Guaranty Trust Bank Plc and Subsidiary Companies

Group Financial Statements – 31 December 2011
Together with Directors' and Auditor's Reports

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Corporate Governance

Introduction

Guaranty Trust Bank plc ("the Bank") has over the years built an enviable reputation as an institution which has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Bank's corporate governance principles are embodied in its Code of Corporate Governance ("the Code") which represents the core values upon which the Bank was founded and is designed to ensure accountability of the Board and Management to stakeholders. For the Bank, good corporate governance goes beyond just adhering to rules and policies of the regulators, it is about consistently going the extra mile to create excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

As a company publicly quoted on the Nigerian Stock Exchange with Global Depositary Receipts (GDRs) listed on the London Stock Exchange, the Bank remains focused on its responsibilities and commitment to protect and increase shareholder value through transparent corporate governance practices which imbibe local regulatory standards as well as international best practices. The Bank ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission with effect from April, 2011 ("the SEC Code"), the Code of Corporate Governance for Banks in Nigeria Post Consolidation issued by the Central Bank of Nigeria ("the CBN Code"), as well as disclosure requirements under the Disclosure and Transparency Rules of the Financial Services Authority (FSA), United Kingdom, which are applicable to non-United Kingdom companies with Global Depositary Receipts (GDRs) listed on the London Stock Exchange.

In order to remain a pace setter in the area of good corporate governance practices, the Bank continuously reviews its Code to align with additional legal and regulatory requirements and global best practices. Accordingly, the Bank reviewed its Code during the financial year to align with additional disclosure requirements under the SEC Code.

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

Governance Structure

The Board

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

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

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

The Board comprises fourteen members, eight (8) of whom are Non-Executive Directors (including the Chairman of the Board), while six (6) are Executive Directors. Two (2) of the Non-Executive Directors are "Independent Directors", appointed based on criteria laid down by the CBN for the appointment of Independent Directors and the core values enshrined in the Bank's Code of Corporate Governance. Both Independent Directors do not have any significant shareholding interest or any special business relationship with the Bank.

The 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.

The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Bank. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met five (5) times during the year ended December 31, 2011.

Responsibilities of the Board

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

Powers reserved for the Board include the approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices; appointment or removal of Company Secretary; approval of major change to the Bank's corporate structure (excluding internal reorganizations) and changes relating to the Bank's capital structure or its status as a public limited company; the determination and approval of the strategic objectives and policies of the Bank to deliver long-term value; approval of the Bank's strategy, medium and short term plan and its annual operating and capital expenditure budget; recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors; approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators.

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

Roles of Chairman and Chief Executive

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

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

Director Nomination Process

The Criteria for the desired experience and competencies of new Directors is agreed upon by the Board.

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

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

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

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

Induction and Continuous Training

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

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

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. The Bank attaches great premium to training its Directors. Each Non-Executive Director attended both foreign and local courses during the financial period ended December 31, 2011.

Changes on the Board

The erstwhile Managing Director/Chief Executive Officer of the Bank, Mr. Tayo Aderinokun passed away on June 14, 2011. Mr. Aderinokun served the Bank as Managing Director/Chief Executive Officer from 2002 till his demise in June 2011. He had earlier served as Deputy Managing Director for twelve (12) years from the inception of the Bank in 1990 till 2002.

In line with the Bank's well defined succession plan, Mr. Segun Agbaje was appointed as Managing Director/Chief Executive Officer on June 22, 2011. Before his appointment as Managing Director, Mr. Agbaje had served as an Executive Director from January 2000 and as Deputy Managing Director from 2002.

In a bid to rejuvenate the Board at Executive Management level and put in place an enduring Succession Plan for the Bank, Mr. Jide Ogundare, Mrs. Titi Osuntoki and Mr. Akin George Taylor retired as Executive Directors of the Bank with effect from October 19, 2011. The Board, with the approval of the Central Bank of Nigeria, appointed Mr. Demola Odeyemi, Mrs. Tola Omotola, Mr Wale Oyedeji and Mr. Ohis Ohiwerei as Executive Directors of the Bank to fill the the vacancies created by the said resignations.

Profile of the new Executive Directors.

1. Mr. Demola Odeyemi – Executive Director and Chief Financial Officer

   Mr. Demola Odeyemi is a Chartered Accountant (Fellow), graduate member of the Chartered Institute of Stockbrokers of Nigeria, and a Chartered member of the Institute of Taxation in Nigeria. He holds a First Class Honours degree (B.Ed) in Social Studies from Obafemi Awolowo University (1990), a Master of Science Degree in Tests, Measurement and Statistics which he finished with a distinction average in 1992, and a Doctorate in Tests, Measurement and Statistics from the same university in 2011.

   With career spanning over 19 years in the areas of Accounting, Financial Control, Strategy Development and Tax Audit, Mr. Odeyemi is the Chief Financial Officer of the Bank responsible for International expansion and Group Coordination of the Bank's subsidiaries.

   He joined Guaranty Trust Bank Plc in 1997 and worked in the Financial Control Unit until March 2000 when he left the Bank to work in other institutions. He returned to the Bank in 2003. He serves as a Non-Executive Director on the boards of Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (United Kingdom) Limited, Guaranty Trust Bank (Liberia) Limited. He is also a Non-Executive Director on the boards of Terra Kulture Nigeria Limited, Sokoa Chair Centre Limited and 3 Peat Investment Limited, all companies in which the Bank has investments under the Small and Medium Industries Equity Investments (SMIEI) Scheme.

2. Mr. Ohis Ohiwerei - Executive Director and Divisional Head, Commercial Banking, Lagos Division and Public Sector

   Mr. Ohiwerei holds a Bachelor of Engineering degree from the University of Benin (1988) and also a Master of Business Administration degree from the same school in 1991. More recently he has attended the Advanced Management Program at Harvard Business School.

   His career spans over 19 years in core banking, out of which he served as Executive Director and Chief Financial Officer of a bank prior to joining Guaranty Trust Bank Plc. He is exposed to managing risks associated with banking across multicurrency and multicultural countries, and was a critical part of the regional treasury audit team of his previous bank of employment.

   Mr. Ohiwerei is the Executive Director responsible for Commercial Banking, Lagos Division and Public Sector.

3. Mrs. Olutola Omotola – Executive Director, Corporate Services Division and Company Secretary

Mrs. Tola Omotola obtained a Bachelor of Laws (LL.B) degree from the Obafemi Awolowo University, Ile-Ife in 1987, graduating at the top of her class, and obtained the professional certification of Barrister at Law (BL) from the Nigerian Law School in 1988. She holds Masters Degrees in both Law and Business Administration from University of Lagos and Obafemi Awolowo University, Ile-Ife, respectively. She is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom and an Honorary Member of Council of the Institute of Chartered Secretaries and Administrators of Nigeria.

Her career spans over 20 years in Company Secretariat and Legal Advisory Services, having served as Company Secretary and Legal Adviser in some banks prior to joining the Bank. She joined the Bank as the Legal Adviser in July 2006 and was subsequently appointed as the Company Secretary /Legal Adviser in June 2007.

As the Divisional Head of Corporate Services Division, Mrs. Omotola is responsible for running the Legal Group, General Administration Group, Procurement Group and Total Quality Management Group of the Bank. She is also the Company Secretary of the Bank and serves as a Non-Executive Director on the board of Guaranty Trust Bank (Gambia) Limited.

4. Mr. Wale Oyedeji– Executive Director and Head, Corporate Banking Group

Mr. Wale Oyedeji holds a Bachelors of Science degree in Agricultural Economics from the University of Ibadan (1990) and an Master of Science degree in Financial Economics from the University of London in 2001. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an associate of the Chartered Institute of Taxation.

With career spanning over 19 years in the areas of Accounting, Corporate Banking, Treasury and Commercial Banking, Wale was also the Managing Director of Guaranty Trust Bank (United Kingdom) Limited, the Bank's United Kingdom subsidiary from September 2008 to September 2011. He is currently a Non-Executive Director of Guaranty Trust Bank (United Kingdom) Limited.

All the new Executive Directors are in their 40s and reside in Nigeria.

The said Executive Directors will be presented to shareholders at the 22nd Annual General Meeting of the Bank for approval.

Non-Executive Directors Remuneration

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

Details of remuneration paid to Executive and Non-Executive Directors is contained in Page 27 of this Annual Report.

Board Committees

The Board carries out its responsibilities through its Standing Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has four (4) Standing Committees, namely; 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, which retains responsibility for final decision making.
All Committees in the exercise of their powers so delegated conform to the regulations laid down by the Board, with well defined terms of reference contained in the Charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

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

Board Risk Management Committee

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

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

1. To review and recommend for the approval of the Board, the Bank's Risk Management Policies including the risk profile and limits;

2. To determine the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls;

3. To evaluate the Group's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the activities and risk profile of Bank and its subsidiaries ;

4. To oversee Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection and reporting mechanisms;

5. To review and recommend to the Board for approval, the contingency plan for specific risks;

6. To conduct quarterly review of the Bank's central liability report and summary of criticized loans with the concurrent power of recommending the adequacy of the reserves for loan losses and approving possible charge-offs to the Board;

7. To review the Bank's compliance level with applicable laws and regulatory requirements which may impact on the Bank's risk profile;

8. To conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile;

9. To handle any other issue referred to the Committee from time to time by the Board.

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

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times in the financial year ended December 31, 2011.

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

1	Mr. Egbert Imomoh	Non-Executive Director	Chairman
2	Mr. Tayo Aderinokun (Deceased) [1]	Managing Director(Former)	Member
3	Mr. Segun Agbaje	Managing Director	Member
4	Mr. Andrew Alli	Non-Executive (Independent) Director	Member
5	Mrs. Stella Okoli	Non-Executive Director	Member
6	Mr. Babajide Ogundare[2]	Executive Director	Member
7	Mrs. Titilayo Osuntoki[2]	Executive Director	Member
8	Mr. Demola Odeyemi[3]	Executive Director	Member
9	Mrs Olutola Omotola[3]	Executive Director	Member

1. Deceased on June 14, 2011
2. Resigned from the Board with effect from October 19, 2011
3. Appointed to the Risk Management Committee with effect from November 2011

Board Credit Committee

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

1. To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time

2. To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration;

3. To conduct quarterly review of credits granted by the Bank to ensure compliance with the Bank's internal control systems and credit approval procedures;

4. To notify all Director related loans to the Board;

5. To monitor and notify the top debtors to the attention of the Board

6. To review the Bank's internal control procedures in relation to credit risk assets and ensure that they are sufficient to safeguard the quality of the Bank's risk assets;

7. To review the Asset and Liability Management of the Bank;

8. To ensure that the Bank complies with regulatory requirements regarding the grant of credit facilities;

9. To handle any other issue referred to the Committee from time to time by the Board.

In view of the volume of transactions that require Board Credit Committee approvals, there are instances where the need arises for credits to be approved by members expeditiously between Board Credit Committee Meetings. Such urgent credits are circulated amongst the members for consideration and approval in line with a defined procedure that ensures that all members of the Committee are furnished with full information on such credits. All credits considered as "Large Exposures" as defined by the Board of Directors from time to time are considered and approved by the Board Credit Committee at 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 the financial year ended December 31, 2011.

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

1	Mr. Akindele Akintoye	Non-Executive (Independent) Director	Chairman
2	Mr. Segun Agbaje*	Managing Director	Member
3	Mrs. Cathy Echeozo	Deputy Managing Director	Member
4	Mr. Adebayo Adeola	Non-Executive Director	Member
5	Mr. Olabode Agusto	Non-Executive Director	Member
6	Mr. Ibrahim Hassan	Non-Executive Director	Member
7	Mr. Akinola George-Taylor[1]	Executive Director	Member
8	Mr. Ohis Ohiwerei [2]	Executive Director	Member
9	Mr. Wale Oyedeji [3]	Executive Director	Member

* Ceased to be a member of the Committee in November, 2011
1. Disengaged from the Bank with effect from October 19, 2011
2. Appointed as Director with effect from October 19, 2011 and a member of the Board Credit Committee in Novemberr 2011.
3. Appointed to the Risk Management Committee with effect from November 2011

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 Agusto	Member
6	Mr. Ibrahim Hassan	Member
7	Mrs. Stella Okoli	Member

The Committee met six (6) times during the 2011 financial year.

Audit Committee of the Bank

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

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

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

The internal and external auditors are invited from time to time to attend the Meetings of the Committee. The Chief Financial Officer and appropriate members of Management also attend the meetings upon invitation. The Committee meets at least four (4) times in a year. The Audit Committee of the Bank met five (5) times during the period.

The following members served on the Committee during the financial year ended December 31, 2011:

Name	Status	Designation	Attendance
Mr. Mobolaji Fatai Lawal	Shareholders' Representative	Chairman	5
Alhaji Mohammed Usman	Shareholders' Representative	Member	5
Mrs. Sandra Mbagwu-Fagbemi	Shareholders' Representative	Member	5
Mr. Andrew Alli	Non-Executive (Independent) Director	Member	5
Mr. Olabode Agusto	Non-Executive Director	Member	4
Mr. Ibrahim Hassan	Non-Executive Director	Member	5

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, 2011.

S/N	DIRECTORS	BOARD	BOARD CREDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE
	DATE OF MEETINGS	Jan 26, 2011 April 20, 2011 Jun 22, 2011 Jul 20, 2011 Oct 19, 2011	Jan 25, 2011 April 19, 2011 Jul 19, 2011 Sept. 6, 2011 Oct 18, 2011	Jan 25, 2011 April 19, 2011 Jul 19, 2011 Oct. 18 2011	Jan 26, 2011 April 20,2011 May 16, 2011 Jun 22, 2011 Jul 20, 2011 Oct. 19, 2011
	NUMBER OF MEETINGS	5	5	4	6
1	Mr. O. S. Oduyemi	5	N/A	N/A	N/A
2	Mr. O. Aderinokun[1]	1	N/A	1	N/A
3	Mr. J. K. O Agbaje	5	5	N/A	N/A
4	Mr. E. U. Imomoh	5	N/A	4	5
5	Mr. A O. Akintoye	5	5	N/A	5
6	Mr. A. F. Alli	5	N/A	4	5
7	Mrs. S. C. Okoli	5	N/A	4	5
8	Mr. O. M. Agusto	5	5	N/A	5
9	Mr. K. A. Adeola	5	5	N/A	4
10	Mr. I. Hassan	5	5	N/A	5
11	Mr. M. B. Ogundare [2]	5	N/A	4	N/A
12	Mrs. C. N Echeozo	5	4	N/A	N/A
13	Mrs. G.T Osuntoki[2]	5	N/A	4	N/A
14	Mr. A. George-Taylor[2]	5	5	N/A	N/A
15	Mr. A. A. Odeyemi[3]	Nil	N/A	Nil	N/A
16	Mr. O. Ohiwerei[3]	Nil	Nil	N/A	N/A
17	Mrs. O. O. Omotola[3]	Nil	N/A	Nil	N/A
18	Mr. A. Oyedeji[3]	Nil	Nil	N/A	N/A

N/A -Not Applicable
1. Away on medical leave from February 28, 2011, deceased on June 14, 2011,
2. Disengaged from the Board with effect from October 19, 2011
3. Appointed as Director with effect from October 19, 2011 and to the Board Committees in November 2011

Tenure of Directors

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

Board Appraisal

In the Bank's customary manner of imbibing the best corporate governance practices, the Board engaged an Independent Consultant, J. K. Randle International, to carry out the annual Board and Directors appraisal for the 2011 financial year. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Bank's compliance status with the provisions of the CBN and SEC Codes.

