BV</i>	<i>Ghana</i>	<i>Sierra Leone</i>	<i>Liberia</i>	<i>GT Bank UK</i>	<i>Gambia</i>	
N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Financed by:													
Customers' deposits	761,194,792	(10,767,689)	713,080,374	-	-	-	4,340,915	-	28,269,792	4,911,989	1,779,301	11,538,654	8,041,456
Due to other banks	17,943,922	(7,566,626.00)	3,320,059	-	-	-	11,681	-	-	1,546,005	-	20,632,803	-
Claims payable	727,653	(1,265.00)	-	728,918	-	-	-	-	-	-	-	-	-
Finance lease obligations	1,847,629	-	1,847,629	-	-	-	-	-	-	-	-	-	-
Liability on investment contracts	1,822,664	-	-	1,822,664	-	-	-	-	-	-	-	-	-
Liabilities on insurance contracts	2,198,669	(166,916.00)	-	2,365,585	-	-	-	-	-	-	-	-	-
Current income tax payable	9,529,921	34,134.00	8,686,276	631,540	-	3,663	-	59,221	47,278	5,626	-	-	62,183
Other liabilities	53,697,738	2,617,021	43,243,089	972,968	1,429,454	54,995	441,052	1,700,836	851,369	1,240,097	151,000	164,215	831,642
Deferred tax liabilities	4,337,046	(24,765.00)	4,160,684	137,315	-	1,761	15,848	-	40,500	5,703	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	36,699	-	35,785	-	-	-	914	-	-	-	-	-	-
Debt securities in issue	64,903,211	(56,602,289)	66,387,400	-	-	-	-	53,222,400	-	-	-	1,895,700	-
Other borrowings	22,936,267	-	20,833,661	-	-	-	-	-	2,102,606	-	-	-	-
Equity and reserve	210,825,689	(29,648,110)	205,167,806	12,824,006	1,709,806	63,320	3,588,528	290,138	9,600,273	1,232,209	1,879,739	2,683,789	1,434,185
	1,152,001,900	(102,126,505)	1,066,762,763	19,482,996	3,139,260	123,739	8,398,938	55,213,374	40,923,761	8,983,281	3,815,666	36,915,161	10,369,466

December 2010

Subsidiary companies/parent company

	<i>Elimination</i>			<i>GTB Asset</i>	<i>GT</i>	<i>GT Homes</i>		<i>GT Bank</i>	<i>GT Bank</i>	<i>GT Bank</i>		<i>GT Bank</i>	
<i>Group balance</i>	<i>Entries</i>	<i>GTBank Plc</i>	<i>GTA Plc</i>	<i>Mgt</i>	<i>Registrars</i>	<i>Ltd</i>	<i>GT Bank BV</i>	<i>Ghana</i>	<i>Sierra Leone</i>	<i>Liberia</i>	<i>GT Bank UK</i>	<i>Gambia</i>	
N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Condensed cash flow													
Net cash flow from operating activities	195,887,770	26,132,645	159,030,437	4,121,203	(29,450)	12,147	278,420	-	8,388,647	2,960,158	68,855	(3,434,773)	(867,519)
Net cash flow from investing activities	(42,623,018)	1,159,191	(36,489,024)	(5,855,151)	(56,303)	(1,854)	(367,159)	-	(464,804)	(125,807)	(222,774)	(87,439)	(111,894)
Net cash flow from financing activities	(17,762,183)	(1,806,790)	(18,953,003)	(400,000)	189,894	-	-	-	1,799,207	(127,817)	760,320	710,888	65,118
Increase in cash and cash equivalents	135,502,569	25,485,046	103,588,410	(2,133,948)	104,141	10,293	(88,739)	-	9,723,050	2,706,534	606,401	(2,811,324)	(914,295)
Cash balance, beginning of year	277,413,577	(30,464,788)	260,262,871	8,141,346	53,730	88,813	1,054,414	-	16,278,464	590,623	998,461	13,971,514	6,438,129
Effect of exchange difference	(721,920)	-	-	-	-	-	-	-	(988,110)	(99,137)	110,086	196,003	59,238
Cash balance, end of year	412,194,226	(4,979,742)	363,851,281	6,007,398	157,871	99,106	965,675	-	25,013,404	3,198,020	1,714,948	11,356,193	5,583,072

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

December 2009

<i>Subsidiary companies/parent company</i>	<i>Group balance</i>	<i>Elimination Entries</i>	<i>GTBank Plc</i>	<i>GTA Plc</i>	<i>GTB Asset Mgt</i>	<i>GT Registrars</i>	<i>GT Homes Ltd</i>	<i>GT Bank BV</i>	<i>GT Bank Ghana</i>	<i>GT Bank Sierra Leone</i>	<i>GT Bank Liberia</i>	<i>GT Bank UK</i>	<i>GT Bank Gambia</i>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed profit and loss													
Operating income	120,393,168	(1,335,171)	112,659,732	3,026,290	333,127	77,258	(1,386,391)	(267,053)	4,044,753	1,489,757	56,135	426,981	1,267,750
Operating expenses	(54,903,435)	1,335,171	(48,696,218)	(1,551,379)	(370,340)	(80,013)	(300,213)	(11,128)	(2,035,464)	(962,037)	(209,571)	(1,265,206)	(757,037)
Loan loss expenses	(35,953,728)	-	(35,539,035)	-	(500)	-	(12,010)	-	(234,815)	(68,457)	(6,886)	-	(92,025)
Diminution on other risk values	(1,573,002)	-	(1,464,670)	(103,517)	(4,815)	-	-	-	-	-	-	-	-
<i>Profit before tax</i>	27,963,003	-	26,959,809	1,371,394	(42,528)	(2,755)	(1,698,614)	(278,181)	1,774,474	459,263	(160,322)	(838,225)	418,688
Taxation	(4,276,160)	-	(3,111,748)	(764,192)	(13,226)	(1,655)	407,822	-	(500,944)	(109,643)	-	-	(182,574)
<i>Profit after tax</i>	23,686,843	-	23,848,061	607,202	(55,754)	(4,410)	(1,290,792)	(278,181)	1,273,530	349,620	(160,322)	(838,225)	236,114

December 2009

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

December 2009

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

December 2009

Subsidiary companies/parent company

<i>Group balance</i>	<i>Elimination</i>		<i>GTBank Plc</i>	<i>GTA Plc</i>	<i>GTB Asset Mgt</i>	<i>GT Registrars</i>	<i>GT Homes Ltd</i>	<i>GT Bank BV</i>	<i>GT Bank Ghana</i>	<i>GT Bank Sierra Leone</i>	<i>GT Bank Liberia</i>	<i>GT Bank UK</i>	<i>GT Bank Gambia</i>
	<i>Entries</i>												
N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed cash flow													
Net cash flow from operating activities	(10,008,635)	(29,754,723)	19,320,101	1,697,047	52,639	8,261	(13,071,957)	-	2,042,195	1,757,753	245,649	7,843,630	661,852
Net cash flow from investing activities	(13,443,247)	(6,555,926)	(19,489,837)	(526,668)	(64,587)	(5,163)	11,202,567	-	1,625,743	56,659	321,729	(573,741)	(245,105)
Net cash flow from financing activities	(10,073,661)	(1,870,180)	(10,771,881)	(417,410)	(84,043)	-	1,883,000	-	-	92,010	-	1,212,983	(118,140)
Increase in cash and cash equivalents	(33,525,543)	(38,180,829)	(10,941,617)	752,969	(95,991)	3,098	13,610	-	3,667,938	1,906,422	567,378	8,482,872	298,607
Cash balance, beginning of year	311,109,803	549,911,938	271,204,488	7,661,375	161,388	85,715	54	1,674	5,820,847	3,480,605	1,078,348	12,184,677	1,927,670
Effect of exchange difference	(170,683)	-	-	-	-	-	-	110	(754,981)	(125,364)	88,195	449,506	171,851
Cash balance, end of year	<u>277,413,577</u>	<u>511,731,109</u>	<u>260,262,871</u>	<u>8,414,344</u>	<u>65,397</u>	<u>88,813</u>	<u>13,664</u>	<u>1,784</u>	<u>8,733,804</u>	<u>5,261,663</u>	<u>1,733,921</u>	<u>21,117,055</u>	<u>2,398,128</u>

20 (c) The Central Bank of Nigeria's Regulation on the Scope of Banking Activities

Section 6(1) of the Central Bank of Nigeria Regulation on the Scope of Banking Activities and Ancillary Matters requires every bank currently operating under a universal banking licence to submit to the Central Bank of Nigeria for approval a compliance plan duly approved by the Bank's Board of Directors. The regulation requires banks to divest from all non-banking businesses and apply for a new type of banking license based on the decision of the Bank's Board of Directors.

At an extra-ordinary general meeting held in October, 2010, the shareholders authorized the divestment of the bank's equity interest in its non-banking subsidiaries. The divestment is in compliance with the new banking model approved by the CBN in September, 2010. The affected subsidiaries are **Guaranty Trust Assurance Plc**, **GTB Asset Management Limited** and **GTB Registrars Limited** (collectively the "Target Companies"). In January 2011, the Bank obtained CBN's approval-in-principle ("AiP") of the divestment plan in accordance with the provisions of CBN regulations to this effect.

The Bank's compliance plan duly approved by the Board of Directors on 28 October 2010 involves the divestment from non-banking subsidiaries through a competitive process with the ultimate objective of ensuring the selection of credible investors to acquire the Bank's equity interest in the target companies.

- 20 (c) (i)** The financial position and performance of these subsidiaries have been consolidated as control still existed as at the balance sheet date. Total assets, net assets and profit before tax as of, and for the year ended, 31 December 2010 of the subsidiaries to be disposed and wound up are presented below:

	Guaranty Trust Assurance Plc N'000	GTB Asset Management Plc N'000	GTB Registrars Limited N'000
Total assets	19,482,996	3,139,260	123,739
Net assets	12,824,006	1,709,806	63,320
Profit before tax	954,133	59,181	7,114

21 Trading properties

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	5,070,666	15,085,846	-	-
Additions	2,750,120	2,195,080	-	-
Disposals	(470,971)	(12,210,260)	-	-
Balance, end of year	7,349,815	5,070,666	-	-

22 Other assets

(a) (i) Other assets comprise:

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Prepayments (see (a)(ii) below)	8,297,969	7,342,414	6,555,773	6,109,389
Interest receivable	1,765,733	2,920,769	1,393,011	2,710,042
Subscription for shares	-	50,000	-	-
Other accounts receivable	1,353,887	5,916,834	643,846	1,568,529
Deferred acquisition cost (see (b) below)	145,043	207,272	-	-
	<u>11,562,632</u>	<u>16,437,289</u>	<u>8,592,630</u>	<u>10,387,960</u>
Allowances on other assets (see (c) below)	(962,566)	(914,045)	(960,672)	(909,230)
	<u><u>10,600,066</u></u>	<u><u>15,523,244</u></u>	<u><u>7,631,958</u></u>	<u><u>9,478,730</u></u>

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

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Under one year	2,622,815	2,224,753	1,424,686	1,311,705
Over one year	5,675,154	5,117,661	5,131,087	4,797,684
	<u><u>8,297,969</u></u>	<u><u>7,342,414</u></u>	<u><u>6,555,773</u></u>	<u><u>6,109,389</u></u>

(a) (iii) Operating leases

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

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Operating leases which expire				
- within one year	538,302	25,332	44,180	25,332
- after one year	4,084,964	436,081	446,691	436,081
	<u><u>4,623,266</u></u>	<u><u>461,413</u></u>	<u><u>490,871</u></u>	<u><u>461,413</u></u>

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

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	914,045	774,187	909,230	774,187
Allowance made during the year (see note 15(m))	51,442	139,858	51,442	135,043
Recoveries during the period/year	(2,921)	-	-	-
Balance, end of year	<u>962,566</u>	<u>914,045</u>	<u>960,672</u>	<u>909,230</u>

23 Property and equipment

(a) **Group:**

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

	Leasehold improvements/ land and buildings	Machinery & equipment	Computer & accessories	Furniture & fittings	Motor vehicles	Other transportation equipment	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
(a) (i) Cost								
Balance, beginning of the year	21,360,142	7,553,955	11,420,605	3,580,973	5,849,263	2,545,136	13,138,635	65,448,709
Exchange difference	(85,306)	(7,323)	(2,584)	(41,017)	(23,844)	-	(30,724)	(190,798)
Additions	2,030,526	1,347,911	1,505,430	725,956	1,877,131	-	4,319,715	11,806,669
Disposals	(595,697)	(134,510)	(77,096)	(60,384)	(893,793)	-	-	(1,761,480)
Reclass from other assets	53,063	-	4,611	7,970	-	-	-	65,644
Reclass to other assets	-	-	(11,948)	-	-	-	(141,680)	(153,628)
Transfers	1,653,673	250,475	67,510	45,373	18,249	-	(2,035,280)	-
Balance, end of the year	<u>24,416,401</u>	<u>9,010,508</u>	<u>12,906,528</u>	<u>4,258,871</u>	<u>6,827,006</u>	<u>2,545,136</u>	<u>15,250,666</u>	<u>75,215,116</u>
(a) (ii) Accumulated depreciation								
Balance, beginning of the year	2,507,269	3,956,088	7,095,686	1,820,160	2,878,443	699,912	-	18,957,558
Exchange difference	(14,553)	(4,315)	2,158	5,057	(31,082)	-	-	(42,735)
Charge for the year	889,768	1,353,311	2,242,145	667,706	1,418,168	254,514	-	6,825,612
Disposals	(46,157)	(126,720)	(75,897)	(58,167)	(815,407)	-	-	(1,122,348)
Balance, end of the year	<u>3,336,327</u>	<u>5,178,364</u>	<u>9,264,092</u>	<u>2,434,756</u>	<u>3,450,122</u>	<u>954,426</u>	<u>-</u>	<u>24,618,087</u>
(a) (iii) Net Book Value								
End of year	<u>21,080,074</u>	<u>3,832,144</u>	<u>3,642,436</u>	<u>1,824,115</u>	<u>3,376,884</u>	<u>1,590,710</u>	<u>15,250,666</u>	<u>50,597,029</u>
Beginning of the year	<u>18,852,873</u>	<u>3,597,867</u>	<u>4,324,919</u>	<u>1,760,813</u>	<u>2,970,820</u>	<u>1,845,224</u>	<u>13,138,635</u>	<u>46,491,151</u>

(a) (iv) Leased assets amounting to N1,590,710,000 (31 December 2009: N1,845,224,000) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 28(a).