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

Shareholders

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

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

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

Protection of Shareholders Rights

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

Communication Policy

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

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

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

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

(i) Compliance with Rules and Regulations: The Bank complies with the legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Banks and other Financial Institutions Act (BOFIA), the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by the Central Bank of Nigeria as well as the Securities and Exchange Commission, the United Kingdom Listing Authority ("UKLA") (by virtue of the listing of Global Depositary Receipts by the Bank on The London Stock Exchange in July 2007);

(ii) Efficiency: The Bank uses modern communication technologies in a timely manner to convey its messages to its target groups. Synergies are sought when it comes to using different communication channels. The Bank replies without unnecessary delay to information requests by the media and the public;

(iii) Transparency: As an international financial institution, the Bank strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Bank and its customers, and bank secrecy. This contributes to maintaining a high level of accountability;

(iv) Proactivity: The Bank proactively develops contacts with its target groups and identifies topics of possible mutual interest;

(v) Clarity: The Bank aims at clarity, i.e. to send uniform and clear messages on key issues;

(vi) Cultural awareness: As an international financial institution, the Bank operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment;

(vii) Feedback: The Bank actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used to fine-tune communication activities.

Information Flows

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

The Company Secretary

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

The Company Secretary is also responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance of the Bank, 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 Board's discussions and decisions.

Independent Advice

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

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

Insider Trading and price sensitive information

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

Management Committees

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

The standing Management Committees in the Bank are:

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

Management Risk Committee

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

The Committee provides inputs for the Board Risk Management Committee and also ensures that the decisions and polices emanating from the Committee's meetings 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 limit of the Managing Director as determined by the Board. The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of credits is carried out. The Committee meets weekly depending on the number of credit applications to be considered.

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

Criticized Assets Committee

This Committee is responsible for the assessment of the risk asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the internal and external regulatory framework, and directs appropriate actions in respect of delinquent assets. The Committee ensures that adequate provisions are taken in line with the regulatory guidelines. The members of the Committee include the 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, Executive Directors, the Treasurer, the Head of the Financial Control Group, the Chief Risk Officer as well as a representative of the Assets and Liability Management Unit.

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

Code of Professional Conduct for Employees

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

All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, policies and procedures of the Bank relating to employee values.

Human Resources Policy

The Human Resources policy of the Bank is contained in the Directors' Report on page 34 of this Annual Report.

Employee Share-ownership Scheme

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

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

Internal Management Structure

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

Sustainability Reporting

Sustainability is embedded in our corporate DNA. As a first-class financial services provider with an internal obligation to comply with international best practices, the bank has always ensured that its lending activities comply with international performance standards and applicable national environmental and social regulations. This helped us to attract on-lending facilities from international finance institutions very early in our corporate life.

We continue to build internal capacity in managing the social and environmental aspects of our operations, guided by a comprehensive Sustainability Policy. We conduct environmental and social due diligence on major credit requests, benchmarking them against performance standards of reputable international finance institutions. This process provides a solid base upon which we identify new opportunities to grow our businesses, and build our competitive advantage in the marketplace. These performance standards also ensure that Guaranty Trust Bank's conduct also influences its customers and other stakeholders.

As our corporate strategic aspirations grow, we remain proudly African with an international outlook. We are committed to the creation of long term value for all our stakeholders by measuring the impact of our activities on the economies and communities where we operate but also the external environmental outcomes of transactions funded by the bank. We will partner with our clients, customers, regulators and communities in analysing our individual and collective environmental and social risks with a view to avoiding or reducing adverse impacts.

We will continue to be transparent in our conduct and operations; learning and improving on our sustainability journey. This report provides a summary of our efforts in environmental and corporate social responsibility activities over the past year and our future priorities. The report has been developed with reference to the Global Reporting Initiative (G3) Guidelines.

As we set stretch goals for ourselves over the coming years, we pledge to measure our successes through the prism of sustainability. We invite you to join us as partners with an independent voice.

Details of Guaranty Trust Bank's Sustainability Report are contained in our upcoming 2012 Sustainability Report.

Thank you.

Complaints and Feedback

Introduction

Guaranty Trust Bank plc considers customers as critical stakeholders in its business. The Bank's main selling point over the years has always been excellent customer service. We therefore consider customers' feedback as a necessary and important factor in our drive to always treat customers fairly.

Complaints channels

In recognition of this, the Bank has provided various channels for its customers to provide feedback to the Bank on its products and services. These platforms include:

- The service desk plus platform on the Bank's website,
- Correspondence from customers;
- SMS Unhappy platform.

Customers can also visit to any of the Bank's branches and provide the feedback.

Resolution structure

The Bank has put in place a structure to ensure that customers' feedback are received and promptly resolved. The Bank has a dedicated Complaints Unit which is responsible for the prompt investigation and resolution of customers' complaints within the approved period. The Complaints Unit liaises with other units in the Bank and ensures that customers' complaints are satisfactorily resolved.

Customers' complaints are stream-lined based on the type of complaints to provide an enabling environment for proper monitoring, proper documentation and effective feedback process of received complaints.

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

- The receiving point of a customer's complaint acknowledges the received complaint.
- The complaint is reviewed and it is determined if the complaint could be resolved at first-level.
- Where the complaint can be resolved at the first level, a resolution is provided to the customer.
- If such complaint cannot be resolved at the first level, the receiving point forwards the complaint to the appropriate unit in the Bank to handle.
- Upon resolution, the customer is contacted and the resolution is explained to the customer.
- The complaint is closed and marked as resolved.

Customers' opinion on products

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

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

This is to afford the Bank the opportunity of receiving customers' perception about the Bank, in order to ensure that efforts can be put in place to close such gap in our services delivery or improve upon the process, service or product.

Feedback on customers' complaints to the Bank

Feedback on customers' complaints is provided to Management, the relevant Units and Groups in the Bank to ensure that complaints and issues raised by customers do not reoccur.

The feedback gathered ensures that:

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

The feedbacks are circulated to all staff through the Bank's internal information channel for the general information of all staff.

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

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

Month	**Number of Complaints Received during the period**	**Number Resolved**	**Number not resolved but reported to CBN for Intervention**	**Total Disputed Amounts**
October	481	433	Nil	Nil
November	407	368	Nil	Nil
December	261	229	Nil	Nil
Total	1,149	1,030*	Nil	Nil

* Outstanding complaints are International dispense errors or International card unauthorised transactions that are yet to be resolved. It usually takes a minimum of 45 workings days to resolve these cases, hence their outstanding status.

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

Guaranty Trust Bank's internal control and risk management systems ensure that material errors or inconsistencies in the financial statements are identified and corrected. The internal control and risk management systems comprise the following areas:

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

Control Environment

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

The Bank's management committees are responsible for implementing risk management policies set out by the Board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems. They ensure proper books of accounts are kept and accounting policies are in conformity with: Nigerian Accounting Standards; Prudential Guidelines for licensed Banks; Circulars issued by the Central Bank of Nigeria; The requirements of the Banks and Other Financial Institutions Act; and The requirements of the Companies and Allied Matters Act.

Risk Assessment

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

Control Activities

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

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

Top Management Reviews

- Internal Audit Reports eliciting control weaknesses are presented periodically to management and Board Audit Committee.
- Preparation of financial statements on a daily basis for management review.

- Monthly and quarterly profitability review, where the bank's financial performance is reviewed and compared with the set budgets. Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Bank and the mitigants deployed.

Activity Control
Establishment of control units within each business area for self checking of activities within the areas, transactions call over for timely detection of errors.

Physical Controls
There are policies guiding access to the Bank's physical and financial assets, including dual custody, use of overrides e.t.c

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

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

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

Information and Communication/ Monitoring

The Bank's management understands the need for a timely, reliable and accurate information flow within the Bank, for effective decision making and enhanced financial reporting. Every activity of the Bank is codified in the Bank's standard operating procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity. The SOP further highlights requirement for reporting, the frequency of reporting as well as who within the organisation to direct the report to.
The following are some of the generic internal reports used by management for decision making and monitoring purposes:

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

Directors' Report

For the year ended 31 December 2011

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, 2011.

Legal form and principal activity

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

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

Following the directive issued by the CBN vide the circular dated September 7, 2010, the Bank has commenced the process of divesting its shareholding interests in its non-banking subsidiaries. At the Extraordinary General Meeting convened on October 21, 2010, the shareholders of the Bank approved the divestment by the Bank from its non-banking subsidiaries. Consequently, the Bank has concluded the divestment process from three (3) non-banking subsidiaries, namely Guaranty Trust Assurance Plc, which is engaged in the provision of insurance services, GTB Asset Management Limited, an asset management and securities trading company and GTB Registrars Limited which acts as registrars to public companies. As at the end of the financial year under review, the divestment process from GT Homes Limited, a licensed Primary Mortgage Institution which is engaged in mortgage activities was close to completion. In accordance with the directives of the CBN the Bank is in the process of filing an application with the CBN for a Commercial Banking Licence with International Scope.

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, Guaranty Trust Bank (Liberia) Limited and GTB Finance B.V. Netherlands, the special purpose entity used to raise its $350 million and $500 million Eurobond Guarantee Notes.

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

Operating results

Gross earnings increased by 23% and profit before tax of the group increased by 35%. Highlights of the Group's operating results for the period are as follows:

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
GROSS EARNINGS	188,819,158	153,908,027	172,331,511	138,347,028
Profit before taxation	65,596,077	48,455,849	62,079,003	45,475,040
Taxation	(15,709,353)	(10,109,227)	(14,098,114)	(8,963,412)
Profit after taxation	49,886,724	38,346,622	47,980,889	36,511,628
Extra-ordinary item	2,766,712	-	3,000,341	-
Profit after taxation and extra-ordinary item	52,653,436	38,346,622	50,981,230	36,511,628
Non-controlling interest	(537,882)	(430,302)	-	-
Profit attributable to equity holders of the Bank	52,115,554	37,916,320	50,981,230	36,511,628
APPROPRIATIONS				
Transfer to statutory reserve	16,093,082	11,621,393	15,294,369	10,953,489
Transfer to contingency reserve	-	124,886	-	-
Transfer to bonus shares reserve	-	2,914,648	-	2,914,648
Transfer to retained earnings	36,022,472	23,255,393	35,686,861	22,643,491
	52,115,554	37,916,320	50,981,230	36,511,628
Earnings per share (kobo) - Basic	169k	163k	164k	157k
Earnings per share (kobo) - Adjusted	168k	129k	163k	124k

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
Total non-performing loans and advances	27,653,010	42,960,620	25,229,369	41,107,607
Total non-performing loans to total gross loans and advances (%).	3.73%	6.74%	3.59%	6.79%

Dividends

The Directors declared and paid an interim dividend of 25 Kobo as at June 2011 on the issued capital of 29,431,179,224 per Ordinary Share of 50 kobo each. Withholding tax was deducted at the time of payment.

The Directors recommend the payment of a final dividend of 85 Kobo per ordinary share of 50 kobo (bringing the total dividend for the financial year ended December 31, 2011 to N1.10; 2010: N1.00 per share). Withholding tax will be deducted at the time of payment.

Directors and their interest

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

S/N	Names	**Direct Holding Dec '10**	**[1]Indirect Holding Dec '10**	**Direct Holding Dec' 11**	***Indirect Holding Dec '11**
1	Mr. Oluwole Oduyemi	891,508.00	4,296,150.00	1,114,385.00	5,370,150.00
2	Mr. Olutayo Aderinokun (Deceased) - Managing Director[2]	25,350,833.00	373,508,040.00	31,688,541.00	466,885,025.00
3	Mr. Olusegun Agbaje - Managing Director[3]	25,717,321.00	7,585,100.00	32,146,651.00	-
4	Mrs. Cathy Echeozo – Deputy Managing Director[4]	2,004,095.00	2,352,250.00	2,505,118.00	2,940,300.00
5	Mr. Egbert Imomoh	882,378.00	4,994,503.00	1,102,972.00	6,243,128.00
6	Mr. Andrew Alli	791,066.00	-	988,832.00	
7	Mr. Akindele Akintoye	-	-	363,800.00	-
8	Mr. Adebayo Adeola	3,895,594.00	-	4,869,492.00	-
9	Mr. Olabode Agusto	-	-	-	-
10	Mr. Ibrahim Hassan	102,271.00	-	127,838.00	
11	Mrs. Stella Okoli	2,675,226.00	-	3,344,032.00	-
12	Mr. Jide Ogundare - Executive Director[5]	2,798,750.00	2,556,750.00	3,498,437.00	3,195,900.00
13	Mrs. Titi Osuntoki - Executive Director[5]	12,773,808.00	434,550.00	15,967,260.00	543,150.00
14	Mr. Akinola George-Taylor - Executive Director[5]	5,677.00	289,750.00	7,096.00	362,150.00
15	Mr. Demola Odeyemi - Executive Director[6]	3,529,281.00	596,550.00	7,661,601.00	745,650.00
16	Mrs. Tola Omotola - Executive Director[6]	362,025.00	187,500.00	452,531.00	234,350.00
17	Mr. Wale Oyedeji - Executive Director[6]	4,270.00	-	492,787.00	-
18	Mr. Ohis Ohiwerei - Executive Director[6]	-	-	2,000,000.00	-

There has been no significant change to Directors' shareholdings.

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[1] Indirect Holdings includes the underlying shares of the GDRs

[2] Deceased on June 14, 2011

[3] Appointed Managing Director on June 22, 2011

[4] Appointed Deputy Managing Director on October 19, 2011

[5] Resigned on October 19, 2011

[6] Appointed on October 19, 2011

Directors' remuneration.

The remuneration of the bank's directors is disclosed pursuant to section 34(5) of the code of corporate governance for public companies as issued by Securities Exchange Commission as follows:

Type of package	**Description**	**Timing**
Fixed		
Basic Salary	- Part of gross salary package for executive directors only. - Reflects the banking industry competitive salary package and the extent to which the bank's objectives have been met for the financial year	Paid monthly during the financial year
13th month salary	- Part of gross salary package for executive directors only. - Reflects the banking industry competitive salary package and the extent to which the bank's objectives have been met for the financial year	Paid last month of the financial year
Director fees	- Part of gross salary package for all directors of the bank	Paid during the year
Sitting allowances	- Allowances paid to non executive directors only for sitting at board meetings and other business meetings.	Paid during the year

Changes on the Board

During the period under review, the erstwhile Managing Director/Chief Executive Officer of the Bank, Mr. Tayo Aderinokun passed away on June 14, 2011. Mr. Aderinokun served the Bank as Managing Director/Chief Executive Officer from 2002 till his demise in June 2011. He had earlier served as Deputy Managing Director for twelve (12) years from the inception of the Bank in 1990 till 2002.

In line with the Bank's well defined succession plan, Mr. Segun Agbaje was appointed as Managing Director/Chief Executive Officer on June 22, 2011. Before his appointment as Managing Director, Mr. Agbaje had served as an Executive Director from January 2000 and as Deputy Managing Director from 2002.

In a bid to rejuvenate the Board at Executive Management level and put in place an enduring Succession Plan for the Bank, Mr. Jide Ogundare, Mrs. Titi Osuntoki and Mr. Akin George-Taylor retired as Executive Directors of the Bank with effect from October 19, 2011. In order to fill the vacancies created by the said resignations, the Board, with the approval of the Central Bank of Nigeria, appointed Mr. Demola Odeyemi, Mrs. Tola Omotola, Mr. Wale Oyedeji and Mr. Ohis Ohiwerei as Executive Directors of the Bank.

The appointment of Messrs Demola Odeyemi, Ohis Ohiwerei, Wale Oyedeji and Mrs. Tola Omotola will be presented at this Meeting for approval.

The profiles of the new Directors are available on pages 6 -7 of the Annual Report

Directors' interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, 2004 Messrs Adebayo Adeola and Olabode Agusto disclosed to the Board their interest as directors of Comprehensive Project Management Services Limited (a project management company) Agusto & Company Limited (a credit rating company) respectively, which provided services to the Bank in the course of the year.

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

Shareholding analysis

The analysis of the distribution of the shares of the Bank as at 31 December, 2011 is as follows:

Share Range			Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	10,000	253,983	70.9755	845,186,068	2.87
10,001	-	50,000	75,316	21.0470	1,650,352,633	5.61
50,001	-	100,000	13,102	3.6614	920,598,239	3.13
100,001	-	500,000	12,084	3.3769	2,481,644,898	8.43
500,001	-	1,000,000	1,552	0.4337	1,081,605,339	3.68
1,000,001	-	5,000,000	1,426	0.3985	2,914,238,263	9.90
5,000,001	-	10,000,000	174	0.0486	1,185,630,307	4.03
10,000,001	-	50,000,000	157	0.0439	3,274,977,186	11.13
50,000,001	-	100,000,000	29	0.0081	2,023,444,708	6.88
100,000,001	-	500,000,000	18	0.0050	4,283,351,932	14.55
500,000,001	-	1,000,000,000	2	0.0006	1,690,991,978	5.75
1,000,000,001	-	2,000,000,000	1	0.0003	1,170,674,231	3.98
2,000,000,001		3,000,000,000	1	0.0003	2,262,252,505	7.69
		Sub-Total	357,845	99.9997	25,784,948,287	87.61
		GDR [underlying shares]	1	0.0003	3,646,230,937	12.39
		TOTAL	357,846	100.0000	29,431,179,224	100.00

According to the Register of members as at December 31, 2011, 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
* GTBank GDR (underlying shares)	3,646,230,937	12.389
**Stanbic Nominees Nigeria Limited	3,745,291,487	12.7256

* Citibank Nigeria Limited held the 3,646,230,937 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.

** Stanbic Nominees Nigeria Limited held 12.7% of the Bank's shares largely in trading accounts on behalf of various investors.

Donations and charitable gifts

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of N 297,493,137 (Dec.2010: N328, 031,293) was given out as donations and charitable contributions during the period. These comprise contributions to charitable organizations amounting to N223,563,962 (Dec 2010: N168,774,576) and donations amounting to N73,929,175 (Dec. 2010: N159,256,717) to other non-charitable organisations. Details of the donations and charitable contributions are as follows:

Charitable Organizations	
Principals' Cup – Lagos State	53,575,018
Swiss Red Cross	21,196,503
Massey Street Children's Hospital	30,226,060
World bank/IMF	25,000,000
Students-In-Free Enterprise (SIFE)	20,942,750
Orange Ribbon Initiative	19,063,000
Special Olympics of Nigeria	10,000,000
Ekiti State Development Foundation	7,500,000
Baboko Community Secondary School, Ilorin	6,548,515
St. George Boys & Girls School, Ikoyi	3,976,255
Owu Day Festival	2,500,000
Daula Round about, Kano	2,258,377
University of Ibadan Centre for Entrepreneurship and Innovation	2,105,960
African Gifted Foundation Academy	1,927,500
Ikoyi Club 1938	1,858,326
Lagos State Traditional Sports Championship	1,500,000
Bloom Cancer Care Centre	1,000,000
FATE Foundation	1,000,000
Social Enterprise Report	1,000,000
Open Classroom Project, Kaduna	947,000
Extremely Talented Artists	750,000
Rotary International	700,000
Orange Academy	550,000
Hallmarks Of Labour Foundation	500,000
Lindy's Gem Foundation	500,000
Patrick Speech And Languages Centre	500,000
Special Persons Association of Nigeria	500,000
Int'l Women's Society Skills Acquisition	400,000
Honeybee Foundation For Women In Distress	398,848
Atlantic Hall	300,000
Children Living With Cancer Foundation	300,000
Laura Stephens School	250,000
Nigeria Love, Peace And Unity Project	250,000
Nigerian Red Cross (Lagos)	250,000
Opral Benson Training Institute	250,000
Paediatric Association Of Nigeria	250,000

Vigilant Heart Charitable Society	250,000	
Government Day Secondary School, Bauchi	224,850	
Centre for Values In Leadership	200,000	
Nigerian Conservation Foundation	200,000	
The Dreamland Foundation	200,000	
Catholic Women Organisation	180,000	
Aret Adams Foundation	150,000	
Care Organization	150,000	
Richardson Health, Safety, Security and Environment Forum	150,000	
Cancer Foundation	100,000	
Dowen College	100,000	
Green Springs School, Lagos	100,000	
Imperial Gate School	100,000	
Lagos Preparatory School	100,000	
Nupe Online Magazine	100,000	
Penckers School	100,000	
Project Alert On Violence Against Women	75,000	
Sickle Cell Club	60,000	
Disabled Person's Right Initiative	50,000	
Disabled Sports Development Centre	50,000	
Down Syndrome Foundation	50,000	
National Association Of Nigerian Students	50,000	
Speech Therapy Specialist Centre	50,000	
		223,563,962

Non Charitable Organizations

Ikoyi Club 1938	9,468,824
Nehemiah Project	3,000,000
Strika Entertainment	3,000,000
Motor Boat Club	2,000,000
Nigerian Security Summit	2,000,000
Play Festival	2,000,000
Nigerian Immigration Passport Office, Ikoyi	1,133,000
Terra Kulture	1,000,000
Fela-Broadway Show	860,000
Central Bank's Conference	500,000
CSR Lagos	500,000
Lagos Business School Alumni President's Dinner	500,000
Pearl Awards	500,000
Silk Project Limited	500,000
Global Trade Guide To Commonwealth Markets	473,400
Nigerian Annual Social Report	400,000
Capital Market Correspondents Association Of Nigeria	300,000
G.O.O.D. Concert	250,000
Africa Roundtable & Conference On CSR	250,000
Ibadan Old Boys Association	250,000

Institute of Chartered Accountants of Nigeria	250,000	
Rhythm Unplugged Concert	250,000	
The Guild of Medical Doctors	250,000	
NSE	220,000	
Advertising Practitioner Council Of Nigeria	200,000	
Finance Correspondents Association Of Nigeria	200,000	
MUSON	200,000	
Chartered Institute Of Arbitrators	150,000	
Info Value Chain	150,000	
Lagos Business School Annual Zonal Dinner	150,000	
Nigerian Bar Association	150,000	
Bambinos International Merchants Ltd	100,000	
Smooth Fm	100,000	
Others	42,673,950	73,929,175
		297,493,137

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, 2011 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.

Gender Analysis

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

	Male	**Female**	**Total**	**Male**	**Female**
		Number		%	
Employees	1,536	1,117	2,653	58	42

Gender analysis of Board and Top Management is as follows:

	Male	**Female**	**Total**	**Male**	**Female**
		Number		%	
Board	11	3	14	79	21
Top Management (AGM - GM)	38	18	56	68	32
Total	**49**	**21**	**70**		

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

	Male	**Female**	**Total**	**Male**	**Female**
		Number		%	
Assistant General Manager	20	7	27	74	26
Deputy General Manager	11	4	15	73	27
General Manager	7	7	14	50	50
Executive Director & Deputy Managing Director	3	2	5	60	40
Managing Director	1	-	1	100	-
Non-Executive Directors	7	1	8	88	13
Total	**49**	**21**	**70**		

Human Resources Policy

(1) Employment of disabled persons

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

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

(2) Health, Safety and Welfare of Employees

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

(3) Employee Involvement and Training

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

BY ORDER OF THE BOARD

Olutola Omotola
Company Secretary
Plot 635, Akin Adesola Street,
Victoria Island, Lagos
20 January, 2012

Statement of Directors' Responsibilities in Relation to the Financial Statements for the twelve months ended 31 December, 2011

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 58 to 183 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 1990 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	CATHY ECHEOZO
20 January, 2012	20 January, 2012

Report of the Audit Committee

For the year ended 31 December 2011

To the members of Guaranty Trust Bank Plc

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act 1990, the members of the Audit Committee of Guaranty Trust Bank Plc hereby report as follows:

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December, 2011 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N6,346,350,000 (31 December, 2010: N13,028,752,000) was outstanding as at 31 December, 2011. The status of performance of insider related credits is as disclosed in Note 42(b)(i).

- 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
23 January, 2012

Members of the Audit Committee are:

1. Mr. M.F. Lawal - Chairman
2. Alhaji M.A. Usman
3. Mrs. Sandra Mbagwu-Fagbemi
4. Mr Bode Agusto
5. Ibrahim Hassan
6. Andrew Alli

In attendance:
Mr. Tunde Dawodu - Secretary

pwc

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

Report on the financial statements

We have audited the accompanying financial statements of Guaranty Trust Bank Plc ("the bank") and its subsidiaries (together "the group") which comprise the balance sheets as of 31 December 2011 and the profit and loss accounts and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine 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 independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that 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 judgement, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as of 31 December 2011 and of their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards, the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

Report on other legal requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account so far as appears from our examination of those books and we have received proper returns adequate for the purposes of our audit from branches not visited by us;

iii) the bank's balance sheet and profit and loss account are in agreement with the books of account.

iv) related party transactions and balances are disclosed in Note 42 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;

v) as disclosed in Note 47, the bank did not pay any penalty as a result of contravention of the provision of the Banks and Other Financial Institutions Act or any policy guidelines in force during the year ended 31 December 2011.

PricewaterhouseCoopers

Chartered Accountants
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 278348

29 February 2012

Statement of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements are the consolidated financial statements of Guaranty Trust Bank Plc, 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).

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 and $500 million Eurobond Guaranteed Notes. Accordingly, the financial statements of GTB Finance B.V. have been consolidated.

(c) 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) Fee and commission expense

Fees and commission expense relates to transaction and service fees which arise in the discharge of the bank's core functions and are expensed as the services are received. These include commission expense paid to Central Bank of Nigeria, correspondent banks, service providers for electronic transactions, agents, advisers, brokers and dealers.

(h) 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.

<u>Non-specialized Loans</u>
Provision in respect of non-performing facilities other than specialized loans is 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%

<u>Specialized loans</u>
Loans are treated as specialized loans in accordance with the criteria specified in the Prudential Guidelines for Deposit Money Banks in Nigeria. 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 Loan
iii. Margin Loan
iv. Project Finance
v. Object Finance
vi. Income Producing Real Estate
vii. Commercial Real Estate and
viii. SME loan

Provisions in respect of non-performing specialised loans according to provisions of prudential guidelines are as follows:

i. (a) Agriculture Finance (short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

i. (b) Agriculture Finance - Long term Facilities (Farm development finance, purchase of machinery, livestock financing)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 2 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

ii. Mortgage loans

Category	Classification	Days past due	Treatment of income	% provision
1	W	Markup / interest or principal past due by 90days	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	As above	10% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 1.5 years	As above	Unprovided balance should not exceed 50% of the estimated net realisable value of the security.
4	L	Markup / interest or principal past due by more than 2 years	As above	100% of total outstanding balance

iii. Margin loans

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.

iv. Project Finance

Category	Classification	Days past due	Treatment of income	% provision
1	W	Repayment on obligation btw 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	S	Repayment below 60% of amount due or installment btw 180 to 2yrs past due	As above	25% of total outstanding balance
2	D	Repayment below 60% of amount or installment overdue by 2 to 3 years	As above	50% of total outstanding balance
3	V D	Repayment below 60% of amount due or installment over due by 3 to 4 years	As above	75% of total outstanding balance
4	L	Repayment below 60% of amount due or installment overdue by more than 4 years	As above	100% of total outstanding balance

v. Object Finance, income producing real estate and commercial real estate Financing

Category	Classification	Days past due	Treatment of income	% provision
1	W	Repayment on obligation btw 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	S	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	D	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	V D	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	L	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

vi. (a) SME Loans - SME short term facilities (Maturities of 1 year)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

vi. (b) SME Loans - SME Long term facilities (Maturities of more than 1 year)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 2 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

Note:

W: Watchlist

S: Substandard

D: Doubtful

VD: Very Doubtful

L: Lost

However, the bank applied the same criteria used for provisioning the non-specialised non performing loans in providing for the specialised non performing 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 not 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 provision is made on all loans and advances, which have not been specifically provided for.

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.

(i) 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.

(j) 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 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 year 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. 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 as 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.

(k) 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.

(l) 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.

(m) 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 investment for not more than one year.

Short-term investments in treasury bills and other 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 company'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.

(n). 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.

(o) Property and equipment

All property and equipment 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
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 carrying amount. These are included in the profit and loss account for the year.

(p) Intangible assets

The group recognises computer software acquired as intangible asset.

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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

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

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

Software is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

(q) 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.

(r) Cash and cash equivalents

(i) *Cash and balance 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.

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

(s) 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.

(t) 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-collaterized 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.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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.

(aa) 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 are 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.

(ab) Derivative financial instruments

A derivative is a financial instrument whose value changes in response to the change in an underlying variable. It requires little or no initial net investment relative to other types of contracts that have similar response to changes in market conditions and that is settled at a future date.

The Bank engaged in interest rate swap transactions with counterparties. The interest rate swaps are initially recognised in the balance sheet at fair value, with a corresponding debit or credit as applicable in the income statement. Any changes in fair value are recognised immediately in the income statement.

(ac) Earnings per share

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

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

(ad) 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 realise the asset and settle the liability simultaneously.

Balance Sheets

As at 31 December 2011

	Notes	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
ASSETS		₦'000	₦'000	₦'000	₦'000
Cash in hand and balances with CBN	12	116,663,077	28,855,906	107,250,852	27,017,683
Treasury bills	13	256,815,281	157,291,249	235,495,534	141,775,484
Due from other banks	14	314,028,704	250,180,751	281,378,238	206,463,631
Loans and advances to customers	15	715,944,065	593,463,860	681,756,594	563,383,562
Advances under finance lease	16	39,143	9,821	-	-
Insurance receivables	17	-	873,841	-	-
Investment securities	18	109,387,401	51,837,353	111,946,443	44,559,454
Investment in subsidiaries	19	-	-	19,733,581	30,115,862
Trading properties	21	2,837,454	7,349,815	-	-
Other assets	22	37,111,827	12,911,921	34,192,302	9,943,813
Deferred tax assets	32(b)	486,281	587,881	-	-
Property and equipment	23(a)&(b)	57,559,524	47,092,669	52,494,230	42,538,693
Intangible asset	23(c)	955,899	1,602,131	762,709	1,374,207
Goodwill on consolidation	24	50,923	354,328	-	-
TOTAL ASSETS		1,611,879,579	1,152,411,526	1,525,010,483	1,067,172,389
LIABILITIES					
Customers' deposits	25	1,033,067,649	761,194,792	964,086,303	713,080,374
Due to other banks	26	18,630,572	17,943,922	3,036,223	3,320,059
Claims payable	27	-	727,653	-	-
Finance lease obligations	28	3,698,756	1,847,629	3,698,756	1,847,629
Liability on investment contracts	29	-	1,822,664	-	-
Liabilities on insurance contracts	30	-	2,198,669	-	-
Current income tax payable	11(b)	14,262,767	9,529,921	13,760,343	8,686,276
Other liabilities	31	61,986,388	54,107,363	59,314,418	43,652,714
Deferred tax liabilities	32(c)	4,600,993	4,337,046	4,498,455	4,160,684
Dividend payable	33	-	-	-	-
Retirement benefit obligations	34	109,451	36,699	78,671	35,785
Debt securities in issue	35	143,587,110	64,903,211	13,165,000	13,165,000
Other borrowings	36	93,156,047	22,936,267	227,460,891	74,056,061
TOTAL LIABILITIES		1,373,099,733	941,585,836	1,289,099,060	862,004,582
NET ASSETS		238,779,846	210,825,690	235,911,423	205,167,807
CAPITAL AND RESERVES					
Share capital	37(b)&(c)	14,715,590	11,658,594	14,715,590	11,658,594
Share premium	38	123,471,114	119,076,566	123,471,114	119,076,566
Translation reserve	39(a)&(b)	(193,204)	(392,596)	-	-
Retained earnings	39(a)&(b)	30,697,056	18,860,299	32,377,671	21,465,320
Other reserves	39(a)&(b)	68,088,218	55,592,287	65,347,048	52,967,327
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE PARENT		236,778,774	204,795,150	235,911,423	205,167,807
Non-controlling interest	40	2,001,072	6,030,540	-	-
TOTAL EQUITY		238,779,846	210,825,690	235,911,423	205,167,807
Guarantees and other commitments on behalf of customers	41(c)(i)	526,821,799	424,988,204	492,780,484	401,745,825