(a) (v) The Group had capital commitments of N841,399,000 (31 December 2009: N211,212,000) as at the balance sheet date in respect of authorized and contracted capital projects.

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

23 (b) **Bank:**

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

(b) (i) **Cost**

	Leasehold improvements/ land and buildings	Machinery & equipment	Computer & accessories	Furniture & fittings	Motor vehicles	Other transportation equipment	Capital work in progress	Total
Balance, beginning of the year	18,525,775	7,238,725	10,265,974	2,560,298	4,912,862	2,545,136	12,495,238	58,544,008
Additions	1,703,890	1,243,573	1,265,730	481,177	1,682,388	-	4,150,309	10,527,067
Disposals	-	(131,146)	(70,058)	(57,683)	(823,554)	-	-	(1,082,441)
Transfers	1,365,790	243,469	66,002	33,979	-	-	(1,709,240)	-
Balance, end of the year	<u>21,595,455</u>	<u>8,594,621</u>	<u>11,527,648</u>	<u>3,017,771</u>	<u>5,771,696</u>	<u>2,545,136</u>	<u>14,936,307</u>	<u>67,988,634</u>

(b) (ii) **Accumulated depreciation**

Balance, beginning of the year	2,281,908	3,813,819	6,481,446	1,498,990	2,482,452	699,912	-	17,258,528
Charge for the year	732,661	1,293,777	1,978,294	457,396	1,197,201	254,514	-	5,913,843
Disposals	-	(123,356)	(69,052)	(55,466)	(750,992)	-	-	(998,866)
Balance, end of the year	<u>3,014,569</u>	<u>4,984,240</u>	<u>8,390,688</u>	<u>1,900,920</u>	<u>2,928,661</u>	<u>954,426</u>	<u>-</u>	<u>22,173,505</u>
Net Book Value								
End of year	<u>18,580,886</u>	<u>3,610,381</u>	<u>3,136,960</u>	<u>1,116,851</u>	<u>2,843,035</u>	<u>1,590,710</u>	<u>14,936,307</u>	<u>45,815,129</u>
Beginning of the year	<u>16,243,868</u>	<u>3,424,905</u>	<u>3,784,526</u>	<u>1,061,308</u>	<u>2,430,410</u>	<u>1,845,224</u>	<u>12,495,238</u>	<u>41,285,479</u>

(b) (iii) Leased assets amounting to ₦1,590,710 (31 December 2009: ₦1,845,224,000) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 28(a).

(b) (iv) The Group had capital commitments of ₦841,399,000 (31 December 2009: ₦211,212,000) as at the balance sheet date in respect of authorized and contracted capital projects.

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

24 Goodwill on consolidation

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	354,328	354,328	-	-
Goodwill arising during the year	-	-	-	-
Balance, end of year	<u>354,328</u>	<u>354,328</u>	<u>-</u>	<u>-</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000
GTB (Sierra Leone) Limited	49,975	49,975
GTB (Gambia) Limited	948	948
Guaranty Trust Assurance Plc	303,405	303,405
Balance, end of year	<u>354,328</u>	<u>354,328</u>

25 Customers' deposits

(a) Customers' deposits comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Demand:				
- Current	300,737,572	230,283,955	286,396,254	214,250,295
- Domiciliary	106,834,328	58,565,034	104,870,888	71,962,427
Time	246,498,055	334,178,584	225,146,073	317,934,470
Savings	107,124,837	60,053,329	96,667,159	58,113,834
	<u>761,194,792</u>	<u>683,080,902</u>	<u>713,080,374</u>	<u>662,261,026</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Under 1 month	674,139,388	606,924,265	649,214,450	610,649,233
1 - 3 months	78,943,316	53,712,549	61,649,742	37,756,292
3 - 6 months	6,124,844	17,540,291	2,216,164	11,646,791
6 - 12 months	1,969,218	3,903,525	18	1,537,810
Over 12 months	18,026	1,000,272	-	670,900
	<u>761,194,792</u>	<u>683,080,902</u>	<u>713,080,374</u>	<u>662,261,026</u>

26 Due to other banks

(a) Due to other banks comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Items in the course of collection	3,155,885	6,879,580	3,155,885	932,812
Current balances of banks	14,788,037	8,102,125	164,174	150,204
	<u>17,943,922</u>	<u>14,981,705</u>	<u>3,320,059</u>	<u>1,083,016</u>

(b) Items in the course of collection represents the credit balances outstanding in favour of banks for which the Group serves as the clearing and settlement banks.

27 Claims payable

Outstanding claims on insurance contracts comprise :

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
General insurance policies	633,675	336,464	-	-
Life assurance policies	93,978	14,167	-	-
	<u>727,653</u>	<u>350,631</u>	<u>-</u>	<u>-</u>

28 Finance lease obligations

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Falling due within one year				
- 2010	-	721,595	-	721,595
- 2011	733,611	721,595	733,611	721,595
Falling due over one year				
- 2012	733,611	721,595	733,611	721,595
- 2013	733,611	721,595	733,611	721,595
- 2014	183,404	180,399	183,404	180,399
	<u>2,384,237</u>	<u>3,066,779</u>	<u>2,384,237</u>	<u>3,066,779</u>
Less: future interest	(536,608)	(855,649)	(536,608)	(855,649)
	<u><u>1,847,629</u></u>	<u><u>2,211,130</u></u>	<u><u>1,847,629</u></u>	<u><u>2,211,130</u></u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Net obligation balance, beginning of the year	2,211,130	2,125,260	2,211,130	2,125,260
Repayments during the year	(400,321)	(335,534)	(400,321)	(335,534)
Exchange loss on lease obligations	36,820	421,404	36,820	421,404
Net obligation balance, end of year	<u><u>1,847,629</u></u>	<u><u>2,211,130</u></u>	<u><u>1,847,629</u></u>	<u><u>2,211,130</u></u>

29 Liability on investment contracts

(a) Liability on investment contracts comprise:

	Group N'000	Group N'000	Bank N'000	Bank N'000
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Deposit administration funds (see note(b) below)	1,771,176	1,088,095	-	-
Interest payable on deposit administration (see note(c) below)	51,488	26,999	-	-
	<u>1,822,664</u>	<u>1,115,094</u>	<u>-</u>	<u>-</u>

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

	Group Group N'000	Group Group N'000	Bank Bank N'000	Bank Bank N'000
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Balance, beginning of the year	1,088,095	553,057	-	-
Contributions	1,899,432	1,277,751	-	-
Withdrawals	(1,216,351)	(742,713)	-	-
Balance, end of the year	<u>1,771,176</u>	<u>1,088,095</u>	<u>-</u>	<u>-</u>

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

(c) Movement in interest deposit administration funds

	Group Jan-00 N'000	Group Jan-00 N'000	Bank Jan-00 N'000	Bank Jan-00 N'000
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Balance, beginning of the year	26,999	33,329	-	-
Charge for the year	55,449	18,000	-	-
Interest payment during the year	(30,960)	(24,330)	-	-
Balance, end of the year	<u>51,488</u>	<u>26,999</u>	<u>-</u>	<u>-</u>

30 Liabilities on insurance contracts

(a) Liabilities on insurance contracts comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Life fund (see (b)(i) below)	626,986	298,518	-	-
Provision for unexpired risks (see (c)(i) below)	1,571,683	827,493	-	-
	<u>2,198,669</u>	<u>1,126,011</u>	<u>-</u>	<u>-</u>

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

	Group Dec-10 N'000	Group Dec. 2009 N'000	Bank Dec-10 N'000	Bank Dec. 2009 N'000
Balance, beginning of the year	298,518	222,772	-	-
Increase in life funds (See 8(a)(ii))	(26,050)	75,746	-	-
Transfer from revenue account to shareholders	354,518	-	-	-
Balance, end of the year	<u>626,986</u>	<u>298,518</u>	<u>-</u>	<u>-</u>

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

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

	Group Dec-10 N'000	Group Dec. 2009 N'000	Bank Dec-10 N'000	Bank Dec. 2009 N'000
Balance, beginning of the year	827,493	571,774	-	-
Increase in unexpired risks premium (See 8(a)(i))	744,190	255,719	-	-
Balance, end of the year	<u>1,571,683</u>	<u>827,493</u>	<u>-</u>	<u>-</u>

31 Other liabilities

Other liabilities comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Customers' deposits for letters of credit (see note 14(a)(ii))	29,635,301	60,283,827	29,635,301	64,543,057
Certified cheques	7,589,756	12,594,704	7,536,242	12,567,247
Unearned interest and discount	350,676	650,464	296,473	1,468
Interest payable	2,153,304	2,696,495	2,148,983	2,079,283
Other current liabilities	4,391,601	2,593,071	1,929,897	1,156,625
Other accounts payable	3,482,121	2,824,173	1,596,851	936,402
Deposit for shares	1,350,498	1,497	99,342	-
Unclaimed dividend	4,744,481	3,847,641	-	-
	<u>53,697,738</u>	<u>85,491,872</u>	<u>43,243,089</u>	<u>81,284,082</u>

32 Deferred taxation

(a) Deferred taxation comprises:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Deferred tax assets (see note (b)(ii))	587,881	410,864	-	-
Deferred tax liabilities (see note (c)(ii) below)	(4,337,046)	(4,346,591)	(4,160,684)	(4,134,454)
	<u>(3,749,165)</u>	<u>(3,935,727)</u>	<u>(4,160,684)</u>	<u>(4,134,454)</u>

(b) (i) Deferred tax assets

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	410,864	36,847	-	-
Translation difference	(3,318)	-	-	-
Credit to profit and loss account during the year (see note (11a))	126,270	374,017	-	-
Reversal during the year	54,065	-	-	-
Balance, end of year	<u>587,881</u>	<u>410,864</u>	<u>-</u>	<u>-</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Fixed assets	13,737	7,529	-	-
Unrelieved tax losses	574,144	403,335	-	-
	<u>587,881</u>	<u>410,864</u>	<u>-</u>	<u>-</u>

(c) (i) Deferred tax liabilities

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of the year	4,346,591	3,474,838	4,134,454	3,395,712
Translation difference	(2,592)	(675)	-	-
(Credit)/Charge to profit and loss account for the year (see note (11)(a))	(6,953)	872,428	26,230	738,742
Balance, end of the year	<u>4,337,046</u>	<u>4,346,591</u>	<u>4,160,684</u>	<u>4,134,454</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Fixed assets	5,500,316	4,473,018	5,323,954	4,361,949
Gratuity provisions	(195,000)	(37,451)	(195,000)	(37,451)
Unrealised loss	(968,270)	(102,196)	(968,270)	(190,044)
Other provisions	-	13,220	-	-
	<u>4,337,046</u>	<u>4,346,591</u>	<u>4,160,684</u>	<u>4,134,454</u>

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

33 Dividend payable

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	-	-	-	-
Final dividend declared and paid (Dec. 2009)	13,990,313	14,922,999	13,990,313	14,922,999
Interim dividend declared and paid (June 2010)	5,829,297	-	5,829,297	-
Payment during the year	(19,819,610)	(14,922,999)	(19,819,610)	(14,922,999)
Balance, end of year	-	-	-	-

(b) Unclaimed dividends amounting to N4,744,481,000 (31 December 2009 N3,847,641,000) have been included in other liabilities (see note 31).

34 Retirement benefit obligation

(a) Retirement benefit obligations comprise:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Defined contribution schemes (see note (b) below)	36,699	115,976	35,785	115,976
Defined benefit schemes (see note (c)(i) below)	-	137,099	-	124,835
	<u>36,699</u>	<u>253,075</u>	<u>35,785</u>	<u>240,811</u>

(b) *Defined contribution schemes*

The movement in defined contribution liability recognised was as follows:

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	115,976	30,989	115,976	30,989
Charge for the year	950,520	896,069	946,133	896,069
Contribution remitted	(1,029,797)	(811,082)	(1,026,324)	(811,082)
Balance, end of year	<u>36,699</u>	<u>115,976</u>	<u>35,785</u>	<u>115,976</u>

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal Pension Fund Administrators. The amount not yet transferred as at year end of ₦36,699,000 (December 2009: ₦115,976,000) was settled subsequent to that date.