The financial statements were approved by the Board of Directors on 25 January, 2012 and signed on its behalf by:

SEGUN AGBAJE)
) Directors
CATHY ECHEOZO)

Profit and Loss Accounts

For the year ended 31 December 2011

	Notes	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
		₦'000	₦'000	₦'000	₦'000
GROSS EARNINGS		188,819,158	153,908,027	172,331,511	138,347,028
Interest and similar income	3	130,136,922	112,520,923	120,952,562	102,596,730
Interest and similar expenses	4	(28,458,983)	(30,152,104)	(25,429,756)	(26,517,345)
Net interest margin		101,677,939	82,368,819	95,522,806	76,079,385
Fee and commission income	5	44,165,222	34,912,784	39,004,403	31,263,714
Fee and commission expense	6	(2,207,972)	(3,212,332)	(2,172,081)	(3,198,819)
Net fee and commission income		41,957,250	31,700,452	36,832,322	28,064,895
Net foreign exchange income	7	8,849,594	4,577,796	6,866,650	3,372,360
Underwriting profit	8	1,366,925	1,172,064	-	-
Income from investments	9	1,533,783	724,460	2,507,555	1,114,224
Operating income		155,385,491	120,543,591	141,729,333	108,630,864
Operating expenses	10	(70,645,177)	(63,770,332)	(61,497,980)	(55,612,315)
Loan loss expenses	15(p)	(19,003,670)	(8,088,500)	(18,152,350)	(7,492,067)
Diminution in other asset values	15(q)	(140,567)	(228,910)	-	(51,442)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		65,596,077	48,455,849	62,079,003	45,475,040
Taxation	11(a)	(15,709,353)	(10,109,227)	(14,098,114)	(8,963,412)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		49,886,724	38,346,622	47,980,889	36,511,628
Extra-ordinary item	11(c)	2,766,712	-	3,000,341	-
PROFIT AFTER TAX AND EXTRA-ORDINARY ITEM		52,653,436	38,346,622	50,981,230	36,511,628
Non-controlling interest	40(b)	(537,882)	(430,302)	-	-
Profit attributable to equity holders of the Bank		52,115,554	37,916,320	50,981,230	36,511,628
APPROPRIATIONS					
Transfer to statutory reserve	39(a)&(b)	16,093,082	11,621,393	15,294,369	10,953,489
Transfer to contingency reserve	39(a)&(b)	-	124,886	-	-
Transfer to bonus shares reserve	39(a)&(b)	-	2,914,648	-	2,914,648
Transfer to retained earnings	39(a)&(b)	36,022,472	23,255,393	35,686,861	22,643,491
		52,115,554	37,916,320	50,981,230	36,511,628
Earnings per share (kobo) - Basic	44	169k	163k	164k	157k
Earnings per share (kobo) - Adjusted	44	168k	129k	163k	124k
Declared Dividend per share	43	100k	100k	100k	100k

The board of directors has proposed a total dividend of ₦1.10k per share on the issued share capital of 29,431,179,226 ordinary shares of 50k each subject to the approval of the Central Bank of Nigeria. Of this, 25 kobo had been paid as interim dividend.

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

Statements of Cash Flows

For the year ended 31 December 2011

	Notes	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
OPERATING ACTIVITIES					
Net cash flow from operating activities	45	165,369,830	199,705,217	156,702,321	163,133,987
Income tax paid	11(b)	(9,841,957)	(4,249,246)	(8,686,276)	(2,623,912)
VAT paid		(1,577,820)	(1,385,097)	(1,577,820)	(1,385,097)
Net cash flows from operating activities		153,950,053	194,070,874	146,438,225	159,124,978
FINANCING ACTIVITIES					
Dividend paid	33	(24,774,510)	(19,819,610)	(24,774,510)	(19,819,610)
Borrowings					
- Inflow from debt securities issue	35(b)	75,862,549	-	-	-
- Inflow from other borrowings	36(b)	73,859,945	12,952,606	153,922,446	10,850,000
- Repayment of borrowings	36(b)	(4,176,699)	(2,554,270)	(3,868,206)	(2,554,270)
- Interest paid on borrowings	4(a)	(10,797,936)	(7,652,450)	(10,709,057)	(6,855,704)
- Finance lease payment	28	(480,846)	(400,321)	(480,846)	(400,321)
- Interest paid on finance lease		(280,164)	(173,098)	(280,164)	(173,098)
- Inflow for improvement in leased asset		2,297,739	-	2,297,739	-
Proceeds from share Issue		4,536,896	-	4,536,896	-
Inflow from non-controlling interest	40(b)	-	-	-	-
Dividend paid to non-controlling interest	40(b)	(389,669)	(115,040)	-	-
Net cash flows from financing activities		115,657,305	(17,762,183)	120,644,298	(18,953,003)
INVESTING ACTIVITIES					
Purchase of long term investments	18(h)	(70,260,992)	(27,925,844)	(71,139,368)	(24,999,000)
Sale of long term investments		2,600,000	-	2,600,000	-
Dividend income received	9	569,363	192,331	1,608,377	667,303
Purchase of property and equipment	23(a)&(b)	(19,836,160)	(11,405,354)	(17,918,401)	(10,281,824)
Purchase of intangible asset	23(c)	(122,460)	(401,315)	(61,296)	(245,243)
Proceeds from disposal of property and equipment		730,112	757,735	658,175	214,718
Additional investment in subsidiaries		-	-	-	(769,264)
Proceeds on disposal of interest in subsidiaries		9,544,375	725,445	13,382,622	725,445
Redemption of long term investments	18(h)	1,472,337	1,000	608,071	-
Purchase of trading properties	21(a)	(1,042,217)	(2,750,120)	-	-
Proceeds from disposal of trading properties		886,498	-	-	-
Net cash flows from investing activities		(75,459,144)	(40,806,122)	(70,261,820)	(34,687,865)
Net increase in cash and cash equivalents		194,148,214	135,502,569	196,820,703	105,484,110
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents, beginning of the year		(412,194,226)	(277,413,577)	(365,746,981)	(260,262,871)
Effect of exchange rate fluctuations on foreign cash held		(765,444)	721,920	-	-
Cash and cash equivalents, end of the year	46	607,107,884	412,194,226	562,567,684	365,746,981
Net increase in cash and cash equivalents		194,148,214	135,502,569	196,820,703	105,484,110

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

Notes to the Consolidated Financial Statements
For the year ended 31 December 2011

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 has seven (7) subsidiaries as shown below:

	Country of Incorporation	Percentage holding Dec-2011	Date of disposal	Percentage holding Dec-2010
Guaranty Trust Assurance Plc	Nigeria	0.00%	30-Sep-11	67.68%
GTB Asset Management Ltd	Nigeria	0.00%	30-Sep-11	100.00%
GT Homes Limited	Nigeria	75.11%	-	75.11%
GT Registrars Limited	Nigeria	0.00%	31-Dec-11	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%	-	99.43%
GTB (Sierra Leone) Limited	Sierra Leone	84.24%	-	84.24%
GTB (Gambia) Limited	Gambia	77.81%	-	77.81%
GTB (Ghana) Limited	Ghana	95.72%	-	95.72%

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 tenured funds. There are no other material items of income or expense between the business segments.

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

	Nigeria		**Rest of West Africa**		**Europe**		**Total**	
	Dec-2011	Dec-2010	Dec-2011	Dec-2010	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
External revenue	171,756,645	141,656,228	12,454,985	10,855,822	1,840,816	1,395,977	186,052,446	153,908,027
Interest and similar expenses	(25,967,816)	(26,894,479)	(2,472,237)	(2,954,305)	(18,930)	(303,320)	(28,458,983)	(30,152,104)
Fee and commission expenses	(2,192,084)	(3,212,332)	(15,889)	-	-	-	(2,207,973)	(3,212,332)
Operating income	143,596,745	111,549,417	9,966,859	7,901,517	1,821,886	1,092,657	155,385,490	120,543,591
Profit on ordinary activities before tax	62,213,645	46,576,212	3,180,272	2,095,968	202,160	(216,330)	65,596,077	48,455,850
Income tax expense	(14,670,546)	(9,261,004)	(1,038,807)	(848,223)	-	-	(15,709,353)	(10,109,227)
Profit after tax	47,543,099	37,315,208	2,141,465	1,247,745	202,160	(216,330)	49,886,724	38,346,623
	Dec-2011	Dec-2010	Dec-2011	Dec-2010	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets and liabilities:								
Segment assets	1,498,348,065	1,077,166,223	72,013,419	51,665,920	41,467,172	23,225,055	1,611,828,656	1,152,057,198
Goodwill	50,923	354,328	-	-	-	-	50,923	354,328
Total assets	1,498,398,988	1,077,520,551	72,013,419	51,665,920	41,467,172	23,225,055	1,611,879,579	1,152,411,526
Segment liabilities	1,150,331,332	867,657,652	56,366,461	48,672,133	166,401,940	25,256,051	1,373,099,733	941,585,836
Total liabilities	1,150,331,332	867,657,652	56,366,461	48,672,133	166,401,940	25,256,051	1,373,099,733	941,585,836
Other segment items								
Depreciation	7,014,627	6,115,225	667,729	593,959	115,754	116,428	7,798,110	6,825,612

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. The Group disposed this line of business during the year.

(b) (v) *Asset management*
Includes portfolio and asset management transactions with individuals and corporate customers. The Group disposed this line of business during the year.

2 (b) Business segments:

	Corporate Banking		Retail Banking		Commercial Banking		Insurance		Asset Management		Group	
	Dec-2011	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Gross earnings:												
Derived from external customers	102,108,374	83,827,084	46,560,049	30,328,245	35,004,882	36,439,891	1,984,900	1,595,374	394,241	1,717,433	186,052,446	153,908,027
Derived from other business segments	(6,597,475)	(16,608,486)	7,407,918	22,838,076	(810,443)	(6,229,590)	-	-	-	-	-	-
	95,510,899	67,218,598	53,967,967	53,166,321	34,194,439	30,210,301	1,984,900	1,595,374	394,241	1,717,433	186,052,446	153,908,027
Interest and similar expenses	(20,120,171)	(14,866,374)	(4,669,748)	(9,598,499)	(3,533,646)	(5,628,563)	-	(2,365)	(135,418)	(56,303)	(28,458,983)	(30,152,104)
Fee and commission expenses	(1,100,066)	(3,198,819)	(644,361)	(13,513)	(463,545)	-	-	-	-	-	(2,207,972)	(3,212,332)
	74,290,662	49,153,405	48,653,858	43,554,309	30,197,248	24,581,738	1,984,900	1,593,009	258,823	1,661,130	155,385,491	120,543,591
Operating expense:												
Loan loss expenses/allowance on other assets	11,166,315	5,082,485	2,493,994	1,702,007	5,343,361	1,355,450	140,567	177,468	-	-	19,144,237	8,317,410
Depreciation	1,857,354	1,709,044	4,070,296	3,481,351	1,715,147	1,459,818	118,999	126,759	36,314	48,640	7,798,110	6,825,612
Other operating expenses	14,132,073	8,128,398	34,235,338	34,463,636	13,487,810	13,303,309	723,471	695,268	268,375	354,108	62,847,067	56,944,719
Total Cost	27,155,742	14,919,927	40,799,628	39,646,994	20,546,318	16,118,577	983,037	999,495	304,689	402,748	89,789,414	72,087,741
Profit on ordinary activities before taxation	47,134,920	34,233,478	7,854,230	3,907,315	9,650,930	8,463,161	1,001,863	593,514	(45,866)	1,258,382	65,596,077	48,455,850
Income tax expense											(15,709,353)	(10,109,227)
											49,886,724	38,346,623

	Dec-2011	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**	**Dec-2011**	**Dec-2010**
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets and Liabilities:												
Tangible segment assets	1,009,401,210	663,011,464	240,266,717	181,735,926	362,160,729	282,653,287	-	19,739,553	-	4,916,968	1,611,828,656	1,152,057,198
Intangible segment assets	50,923	354,328	-	-	-	-	-	-	-	-	50,923	354,328
Unallocated segment assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	1,009,452,133	663,365,792	240,266,717	181,735,926	362,160,729	282,653,287	-	19,739,553	-	4,916,968	1,611,879,579	1,152,411,526
Segment liabilities	359,782,023	310,092,099	752,394,051	434,711,671	260,735,200	181,639,539	-	7,520,442	-	(1,007,728)	1,372,911,274	932,956,023
Unallocated liabilities	188,459	5,034,820	-	3,270,120	-	324,873	-	-	-	-	188,459	8,629,813
Total liabilities	359,970,482	315,126,919	752,394,051	437,981,791	260,735,200	181,964,412	-	7,520,442	-	(1,007,728)	1,373,099,733	941,585,836
Net Assets	649,481,651	348,238,872	(512,127,334)	(256,245,865)	101,425,529	100,688,875	-	12,219,111	-	5,924,696	238,779,846	210,825,689

3 Interest and similar income

Interest and similar income was derived as follows:

(a) **Source**

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Placements	11,161,562	9,131,453	9,621,115	7,983,208
Treasury bills and investment securities	28,497,330	18,181,965	26,192,665	12,088,153
Loans and advances	90,477,038	85,088,506	85,138,782	82,525,347
Advances under finance lease	992	118,999	-	22
	130,136,922	112,520,923	120,952,562	102,596,730

(b) Geographical location

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Interest income earned in Nigeria	117,699,997	96,195,137	115,050,507	98,064,522
Interest income earned outside Nigeria	12,436,925	16,325,786	5,902,055	4,532,208
	130,136,922	112,520,923	120,952,562	102,596,730

4 Interest and similar expenses

Interest and similar expenses comprise:

(a) Source:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Current accounts	3,185,453	3,147,543	2,725,158	3,087,686
Savings accounts	1,404,424	1,050,684	1,206,585	938,987
Time deposits	12,481,976	17,920,510	10,357,246	15,487,518
Inter-bank takings	589,194	380,917	431,710	147,450
Borrowed funds	10,797,936	7,652,450	10,709,057	6,855,704
	28,458,983	30,152,104	25,429,756	26,517,345

(b) Geographical location:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Paid in Nigeria	17,202,180	16,997,600	16,507,066	21,438,916
Paid outside Nigeria	11,256,803	13,154,504	8,922,690	5,078,429
	28,458,983	30,152,104	25,429,756	26,517,345

5 Fee and commission income

Fee and commission income comprises:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Commission on turnover	14,695,736	11,090,485	14,202,772	10,861,601
Commission on letter of credit transactions	4,802,545	3,074,534	3,668,148	2,206,474
Remittance fees	4,916,113	3,633,978	4,041,877	3,165,068
Facility management fees	12,612,907	11,800,508	11,809,269	10,951,908
Other fee and commissions	5,553,311	4,867,707	4,749,438	3,877,595
Other income	1,584,610	445,572	532,899	201,068
	44,165,222	34,912,784	39,004,403	31,263,714

6 Fee and commission expense

Fee and commission expense comprises:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Credit card expenses	290,995	1,671,772	290,995	1,671,772
Other fees and commission expense	1,916,977	1,540,560	1,881,086	1,527,047
	2,207,972	3,212,332	2,172,081	3,198,819

7 Net foreign exchange income

Net foreign exchange income comprises:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Foreign currency trading	6,212,637	4,332,452	4,259,825	3,139,067
Translation gain/(loss)	2,636,957	245,344	2,606,825	233,293
	8,849,594	4,577,796	6,866,650	3,372,360