(c) (i) *Defined benefit schemes*

	Group Dec-10 ₦'000	Group Dec-09 ₦'000	Bank Dec-10 ₦'000	Bank Dec-09 ₦'000
Balance, beginning of year	137,099	444,021	124,835	444,021
Charge for the year (see note 10(a))	650,000	1,112,264	650,000	1,100,000
Contribution remitted	(787,099)	(1,419,186)	(774,835)	(1,419,186)
Balance, end of year	-	137,099	-	124,835

The Group operates a defined benefit scheme where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of 10 years and gross salary on date of retirement. During the period, the Bank transferred additional obligations due to the scheme held by a pension fund administrator.

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

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

	Group Dec-10 ₦'000	Group Dec-09 ₦'000	Bank Dec-10 ₦'000	Bank Dec-09 ₦'000
- discount rate	14%	12%	14%	12%
- average rate of inflation	11% - 12%	11% - 12%	11% - 12%	11% - 12%
- future salary increases	9% - 10%	9% - 10%	9% - 10%	9% - 10%

35 Debt securities in issue

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

	Group Dec-10 N'000	Group Dec. 2009 N'000	Bank Dec-10 N'000	Bank Dec. 2009 N'000
Corporate bonds (see note (a)(ii) below)	11,680,811	13,135,000	13,165,000	13,165,000
Eurobond debt security (see note (a)(iii) below)	53,222,400	52,350,550	53,222,400	52,350,655
	<u>64,903,211</u>	<u>65,485,550</u>	<u>66,387,400</u>	<u>65,515,655</u>

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

(a) (iii) The amount of ₦53,222,400,000 (USD350,000,000) net of balances held by Group entities represents dollar guaranteed notes issued by GTB Finance B.V., Netherlands in January 2007 for a period of 5 years. The principal amount is repayable at the end of the tenor while interest on the notes is payable semi-annually at 8.5% per annum.

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	65,485,550	48,838,125	65,515,655	48,838,125
Issued during the year	-	13,135,000	-	13,165,000
Exchange difference	(582,339)	3,512,425	871,745	3,512,530
Balance, end of year	<u>64,903,211</u>	<u>65,485,550</u>	<u>66,387,400</u>	<u>65,515,655</u>

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

	Group Dec-10 N'000	Group Dec. 2009 N'000	Bank Dec-10 N'000	Bank Dec. 2009 N'000
Between 1 - 7 years	<u>64,903,211</u>	<u>65,485,550</u>	<u>66,387,400</u>	<u>65,515,655</u>

36 Other borrowing

(a) Borrowings comprise:

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Due to IFC (see note (a) (i) below)	7,195,821	8,493,520	7,195,821	8,493,520
Due to ADB (see note (a) (ii) below)	2,787,840	3,839,048	2,787,840	3,839,048
Due to FMO (see note (a) (iii) below)	2,102,606	-	-	-
Due to BOI intervention fund (see note (a)(iv) below)	6,600,000	-	6,600,000	-
CACS on lending (see note (a)(v) below)	4,250,000	-	4,250,000	-
	<u>22,936,267</u>	<u>12,332,568</u>	<u>20,833,661</u>	<u>12,332,568</u>

- (a) (i) The amount of ₦7,195,821,000 (USD 47,321,000) represents the outstanding balances on various facilities granted by the International Finance Corporation (IFC) between March 2001 and January 2007, repayable over 7 to 10 years at interest rates varying from 3.21% to 7.75% above LIBOR rates.
- (a) (ii) The amount of ₦2,787,840,000 (USD 18,333,000) represents the outstanding balance on a dollar facility of \$40,000,000 granted by the African Development Bank (ADB) in May 2006 for a period of 7 years. The principal amount is repayable in 12 equal instalments after a moratorium of 1 year, while interest is payable half yearly at a rate per annum determined by the Bank to be the sum of LIBOR or its successor rate for such interest periods plus 245 basis points per annum.
- (a) (iii) The amount of ₦2,102,606,000 (USD 13,827,000) represents the outstanding balance on the term loan facility of USD 15,000,000 granted by FMO (an entrepreneurial development bank of the Netherlands) in December 2009 for a period of 4 years to 2013. The principal is repayable at maturity in January 2014 while the interest is repayable quarterly over the tenure of the facility at 4.5% above LIBOR rates.
- (a) (iv) The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing / or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Nigerian Government securities and has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though, the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.
- (a) (v) The amount of ₦4,250,000,000 represents the outstanding balance on a facility granted by the Debt Management Office in tranches between April and August 2010 for 7 years. It is an initiative of Central Bank of Nigeria and Federal Ministry of Agriculture and Water resources aimed at the growth and development of commercial agriculture enterprise in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agriculture enterprise at a maximum rate of 9.00% p.a.

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	12,332,568	14,058,403	12,332,568	14,058,403
Additions during the year	12,952,606	-	10,850,000	-
Payments during the year	(2,554,270)	(2,737,048)	(2,554,270)	(2,736,942)
Exchange loss	205,363	1,011,213	205,363	1,011,107
Balance, end of year	<u>22,936,267</u>	<u>12,332,568</u>	<u>20,833,661</u>	<u>12,332,568</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Below 1 year	-	-	-	-
Between 1 - 7 years	22,936,267	12,332,568	20,833,661	12,332,568
	<u>22,936,267</u>	<u>12,332,568</u>	<u>20,833,661</u>	<u>12,332,568</u>

37 Share capital

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
(a) Authorised: 50,000,000,000 Ordinary shares of 50 kobo each (31 December 2009: 30,000,000,000 of 50k each)	<u>25,000,000</u>	<u>15,000,000</u>	<u>25,000,000</u>	<u>15,000,000</u>
(b) (i) Issued and fully-paid: 23,317,185,766 Ordinary shares of 50 kobo each (31 December 2009: 18,653,750,000 Ordinary shares of 50k each)	<u>11,658,594</u>	<u>9,326,875</u>	<u>11,658,594</u>	<u>9,326,875</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
23,317,185,766 ordinary shares of 50k each (31 December 2009: 15,704,236,614)	10,138,202	7,852,118	10,138,202	7,852,118
3,040,784,600 ordinary shares (GDR) of 50k each (31 December 2009: 2,949,512,000)	1,520,392	1,474,757	1,520,392	1,474,757
	<u>11,658,594</u>	<u>9,326,875</u>	<u>11,658,594</u>	<u>9,326,875</u>

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Balance, beginning of year	9,326,875	7,461,500	9,326,875	7,461,500
Bonus shares capitalized (see note 39(a) & (b))	2,331,719	1,865,375	2,331,719	1,865,375
Balance, end of year	<u>11,658,594</u>	<u>9,326,875</u>	<u>11,658,594</u>	<u>9,326,875</u>

(d) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Bank.

38 Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares

39 Reserves

(a) (i) Group

	Statutory Reserves	Contingency Reserves	SMEEIS Reserves	Translation Reserves	Bonus Reserves	Retained Earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of the year as at 01/01/2009	28,151,818	401,365	5,297,904	(346,662)	1,865,375	16,083,910	51,453,710
Dividend paid (see note 33(a))	-	-	-	-	-	(14,922,999)	(14,922,999)
Transferred from profit and loss account	8,002,767	142,930	-	-	2,331,719	13,198,179	23,675,595
Transferred to retained earnings	-	-	(1,065,425)	-	-	1,065,425	-
Translation gain during the year	-	-	-	358,862	-	-	358,862
Transferred to share capital (see note 37(c))	-	-	-	-	(1,865,375)	-	(1,865,375)
Balance, beginning of the year 01/01/2010	36,154,585	544,295	4,232,479	12,200	2,331,719	15,424,515	58,699,793
Final dividend declared and paid Dec. 2009 (see note 33(a))	-	-	-	-	-	(13,990,313)	(13,990,313)
Interim dividend declared and paid June 2010 (see note 33(a))	-	-	-	-	-	(5,829,297)	(5,829,297)
Transferred from profit and loss account	11,621,393	124,886	-	-	2,914,648	23,255,394	37,916,321
Transferred to retained earnings	-	-	-	-	-	-	-
Translation loss during the year	-	-	-	(404,796)	-	-	(404,796)
Transferred to share capital (see note 37(c))	-	-	-	-	(2,331,719)	-	(2,331,719)
Balance, end of the year 31/12/2010	47,775,978	669,181	4,232,479	(392,596)	2,914,648	18,860,299	74,059,989

- (a) (ii) As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life insurance contracts underwritten by the Group. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation of contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund. The contingency reserve for the Group, is the post acquisition portion of the Group's holding in the contingency reserve of Guaranty Trust Assurance Plc as at year end.

39 (b) Bank

	Statutory Reserves	SMEEIS Reserves	Bonus Reserves	Retained Earnings	Total
	N'000	N'000	N'000	N'000	N'000
Balance, beginning of the year - 01/01/2009	27,712,292	5,297,904	1,865,375	18,137,089	53,012,660
Dividend paid (see note 33(a))	-	-	-	(14,922,999)	(14,922,999)
Transferred from profit and loss account (see note c and d below)	7,154,418	-	2,331,719	14,361,924	23,848,061
Transferred to retained earnings	-	(1,065,425)	-	1,065,425	-
Transferred to share capital (see note 37(c))	-	-	(1,865,375)	-	(1,865,375)
Balance, beginning of the year - 01/01/2010	34,866,710	4,232,479	2,331,719	18,641,439	60,072,347
Final dividend declared and paid Dec. 2009 (see note 33(a))	-	-	-	(13,990,313)	(13,990,313)
Interim dividend declared and paid June 2010 (see note 33(a))	-	-	-	(5,829,297)	(5,829,297)
Transferred from profit and loss account (see note c and d below)	10,953,489	-	2,914,648	22,643,491	36,511,628
Transferred to share capital (see note 37(c))	-	-	(2,331,719)	-	(2,331,719)
Balance, end of the year 31/12/2010	45,820,199	4,232,479	2,914,648	21,465,320	74,432,646

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

(d) The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by a CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax.

However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

40 Non-controlling interest

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

	Group Dec-10 N'000	Group Dec-09 N'000
GTB (Gambia) Limited	316,668	268,899
GTB (Sierra Leone) Limited	199,125	168,317
GT Assurance Plc	4,131,396	3,580,741
GTB (Ghana) Limited	490,069	366,832
GT Homes Limited	893,282	757,005
	6,030,540	5,141,794

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

	Group Dec-10 N'000	Group Dec-09 N'000
Balance, beginning of the year	5,141,794	4,042,125
Cash paid by non-controlling interest	-	1,747,988
Retained earnings for the year	430,302	11,248
Increase/dilution in non-controlling interest	638,203	(36,634)
Effect of exchange differences	(64,719)	(101,658)
Dividend paid to minority interest	(115,040)	(521,275)
Balance, end of year	6,030,540	5,141,794

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

(a) *Litigations and claims*

The Bank, in its ordinary course of business, is presently involved in 233 cases as a defendant (31 December 2009: 154) and 70 cases as a plaintiff (31 December 2009: 35). The total amount claimed in the 233 cases against the Bank is estimated at ₦184,245,033,499 and \$124,919,188 (31 December 2009: ₦122,746,173,027 and \$2,757,603) while the total amount claimed in the 70 cases instituted by the Bank is ₦24,864,498,703 and \$10,477,341 (31 December 2009: ₦4,270,189,728 and \$16,352,426). However, the solicitors of the Bank are of the view that the probable liability arising from the cases pending against the Bank is not likely to exceed ₦28,734,053 and US \$22,000 (31 December 2009: ₦21,340,988). The amounts have been fully provided for in the financial statements.

Based on the advice of the solicitors, the Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and they are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

(b) *Operating lease commitments:*

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

(c) (i) *Guarantees and other commitments on behalf of customers.*

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Transaction-related bonds and guarantees (see note (c)(ii))	319,570,824	250,006,249	317,312,515	246,997,271
Guaranteed commercial papers and bankers acceptances	15,094,944	1,684,681	-	-
Clean-line facilities & irrevocable letters of credit	74,917,884	66,196,010	69,368,436	55,375,467
Commitments on foreign exchange contracts	6,108,844	14,712,413	6,108,844	13,917,969
Other commitments	339,678	130,501	-	-
Guaranteed facilities	8,956,030	90,406	8,956,030	90,406
	<u>424,988,204</u>	<u>332,820,260</u>	<u>401,745,825</u>	<u>316,381,113</u>

(c) (ii) All the bonds and guarantees are fully collateralised. The cash component out of the balance was N19,470,930,805 (31 December 2009: N16,477,432,157).

42 Related party transactions

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

(b) (i) Risk assets outstanding as at 31 December 2010

During the year, the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦13,028,752,000 (31 December 2009: ₦10,016,822,000) was outstanding on these facilities at the end of the year. The status of performance of each facility is as shown below:

<i>Name of company /individual</i>	<i>Relationship</i>	<i>Facility type</i>	<i>₦ '000</i>	<i>Status</i>	<i>Nature of Security</i>
Main One Cable Ltd.	Director related	Term Loan	5,322,240	Performing	Mortgage Debenture/Shares
Augusto Enterprises	Director related	Overdraft	10,003	Performing	Equitable Mortgage
Enwereji Nneka Stella	Director related	GT Homes	27,000	Performing	Legal Mortgage
Payless Butchers and Supermarket	Director related	Overdraft/Term Loan	18,279	Performing	Tripartite Legal Mortgage
Afren Nigeria Limited	Director related	Term Loan	4,055,040	Performing	Debenture
Shade Ogundare & Co.	Director related	Overdraft/Term Loan	28,468	Performing	Equitable Mortgage/Cash
Sleeves Limited	Director related	Overdraft/Term Loan	34,025	Performing	Tripartite Legal Mortgage/Cash
Yewande Ogundare	Director related	GT Auto	2,664	Performing	Chattel Mortgage
Jaykay Pharmacy Ltd	Director related	Overdraft/Term Loan	81,969	Performing	Asset Debenture/Real Estate
Richardson Oil and Gas	Director related	Term Loan/Overdraft/BA	91,785	Performing	Equitable Mortgage
Adesanya A. Bandele	Ex-Director	Overdraft/Term Loan	49,307	Performing	Tripartite Equitable Mortgage
Osibodu V.G	Ex-Director	Overdraft	5,349	Performing	Shares
Fola Adeola	Director related	Term Loan	1,330,560	Performing	Shares/Equitable Mortgage
Titilayo Adejo	Ex-Director related	Overdraft	1,622	Performing	Cash backed
The Rock Montessori	Ex-Director related	Overdraft/Term Loan	162,504	Performing	Legal Mortgage
Matterson Nigeria	Ex-Director related	Term Loan	288,922	Performing	Tripartite Legal Mortgage
Matterson Properties	Ex-Director related	Term Loan	180,000	Performing	Tripartite Legal Mortgage
Global Utilities	Ex-Director related	Overdraft/Term Loan	482,704	Performing	Tripartite Legal Mortgage
Noblevine Timber Ind. Ltd	Ex-Director related	Term Loan	27,673	Performing	All Asset Debenture
Olubukunola O. Adeniran	Ex-Director related	Overdraft	515	Performing	Cash backed
Osibodu Olufunke Iyabo	Ex-Director related	Term Loan	89,672	Performing	Shares
Rockwool Products Nig. Ltd	Ex-Director related	Overdraft/Term Loan	37,293	Performing	Shares
Vigeo Limited	Ex-Director related	Overdraft/Term Loan	666,619	Performing	Equitable Mortgage/Shares
Jegade Fehintola O.	Insider related	Max Advance	6,304	Performing	Salary Domiciliation
Adam and Eve Nigeria Ltd.	Insider related	Overdraft	10,158	Performing	Tripartite Legal Mortgage
First Ashbell	Insider related	Overdraft/Term Loan	18,079	Performing	Equitable Mortgage
Total			13,028,752		

(b) (ii) Included in loans and advances to customers is ₦9,949,806,000 (December 2009: ₦9,682,902,000) which represents facilities to small and medium enterprises in which the Bank has more than 50% shareholding. The facility type and balance outstanding as at year end are as follows:

<i>Company</i>	<i>Facility Type</i>	<i>Status</i>	<i>2010 ₦'000</i>	<i>2009 ₦'000</i>
Forillon Transatlantic Limited	Term Loan	Performing	7,500,000	7,500,000
Forillon Transatlantic Limited	Overdraft	Performing	625,038	687,159
3 Peat Investment Limited	Term Loan	Performing	1,824,768	1,495,733
			9,949,806	9,682,892

(c) Included in placements held in Banks outside Nigeria is ₦5,808,678,000 held by GTB UK as at year end (December 2009: ₦8,050,886,000). Interest receivable on the placement as at 31 December 2010 was ₦6,672,000 (December 2009: ₦3,645,000).

(d) Deposits outstanding as at 31 December 2010.

(i) Director/insiders related deposit liabilities

<i>Name of company/Individual</i>	<i>Relationship</i>	<i>Type of Deposit</i>	<i>2010</i> N'000	<i>2009</i> N'000
Agusto & Co. Limited	Director related	Demand and Time Deposits	15	10,028
Babiyom Investment Nig. Ltd	Director related	Demand Deposits	4,378	31
Citiserve Limited	Director related	Demand Deposits	59	-
First Marina Trust Limited	Director related	Demand and Time Deposits	1,256,776	1
Global Utilities Mgt Co. Ltd.	Director related	Demand Deposits	69	-
Kresta Laurel Ltd.	Director related	Demand and Time Deposits	58,593	-
Main One Cable Co. Ltd.	Director related	Demand Deposits	2,661	-
Matterson Properties Ltd	Director related	Demand Deposits	85,078	-
Monmodu Investments Co. Ltd	Director related	Demand and Time Deposits	8,399	200
Noblevine Timber Ind. Ltd	Director related	Demand Deposits	-	-
Payless Butchers and Supermart	Director related	Demand Deposits	995	-
Richardson Oil and Gas	Director related	Demand and Time Deposits	310	-
Rockwool Products Nig. Ltd	Director related	Demand Deposits	44	-
Shade Ogundare & Co.	Director related	Demand Deposits	312	-
Sleeves Limited	Director related	Demand Deposits	29	-
Vigeo Capital Limited	Director related	Demand Deposits	76	-
Vigeo Limited	Director related	Demand and Time Deposits	238	-
WSTC Financial Services Ltd.	Director related	Demand and Time Deposits	105,184	-
WSTC Nominee Limited	Director related	Demand Deposits	431	-
WSTC Trading Limited	Director related	Demand Deposits	2	-
Zito Phranzlo Int'l Ltd.	Director related	Demand Deposits	2,534	-
			1,526,189	10,260

(ii) Subsidiaries' deposit account balances

<i>Name of company/Individual</i>	<i>Relationship</i>	<i>Type of Deposit</i>	<i>2010</i> N	<i>2009</i> N
Guaranty Trust Assurance Plc	Subsidiaries	Demand Deposit	98,270	459,383
Guaranty Trust Assurance Plc	Subsidiaries	Domiciliary	131,556	-
Guaranty Trust Assurance Plc	Subsidiaries	Time Deposit	303,635	-
GT Homes Limited	Subsidiaries	Demand Deposit	1,208	13,646
GT Homes Limited	Subsidiaries	Time Deposit	72,901	256,419
GTB Asset Management Ltd	Subsidiaries	Demand Deposit	3,999,530	48,913
GTB Asset Management Ltd	Subsidiaries	Domiciliary	412,772	0
GTB Asset Management Ltd	Subsidiaries	Time Deposit	638,052	695,847
GT Registrars Limited	Subsidiaries	Demand Deposit	835,980	2,913
GT Registrars Limited	Subsidiaries	Domiciliary	11,560	-
GT Registrars Limited	Subsidiaries	Time Deposit	88,177	-
GTB Sierra Leone	Subsidiaries	Domiciliary	563	-
GTB Ghana	Subsidiaries	Demand Deposit	996	-
GTB Ghana	Subsidiaries	Domiciliary	3,650	-
GTB Ghana	Subsidiaries	Time Deposit	11,027	-
			6,609,875	1,477,121

43 Dividend per share

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Dividend declared and paid during the year 75k (31 Dec.2009: ₦1.00) per share.	13,990,313	14,922,999	13,990,313	14,922,999
Number of ordinary shares qualifying for above payments	18,653,750	14,922,989	18,653,750	14,922,989
Dividend declared and paid during the year 25k (30 June 2009: Nil).	5,829,297	-	5,829,297	-
Number of ordinary shares qualifying for above payments	23,317,186	-	23,317,186	-
Declared dividend during the year	100k	100k	100k	100k

44 Earnings per share

Earnings per share (EPS) has been computed based on profit after taxation and the weighted average number of number of ordinary shares of 23,317,186,000 (31 December 2009: 18,653,750,000) in issue during the year.

Adjusted earnings per share has been computed based on 23,317,186,000 ordinary shares as at 31 December 2010.

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Profit attributable to group shareholders	37,916,321	23,675,595	36,511,628	23,848,061
Number of ordinary shares in issue as at period end	23,317,186	18,653,750	23,317,186	18,653,750
Basic earnings per share	163k	127k	157k	128k
Adjusted earnings per share	163k	102k	157k	102k

45 Net cash flow from operating activities

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

	Group Dec-10 N'000	Group Dec-09 N'000	Bank Dec-10 N'000	Bank Dec-09 N'000
Profit after tax	38,346,623	23,686,843	36,511,628	23,848,061
Add back: taxation charge	10,109,227	4,276,160	8,963,412	3,111,748
	<u>48,455,850</u>	<u>27,963,003</u>	<u>45,475,040</u>	<u>26,959,809</u>
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Allowance for bad and doubtful loans	7,907,499	35,354,563	7,300,266	35,069,086
Loans written off	181,000	355,791	191,801	334,906
Allowance for other assets	51,442	139,858	51,442	135,043
Allowance for insurance receivables	177,468	103,516	-	-
Reversal of allowance on doubtful other assets	(56,374)	(34,000)	-	-
Loss on disposal of trading properties	470,971	1,932,177	-	-
Depreciation of property and equipment	6,825,613	6,013,552	5,913,843	5,307,232
Gain on disposal of property and equipment	(118,603)	(81,665)	(131,143)	(81,264)
Gain on disposal of long term investment				
Increase in foreign currency translation reserve	404,796	344,024	-	-
Unrealised exchange loss on other borrowings (see note 35(b))	205,363	1,011,213	205,363	1,011,107
Unrealised exchange loss on debt securities issued (see note 34(b))	(582,339)	3,512,425	871,745	3,512,530
Unrealised exchange loss on finance lease obligations (see note 27(b))	36,820	421,404	36,820	421,404
Unrealised exchange gain on subordinated loan	-	-	(682,717)	-
Allowance for investments	-	1,329,627	-	1,329,627
Gratuity provisions (See note 34 (i)(i))	650,000	1,112,264	650,000	1,100,000
Defined contribution scheme (See note 34 i)(i))	950,520	896,069	946,133	896,069
Dividend income from equity investments	(192,331)	(358,620)	(667,303)	(1,530,245)
Interest paid on borrowings	7,652,450	6,053,331	6,855,704	5,554,944
Interest paid on finance lease	173,098	386,462	173,098	386,462
Profit on disposal of shares in subsidiary	-	-	(297,226)	-
Net cash flow from operating activities before changes in operating assets	<u>73,193,243</u>	<u>86,454,994</u>	<u>66,892,866</u>	<u>80,406,710</u>

(Increase)/decrease in operating assets:

Cash reserve balances	(428,984)	1,551,843	(428,984)	1,551,843
Loans and advances	(38,162,914)	(182,880,119)	(32,836,779)	(159,557,985)
Advances under finance leases	(3,751)	18,006	1,288	22,788
Insurance receivables	(185,389)	(316,375)	-	-
Investment securities - short term	112,379,839	(38,320,570)	113,452,274	(42,030,349)
Interest receivable and prepayments	199,481	(1,640,487)	(870,647)	932,201
Other asset receivables	4,585,991	35,213,392	2,665,978	36,320,103
	78,384,273	(186,374,310)	81,983,130	(162,761,399)

Increase/(decrease) in operating liabilities:

Customers deposits	78,113,891	212,475,097	50,819,346	216,520,814
Customers' deposit for foreign currency denominated obligations	(30,648,526)	(59,599,723)	(34,907,756)	(54,767,503)
Investment contract liabilities	707,570	528,708	-	-
Insurance contract liabilities	1,072,658	331,465	-	-
Interest payable and unearned income	(842,979)	(1,058,058)	364,705	(546,252)
Other liabilities	1,164,961	(50,893,382)	(2,112,845)	(48,936,717)
Outstanding claims	377,022	162,043	-	-
	49,944,597	101,946,150	14,163,450	112,270,342

Net cash flow from operating activities	201,522,113	2,026,834	163,039,446	29,915,653
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46 Cash and cash equivalents

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

	Group Dec-10	Group Dec-09	Bank Dec-10	Bank Dec-09
	N'000	N'000	N'000	N'000
Cash in hand and balances with CBN (less restricted balances) (see note 12(a))	22,666,148	30,129,157	20,827,925	29,129,993
Treasury bills (see note 13)	157,291,249	36,936,014	141,775,484	29,405,616
Due from other banks (see note 14)	250,180,751	225,330,111	204,567,931	202,810,278
Due to other banks (see note 26(a))	(17,943,922)	(14,981,705)	(3,320,059)	(1,083,016)
	412,194,226	277,413,577	363,851,281	260,262,871

47 Compliance with banking regulations

The Bank did not pay any penalty in respect of contravention of the regulations of the Banks and Other Financial Institutions Act 1991 or relevant circulars issued by the Central Bank of Nigeria.

48 Events after balance sheet date

Subsequent to year end, the directors proposed an interim dividend of 25kobo per share (December 2009: Nil) on the issued share capital of 23,317,185,766 shares of 50 kobo each in line with the provisions of the Companies and Allied Matters Act of Nigeria.

There were no other post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2010 and profit attributable to equity holders on that date which have not been adequately adjusted or disclosed.