8 Underwriting profit

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
(i) *General insurance*				
Gross premium	6,181,423	5,449,723	-	-
Outward insurance premium	(1,943,737)	(1,959,458)	-	-
Increase in unexpired risks (see note 30(c))	(1,319,501)	(744,190)	-	-
Commission received	208,529	193,974	-	-
Claims incurred	(1,054,980)	(1,140,401)	-	-
Underwriting expenses	(705,690)	(630,598)	-	-
(ii) *Life assurance*				
Loss from deposit administration	(14,625)	(23,036)	-	-
Decrease in life funds (see note 30(b)(i))	15,506	26,050	-	-
Underwriting profit	1,366,925	1,172,064	-	-

9 Income from investments

(a) (i) Income from investments comprises:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Dividend income	569,363	192,331	1,608,377	667,303
Profit on sale of securities	(467,303)	3,494,668	(207,507)	3,602,612
Unrealised loss on valuation of securities	(11,475)	(3,137,308)	(11,475)	(3,155,691)
Gain on sale of trading properties	325,038	174,769	-	-
Net portfolio gain on SMEEIS investments (see note 9(a)(ii) below)	1,118,160	-	1,118,160	-
	1,533,783	724,460	2,507,555	1,114,224

(a) (ii) Net portfolio gain on SMEEIS Investments is as analysed below:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Portfolio gain from disposal of SMEEIS investments (Interswitch)	2,483,160	-	2,483,160	-
Write-down in SMEEIS Investments (see note 9(a) (iii) below)	(1,365,000)	-	(1,365,000)	-
	1,118,160	-	1,118,160	-

(a) (iii) Write-down on SMEEIS Investment relates to the underlisted:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Safe Nigeria Limited	350,000	-	350,000	-
HITV Limited	500,000	-	500,000	-
Tinapa Business Resort	250,000	-	250,000	-
Cards Technology Limited	265,000	-	265,000	-
	1,365,000	-	1,365,000	-

10 Operating expenses

(a) (i) Analysis of operating expenses:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Staff salaries and allowances (see note 10(b)(i) below)	19,566,307	17,544,401	16,091,094	14,469,774
Other staff cost - defined benefit plan (see note 34(c)(i))	1,400,479	650,000	1,320,000	650,000
Depreciation and amortisation (see note 23(a),(b) & (c))	7,798,110	6,825,612	6,830,267	5,913,843
Profit on disposal of property and equipment	(448,195)	(118,603)	(436,782)	(131,143)
Repairs and maintenance	3,842,068	3,958,290	3,588,275	3,857,331
Insurance	1,165,191	734,753	1,089,398	710,801
Professional fees	808,389	552,118	682,692	478,873
Directors' emoluments	496,188	459,118	382,860	368,666
Contract services	5,807,520	4,991,757	5,246,178	4,884,753
Deposit insurance premium	3,445,404	3,811,448	3,426,265	3,796,640
AMCON Expense	3,200,288	-	3,200,288	-
Lease finance charges	280,164	512,761	280,164	331,222
Operating lease expenses	677,839	509,215	487,393	481,228
Occupancy costs	3,463,559	3,262,488	2,841,723	2,842,191
Advertisement and promotion expenses	5,071,607	6,142,960	4,769,599	5,818,152
Auditor's remuneration (see note 10(a)(ii) below)	317,164	312,455	228,062	228,062
Stationery and postage	2,290,089	2,071,744	2,144,065	2,026,054
Business travel expenses	937,364	1,298,587	806,740	1,238,077
Other operating expenses	10,525,642	10,251,228	8,519,699	7,647,791
	70,645,177	63,770,332	61,497,980	55,612,315

(ii) Auditor's remuneration represents fees for half and full year audit of the Bank for the year ended 31 December 2011

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

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Wages and salaries	18,922,753	16,926,320	15,536,758	13,939,233
Pension cost : -				
Defined contribution plans	643,554	618,081	554,336	530,541
	19,566,307	17,544,401	16,091,094	14,469,774
Defined benefit plan (see note 34(c)(i))	1,400,479	650,000	1,320,000	650,000
	20,966,786	18,194,401	17,411,094	15,119,774

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

	Group Dec-2011 Number	Group Dec-2010 Number	Bank Dec-2011 Number	Bank Dec-2010 Number
Executive directors	6	6	6	6
Management	132	340	56	62
Non-management	3,427	3,400	2,591	2,521
	3,565	3,746	2,653	2,589

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

	Group Dec-2011 Number	Group Dec-2010 Number	Bank Dec-2011 Number	Bank Dec-2010 Number
Institutional banking division	180	174	147	148
Investment banking division	74	67	74	67
Commercial banking lagos island and public sector lagos division	72	72	72	72
Commercial banking lagos mainland division	122	126	122	126
Retail lagos island and abuja division	173	217	173	217
Retail lagos mainland and south east division	184	186	184	186
Retail south west division	88	80	88	80
Public sector south west division	21	21	21	21
South south division	55	51	55	51
South east division	40	44	40	44
Commercial banking Abuja and North Central division	33	30	33	30
Public sector Abuja and North Central division	39	66	39	40
North west division	49	64	49	63
North east division	53	66	53	66
Financial control & strategy	44	51	31	33
General services and external affairs	149	220	92	92
Management and corporate services	72	59	38	29
Payment and settlement	229	226	203	196
Risk management	73	73	64	60
Systems and control	116	102	96	79
Transaction services group	1,241	1,131	908	819
Technology	71	70	71	70
Commercial banking	44	54	-	-
Retail	129	125	-	-
Others	214	371	-	-
	3,565	3,746	2,653	2,589

(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-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	Number	Number	Number	Number
₦720,001 - ₦1,400,000	781	557	-	13
₦1,400,001 - ₦2,050,000	39	47	15	2
₦2,190,001 - ₦2,330,000	26	31	-	-
₦2,330,001 - ₦2,840,000	-	689	-	646
₦2,840,001 - ₦3,000,000	-	322	-	-
₦3,130,001 - ₦3,830,000	770	53	756	-
₦3,830,001 - ₦4,530,000	6	737	-	725
₦4,530,001 - ₦5,930,000	535	484	526	442
₦6,300,001 - ₦6,800,000	476	318	466	304
₦6,800,001 - ₦7,300,000	9	7	-	-
₦7,300,001 - ₦7,800,000	354	207	354	198
₦7,800,001 - ₦8,600,000	287	16	274	-
₦8,600,001 - ₦11,800,000	99	164	87	159
Above ₦11,800,000	177	108	169	94
	3,559	3,740	2,647	2,583

(c) **Directors' remuneration:**

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Fees as directors	110,096	63,005	42,500	42,500
Other allowances	386,092	396,113	340,360	326,166
	496,188	459,118	382,860	368,666
Executive compensation	549,219	310,191	533,054	278,477
	1,045,407	769,309	915,914	647,143

(ii) The directors' remuneration shown above includes:

	Bank	Bank
	Dec-2011	Dec-2010
	₦'000	₦'000
Chairman	45,592	31,075
Highest paid director	159,031	76,656

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

	Bank	Bank
	Dec-2011	Dec-2010
	₦'000	₦'000
₦ 6,500,001 - ₦11,000,000	-	-
₦11,000,001 - ₦11,500,000	-	-
₦11,500,001 - ₦12,000,000	-	-
₦12,000,001 - ₦12,500,000	1	-
₦12,500,001 - ₦13,000,000	-	-
₦13,000,001 - ₦13,500,000	-	-
₦13,500,001 - ₦22,500,000	-	-
Above ₦22,500,001	17	18
	18	18

11 Taxation

(a) *Tax charge*

The tax charge for the year comprises:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Company income tax	13,129,252	8,596,043	11,722,584	7,345,022
Education tax	974,718	570,118	962,218	569,842
NITDA levy	620,790	280,351	620,790	269,598
	14,724,760	9,446,512	13,305,592	8,184,462
Prior year under-provision (see note 11(b))	455,077	795,938	454,751	752,720
Deferred tax liability charge/(credit) (see note 32(c)(i))	434,697	(6,953)	337,771	26,230
Deferred tax asset credit/(charge)(see note 32(b)(i))	94,819	(126,270)	-	-
	15,709,353	10,109,227	14,098,114	8,963,412

(b) *Current income tax payable*

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	9,529,921	3,483,561	8,686,276	2,373,006
Exchange difference on translation	(19,380)	53,157	-	
Charge for the year (see note 11(a))	14,724,760	9,446,511	13,305,592	8,184,462
Payments during the year	(9,841,957)	(4,249,246)	(8,686,276)	(2,623,912)
Prior year under-provision (see note 11(a))	455,077	795,938	454,751	752,720
Liabilities of subsidiaries disposed	(585,654)	-	-	-
Balance, end of the year	14,262,767	9,529,921	13,760,343	8,686,276

11(c) **Extra-ordinary item**

(i) This represents net gain on the disposal of non banking subsidiairies investment.

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Gain from disposal of investment in non-banking subsidiaries (see note 11(c)(ii))	2,766,712	-	3,000,341	-
	2,766,712	-	3,000,341	-

(ii) In line with the Central Bank of Nigeria's directive on disposal of non banking subsidiaries, the bank disposed its equity investment in its non banking subsidiaries: Guaranty Trust Assurance Plc, GTB Asset Management Limited and GTB Registrars Limited.

Bank

	GT Assurance	GT Asset Management	GT Registrars	Total
	Dec-2011	Dec-2011	Dec-2011	Dec-2011
	₦'000	₦'000	₦'000	₦'000
Proceeds on disposal	11,910,966	1,755,000	67,500	13,733,466
Cost of disposal	(350,592)	-	(252)	(350,844)
Net proceeds on disposal	11,560,374	1,755,000	67,248	13,382,622
Less cost of investment	(8,082,281)	(2,250,000)	(50,000)	(10,382,281)
Gain/(loss) on disposal	3,478,093	(495,000)	17,248	3,000,341

Group

	GT Assurance	GTB Asset Management	GT Registrars	Total
	Dec-2011	Dec-2011	Dec-2011	Dec-2011
	₦'000	₦'000		₦'000
Proceeds on disposal	11,910,966	1,755,000	67,500	13,733,466
Cost of disposal	(350,592)	-	(252)	(350,844)
Net proceeds on disposal	11,560,374	1,755,000	67,248	13,382,622
Parent's share of net assets as at date of disposal (see note (iii) below)	(8,579,059)	(1,654,398)	(79,048)	(10,312,505)
Goodwill	(303,405)	-	-	(303,405)
Gain/(loss) on disposal	2,677,910	100,602	(11,800)	2,766,712

Effective 1 January 1998, gains arising from disposal of stocks and shares were exempted from capital gains tax. Accordingly, income on this sale is not subject to capital gains tax.

(iii) The aggregate book values of the net assets for the three subsidiaries disposed at the respective dates of disposal were as follows:

	GT Assurance	GTB Asset Management	GT Registrars	Total
	Sep-2011	Sep-2011	Dec-2011	Dec-2011
	₦'000	₦'000	₦'000	₦'000
Assets				
Cash in hand	75	381	12,181	12,637
Treasury bills	1,111,693	-	-	1,111,693
Due from other banks	2,372,010	254,622	87,285	2,713,917
Loans and advances to customers	-	84,491	-	84,491
Insurance receivables	1,784,321	-	-	1,784,321
Investment securities	9,088,230	4,981,785	-	14,070,015
Trading properties	4,993,118	-	-	4,993,118
Other assets	2,642,888	231,064	23,001	2,896,953
Deferred tax assets	5,459	-	-	5,459
Property and equipment	453,424	54,378	1,798	509,600
Intangible asset	21,004	10,305	3,326	34,635
Total Assets	22,472,222	5,617,026	127,591	28,216,839
Liabilities				
Customers' deposits	-	3,841,185	-	3,841,185
Claims payable	1,272,890	-	-	1,272,890
Liability on investment contracts	2,288,944	-	-	2,288,944
Liabilities on insurance contracts	3,631,008	-	-	3,631,008
Current income tax payable	584,157	-	1,496	585,653
Other liabilities	1,846,601	121,443	46,016	2,014,060
Deferred tax liabilities	172,707	-	1,031	173,738
Total Liabilities	9,796,307	3,962,628	48,543	13,807,478
Net Assets	12,675,915	1,654,398	79,048	14,409,361
Share of Net Assets	8,579,059	1,654,398	79,048	10,312,505

Net cash inflow arising on disposal:

	GT Assurance	GTB Asset Management	GT Registrars	Total
Cash consideration received	11,910,966	1,755,000	67,500	13,733,466
Cash paid to sell subsidiaries	(350,592)	-	(252)	(350,844)
Net Sale Proceeds on disposal	11,560,374	1,755,000	67,248	13,382,622
Cash and cash equivalents disposed	(3,483,778)	(255,003)	(99,466)	(3,838,247)
	8,076,596	1,499,997	(32,218)	9,544,375

12 Cash in hand and balances with CBN

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Cash in hand	34,863,527	21,200,955	30,662,705	19,370,403
Operating account held with the Central Bank of Nigeria (CBN)	20,030,944	1,465,193	18,067,430	1,457,522
	54,894,471	22,666,148	48,730,135	20,827,925
Mandatory reserve deposits with Central Bank of Nigeria (CBN) (see note 12(b)) below	61,768,606	6,189,758	58,520,717	6,189,758
	116,663,077	28,855,906	107,250,852	27,017,683

(b) Mandatory reserve deposits are not available for use in the Group's day-to-day operations. During the year, the Central Bank of Nigeria (CBN), in Circular No FPR/DIR/CIR/GEN/01/014 dated March 3, 2011 introduced the reserve averaging framework for computation of Cash Reserve Requirement. Banks were required to maintain daily average balances in their operating account (Not Cash Reserve Account) with the CBN throughout a maintenance period in line with the CBN's CRR computation. This framework was replaced with daily CRR maintenance method via communique Number 79 of the Monetary Policy Committee Meeting of October 10, 2011.

(c) Included in Group's cash in hand in 2010 is an amount of N3,228,327,000 and N1,516,154,000 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). However, in 2011 the group does not have these liabilities because of its divestment from GTB Registrars and GTB Asset Management Limited.

13 Treasury bills

These comprise:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
below	256,815,281	157,291,249	235,495,534	141,775,484
	256,815,281	157,291,249	235,495,534	141,775,484

(a) (i) Included in treasury bills is ₦13,400,000,000 (31 December 2010: ₦13,400,000,000) 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 2011 was ₦231,617,176,000 (31 December 2010: ₦141,755,364,000).

14 Due from other banks

(a) Due from other banks comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balances held with other local banks and discount houses				
- Current accounts	377,778	(2,979,235)	-	-
- Placements	50,671,852	148,241,685	49,800,000	107,820,390
- Commercial bills	-	-	-	-
Balances and cash balances outside Nigeria				
- Balances held with Central Banks	1,025,414	9,022,065	-	-
- Balances held with other banks outside Nigeria (see note 14(a)(i) below)	90,982,964	68,979,225	94,677,256	64,748,019
- Placements with foreign Banks (see note 14(a)(ii) below)	170,970,696	26,417,011	136,900,982	33,895,222
	314,028,704	250,180,751	281,378,238	206,463,631

(a) (i) 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 ₦16,927,616,000 (31 December 2010: N29,635,301,000) 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) (ii) Included in balances with other banks outside Nigeria are restricted amounts totalling ₦3,508,046,000 (31 December 2010: ₦3,508,046,000).