49 Comparatives

Certain prior year corresponding balances have been reclassified to conform with the current year presentation format and enhance comparability as below:

	Group Dec-09 ₦'000	Bank Dec-09 ₦'000
(a) Interest and similar income		
Balance as at 31 December 2009	119,567,654	110,889,700
Reclassification of facility management fees from interest income on loans and advances (see note (b) below)	21,350	21,350
Balance as at 31 December 2009 as restated	119,589,004	110,911,050
(b) Fees and commission income		
Balance as at 31 December 2009	30,904,820	28,070,390
Reclassification of facility management fees from interest income on loans and advances (see note (a) above)	(21,350)	(21,350)
Balance as at 31 December 2009 as restated	30,883,470	28,049,040
(c) Fees and commission expense		
Balance as at 31 December 2009	349,726	349,726
Reclassification of fees and commission expense from operating expenses (see note (b) below)	1,267,059	1,267,059
Balance as at 31 December 2009 as restated	1,616,785	1,616,785

(d) Operating expenses

Balance as at 31 December 2009	56,170,495	49,963,277
Reclassification of fees and commission expense from operating expenses (see note (a) above)	(1,267,059)	(1,267,059)
Balance as at 31 December 2009 as restated	<u>54,903,436</u>	<u>48,696,218</u>

50 Financial Risk Management

For the year ended 31 December 2010

Risk Management Philosophy

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

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

Risk Management Framework

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

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

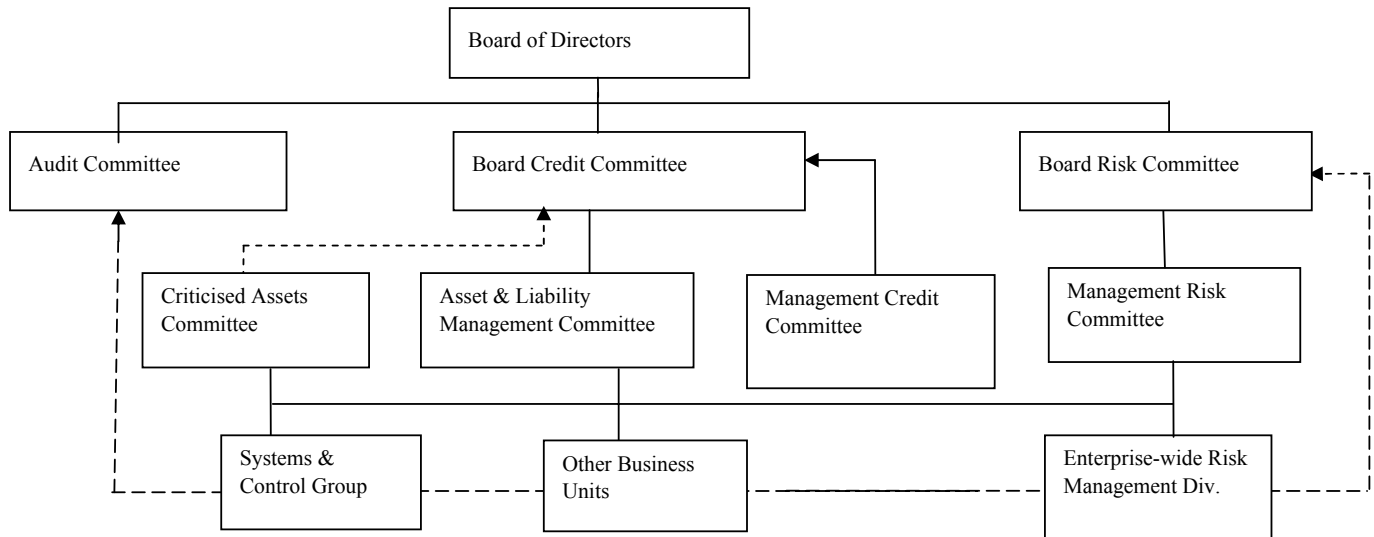
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Bank. These committees are:

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

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

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

The Risk Management Organogram of the Bank is as follows:



Risk Management Methodology

Guaranty Trust Bank recognizes that it is in the business of managing risks to derive optimal satisfaction for all procedures, which include the following:

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

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

- Monthly Management Profitability Reports (MPR) for the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Quarterly Business Profitability Review
- Annual Bank-wide performance appraisal systems

Risk Management Overview

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

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

Enterprise-Wide Risk Management Framework

In the 2007/2008 financial year, Guaranty Trust Bank commissioned a firm of risk management consultants, who worked with various in-house committees to carry out a thorough diagnostic review of its risk management processes. The objective of the exercise was to implement an integrated risk management system that adopts a risk portfolio approach to managing risk as opposed to managing risks in silos.

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

ERM Vision

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

“to enhance shareholder value by creating and maintaining a culture of intelligent risk-taking”

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

- The Bank will not take any action that will compromise its integrity.
- We shall adhere to the risk management cycle of identifying, measuring, managing, controlling and reporting unit.
- We will not avoid risk but manage it. Risk control will not constitute an impediment to the achievement of our strategic objective.
- We will always comply with all government regulations and uphold international best practice
- The Bank integrates risk management into its strategy setting; so that an enterprise-wide approach to managing risks becomes an integral part of our DNA.
- The Bank will only assume risks that fall within its risk acceptance criteria and offer commensurate returns.

Our Risk Appetite

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

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

Risk Governance Structure

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

S/N	Board Committee	Management Committee
1	Risk Committee	Risk Committee
2	Credit Committee	Credit Committee
3	Audit Committee*	Assets and Liability Committee

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

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

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

The **Management Risk Committee** is charged with the responsibility of ensuring that the risk the Bank is taking is within its risk acceptance criteria. It also reviews the Bank's risk policies, procedures and practices to ensure that the risk-reward profile supports the overall appetite and tolerance of the entire business units on an integrated basis.

The **Asset & Liability Management Committee** establishes the Bank's standards and policies covering the various components of Market Risk. This includes issues on interest rate risk, liquidity risk, investment risk and trading risk. It ensures that the authority delegated by the Board and Management Risk Committees with regard to Market Risk is exercised effectively, and that Market Risk exposures are efficiently monitored and managed. Furthermore, the Committee limits and monitors the potential impact of specific pre-defined market movements on the profit and loss of the Bank through stress tests and simulations.

CREDIT RISK MANAGEMENT

Credit Risk

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

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

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

Credit Risk Measurement

(a) Loans and Advances

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

The Bank's rating grades reflect the range of parameters developed to predict the default probabilities of each rating class. In line with international best practices and in compliance with BASEL II requirements, the Bank standardized its rating grades, in the last quarter of 2010, by increasing the rating buckets from 6 to 10. Like the previous rating grades, the new rating grades deals with all credit risk counterparties and this covers all the Bank's credit exposure to corporate, commercial, retail and public sectors. However the new grades reflect more granularity. The rating is handled by Account Officers and Relationship Managers with further check by Credit Risk Analysis Unit in Credit Risk Management Group.

The Rating Grid with description is as follows:

RATING GRADE	DESCRIPTION
1	Exceptional Capacity
2	Very Strong Capacity
3	Strong Repayment Capacity
4	Good Credit Quality & Adequate Repayment Capacity
5	Possibility that Credit Risk May Occur
6	Significant Credit Risk May Occur but meet all obligations
7	Default is a real possibility.
8	Default is probable
9	Default is imminent
10	Default/Lost

The first six ratings apply to active credits or newly proposed credits while the last four ratings apply to watch-list and delinquent credits, which are due to be called in or already handed over to solicitors for collection.

- **Performing (Rating 1-6)** - Facility has strong tendency of repayment within approved tenor; interest and principal are being repaid as and when due.
- **Watch-list (Rating 7)** - Facility demonstrates some early warning signal of delinquency and has tendency of default either in respect of the principal or accrued interest. The overdrawn business account has no significant movement for up to 2- month or the account that is permanently in excess of the approved facility.

- **Substandard & Doubtful (Rating 8&9)** - This rating is applied where a strong doubt exists that full repayment of principal and interest will occur. The exact extent of the potential loss is not however certain at the time of classification. Interest and principal are past due for 90 days and up to 365 days.
- **Lost (Rating 10)** - Facility is actually in default and principal and or interest overdue remain unpaid for more than 365 days. Legal process does not guarantee full recovery of outstanding debt and borrower might be under receivership or in the process of liquidation.

Risk Limit Control and Mitigation Policies

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

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

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

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

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

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

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

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

The above limits are subject to the following exceptional approvals:

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

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

Some other specific control and mitigation measures are outlined below:

(a) ***Collateral policies***

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

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

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

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

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

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

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

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

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

(c) ***Placements***

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

Provisioning policies

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

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

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

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

Loans and advances are summarised as follows:

	Group 2010 N'000	Group 2009 N'000	Bank 2010 N'000	Bank 2009 N'000
Performing	593,989,874	527,268,300	564,271,768	501,885,935
Non-Performing				
Substandard	9,181,846	54,872,053	8,392,872	54,425,048
Doubtful	7,263,692	2,632,669	7,030,404	2,524,756
Lost	18,473,390	10,531,195	17,928,507	10,459,332
Interest in suspense	8,041,692	2,790,168	7,755,824	2,714,651
TOTAL	<u><u>636,950,494</u></u>	<u><u>598,094,385</u></u>	<u><u>605,379,375</u></u>	<u><u>572,009,722</u></u>

Performing but Past Due Loans

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

Group

As at 31 December 2010	Corporate 2010 N'000	Public Sector 2010 N'000	Retail 2010 N'000	Commercial 2010 N'000	Total 2010 N'000
Past due 0 - 30 days	60,956	-	56,786	239,349	357,091
Past due up to 30 - 60 days	4,961	-	1,020,559	883,923	1,909,443
Past due up to 60 - 90 days	256,336	4,688	52,555	131,499	445,078
	<u><u>322,253</u></u>	<u><u>4,688</u></u>	<u><u>1,129,900</u></u>	<u><u>1,254,771</u></u>	<u><u>2,711,612</u></u>

Group

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

Bank

As at 31 December 2010	Corporate 2010 N'000	Public Sector 2010 N'000	Retail 2010 N'000	Commercial 2010 N'000	Total 2010 N'000
Past due 0 - 30 days	60,956	-	33,974	239,349	334,279
Past due up to 30 - 60 days	-	-	-	25,657	25,657
Past due up to 60 - 90 days	-	4,688	-	4,452	9,140
	<u>60,956</u>	<u>4,688</u>	<u>33,974</u>	<u>269,458</u>	<u>369,075</u>

Bank

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

Non-Performing Loans by Industry

	Group 2010 N'000	Group 2009 N'000	Bank 2010 N'000	Bank 2009 N'000
Administrative And Support Service Activities	1,013	36,185	1,013	36,185
Agriculture, Forestry And Fishing	1,319,355	1,097,981	1,232,466	970,483
Arts, Entertainment And Recreation	11,665	8,834	11,665	8,834
Capital Market	3,316,689	1,290,112	3,316,689	1,290,112
Construction	12,865,670	12,435,495	12,729,970	12,416,781
Education	614,337	27,063	614,337	27,063
Finance And Insurance	4,356,667	1,102,695	3,412,257	1,102,695
General	5,381,616	2,833,847	5,092,034	2,811,815
General Commerce	5,543,034	2,980,028	5,302,323	2,478,122
Government	512,603	-	512,603	-
Human Health And Social Work Activities	120,430	215,127	120,430	215,127
Information And Communication	3,470,888	11,533,390	3,470,888	11,533,390
Manufacturing	661,187	17,810,046	661,187	17,810,046
Mining And Quarrying	146,615	110,843	146,615	110,843
Oil And Gas	1,167,849	7,622,075	1,098,232	7,599,124
Power And Energy	5,734	-	5,734	-
Professional, Scientific And Technical Activities	790,532	983,217	790,532	983,217
Real Estate Activities	1,964,698	9,121,113	1,964,698	9,121,113
Transportation And Storage	710,041	1,618,033	623,937	1,608,836
TOTAL	<u>42,960,620</u>	<u>70,826,085</u>	<u>41,107,607</u>	<u>70,123,787</u>

Non-Performing Loans by Geography

	Group 2010 N'000	Group 2009 N'000	Bank 2010 N'000	Bank 2009 N'000
Abuja & North Central	4,777,134	1,688,834	4,777,134	1,688,834
Lagos	26,436,778	55,341,534	26,408,857	55,341,534
North East	670,966	1,170,562	670,966	1,170,562
North West	2,241,089	537,002	2,241,089	537,002
South East	5,479,171	1,797,186	5,479,171	1,797,186
South West	1,530,390	9,588,669	1,530,390	9,588,669
Rest of West Africa	1,825,092	702,298	-	-
Europe	-	-	-	-
TOTAL	42,960,620	70,826,085	41,107,607	70,123,787

Concentration of risks of financial assets with credit risk exposure

(a) **Geographical Sectors**

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2010. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

Group

	Due from banks 2010 N'000	Loans 2010 N'000	Advances under finance lease 2010 N'000	Debt instruments 2010 N'000	Total 2010 N'000
As at 31 December 2010					
Abuja & North Central	-	33,682,654	-	29,772,276	63,454,930
Lagos	101,338,755	427,581,482	-	6,954,325	535,874,562
North East	-	10,496,356	-	-	10,496,356
North West	-	18,791,130	-	-	18,791,130
South East	-	85,681,817	-	-	85,681,817
South West	969,650	33,412,813	-	5,000,000	39,382,463
Rest of west africa	23,594,118	23,384,578	9,821	-	46,988,517
Europe	104,170,196	1,862,118	-	142,651	106,174,965
Others	20,108,033	2,057,546	-	-	22,165,579
	250,180,752	636,950,494	9,821	41,869,252	929,010,319

Group

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

Bank

	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
As at 31 December 2010	2010	2010	2010	2010	2010
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	33,574,271	-	29,772,276	63,346,547
Lagos	99,950,000	427,548,306	-	5,000,000	532,498,306
North East	-	10,496,356	-	-	10,496,356
North West	-	18,791,130	-	-	18,791,130
South East	-	85,681,817	-	-	85,681,817
South West	-	29,287,495	-	5,000,000	34,287,495
Rest of west africa	3,779,732	-	-	-	3,779,732
Europe	74,566,889	-	-	1,895,700	76,462,589
Others	26,271,310	-	-	-	26,271,310
	<u>204,567,931</u>	<u>605,379,375</u>	<u>-</u>	<u>41,667,976</u>	<u>851,615,282</u>

Bank

	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
As at 31 December 2009	2009	2009	2009	2009	2009
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	33,083,784	-	121,325,550	154,409,334
Lagos	80,000,000	417,646,343	-	2,000,000	499,646,343
North East	-	17,590,995	1,288	-	17,592,283
North West	-	9,518,986	-	-	9,518,986
South East	-	57,251,319	-	-	57,251,319
South West	-	36,918,295	-	5,000,000	41,918,295
Rest of west africa	4,144,440	-	-	-	4,144,440
Europe	67,818,014	-	-	1,212,983	69,030,997
Others	50,847,824	-	-	-	50,847,824
	<u>202,810,278</u>	<u>572,009,722</u>	<u>1,288</u>	<u>129,538,533</u>	<u>904,359,821</u>

**Group
Industry Sectors**

	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
As at 31 December 2010	2010	2010	2010	2010	2010
	₦'000	₦'000	₦'000	₦'000	₦'000
Activities Of Extraterritorial Organiz	-	27,408	-	-	27,408
Administrative And Support Service	-	1,307,437	-	-	1,307,437
Agriculture, Forestry And Fishing	-	3,932,847	-	-	3,932,847
Arts, Entertainment And Recreation	-	318,683	-	-	318,683
Capital Market	-	25,242,495	-	-	25,242,495
Construction	-	41,061,082	-	-	41,061,082
Education	-	23,779,760	-	-	23,779,760
Finance And Insurance	250,180,751	22,182,599	-	2,096,976	274,460,326
General	-	38,389,313	9,821	-	38,399,134
General Commerce	-	69,089,863	-	-	69,089,863
Government	-	13,204,037	-	36,772,276	49,976,313
Human Health And Social Work Acti	-	6,793,970	-	-	6,793,970
Information And Communication	-	62,623,220	-	-	62,623,220
Manufacturing	-	116,912,839	-	3,000,000	119,912,839
Mining And Quarrying	-	1,233,937	-	-	1,233,937
Oil And Gas	-	137,891,807	-	-	137,891,807
Power And Energy	-	26,731	-	-	26,731
Professional, Scientific And Technica	-	6,437,615	-	-	6,437,615
Real Estate Activities	-	38,547,046	-	-	38,547,046
Transportation And Storage	-	27,800,655	-	-	27,800,655
Water Supply, Sewerage, Waste Man	-	147,152	-	-	147,152
	<u>250,180,751</u>	<u>636,950,494</u>	<u>9,821</u>	<u>41,869,252</u>	<u>929,010,318</u>

Group

As at 31 December 2009	Due from banks	Loans	Advances under	Debt	Total
	2009	2009	finance lease	Instruments	2009
	₦'000	₦'000	2009	2009	₦'000
Activities Of Extraterritorial Organizations And Bodies	-	4,207	-	-	4,207
Administrative And Support Service Activities	-	1,241,615	-	-	1,241,615
Agriculture, Forestry And Fishing	-	2,691,785	-	-	2,691,785
Arts, Entertainment And Recreation	-	664,683	-	-	664,683
Capital Market	-	45,531,028	-	-	45,531,028
Construction	-	43,418,393	-	-	43,418,393
Education	-	20,967,754	-	-	20,967,754
Finance And Insurance	225,330,111	17,098,326	1,288	-	242,429,725
General	-	48,841,383	4,782	-	48,846,165
General Commerce	-	51,061,336	-	-	51,061,336
Government	-	23,808,957	-	128,928,250	152,737,207
Human Health And Social Work Activities	-	5,963,827	-	-	5,963,827
Information And Communication	-	48,886,674	-	-	48,886,674
Manufacturing	-	114,887,711	-	-	114,887,711
Mining And Quarrying	-	276,716	-	-	276,716
Oil And Gas	-	107,173,815	-	-	107,173,815
Power And Energy	-	21,250	-	-	21,250
Professional, Scientific And Technica	-	7,400,509	-	-	7,400,509
Real Estate Activities	-	34,547,049	-	-	34,547,049
Transportation And Storage	-	23,514,114	-	-	23,514,114
Water Supply, Sewerage, Waste Man	-	93,253	-	-	93,253
	<u>225,330,111</u>	<u>598,094,385</u>	<u>6,070</u>	<u>128,928,250</u>	<u>952,358,816</u>

Bank

(b) **Industry Sectors**

As at 31 December 2010	Due from banks	Loans	Advances under	Debt	Total
	2010	2010	finance lease	Instruments	2010
	₦'000	₦'000	2010	2010	₦'000
Activities Of Extraterritorial Organiz	-	27,408	-	-	27,408
Administrative And Support Service	-	1,307,437	-	-	1,307,437
Agriculture, Forestry And Fishing	-	2,998,167	-	-	2,998,167
Arts, Entertainment And Recreation	-	318,683	-	-	318,683
Capital Market	-	24,938,450	-	-	24,938,450
Construction	-	35,261,843	-	-	35,261,843
Education	-	22,794,813	-	-	22,794,813
Finance And Insurance	204,567,931	9,894,135	-	1,895,700	216,357,766
General	-	35,810,813	-	-	35,810,813
General Commerce	-	69,089,863	-	-	69,089,863
Government	-	13,183,486	-	36,772,276	49,955,762
Human Health And Social Work Acti	-	6,793,970	-	-	6,793,970
Information And Communication	-	62,623,220	-	-	62,623,220
Manufacturing	-	113,264,258	-	3,000,000	116,264,258
Mining And Quarrying	-	359,591	-	-	359,591
Oil And Gas	-	135,706,922	-	-	135,706,922
Power And Energy	-	26,731	-	-	26,731
Professional, Scientific And Technica	-	6,437,615	-	-	6,437,615
Real Estate Activities	-	38,525,007	-	-	38,525,007
Transportation And Storage	-	25,869,813	-	-	25,869,813
Water Supply, Sewerage, Waste Man	-	147,152	-	-	147,152
	<u>204,567,931</u>	<u>605,379,375</u>	<u>-</u>	<u>41,667,976</u>	<u>851,615,282</u>

Bank

As at 31 December 2009	Due from banks	Loans	Advances under	Debt	Total
	2009	2009	finance lease	Instruments	2009
	₦'000	₦'000	2009	2009	2009
	₦'000	₦'000	₦'000	₦'000	₦'000
Activities Of Extraterritorial Organiz	-	4,207	-	-	4,207
Administrative And Support Service	-	1,241,615	-	-	1,241,615
Agriculture, Forestry And Fishing	-	1,979,640	-	-	1,979,640
Arts, Entertainment And Recreation	-	664,683	-	-	664,683
Capital Market	-	45,112,928	-	-	45,112,928
Construction	-	42,350,533	-	-	42,350,533
Education	-	17,325,635	-	-	17,325,635
Finance And Insurance	202,810,278	16,579,901	-	1,212,983	220,603,162
General	-	31,919,907	-	-	31,919,907
General Commerce	-	51,061,336	-	-	51,061,336
Government	-	22,708,780	1,288	128,325,550	151,035,618
Human Health And Social Work Acti	-	5,963,827	-	-	5,963,827
Information And Communication	-	48,162,780	-	-	48,162,780
Manufacturing	-	113,907,244	-	-	113,907,244
Mining And Quarrying	-	276,716	-	-	276,716
Oil And Gas	-	107,173,815	-	-	107,173,815
Power And Energy	-	21,250	-	-	21,250
Professional, Scientific And Technica	-	7,400,509	-	-	7,400,509
Real Estate Activities	-	34,547,049	-	-	34,547,049
Transportation And Storage	-	23,514,114	-	-	23,514,114
Water Supply, Sewerage, Waste Man	-	93,253	-	-	93,253
	<u>202,810,278</u>	<u>572,009,722</u>	<u>1,288</u>	<u>129,538,533</u>	<u>904,359,821</u>

Analysis by Portfolio Distribution and Risk Rating

As at 31 December 2010	Group	Group	Bank	Bank
	2010	2009	2010	2009
Risk rating	₦'000	₦'000	₦'000	₦'000
Rating 1	40,453,764	48,403,128	38,448,631	46,292,125
Rating 2	46,544,316	51,237,905	44,237,298	49,003,269
Rating 3	139,650,650	80,515,078	132,728,719	77,003,578
Rating 4	230,958,678	164,093,199	219,510,969	156,936,610
Rating 5	83,852,505	68,966,242	79,696,268	65,958,420
Rating 6	51,850,849	110,935,582	49,280,807	106,097,353
Rating 7	388,323	621,694	369,075	594,580
Rating 8	8,830,569	56,906,927	8,392,873	54,425,048
Rating 9	7,397,046	2,639,889	7,030,404	2,524,756
Rating 10	27,023,794	13,774,741	25,684,331	13,173,983
Total	<u>636,950,494</u>	<u>598,094,385</u>	<u>605,379,375</u>	<u>572,009,722</u>

MARKET RISK MANAGEMENT

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

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

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

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

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

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

For market risk capital adequacy computations under Basel II Pillar I, the Bank will commence with the use of the ***Standardized Approach for Market Risk Measurement***.

OPERATIONAL RISK MANAGEMENT

Guaranty Trust Bank defines Operational Risk as “direct/indirect loss resulting from inadequate and/or failed internal process, people, and systems or from external events. This definition captures events such as technology problems, defects in organisational structure, failure of internal control systems, human error, fraud and external threat or any other risks that the Bank deems fit on an ongoing basis, whilst keeping a bird’s eye view on Reputational and Strategy risks”.

The following tools and methodologies are being utilized:

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

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

For Operational Risk Capital Adequacy computation under Basel II Pillar 1, the Bank will commence with the use of the ***Basic Indicator Approach for Operational Risk Measurement***.

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

STRATEGY RISK MANAGEMENT

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

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

Foreign exchange risk

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

Group	Naira	Dollar	GBP	Euro	Others	Total
	Dec 2010	Dec 2010	Dec 2010	Dec 2010	Dec 2010	Dec 2010
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2010						
Assets:						
Cash and balances with central banks	22,072,968	4,128,754	1,801,872	405,144	447,168	28,855,906
Treasury bills	141,775,484	-	-	-	15,515,765	157,291,249
Due from other banks	101,733,012	103,612,526	18,415,333	16,811,494	9,608,386	250,180,751
Loans and advances to customers	435,030,521	85,785,309	2,864,139	6,541	69,876,069	593,562,579
Advances under finance lease	-	-	-	-	9,821	9,821
Trading properties	7,349,815	-	-	-	-	7,349,815
Insurance receivables	873,841	-	-	-	-	873,841
Investment securities	51,595,983	142,651	-	-	-	51,738,634
Other assets	8,677,024	705,441	192,095	853	1,024,653	10,600,066
Deferred tax asset	587,881	-	-	-	-	587,881
Property and equipment	50,597,029	-	-	-	-	50,597,029
Goodwill on consolidation	354,328	-	-	-	-	354,328
Total financial assets	820,647,886	194,374,681	23,273,439	17,224,032	96,481,862	1,152,001,900
Liabilities:						
Customer deposits	611,006,999	110,483,894	10,205,390	4,740,587	24,757,922	761,194,792
Due to other banks	3,331,740	10,319,969	1,979,585	2,200,908	111,720	17,943,922
Claims payable	727,653	-	-	-	-	727,653
Finance lease obligations	-	1,847,629	-	-	-	1,847,629
Liability on investment contract	1,822,664	-	-	-	-	1,822,664
Liability on insurance contract	2,198,669	-	-	-	-	2,198,669
Current income tax	9,417,796	5,474	-	-	106,651	9,529,921
Other liabilities	15,002,861	18,402,128	6,447,063	8,449,071	5,396,615	53,697,738
Deferred tax liabilities	4,290,843	-	-	-	46,203	4,337,046
Retirement benefit obligations	36,699	-	-	-	-	36,699
Debt securities in issue	9,785,111	-	1,895,700	-	53,222,400	64,903,211
Other borrowings	10,850,000	12,086,267	-	-	-	22,936,267
Total liabilities	668,471,035	153,145,361	20,527,738	15,390,566	83,641,511	941,176,211
Net on-balance sheet financial position	152,176,851	41,229,320	2,745,701	1,833,466	12,840,351	210,825,689
Off balance sheet	267,914,326	133,432,075	9,000,700	9,921,220	4,719,883	424,988,204
31 December 2009						
	Naira	Dollar	GBP	Euro	Others	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Total financial assets	783,593,265	213,163,735	10,265,871	18,967,518	40,513,329	1,066,503,718
Total financial liabilities	617,143,367	196,142,855	13,066,790	18,365,037	29,540,641	874,258,690
Net on-balance sheet financial position	166,449,898	17,020,880	(2,800,919)	602,481	10,972,688	192,245,028
Off balance sheet	219,125,643	101,167,554	728,798	8,235,110	3,563,155	332,820,260