15 Loans and advances to customers

(a) Loans and advances to customers comprise:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Overdrafts	119,709,717	149,275,060	111,035,074	140,098,022
Term loans	530,065,709	341,152,155	504,749,065	323,968,855
Others	91,676,353	145,243,206	88,825,201	140,032,425
	741,451,779	635,670,421	704,609,340	604,099,302
Less: allowances for bad and doubtful loans				
- specific allowance (see note 15(k) below)	(15,476,974)	(21,678,109)	(13,987,677)	(20,684,668)
- allowance for margin facilities (see note 15(l) below)	(673,885)	(11,630,186)	(673,885)	(11,630,186)
- general allowance (see note 15(m) below)	(7,006,956)	(211,512)	(6,793,385)	-
- Interest in suspense (see note 15(o) below)	(2,349,899)	(8,686,754)	(1,397,799)	(8,400,886)
	715,944,065	593,463,860	681,756,594	563,383,562

(b) Gross loans and advances by type comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Specialised loans (See Note (c) below)	89,156,349	85,720,952	76,564,809	85,720,952
Non-specialised (See Note (i) below)	652,295,430	549,949,469	628,044,531	518,378,350
Gross loan = a	741,451,779	635,670,421	704,609,340	604,099,302
Less: allowances for bad and doubtful loans				
i Specialised:				
- Interest in suspense	(63,179)	(645,062)	-	(645,062)
- Specific allowance	(774,224)	-	(770,309)	-
- General allowance	(772,774)	-	(721,586)	-
- Allowance for margin facilities (See note 15(d) below)	(673,885)	(11,630,186)	(673,885)	(11,630,186)
= b	(2,284,062)	(12,275,248)	(2,165,780)	(12,275,248)
ii Non specialised:				
- Specific allowance	(14,702,750)	(21,678,109)	(13,217,368)	(20,684,668)
- General allowance	(6,234,182)	(211,512)	(6,071,799)	-
- Interest in suspense	(2,286,720)	(8,041,692)	(1,397,799)	(7,755,824)
= c	(23,223,652)	(29,931,313)	(20,686,966)	(28,440,492)
Total provisions = (b+c)	(25,507,714)	(42,206,561)	(22,852,746)	(40,715,740)
Net loans and advances = (a-(b+c))	715,944,065	593,463,860	681,756,594	563,383,562

(c) Specialised loans comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Project finance	38,516,931	20,290,471	35,602,257	20,290,471
Object finance	16,103,951	17,109,755	15,807,766	17,109,755
Agriculture finance	2,662,822	6,174,033	2,526,313	6,174,033
Real estate finance	20,236,404	26,378,759	19,768,508	26,378,759
Mortgage finance	8,542,229	1,463,239	1,285,612	1,463,239
	86,062,337	71,416,257	74,990,456	71,416,257
Margin loans	3,094,012	14,304,695	1,574,353	14,304,695
	89,156,349	85,720,952	76,564,809	85,720,952

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

Dec-2011

Group

	Project finance Dec-2011 ₦'000	Object finance Dec-2011 ₦'000	Agriculture finance Dec-2011 ₦'000	Real Estate finance Dec-2011 ₦'000	Mortgage finance Dec-2011 ₦'000	Total Dec-2011 ₦'000
Performing	38,328,663	15,579,884	2,053,776	18,468,860	8,473,214	82,904,397
Watchlist	21,006	-	-	-	43,361	64,367
	38,349,669	15,579,884	2,053,776	18,468,860	8,516,575	82,968,764
Other Classification:						
Substandard	103,596	524,067	17,314	1,749,716	25,654	2,420,347
Doubtful	63,666	-	94,961	14,376	-	173,003
Lost	-	-	496,771	3,452	-	500,223
(a)	167,262	524,067	609,046	1,767,544	25,654	3,093,573
(b)	38,516,931	16,103,951	2,662,822	20,236,404	8,542,229	86,062,337
Percentage NPL to total loans (a/b)	0.43%	0.03	22.87%	8.73%	0.30%	3.59%

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

Group

	Balance Dec-2011 ₦'000	Allowance Dec-2011 ₦'000
Project finance	38,516,931	429,692
Object finance	16,103,951	205,244
Agriculture finance	2,662,822	565,285
Real Estate finance	20,236,404	350,769
Mortgage finance	8,542,229	59,187
	86,062,337	1,610,177
Margin loans	3,094,012	673,885
	89,156,349	2,284,062

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

Dec-2010

Group

	Project finance	Object finance	Agriculture finance	Real Estate finance	Mortgage finance	Total
	Dec-10	Dec-10	Dec-10	Dec-10	Dec-10	Dec-10
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Performing	15,737,832	17,109,755	6,174,033	26,378,759	1,463,239	66,863,618
Watchlist	4,552,639	-	-	-	-	4,552,639
	20,290,471	17,109,755	6,174,033	26,378,759	1,463,239	71,416,257
Other Classification:						
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Very doubtful	-	-	-	-	-	-
Lost	-	-	-	-	-	-
(a)	-	-	-	-	-	-
		-	-	-	-	-
(b)	20,290,471	17,109,755	6,174,033	26,378,759	1,463,239	71,416,257
Percentage NPL to total loans (a/b)	-	-	-	-	-	-

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

Group

	Balance	Allowance
	Dec-2010	Dec-2010
	₦'000	₦'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	-
	71,416,257	645,062
Margin facilities	14,304,695	11,630,186
	85,720,952	12,275,248

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

Dec-2011

Bank

	Project finance	Object finance	Agriculture finance	Real Estate finance	Mortgage finance	Total
	Dec-2011	Dec-2011	Dec-2011	Dec-2011	Dec-2011	Dec-2011
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Performing	35,602,257	15,283,699	1,917,267	18,088,830	1,266,523	72,158,576
Watchlist	-	-	-	-	-	-
	35,602,257	15,283,699	1,917,267	18,088,830	1,266,523	72,158,576
Other Classification:						
Substandard	-	524,067	17,314	1,675,821	19,089	2,236,291
Doubtful	-	-	94,961	3,857	-	98,818
Lost	-	-	496,771	-	-	496,771
(a)	-	524,067	609,046	1,679,678	19,089	2,831,880
(b)	35,602,257	15,807,766	2,526,313	19,768,508	1,285,612	74,990,456
Percentage NPL to total loans (a/b)	-	0	24.11%	8.50%	0	3.78%

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

Bank

	Balance	Allowance
	Dec-2011	Dec-2011
	₦'000	₦'000
Project finance	35,602,257	356,023
Object finance	15,807,766	205,244
Agriculture finance	2,526,313	565,285
Real Estate finance	19,768,508	350,769
Mortgage finance	1,285,612	14,574
	74,990,456	1,491,895
Margin loans	1,574,353	673,885
	76,564,809	2,165,780

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

Dec-2010

Bank

	Project finance	Object finance	Agriculture finance	Real Estate finance	Mortgage finance	Total
	Dec-10	Dec-10	Dec-10	Dec-10	Dec-10	Dec-10
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Performing	15,737,832	17,109,755	6,174,033	26,378,759	1,463,239	66,863,618
Watchlist	4,552,639	-	-	-	-	4,552,639
	20,290,471	17,109,755	6,174,033	26,378,759	1,463,239	71,416,257
Other Classification:						
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Very doubtful	-	-	-	-	-	-
Lost	-	-	-	-	-	-
(a)	-	-	-	-	-	-
		-	-	-	-	-
(b)	20,290,471	17,109,755	6,174,033	26,378,759	1,463,239	71,416,257
Percentage NPL to total loans (a/b)	-	-	-	-	-	-

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

Bank

	Balance	Allowance
	Dec-10	Dec-10
	₦'000	₦'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	-
	71,416,257	645,062
Margin facilities	14,304,695	11,630,186
	85,720,952	12,275,248

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Secured against real estate	311,337,319	233,865,979	290,906,004	274,757,993
Secured by shares of quoted companies	15,119,212	47,855,060	15,119,212	30,775,538
Otherwise secured	387,105,848	292,472,127	374,587,236	291,421,389
Unsecured	27,889,400	61,477,255	23,996,888	7,144,382
	741,451,779	635,670,421	704,609,340	604,099,302

(e) (ii) Included in loans and advances is a total loan amount of ₦3,267,834,000 (December 2010: ₦8,799,049,000) 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-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Under 1 month	190,037,411	190,978,708	185,587,760	185,246,588
1 - 3 months	39,536,215	32,041,842	33,143,918	26,491,478
3 - 6 months	18,710,610	45,700,192	15,934,064	44,218,876
6 - 12 months	59,573,910	90,616,362	47,080,580	79,920,035
Over 12 months	433,593,633	276,333,317	422,863,018	268,222,325
	741,451,779	635,670,421	704,609,340	604,099,302

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Activities of Extraterritorial Organizations and Bodies	-	27,408	-	27,408
Administrative and Support Service Activities	1,665,681	1,307,437	1,665,681	1,307,437
Agriculture, Forestry and Fishing	4,137,700	3,932,847	2,912,966	2,998,167
Arts, Entertainment and Recreation	119,160	318,683	119,160	318,683
Capital Market	9,060,405	23,962,422	9,060,405	23,658,377
Construction	29,033,253	41,061,082	29,033,253	35,261,843
Education	21,355,542	23,779,760	21,355,542	22,794,813
Finance and Insurance	13,330,872	22,182,597	7,533,416	9,894,133
General	77,439,832	38,389,313	68,159,125	35,810,813
General Commerce	75,136,114	69,089,863	67,714,413	69,089,863
Government	68,759,846	13,204,037	68,759,846	13,183,486
Human Health and Social Work Activities	9,678,994	6,793,970	9,678,994	6,793,970
Information and Communication	60,333,065	62,623,220	59,874,697	62,623,220
Manufacturing	162,502,799	116,912,839	158,388,035	113,264,258
Mining and Quarrying	990,718	1,233,937	229,504	359,591
Oil and Gas	144,667,209	137,891,807	143,805,792	135,706,922
Power and Energy	2,287	26,731	2,287	26,731
Professional, Scientific and Technical Activities	5,703,960	6,437,615	5,703,960	6,437,615
Real Estate Activities	31,301,368	38,547,046	26,431,853	38,525,007
Transportation and Storage	26,042,184	27,800,655	23,989,621	25,869,813
Water Supply, Sewage, Waste Management and Remediation Activities	190,790	147,152	190,790	147,152
	741,451,779	635,670,421	704,609,340	604,099,302

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Insider related loans (see note 42 (b))	6,452,286	13,028,752	6,346,350	13,028,752
Other loans	734,999,493	622,641,669	698,262,990	591,070,550
	741,451,779	635,670,421	704,609,340	604,099,302

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Performing	713,812,880	592,709,801	679,338,538	562,991,695
Non-Performing				
Substandard	5,328,706	9,181,846	5,061,810	8,392,872
Doubtful	15,098,120	7,263,692	14,488,371	7,030,404
Lost	4,908,020	18,473,390	4,322,822	17,928,507
Interest in suspense	2,304,053	8,041,692	1,397,799	7,755,824
	741,451,779	635,670,421	704,609,340	604,099,302

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Performing	627,735,993	506,988,849	605,647,042	477,270,743
Non-performing (see note 15(j) below):				
- Principal	22,392,801	34,273,866	21,117,459	32,706,721
- Interest	2,166,636	8,686,754	1,280,030	8,400,886
	652,295,430	549,949,469	628,044,531	518,378,350

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
90-180 (sub-standard)	3,143,404	9,181,846	2,797,252	8,392,872
180-360 (doubtful)	14,793,036	7,263,692	14,390,559	7,030,404
Over 360 (lost)	4,456,361	17,828,328	3,929,648	17,283,445
Interest in suspense	2,166,636	8,686,754	1,280,030	8,400,886
	24,559,437	42,960,620	22,397,489	41,107,607

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of year	21,678,109	16,470,429	20,684,668	16,042,859
Exchange difference	(15,834)	(40,621)	146	3,189
Allowances made during the year (see note 15(p) below)	21,427,812	7,817,045	19,873,995	7,124,139
Allowances written-off during the year	(20,299,824)	(196,563)	(19,938,376)	(185,262)
Allowances no longer required	(7,313,289)	(2,372,181)	(6,632,756)	(2,300,257)
Balance, end of the year	15,476,974	21,678,109	13,987,677	20,684,668

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of year	11,630,186	13,933,289	11,630,186	13,933,289
Allowances made during the year (see note 15(p) below)	1,043,459	3,824,479	1,043,459	3,824,479
Allowances no longer required (see note 15(p) below)	(382,760)	(1,348,095)	(382,760)	(1,348,095)
Allowances written-off during the year	(11,617,000)	(4,779,487)	(11,617,000)	(4,779,487)
Balance, end of the year	673,885	11,630,186	673,885	11,630,186

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of year	211,512	230,981	-	-
Exchange difference	24,517	(5,721)	-	-
Allowances made during the year (see note 15(p) below)	6,817,982	45,381	6,793,385	-
Write back of allowance during the year (see note 15(p) below)	(47,055)	(59,129)	-	-
Balance, end of the year	7,006,956	211,512	6,793,385	-

(n) The Bank made a 1% general provision of N6,793,385,000 on loans and advances in the current year in line with the provisions of paragraph 55 of SAS 10 (2010: Nil).

The non-recognition of the 1% general provision in 2010 was based on the revision of the prudential guidelines for Deposit Money Banks by the Central Bank of Nigeria effective 1 July 2010. The revised guidelines deleted the requirement for the 1% general provision in the previous guideline and in its stead noted that general provisioning guidelines shall now be issued by CBN as a counter cyclical measure from time to time. In addition, the CBN in a letter BSD/DIR/GEN/CIR/04/013 notified banks that the 1% general provision on performing risk assets shall not be required in the preparation of financial statements for the year ended 31 December 2010.

The Bank did not make a 1% general provision in 2010 based on the waiver published by Financial Reporting Council (FRC) formerly known as Nigerial Accounting Standards Board (NASB) at the request of the Central Bank of Nigeria (CBN) and dated March 2011.

The current 1% general provision was necessitated because the waiver granted by NASB had expired with effect from 31 December 2010.