Bank

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

31 December 2010	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Assets:						
Cash and balances with central banks	22,065,018	2,985,913	1,612,338	350,469	3,944	27,017,683
Treasury bills	141,775,484	-	-	-	-	141,775,484
Due from other banks	99,950,000	78,076,862	10,358,379	13,499,261	2,683,429	204,567,931
Loans and advances to customers	430,872,771	132,602,916	5,803	791	-	563,482,281
Advances under finance lease	-	-	-	-	-	-
Investment securities	44,460,735	-	1,895,700	-	-	46,356,435
Investment in subsidiaries	30,115,862	-	-	-	-	30,115,862
Other assets	7,157,030	474,928	-	-	-	7,631,958
Property and equipment	45,815,129	-	-	-	-	45,815,129
Total financial assets	<u>822,212,029</u>	<u>214,140,619</u>	<u>13,872,221</u>	<u>13,850,520</u>	<u>2,687,373</u>	<u>1,066,762,763</u>
Liabilities:						
Customer deposits	610,598,733	92,948,432	5,533,855	3,998,177	1,177	713,080,374
Due to other banks	3,320,059	-	-	-	-	3,320,059
Finance lease obligations	-	1,847,629	-	-	-	1,847,629
Current income tax	8,686,276	-	-	-	-	8,686,276
Other liabilities	9,727,172	17,125,658	6,285,159	8,449,071	1,656,029	43,243,089
Deferred tax liabilities	4,160,684	-	-	-	-	4,160,684
Retirement benefit obligations	35,785	-	-	-	-	35,785
Debt securities in issue	13,165,000	53,222,400	-	-	-	66,387,400
Other borrowings	10,850,000	9,983,661	-	-	-	20,833,661
Total liabilities	<u>660,543,709</u>	<u>175,127,780</u>	<u>11,819,014</u>	<u>12,447,248</u>	<u>1,657,206</u>	<u>861,594,957</u>
Net on-balance sheet financial position	<u>161,668,320</u>	<u>39,012,839</u>	<u>2,053,207</u>	<u>1,403,272</u>	<u>1,030,167</u>	<u>205,167,806</u>
Off balance sheet	<u>264,750,656</u>	<u>128,548,555</u>	<u>77,100</u>	<u>7,831,035</u>	<u>538,478</u>	<u>401,745,825</u>
31 December 2009						
	Naira ₦'000	Dollar ₦'000	GBP ₦'000	Euro ₦'000	Others ₦'000	Total ₦'000
Total financial assets	784,499,701	212,871,929	4,031,902	18,234,287	273,717	1,019,911,536
Total financial liabilities	614,455,206	192,693,724	6,431,701	17,741,708	113,409	831,435,748
Net on-balance sheet financial position	<u>170,044,495</u>	<u>20,178,205</u>	<u>(2,399,799)</u>	<u>492,579</u>	<u>160,308</u>	<u>188,475,788</u>
Off balance sheet	211,875,157	94,997,289	728,798	8,039,425	740,444	316,381,113

Liquidity risk

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

Liquidity risk management process

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

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

Funding approach

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

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

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

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

Maturity Profile - On Balance Sheet

Group	Up to 1	1 - 3	3 - 6	6 - 12	1 - 5	Over 5	Total	Carrying value
31 December 2010	month	months	months	months	years	years		
Assets:	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and balances with central banks	22,340,737	-	-	-	-	6,515,169	28,855,906	28,855,906
Treasury bills and other eligible bills	37,748,806	47,782,305	48,604,975	23,155,163	-	-	157,291,249	157,291,249
Due from other banks	225,600,149	12,009,030	8,435,156	529,265	3,607,151	-	250,180,751	250,180,751
Loans and advances to customers	192,258,781	32,041,842	45,700,192	90,616,362	199,107,918	77,225,399	636,950,494	593,562,579
Advances under finance lease	-	-	-	9,821	-	-	9,821	9,821
Trading properties	-	-	-	7,349,815	-	-	7,349,815	7,349,815
Insurance receivables	-	-	-	873,841	-	-	873,841	873,841
Investment securities	381,734	252,370	6,440,397	286,110	36,998,721	11,139,364	55,498,696	51,738,634
Investment in subsidiaries	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	7,478	580,403	-	587,881	587,881
Other assets	1,570,682	670,851	1,678,492	3,157,926	1,907,461	4,736,245	13,721,657	10,600,066
Property and equipment	737,943	21,079	45,436	386,244	11,573,478	37,832,849	50,597,029	50,597,029
Goodwill on consolidation	-	-	-	-	-	354,328	354,328	354,328
Total assets	480,638,832	92,777,477	110,904,648	126,372,025	253,775,132	137,803,354	1,202,271,468	1,152,001,900
Liabilities								
Customer deposits	674,139,388	78,943,316	6,124,844	1,969,218	8,547	9,479	761,194,792	761,194,792
Due to other banks	15,632,799	2,311,123	-	-	-	-	17,943,922	17,943,922
Claims payable	-	727,653	-	-	-	-	727,653	727,653
Finance lease obligations	-	101,994	101,994	203,988	1,439,653	-	1,847,629	1,847,629
Liability on investment contract	-	-	-	-	1,822,664	-	1,822,664	1,822,664
Liability on insurance contract	-	-	-	-	2,198,669	-	2,198,669	2,198,669
Debt securities in issue	-	-	-	-	64,903,211	-	64,903,211	64,903,211
Borrowings	-	-	-	-	22,936,267	-	22,936,267	22,936,267
Current income tax	127,029	501,814	-	8,897,415	3,663	-	9,529,921	9,529,921
Other liabilities	31,978,923	8,980,893	6,315,570	2,671,760	3,631,123	119,469	53,697,738	53,697,738
Deferred tax liabilities	40,499	-	-	118,254	4,178,293	-	4,337,046	4,337,046
Retirement benefit obligations	36,699	-	-	-	-	-	36,699	36,699
Total liabilities	721,955,337	91,566,793	12,542,408	13,860,635	101,122,090	128,948	941,176,211	941,176,211
Gap	241,316,505	(1,210,684)	(98,362,240)	(112,511,390)	(152,653,042)	(137,674,406)	(261,095,257)	(210,825,689)

Bank									
31 December 2010	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000	Carrying value N'000	
Assets:									
Cash and balances with central banks	20,827,924	-	-	-	-	6,189,759	27,017,683	27,017,683	
Treasury bills and other eligible bills	36,945,005	34,820,587	47,509,042	22,500,850	-	-	141,775,484	141,775,484	
Due from other banks	186,533,994	6,531,121	7,465,506	529,265	3,508,046	-	204,567,931	204,567,931	
Loans and advances to customers	186,526,661	26,491,478	44,218,876	79,920,035	193,582,187	74,640,138	605,379,375	563,482,281	
Advances under finance lease	-	-	-	-	-	-	-	-	
Investment securities	-	252,370	6,348,747	168,468	35,204,154	4,382,695	46,356,435	46,356,435	
Investment in subsidiaries	-	-	-	-	-	30,115,862	30,115,862	30,115,862	
Other assets	3,160,561	499,422	335,740	1,042,258	1,354,263	4,363,117	10,755,361	7,631,958	
Property and equipment	2,154	21,079	45,436	386,244	9,933,660	35,426,558	45,815,129	45,815,129	
Total assets	433,996,297	68,616,057	105,923,348	104,547,119	243,582,311	155,118,129	1,111,783,261	1,066,762,763	
Liabilities:									
Customer deposits	649,214,450	61,649,742	2,216,164	17	-	-	713,080,374	713,080,374	
Due to other banks	3,320,059	-	-	-	-	-	3,320,059	3,320,059	
Finance lease obligations	-	101,994	101,994	203,988	1,439,653	-	1,847,629	1,847,629	
Debt securities in issue	-	-	-	-	66,387,400	-	66,387,400	66,387,400	
Borrowings	-	-	-	-	20,833,661	-	20,833,661	20,833,661	
Current income tax	-	501,814	-	8,184,462	-	-	8,686,276	8,686,276	
Dividend payable	-	-	-	-	-	-	-	-	
Other liabilities	28,189,410	6,638,725	4,847,616	1,044,106	2,523,233	-	43,243,089	43,243,089	
Deferred tax liabilities	-	-	-	-	4,160,684	-	4,160,684	4,160,684	
Retirement benefit obligations	35,785	-	-	-	-	-	35,785	35,785	
Total liabilities	680,759,704	68,892,274	7,165,774	9,432,574	95,344,630	-	861,594,957	861,594,957	
Gap	246,763,407	276,217	(98,757,574)	(95,114,545)	(148,237,680)	(155,118,129)	(250,188,304)	(205,167,806)	

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

Bank
Maturity Profile - On Balance Sheet
31 December 2009

	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000	Carrying value N'000
Assets:								
Cash and balances with central banks	34,447,650	328,429	101,311	13,377	-	-	34,890,767	34,890,767
Treasury bills and other eligible bills	1,494,606	8,195,409	18,744,475	971,126	-	-	29,405,616	29,405,616
Due from other banks	161,695,342	38,871,336	2,243,600	-	-	-	202,810,278	202,810,278
Loans and advances to customers	277,714,164	35,717,361	19,649,220	24,218,203	208,027,969	6,682,805	572,009,722	538,137,569
Advances under finance lease	-	1,288	-	-	-	-	1,288	1,288
Investment securities	116,864,073	-	-	52,269	11,409,207	7,131,070	135,456,619	134,126,992
Investment in subsidiaries	-	-	-	-	-	29,774,817	29,774,817	29,774,817
Other assets	-	-	660,617	-	9,727,343	-	10,387,960	9,478,730
Property and equipment	1,320	-	-	-	23,195,069	18,089,090	41,285,479	41,285,479
Total assets	592,217,155	83,113,823	41,399,223	25,254,975	252,359,588	61,677,782	1,056,022,546	1,019,911,536
Liabilities:								
Customer deposits	610,649,233	37,756,292	11,646,791	1,537,810	670,900	-	662,261,026	662,261,026
Due to other banks	1,083,016	-	-	-	-	-	1,083,016	1,083,016
Finance lease obligations	38,297	82,773	124,032	225,510	1,740,518	-	2,211,130	2,211,130
Debt securities in issue	-	-	-	-	65,515,655	-	65,515,655	65,515,655
Borrowings	-	-	-	-	12,332,568	-	12,332,568	12,332,568
Current income tax	395,501	791,002	1,186,503	-	-	-	2,373,006	2,373,006
Other liabilities	16,975,421	18	64,308,643	-	-	-	81,284,082	81,284,082
Deferred tax liabilities	-	-	-	-	4,134,454	-	4,134,454	4,134,454
Retirement benefit obligations	240,811	-	-	-	-	-	240,811	240,811
Total liabilities	629,382,279	38,630,085	77,265,969	1,763,320	84,394,095	-	831,435,748	831,435,748
Gap	37,165,124	(44,483,738)	35,866,746	(23,491,655)	(167,965,493)	(61,677,782)	(224,586,798)	(188,475,788)

Maturity profile - Off Balance Sheet

(a) Financial guarantees and other financial facilities

These comprise performance bonds, guarantees and other guaranteed facilities

(b) Contingent letters of credit

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

(c) Bankers Acceptances

This is made up of off-balance sheet bankers acceptances. The Bank had no off-balance sheet bankers acceptances as at year-end 2009.

(d) Guaranteed Commercial Papers

This is made up of off-balance sheet commercial papers. The Bank had no off-balance sheet commercial papers as at year-end 2009.

(e) Operating lease commitments

The Bank had no operating lease commitments as at year-end.

(f) Capital commitments

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

(g) Other commitments

This comprises commitments on foreign exchange contracts

The age analysis of contingent liabilities is presented below:

Group

31 December 2010

	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Performance bonds and financial guarantees	17,695,187	71,790,163	29,848,527	43,910,440	68,006,558	88,319,949	319,570,824
Contingent letters of credit	9,299,511	42,818,524	12,037,819	10,723,243	38,787	-	74,917,884
Bankers' acceptances	15,062,678	16,199	16,067	-	-	-	15,094,944
Other commitments	6,354,426	7,763,156	1,017,595	194,647	74,728	-	15,404,552
	<u>48,411,802</u>	<u>122,388,042</u>	<u>42,920,008</u>	<u>54,828,330</u>	<u>68,120,073</u>	<u>88,319,949</u>	<u>424,988,204</u>

Group 31 December 2009	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Performance bonds and financial guarantees	8,802,676	32,572,396	32,443,020	36,256,427	70,150,314	69,781,416	250,006,249
Contingent letters of credit	6,782,910	6,370,777	51,496,025	1,546,298	-	-	66,196,010
Bankers' acceptances	1,684,681	-	-	-	-	-	1,684,681
Other commitments	14,388,697	517,623	27,000	-	-	-	14,933,320
	<u>31,658,964</u>	<u>39,460,796</u>	<u>83,966,045</u>	<u>37,802,725</u>	<u>70,150,314</u>	<u>69,781,416</u>	<u>332,820,260</u>
Bank 31 December 2010	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Performance bonds and financial guarantees	16,810,594	71,334,893	29,708,223	43,444,441	67,694,414	88,319,949	317,312,515
Contingent letters of credit	8,647,157	42,521,133	11,485,117	6,715,028	-	-	69,368,436
Other commitments	6,110,200	7,762,475	1,012,500	179,700	-	-	15,064,874
	<u>31,567,951</u>	<u>121,618,501</u>	<u>42,205,840</u>	<u>50,339,170</u>	<u>67,694,414</u>	<u>88,319,949</u>	<u>401,745,825</u>
Bank 31 December 2009	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Performance bonds and financial guarantees	8,124,315	31,743,472	31,391,835	35,805,919	70,150,314	69,781,416	246,997,271
Contingent letters of credit	381,409	5,233,252	49,069,311	691,495	-	-	55,375,467
Other commitments	13,957,875	23,500	27,000	-	-	-	14,008,375
	<u>22,463,599</u>	<u>37,000,224</u>	<u>80,488,146</u>	<u>36,497,414</u>	<u>70,150,314</u>	<u>69,781,416</u>	<u>316,381,113</u>

Capital management

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

- a. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
- b. To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- c. To maintain a strong capital base to support the development of its business.

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

The CBN requires each bank to:

- (i) Hold the minimum level of the regulatory capital of ₦25 billion, and
- (ii) Maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 10%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

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

- a. Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- b. Tier 2 capital: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets and currency revaluation reserves, general provisions subject to maximum of 1.25% of risk assets and hybrid instruments – convertible bonds.

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

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

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

	Group 2010 N'000	Group 2009 N'000
Tier 1 capital		
Share capital	11,658,594	9,326,875
Share premium	119,076,566	119,076,566
Statutory reserves	47,775,978	36,154,585
SMIEIS reserve	4,232,479	4,232,479
Bonus issue reserve	2,914,648	2,331,719
Contingency reserve	669,181	544,295
Retained earnings	18,860,299	15,424,515
Less: goodwill and intangible assets	-	-
Total qualifying Tier 1 capital	205,187,745	187,091,034
Tier 2 capital		
Preference shares	-	-
Non controlling interest	6,030,540	5,141,794
Convertible bonds	-	-
Revaluation reserve - fixed assets	-	-
Revaluation reserve – investment securities	-	-
Translation reserve	(392,596)	12,200
General provision	211,512	230,981
Total qualifying Tier 2 capital	5,849,456	5,384,975
Total regulatory capital	211,037,201	192,476,009
Risk-weighted assets:		
On-balance sheet	743,984,692	671,992,897
Off-balance sheet	84,997,641	66,564,052
Total risk-weighted assets	828,982,333	738,556,949
Risk weighted Capital Adequacy Ratio (CAR)	25.46%	26.06%

Value Added Statement

For the Period Ended 31 December 2010

Group:

	Dec. 2010		Dec. 2009	
	N'000	%	N'000	%
Gross earnings	153,908,027		162,550,418	
Interest expense:				
- Local	(16,997,600)		(30,015,530)	
- Foreign	(13,154,504)		(10,524,935)	
	<u>123,755,923</u>		<u>122,009,953</u>	
Loan Loss expense/diminution in other risk assets	<u>(8,317,410)</u>		<u>(37,526,729)</u>	
	115,438,513		84,483,224	
Bought in materials and services				
- Local	(42,281,428)		(31,590,405)	
- Foreign	(331,222)		(1,613,930)	
Value added	<u><u>72,825,863</u></u>	<u><u>100</u></u>	<u><u>51,278,889</u></u>	<u><u>100</u></u>
Distribution				
Employees				
- Employees as wages, salaries and pensions	17,544,401	24	17,302,333	34
Government				
- Taxation	10,109,227	14	4,276,160	8
Providers of Finance:				
- Interim dividend to shareholders	5,829,297	8	-	-
Retained in the Group				
- For replacement of fixed assets (depreciation)	6,825,612	9	6,013,553	12
- To pay proposed dividend	13,990,313	19	13,990,313	27
Profit for the year (including minority interest, statutory and bonus share reserves)	18,527,013	25	9,696,530	19
	<u><u>72,825,863</u></u>	<u><u>100</u></u>	<u><u>51,278,889</u></u>	<u><u>100</u></u>

Value Added Statement
For the Year Ended 31 December 2010

Bank:

	Dec 2010		Dec 2009	
	N'000	%	N'000	%
Gross earnings	138,347,028		151,698,107	
Interest expense:				
- Local	(21,438,916)		(29,588,515)	
- Foreign	(5,078,429)		(7,833,075)	
	111,829,683		114,276,517	
Loan Loss expense/diminution on other risk assets	(7,543,509)		(37,003,705)	
	104,286,174		77,272,812	
Bought in materials and services				
- Local	(38,096,295)		(29,271,692)	
- Foreign	(331,222)		(1,613,930)	
Value added	65,858,657	100	46,387,190	100
Distribution				
Employees				
- Employees as wages, salaries and pensions	14,469,774	22	14,120,149	31
Government				
- Taxation	8,963,412	14	3,111,748	7
Providers of Finance:				
- Interim dividend to shareholders	5,829,297	9	-	-
Retained in the bank				
- For replacement of fixed assets (depreciation)	5,913,843	9	5,307,232	11
- To pay proposed dividend	13,990,313	21	13,990,313	30
Profit for the year (including statutory and, bonus share reserves)	16,692,018	25	9,857,748	21
	65,858,657	100	46,387,190	100

Five Year Financial Summary

Group

	Dec. 2010	Dec. 2009	Dec. 2008	Feb. 2008	Feb. 2007
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and balances with CBN	28,855,906	35,889,931	64,349,514	38,969,829	32,620,877
Treasury bills	157,291,249	36,936,014	62,216,318	65,763,996	126,436,915
Due from other banks	250,180,751	225,330,111	219,821,791	79,910,345	101,472,394
Loans and advances to customers	593,562,579	563,488,164	416,318,640	288,152,339	115,746,009
Other facilities	-	-	-	-	4,443,719
Advances under finance lease	9,821	6,070	23,835	18,091	-
Insurance receivables	873,841	809,546	562,687	471,639	303,797
Investment securities	51,738,634	136,193,629	91,511,483	117,767,868	42,257,448
Deferred tax assets	587,881	410,864	36,847	20,649	28,769
Equipment on lease	-	-	-	-	-
Trading properties	7,349,815	5,070,666	15,085,846	12,062,730	-
Other assets	10,600,066	15,523,244	49,272,639	94,765,004	42,154,039
Property and equipment	50,597,029	46,491,151	39,629,765	33,969,536	20,880,251
Goodwill on consolidation	354,328	354,328	354,328	166,432	140,742
TOTAL ASSETS	1,152,001,900	1,066,503,718	959,183,693	732,038,458	486,484,960
LIABILITIES					
Share capital	11,658,594	9,326,875	7,461,500	6,839,708	4,000,000
Share premium	119,076,566	119,076,566	119,076,565	119,076,565	21,391,928
Reserves	74,059,989	58,699,793	51,453,710	34,092,593	21,932,190
Non-controlling interest	6,030,540	5,141,794	4,042,125	3,335,075	2,661,531
Customers' deposits	761,194,792	683,080,902	470,605,806	362,936,393	294,500,885
Due to other banks	17,943,922	14,981,705	27,965,203	324,844	45,018
Claims payable	727,653	350,631	188,588	69,827	30,810
Finance lease obligations	1,847,629	2,211,130	2,125,260	2,350,447	-
Liability on investment contracts	1,822,664	1,115,094	586,386	336,514	198,550
Liabilities on insurance contracts	2,198,669	1,126,011	794,546	625,072	322,503
Current income tax payable	9,529,921	3,483,561	9,636,970	6,124,638	3,486,165
Other liabilities	53,697,738	85,491,872	198,400,658	135,770,473	73,292,278
Deferred tax liabilities	4,337,046	4,346,591	3,474,838	2,808,927	1,086,322
Dividend payable	-	-	-	-	-
Retirement benefit obligations	36,699	253,075	475,010	1,204,806	984,806
Debt securities in issue	64,903,211	65,485,550	48,838,125	56,142,576	-
Other facilities	-	-	-	-	4,488,605
Other borrowings	22,936,267	12,332,568	14,058,403	-	58,063,369
TOTAL LIABILITIES	1,152,001,900	1,066,503,718	959,183,693	732,038,458	486,484,960
Guarantees and other commitments on behalf of customers	424,988,204	332,820,260	325,600,406	116,282,231	82,376,841

Five Year Financial Summary Cont'd

Group

	<u>Dec. 2010</u>	<u>Dec. 2009</u>	<u>Dec. 2008</u>	<u>Feb. 2008</u>	<u>Feb. 2007</u>
PROFIT AND LOSS ACCOUNT	₦'000	₦'000	₦'000		
Net operating income	120,543,591	120,393,168	80,963,098	62,079,548	35,778,914
Operating expenses	(63,770,331)	(54,903,436)	(41,055,452)	(30,777,193)	(19,325,234)
Allowance for loan loss & other risk assets	<u>(8,317,410)</u>	<u>(37,526,729)</u>	<u>(1,779,653)</u>	<u>(3,934,017)</u>	<u>(737,371)</u>
Profit before taxation	48,455,850	27,963,003	38,127,993	27,368,338	15,716,309
Taxation	<u>(10,109,227)</u>	<u>(4,276,160)</u>	<u>(2,307,078)</u>	<u>(6,198,861)</u>	<u>(2,522,550)</u>
Profit after taxation	38,346,623	23,686,843	35,820,915	21,169,477	13,193,759
Profit after taxation and extra-ordinary in	38,346,623	23,686,843	35,820,915	21,169,477	13,193,759
Non-controlling interest	<u>(430,302)</u>	<u>(11,248)</u>	<u>(230,856)</u>	<u>(369,030)</u>	<u>(200,707)</u>
Profit attributable to shareholders	<u><u>37,916,321</u></u>	<u><u>23,675,595</u></u>	<u><u>35,590,059</u></u>	<u><u>20,800,447</u></u>	<u><u>12,993,052</u></u>
Earnings per share (Unadjusted)	<u>163k</u>	<u>127k</u>	<u>185k</u>	<u>167k</u>	<u>162k</u>
Declared Dividend per share *	<u>100k</u>	<u>100k</u>	<u>70k</u>	<u>75k</u>	<u>103k</u>

* Declared dividend represents final dividend declared during the preceeding year but paid during the year.

Five Year Financial Summary

Bank

	Dec. 2010	Dec. 2009	Dec. 2008	Feb 2008	Feb. 2007
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash in hand and balances with CBN	27,017,683	34,890,767	62,579,450	38,969,734	32,346,472
Treasury bills	141,775,484	29,405,616	52,715,562	63,105,768	124,794,434
Due from other banks	204,567,931	202,810,278	191,187,296	64,224,277	96,593,552
Other facilities	-	-	-	-	4,443,719
Loans and advances to customers	563,482,281	538,137,569	413,983,817	291,530,777	113,705,183
Advances under finance lease	-	1,288	23,835	18,091	-
Investment securities	46,356,435	134,126,992	86,616,909	115,240,952	40,739,800
Investment in subsidiaries	30,115,862	29,774,817	28,274,817	15,022,241	4,536,594
Deferred tax assets	-	-	-	-	-
Other assets	7,631,958	9,478,730	46,866,078	94,581,049	41,453,189
Equipment on lease	-	-	-	-	-
Property and equipment	45,815,129	41,285,479	36,030,992	31,652,460	19,749,488
TOTAL ASSETS	1,066,762,763	1,019,911,536	918,278,756	714,345,349	478,363,061
LIABILITIES:					
Share capital	11,658,594	9,326,875	7,461,500	6,839,708	4,000,000
Share premium	119,076,566	119,076,566	119,076,565	119,076,565	21,391,928
Reserves	74,432,646	60,072,347	53,012,660	35,136,791	22,041,260
Customers' deposits	713,080,374	662,261,026	445,740,212	357,006,128	290,792,372
Due to other banks	3,320,059	1,083,016	27,965,203	324,844	-
Finance lease obligations	1,847,629	2,211,130	2,125,260	2,350,447	-
Current income tax payable	8,686,276	2,373,006	9,237,928	5,791,420	3,332,773
Other liabilities	43,243,089	81,284,082	186,892,178	127,740,385	72,196,921
Deferred tax liabilities	4,160,684	4,134,454	3,395,712	2,731,679	1,071,027
Dividend payable	-	-	-	-	-
Retirement benefit obligations	35,785	240,811	475,010	1,204,806	984,806
Debt securities in issue	66,387,400	65,515,655	48,838,125	-	-
Other facilities	-	-	-	-	4,488,605
Other borrowings	20,833,661	12,332,568	14,058,403	56,142,576	58,063,369
TOTAL LIABILITIES	1,066,762,763	1,019,911,536	918,278,756	714,345,349	478,363,061
Guarantees and other commitments on behalf of customers	401,745,825	316,381,113	389,543,782	322,462,234	115,000,398

Five Year Financial Summary Cont'd

Bank

PROFIT AND LOSS ACCOUNT	Dec. 2010	Dec. 2009	Dec. 2008	Feb 2008	Feb. 2007
	N'000	N'000	N'000	N'000	N'000
			10 months		
Net operating income	108,630,864	112,659,732	74,411,912	58,471,300	33,756,269
Operating expenses	(55,612,315)	(48,696,218)	(35,521,595)	(27,427,338)	(17,688,652)
Allowance for loan loss & other risk assets	(7,543,509)	(37,003,705)	(4,281,200)	(3,845,258)	(717,386)
Profit on ordinary activities before taxation	45,475,040	26,959,809	34,609,117	27,198,704	15,350,231
Taxation	(8,963,412)	(3,111,748)	(6,535,865)	(5,708,819)	(2,337,085)
Profit after taxation	36,511,628	23,848,061	28,073,252	21,489,885	13,013,146
Extra-ordinary income	-	-	-	-	-
Profit after taxation and extra-ordinary income	<u>36,511,628</u>	<u>23,848,061</u>	<u>28,073,252</u>	<u>21,489,885</u>	<u>13,013,146</u>
Earnings per share (Unadjusted)	<u>157k</u>	<u>128k</u>	<u>188k</u>	<u>173k</u>	<u>163k</u>
Declared Dividend per share *	<u>100k</u>	<u>100k</u>	<u>70k</u>	<u>75k</u>	<u>103k</u>

* Declared dividend represents final dividend declared during the preceeding year but paid during the year.