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year	8,686,754	2,790,168	8,400,886	2,714,651
Exchange difference	2,737	(15,179)	237	
Interest suspended during the year	7,129,668	8,549,751	6,416,024	8,352,146
Interest recovered	(4,775,761)	(425,173)	(4,661,278)	(453,098)
Interest written off	(8,693,499)	(2,212,813)	(8,758,070)	(2,212,813)
Balance, end of year	2,349,899	8,686,754	1,397,799	8,400,886

(p) Loan loss expense

The analysis of loan loss expense is shown below:

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
Specific allowances on risk assets (see note 15(k) above)	21,427,812	7,817,045	19,873,995	7,124,139
Margin loan loss allowance (see note 15(l) above)	1,043,459	3,824,479	1,043,459	3,824,479
Margin loan loss allowance no longer required (see note 15(l) above)	(382,760)	(1,348,095)	(382,760)	(1,348,095)
General allowance on loans and advances (see note 15(m) above)	6,817,982	45,381	6,793,385	-
(Writeback)/ General allowance on advance under finance lease (see note 16(a)(ii))	391	-	-	-
Recovery on previously written-off accounts	(3,258,295)	-	(3,258,295)	-
Write-back of general allowance on loans and advances (see note 15(m) above)	(47,055)	(59,129)	-	-
Loan amounts written off	715,425	181,000	715,322	191,801
Specific loan loss allowances no longer required (see note 15(k) above)	(7,313,289)	(2,372,181)	(6,632,756)	(2,300,257)
	19,003,670	8,088,500	18,152,350	7,492,067

(q) Diminution in other asset values

This comprises:

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
Allowances on other assets (See note 22(c))	-	51,442	-	51,442
Allowance on insurance receivables (see note 17(b))	140,567	177,468	-	-
	140,567	228,910	-	51,442

16 Advances under finance lease

(a) (i) Advances under finance lease comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Gross investment in finance lease	39,538	9,821	-	-
Less: Un-earned income	-	-	-	-
Net investment in finance lease	39,538	9,821	-	-
Less 1% general allowance (see note 16(a)(ii) below)	(395)	-	-	-
Balance, end of year	39,143	9,821	-	-

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of year	-	-	-	-
(Writeback)/allowance made during the year (see note 15(p))	391	-	-	-
Exchange difference	4	-	-	-
Balance, end of year	395	-	-	-

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Under 1 month	-	-	-	-
1 - 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	9,821	-	-
Over 12 months	39,538	-	-	-
	39,538	9,821	-	-

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Performing	39,538	9,821	-	-
Non performing	-	-	-	-
	39,538	9,821	-	-

17 Insurance receivables

(a) Insurance receivables comprise of:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Due from policy holders	-	1,106,190	-	-
Due from agents and brokers	-	50,013	-	-
Due from reinsurers	-	32,306	-	-
	-	1,188,509	-	-
Allowance for doubtful receivables (see (b) below)	-	(314,668)	-	-
	-	873,841	-	-

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

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	314,668	193,574	-	-
Additions during the year (see note 15(q) above)	140,567	177,468	-	-
Written off during the year	(73,117)	(56,374)	-	-
Allowances on assets of subsidiaries disposed	(382,118)	-	-	-
Balance, end of the year	-	314,668	-	-

18 Investment securities

Investment securities comprise:

		Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
		₦'000	₦'000	₦'000	₦'000
(a)	***Investment securities - long term***				
(a) (i)	*Unlisted debt securities*				
	- Federal Govt. bonds (see note 18(c)(i) below)	19,535,776	22,014,615	19,535,776	20,969,623
	- State Government bonds	12,966,376	7,100,000	10,000,000	7,000,000
	- Corporate Bonds (see note (e) below)	5,062,585	3,204,301	10,746,725	3,000,000
	- AMCON Bonds (see note (f) below)	62,562,532	1,727,278	62,562,532	1,727,278
(a) (ii)	*Unlisted equity securities - at cost*				
	- 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	-	-
	- AP Limited	1,280,073	1,280,073	1,280,073	1,280,073
	- Other unquoted investments	-	1,392,308	-	-
	- Small and medium industries investments (see note 18(g) below)	5,294,230	4,931,906	5,294,230	4,931,906
(a) (iii)	*Quoted equity investments*	-	2,278,943	-	-
		107,787,752	45,054,229	110,505,516	39,995,060
	Less: diminution in value of investment	(3,875,980)	(2,510,981)	(3,875,980)	(2,510,981)
		103,911,772	42,543,248	106,629,536	37,484,079

(b) ***Investment securities- short term.***

(i)	*Listed equity securities*				
	Proprietary investments (see note 18(j) below)	-	1,471,047	-	-
(ii)	*Unlisted debt securities*				
	FGN Bonds- trading (see note 18(k) below)	5,316,907	4,159,482	5,316,907	3,411,799
	Treasury bearer bonds	158,722	-	-	-
	Sovereign Debt Notes (see note 18(d) below)	-	3,663,576	-	3,663,576
		5,475,629	9,294,105	5,316,907	7,075,375
		109,387,401	51,837,353	111,946,443	44,559,454

(c) (i) The analysis of debt securities by motive is as follows:

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	~~N'000~~	~~N'000~~	~~N'000~~	~~N'000~~
Held-for-trading	5,475,629	7,823,058	5,316,907	7,075,375
Available-for-sale	-	-	-	-
Held-to-maturity	100,127,269	34,046,194	102,845,033	32,696,901
	105,602,898	41,869,252	108,161,940	39,772,276

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

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
3rd FGN Bond Series 3 (14.50%)	-	252,370	-	252,370
3rd FGN Bond Series 5 (14.50%)	-	358,071	-	358,071
4th FGN Bond Series 2 (9.50%)	52,299	52,283	52,299	52,283
4th FGN Bond Series 5 (9.23%)	4,847,267	4,993,940	4,847,267	4,993,940
4th FGN Bond Series 10 (9.5%)	10,343,085	10,780,462	10,343,085	10,780,462
5th FGN bond series 4 (10.50%)	-	569,522	-	-
6th FGN Bond Series 2 (10.50%)	4,293,125	4,858,352	4,293,125	4,532,497
6th FGN bond series 5 (8.50%)	-	149,615	-	-
	19,535,776	22,014,615	19,535,776	20,969,623

(iii) Included in the FGN (Federal Government of Nigeria) bond is an amount ₦15,000,000,000 (December 2010: ₦15,000,000,000) 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.

(iv) The market value of FGN Bonds held to maturity was ₦19,535,776,000 (31 December 2010: ₦21,705,317,000)

(d) The amount represents the value of the Bank's investment in Federal Government Sovereign Debt Notes in 2010. These notes were bought at a discounted rate of 7.75%.

(e) The amount represents the total value of the group's investment in corporate bonds. Of this amount, the sum of N3,000,000,000 represents 5 year 12% Fixed Rate Senior Unsecured Bonds issued by Flour Mills of Nigeria Plc to the Bank. Also included in bank's investment in corporate bonds is N5,684,140,000 (USD 35,498,000) Eurobond issued by GTBV.

(f) This represents Consideration Bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The initial Consideration Bonds are three year zero coupon with an annual yield of 13.285%. The Consideration Bonds were issued to banks in exchange for non-performing loans.

(f) (i) The AMCON bonds comprise:

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
Face value	83,961,480	2,322,997	83,961,480	2,322,997
Unearned interest	(21,398,948)	(595,719)	(21,398,948)	(595,719)
	62,562,532	1,727,278	62,562,532	1,727,278

(g) Investment in SMEEIS

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'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	469,999	289,999	469,999	289,999
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
Central Securities Clearing System	10,500	10,500	10,500	10,500
Patrick Speech & Language Centre Ltd	30,000	30,000	30,000	30,000
Bookcraft Ltd	20,000	20,000	20,000	20,000
3 Peat Investment Ltd	1,016,032	855,532	1,016,032	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
SCC Algon Ltd	42,664	-	42,664	-
Thai Farm International Limited	81,285	81,285	81,285	81,285
	5,294,230	4,931,906	5,294,230	4,931,906
Less: diminution in the value of investment	(2,430,426)	(1,065,426)	(2,430,426)	(1,065,426)
	2,863,804	3,866,480	2,863,804	3,866,480

Movement in diminution in the value of SMEEIS investment is as shown below:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	1,065,426	1,065,426	1,065,426	1,065,426
Provision for diminution (see note 9(a)(iii)	1,365,000	-	1,365,000	-
	2,430,426	1,065,426	2,430,426	1,065,426

(ii) Long term investments as at 31 December, 2011 have been valued by the directors 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 Enterprises Equity Investment Scheme (SMEEIS)). A total of ₦5,294,230,000 (31 December 2010: ₦4,931,906,000) 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.

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

	Group Dec-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	42,543,248	18,281,980	37,484,079	16,148,655
Investments purchased during the year	70,260,992	24,262,268	71,139,368	21,335,424
Disposal of long term investment	(20,840)	-	(20,840)	-
Redemption of long term investments	(1,472,337)	(1,000)	(608,071)	-
Provision for diminution (see note 9(a)(iii)	(1,365,000)	-	(1,365,000)	-
Assets of subsidiaries disposed	(6,034,291)	-	-	-
Balance, end of the year	103,911,772	42,543,248	106,629,536	37,484,079

(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 for prior year represents Guaranty Trust Assurance Plc's trading investment in quoted securities on the stock market. The cost of the investments as at that date was N1,449,661,000 (Market value N1,471,047,000).

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
3rd FGN Bond Series 7 (12.5%)	-	431,400	-	431,400
3rd FGN Bond Series 14 (12.74%)	1,041,060	1,041,060	1,041,060	1,041,060
4th FGN Bond Series 3 (10.75%)	-	56,075	-	56,075
4th FGN Bond Series 9 (9.35%)	6,394	8,716	6,394	8,716
4th FGN Bond Series 10 (9.50%)	51,650	103,840	51,650	103,840
4th FGN Bond Series 11 (9.25%)	-	91,980	-	91,980
5th FGN Bond Series 1 (9.45%)	48,585	88,816	48,585	88,816
5th FGN Bond Series 2 (10.70%)	-	162,270	-	162,270
5th FGN Bond Series 3 (10.50%)	-	168,468	-	168,468
5th FGN Bond Series 4 (10.5%)	27,320	28,931	27,320	28,931
6th FGN Bond Series 2 (10.5%)	-	102,480	-	102,480
6th FGN Bond Series 3 (12.49%)	42,520	59,079	42,520	59,079
6th FGN Bond Series 4 (7%)	40,998	508,201	40,998	59,748
6th FGN Bond Series 5 (8.5%)	-	299,230	-	-
7th FGN Bond Series 1 (5.5%)	89,847	8,936	89,847	8,936
7th FGN Bond Series 3 (10%)	76,210	-	76,210	-
FMBN Mortgage Bonds (9.89%)	1,000,000	1,000,000	1,000,000	1,000,000
AMCON Bond	2,892,323	-	2,892,323	-
	5,316,907	4,159,482	5,316,907	3,411,799

(ii) The original cost of FGN bonds-trading as at 31 December 2011 was ₦5,144,305,000(31 December 2010: ₦3,436,839,000).

19 Investment in subsidiaries

(a) (i) Investment in subsidiaries comprises:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
GTB Gambia (see note 19(c) below)	-	-	574,278	574,278
GTB Sierra Leone (see note 19(d) below)	-	-	594,109	594,109
GT Assurance Plc (see note 19(e) below)	-	-	-	8,082,281
GTB Ghana (see note 19(f) below)	-	-	8,114,710	8,114,710
GTB Finance B.V. (See note 19(g) below)	-	-	3,220	3,220
GTB Registrars (see note 19(h) below)	-	-	-	50,000
GT Homes Limited (see note 19(i) below)	-	-	3,500,000	3,500,000
GTB UK Limited (see note 19(j) below)	-	-	5,000,000	5,000,000
GTB Asset Management Limited (see note 19(k) below	-	-	-	2,250,000
GTB Liberia Limited (see note 19(l) below)	-	-	1,947,264	1,947,264
	-	-	19,733,581	30,115,862

(a) (ii) The movement in investment in subsidiaries during the period is as follows:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	-	-	30,115,862	30,115,862
Disposal during the period	-	-	(10,382,281)	-
Balance, end of the year	-	-	19,733,581	30,115,862

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

	Country of Incorporation	*Company Name*	*Nature of Business*	*Percentage of equity capital held*		*Period Consolidated*
				Dec-2011	Dec-2010	
1	Gambia	GTB (Gambia) Limited	Banking	77.81%	77.81%	31/12/2011
2	Sierra Leone	GTB (Sierra Leone) Limited	Banking	84.24%	84.24%	31/12/2011
3	Nigeria	Guaranty Trust Assurance Plc	Insurance	0.00%	67.68%	-
4	Ghana	GTB (Ghana) Limited	Banking	95.72%	95.72%	31/12/2011
5	Netherlands	GTB Finance, B.V. (Netherlands)	SPV	100.00%	100.00%	31/12/2011
6	Nigeria	GT Registrars Limited	Registrar	0.00%	99.99%	-
7	Nigeria	GT Homes Limited	Mortgage	75.11%	75.11%	31/12/2011
8	United Kingdom	GTB (UK) Limited	Banking	100.00%	100.00%	31/12/2011
9	Nigeria	GTB Asset Management Ltd	Asset Mgt.	0.00%	100.00%	-
10	Liberia	GTB (Liberia) Limited	Banking	99.43%	99.43%	31/12/2011

(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.

(e) This represents the Bank's 67.68% equity holding in Guaranty Trust Assurance Plc. This was disposed during the period in compliance with the Central Bank of Nigeria's Regulation on the Scope of Banking Activities and Ancillary Matters issued on 7 September, 2010. The circular requires banks to divest from all non-banking businesses.

Guaranty Trust Assurance Plc was incorporated on 23 June 1989 as Heritage Assurance Limited. The Bank acquired a majority shareholding in the Company in September 2004. The Board of Directors of Guaranty Trust Bank Plc passed a resolution at an extra-ordinary general meeting dated 28 October 2010 to sell the bank's equity interest in the company.

An analysis of the profit on disposal of equity interest in Guaranty Trust Assurance Plc is shown below:

	₦'000
Net Proceeds on disposal	11,560,374
Cost of Investment	(8,082,281)
Profit on disposal of subsidiary per Bank (see note 11(c)(ii))	3,478,093
Less: share of post acquisition reserve of subsidiary to date of disposal	(800,183)
Profit on disposal of subsidiary per Group (see note 11(c)(ii))	2,677,910

Analysis of the share of the post acquisition reserve of Guaranty Trust Assurance Plc to date of disposal is shown below:

	₦'000
Share of prior year post acquisition reserve to 31/12/2010	274,357
Share of current year profit to the date of disposal	525,826
	800,183

(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.

(h) This represents the cost of the Bank's 99.99% holding of the equity of GTB Registrars, which was disposed during the period in line with the Central Bank of Nigeria's Regulation on the Scope of Banking Activities and Ancillary Matters issued on 7 September, 2010, which requires banks to divest from all non-banking businesses.

GTB Registrars Limited was incorporated in February 2006 and commenced operations in September 2006. The Board of Directors of Guaranty Trust Bank Plc passed a resolution at an extra-ordinary general meeting dated 28 October 2010 to sell the bank's equity interest in the company.

An analysis of the profit on disposal of equity interest in GTB Registrars Limited is shown below:

	₦'000
Net Proceeds on disposal	67,248
Cost of Investment	(50,000)
Profit on disposal of subsidiary per Bank (see note 11(c)(ii))	17,248
Less: share of post acquisition reserve of subsidiary to date of disposal	(29,048)
Loss on disposal of subsidiary per Group (see note 11(c)(ii))	(11,800)

Analysis of the share of post acquisition reserve of GTB Registrars Limited to date of disposal is shown below:

	₦'000
Share of prior year post acquisition reserve to 31/12/2010	13,321
Share of current year profit to the date of disposal	15,727
	29,048

(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.

The bank's equity investment in this company is currently held for sale. Directors expect that the active and ongoing disposal process, which is progressing will be completed in due course.

(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 Bank's 100% equity holding in GTB Asset Management Company Limited, which was disposed of during the period in line with the Central Bank of Nigeria's Regulation on the Scope of Banking Activities and Ancillary Matters issued on 7 September, 2010, which requires banks to divest from all non-banking businesses.

GTB Asset Management Company Limited provides security brokerage and asset management services and was incorporated on 14 January 2008 and commenced operations in April 2008. The Board of Directors of Guaranty Trust Bank Plc passed a resolution at an extra-ordinary general meeting dated 28 October 2010 to sell the bank's equity interest in the company.

An analysis of the profit on disposal of equity interest in GTB Asset Management Company Limited is shown below:

	₦'000
Net Proceeds on disposal	1,755,000
Cost of Investment	(2,250,000)
Loss on disposal of subsidiary per Bank (see note 11(c)(ii))	(495,000)
Add: share of post acquisition reserve of subsidiary to date of disposal	595,602
Profit on disposal of subsidiary per Group (see note 11(c)(ii))	100,602

An analysis of the share of post acquisition reserve of GTB Asset Management Company Limited to date of disposal is shown below:

	₦'000
Share of prior year negative post acquisition reserve to 31/12/2010	549,736
Share of current year loss to the date of disposal	45,866
	595,602

(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.

(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 2011, are as follows:

Subsidiary companies/parent company	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed profit and loss										
Operating income	155,385,491	969,078	141,729,333	999,065	-	5,987,948	2,003,834	692,791	1,721,156	1,282,286
Operating expenses	(70,645,177)	(1,218,116)	(61,497,980)	(364,583)	-	(3,284,652)	(1,298,475)	(583,966)	(1,619,727)	(777,678)
Loan loss expenses	(19,003,670)	-	(18,152,350)	(9,505)	-	(544,131)	(149,064)	(35,616)	-	(113,004)
Diminution on other risk values	(140,567)	(140,567)	-	-	-	-	-	-	-	-
Profit before tax and extra-ordinary item	65,596,077	(389,605)	62,079,003	624,977	-	2,159,165	556,295	73,209	101,429	391,604
Extra-ordinary Item	2,766,712	(233,629)	3,000,341	-	-	-	-	-	-	-
Taxation	(15,709,353)	(372,438)	(14,098,114)	(199,993)	-	(729,823)	(164,740)	(12,951)	-	(131,294)
Profit after tax	52,653,436	(995,672)	50,981,230	424,984	-	1,429,342	391,555	60,258	101,429	260,310

December-2011

	Group balance	*Elimination Entries*	*GTBank Plc*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed financial position										
Assets										
Cash in hand and balances with CBN	116,663,077	7	107,250,852	45	-	4,953,640	1,220,816	1,678,343	1,199,709	359,665
Treasury bills	256,815,281	-	235,495,534	-	-	13,343,790	2,186,751	-	1,236,926	4,552,280
Due from other banks	314,028,704	(16,713,164)	281,378,238	1,084,563	801	8,187,249	3,100,885	1,199,523	35,025,477	765,132
Loans and advances to customers	715,944,065	(136,106,250)	681,756,594	4,955,854	136,076,627	11,110,358	3,639,182	2,346,707	8,428,184	3,736,809
Advances under finance lease	39,143	(1)	-	-	-	-	-	-	-	39,144
Insurance receivables	-	-	-	-	-	-	-	-	-	-
Investment securities	109,387,401	(5,684,140)	111,946,443	-	-	2,966,376	-	-	158,722	-
Investment in subsidiaries	-	(19,733,581)	19,733,581	-	-	-	-	-	-	-
Trading properties	2,837,454	-	-	2,837,454	-	-	-	-	-	-
Other assets	37,111,827	(3,041,276)	34,192,302	727,878	3,158,991	930,592	216,033	222,081	259,464	445,762
Deferred tax assets	486,281	(1)	-	386,018	-	100,264	-	-	-	-
Property and equipment	57,559,524	1	52,494,230	48,902	-	2,311,494	813,812	678,347	474,732	738,006
Intangible asset	955,899	-	762,709	352	-	40,969	694	72,434	62,579	16,162
Goodwill on consolidation	50,923	50,923	-	-	-	-	-	-	-	-
Total assets	1,611,879,579	(181,227,482)	1,525,010,483	10,041,066	139,236,419	43,944,732	11,178,173	6,197,435	46,845,793	10,652,960

December-2011

	Group balance	*Elimination Entries*	*GTBank Plc*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financed by:										
Customers' deposits	1,033,067,649	(272,669)	964,086,303	5,311,651	-	26,207,746	8,609,503	3,745,912	16,791,870	8,587,333
Due to other banks	18,630,572	(16,440,495)	3,036,223	1,562	-	4,449,565	401,053	283,157	26,899,507	-
Claims payable	-	-	-	-	-	-	-	-	-	-
Finance lease obligations	3,698,756	-	3,698,756	-	-	-	-	-	-	-
Liability on investment contracts	-	-	-	-	-	-	-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-	-	-	-	-	-
Current income tax payable	14,262,767	1	13,760,343	200,171	-	79,822	168,001	7,504	-	46,925
Other liabilities	61,986,388	(3,041,269)	59,314,418	612,051	2,824,650	943,047	480,672	120,302	233,022	499,495
Deferred tax liabilities	4,600,993	-	4,498,455	-	-	100,362	2,176	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	109,451	-	78,671	938	-	-	29,842	-	-	-
Debt securities in issue	143,587,110	(5,684,140)	13,165,000	-	136,106,250	-	-	-	-	-
Other borrowings	93,156,047	(136,106,250)	227,460,891	-	-	1,801,406	-	-	-	-
Equity and reserve	238,779,846	(19,682,660)	235,911,423	3,914,693	305,519	10,362,784	1,486,926	2,040,560	2,921,394	1,519,207
	1,611,879,579	(181,227,482)	1,525,010,483	10,041,066	139,236,419	43,944,732	11,178,173	6,197,435	46,845,793	10,652,960

December-2011

Subsidiary companies/parent company	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed cash flow										
Net cash flow from operating activities	153,950,053	80,831,514	146,438,225	8,504	(77,241,149)	(349,027)	3,559,711	48,461	592,818	60,996
Net cash flow from investing activities	(75,459,144)	(671,696)	(70,261,820)	108,867	-	(3,992,125)	(429,627)	(148,790)	40,107	(104,060)
Net cash flow from financing activities	115,657,305	(79,047,652)	120,644,298	-	77,241,149	(1,082,619)	(84,093)	-	(2,013,778)	-
Increase in cash and cash equivalents	194,148,214	1,112,166	196,820,703	117,371	-	(5,423,771)	3,045,991	(100,329)	(1,380,853)	(43,064)
Cash balance, beginning of year	412,194,226	(1,384,827)	365,746,981	965,675	760	25,013,404	3,198,020	1,714,948	11,356,193	5,583,072
Effect of exchange difference	765,444	-	-	-	41	86,771	(136,612)	90,910	587,265	137,069
Cash balance, end of year	607,107,884	(272,661)	562,567,684	1,083,046	801	19,676,404	6,107,399	1,705,529	10,562,605	5,677,077

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

December-2010

Subsidiary companies/parent company	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'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)	-	-	-	-	-	-	-	-	-
Profit before tax	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)
Profit after tax	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

	Group balance	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed financial position													
Assets													
Cash in hand and balances with CBN	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	-	141,775,484	-	-	-	-	-	11,459,587	1,110,123	-	-	2,946,055
Due from other banks	250,180,751	(15,078,542)	206,463,631	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	593,463,860	(53,222,400)	563,383,562	-	-	-	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	-	-	873,841	-	-	-	-	-	-	-	-	-
Investment securities	51,837,353	(1,864,363)	44,559,454	6,614,018	2,385,593	-	-	-	-	-	-	142,651	-
Investment in subsidiaries	-	(30,115,862)	30,115,862	-	-	-	-	-	-	-	-	-	-
Trading properties	7,349,815	-	-	4,420,954	300,000	-	2,628,861	-	-	-	-	-	-
Other assets	12,911,921	(2,156,920)	9,943,813	1,269,665	196,593	22,030	31,743	2,018,345	681,884	137,761	164,031	205,395	397,581
Deferred tax assets	587,881	-	-	7,478	-	-	529,656	-	50,747	-	-	-	-
Property and equipment	47,092,669	-	42,538,693	356,530	94,815	1,790	69,583	-	1,637,916	551,567	605,768	511,417	724,590
Intangible asset	1,602,131	-	1,374,207	27,654	4,388	813	3,990	-	24,323	1,042	68,788	85,729	11,197
Goodwill on consolidation	354,328	354,328	-	-	-	-	-	-	-	-	-	-	-
Total assets	1,152,411,526	(102,083,759)	1,067,172,389	19,440,252	3,139,260	123,739	8,398,938	55,213,373	40,923,759	8,983,282	3,815,666	36,915,161	10,369,466

December-2010

	Group balance	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'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)	3,320,059	-	-	-	11,681	-	-	1,546,005	-	20,632,803	-
Claims payable	727,653	-	-	727,653	-	-	-	-	-	-	-	-	-
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	-	-	2,198,669	-	-	-	-	-	-	-	-	-
Current income tax payable	9,529,921	-	8,686,276	665,674	-	3,663	-	-	59,221	47,278	5,626	-	62,183
Other liabilities	54,107,363	2,587,560	43,652,714	1,002,429	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	-	4,160,684	112,550	-	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	(3,379,889)	13,165,000	-	-	-	-	53,222,400	-	-	-	1,895,700	-
Other borrowings	22,936,267	(53,222,400)	74,056,061	-	-	-	-	-	2,102,606	-	-	-	-
Equity and reserve	210,825,689	(29,734,717)	205,167,806	12,910,613	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
	1,152,411,525	(102,083,761)	1,067,172,388	19,440,252	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	*Group balance*	*Elimination Entries*	*GTBank Plc*	*GTA Plc*	*GTB Asset Mgt*	*GT Registrars*	*GT Homes Ltd*	*GT Bank BV*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed cash flow													
Net cash flow from operating activities	195,887,770	25,496,930	159,030,437	3,983,917	(29,449)	12,147	278,420	-	8,388,647	2,960,158	68,855	(3,434,772)	(867,520)
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	24,849,331	103,588,410	(2,271,234)	104,142	10,293	(88,739)	-	9,723,050	2,706,534	606,401	(2,811,323)	(914,296)
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	(5,615,457)	363,851,281	5,870,112	157,872	99,106	965,675	-	25,013,404	3,198,020	1,714,948	11,356,194	5,583,071

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 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 or set up a holding company structure.

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.

During the year, the bank disposed the Target Companies, Guaranty Trust Assurance Plc, GTB Asset Management Limited and GTB Registrars Limited.

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	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	7,349,815	5,070,666	-	-
Additions	1,042,217	2,750,120	-	-
Disposals	(561,460)	(470,971)	-	-
Assets of subsidiaries disposed	(4,993,118)	-	-	-
Balance, end of the year	2,837,454	7,349,815	-	-

22 Other assets

(a) (i) Other assets comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 N'000	Bank Dec-2010 ₦'000
Treasury bills on open buy back	17,000,000	-	17,000,000	-
Prepayments (see 22(a)(ii) below)	11,916,329	10,200,198	10,604,035	8,458,002
Discount paid in advance	58,575	-	-	-
Interest receivable	1,443,760	1,765,733	813,287	1,393,011
Other accounts receivable	7,653,834	1,763,513	6,735,651	1,053,471
Deferred acquisition cost (see 22(b) below)	-	145,043	-	-
	38,072,498	13,874,487	35,152,973	10,904,484
Allowances on other assets (see (c) below)	(960,671)	(962,566)	(960,671)	(960,671)
	37,111,827	12,911,921	34,192,302	9,943,813

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Under one year	2,857,578	2,622,815	2,209,003	1,424,686
Over one year	9,058,751	7,577,383	8,395,032	7,033,316
	11,916,329	10,200,198	10,604,035	8,458,002

(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-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Operating leases which expire				
- within one year	300,263	538,302	13,482	35,570
- after one year	5,631,888	4,084,964	5,147,461	4,776,247
	5,932,151	4,623,266	5,160,943	4,811,817

(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 period was as follows:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	962,566	914,045	960,671	909,229
Allowance made during the year (see note 15(q))	-	51,442	-	51,442
Recoveries during the year	(1,895)	(2,921)	-	-
Balance, end of the year	960,671	962,566	960,671	960,671

23 Property and equipment

(a) **Group:**

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

	Leasehold improvements/ land and buildings	Machinery & equipment	Computer & accessories	Furniture & fittings	Motor vehicles	Other transportation equipment	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
(a) (i) **Cost**								
Balance, beginning of the year	24,416,401	9,010,508	8,388,832	4,258,871	6,827,006	2,545,136	13,348,437	68,795,191
Exchange difference	49,374	2,948	6,129	6,853	256	-	1,523	67,083
Additions	3,025,810	2,294,843	2,774,155	1,843,597	1,335,868	1,568,637	6,993,250	19,836,160
Disposals	(96,063)	(97,096)	(66,633)	(64,811)	(863,349)	-	-	(1,187,952)
Reclass to other assets	-	-	-	-	-	-	(1,586,728)	(1,586,728)
Transfers	8,499,711	1,152,589	373,936	751,440	3,214	-	(10,780,890)	-
Assets of subsidiaries disposed	(120,061)	(133,025)	(240,116)	(159,691)	(440,680)	-	-	(1,093,573)
Balance, end of the year	35,775,172	12,230,767	11,236,303	6,636,259	6,862,315	4,113,773	7,975,592	84,830,181
(a) (ii) **Accumulated depreciation**								
Balance, beginning of the year	3,336,327	5,178,364	6,348,527	2,434,756	3,450,122	954,426	-	21,702,522
Exchange difference	1,469	(2,482)	3,105	1,436	(414)	-	-	3,114
Charge for the year	995,089	1,935,766	1,818,350	394,664	1,560,875	350,286	-	7,055,030
Disposals	(62,559)	(76,770)	(64,689)	(37,901)	(664,117)	-	-	(906,036)
Assets of subsidiaries disposed	(40,595)	(57,254)	(168,075)	(63,995)	(254,054)	-	-	(583,973)
Balance, end of the year	4,229,731	6,977,624	7,937,218	2,728,960	4,092,412	1,304,712	-	27,270,657
(a) (iii) **Net Book Value**								
End of year	31,545,441	5,253,143	3,299,085	3,907,299	2,769,903	2,809,061	7,975,592	57,559,524
beginning of the year	21,080,074	3,832,144	2,040,305	1,824,115	3,376,884	1,590,710	13,348,437	47,092,669

(a) (iv) Leased assets amounting to ₦2,809,061,000 (31 December 2010: ₦1,590,710,000) 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 ₦888,002,000 (31 December 2010: ₦841,399,0000) 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:

	Leasehold improvements/ land and buildings	Machinery & equipment	Computer & accessories	Furniture & fittings	Motor vehicles	Other transportation equipment	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
(b) (i) **Cost**								
Balance, beginning of the year	21,595,455	8,594,621	7,506,249	3,017,771	5,771,696	2,545,136	13,034,078	62,065,006
Additions	1,768,134	1,374,346	2,661,104	2,458,437	1,137,055	1,568,637	6,950,688	17,918,401
Disposals	(59,093)	(83,525)	(54,650)	(46,758)	(811,411)	-	-	(1,055,437)
Reclass to other assets	-	-	-	-	-	-	(1,583,998)	(1,583,998)
Transfers	8,437,248	1,135,461	373,784	751,440	-	-	(10,697,933)	-
Balance, end of the year	31,741,744	11,020,903	10,486,487	6,180,890	6,097,340	4,113,773	7,702,835	77,343,972
(b) (ii) **Accumulated depreciation**								
Balance, beginning of the year	3,014,569	4,984,240	5,743,496	1,900,921	2,928,661	954,426	-	19,526,313
Charge for the year	784,406	1,466,845	1,644,131	591,971	1,319,834	350,286	-	6,157,473
Disposals	(56,620)	(69,233)	(53,816)	(30,417)	(623,958)	-	-	(834,044)
Balance, end of the year	3,742,355	6,381,852	7,333,811	2,462,475	3,624,537	1,304,712	-	24,849,742
(b) (iii) **Net Book Value**								
End of year	27,999,389	4,639,051	3,152,676	3,718,415	2,472,803	2,809,061	7,702,835	52,494,230
beginning of the year	18,580,886	3,610,381	1,762,753	1,116,850	2,843,035	1,590,710	13,034,078	42,538,693

(b) (iv) Leased assets amounting to ₦2,809,061,000 (31 December 2010: N1,590,710,000) are included in other transportation equipment. The maturity profile of the lease obligation is shown in Note 28(a).

(b) (v) The Group had capital commitments of N888,002,000 (31 December 2010: N841,399,0000) as at the balance sheet date in respect of authorized and contracted capital projects.

(b) (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 (c) **Intangible asset**

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

		Computer Software	
		Group	**Bank**
		₦'000	₦'000
(c) (i)	**Cost**		
	Balance, beginning of the year	4,517,696	4,021,399
	Exchange difference	13,183	-
	Additions	122,460	61,296
	Disposals	-	-
	Reclass to other assets	-	-
	Reclass from other assets	-	-
	Assets of subsidiaries disposed	(139,390)	-
	Balance, end of the year	4,513,949	4,082,695
(c) (ii)	**Accumulated amortisation**		
	Balance, beginning of the year	2,915,565	2,647,192
	Exchange difference	4,160	-
	Amortisation for the year	743,080	672,794
	Disposals	-	-
	Assets of subsidiaries disposed	(104,755)	-
	Balance, end of the year	3,558,050	3,319,986
(c) (iii)	**Net Book Value**		
	End of year	955,899	762,709
	beginning of the year	1,602,131	1,374,207

24 Goodwill on consolidation

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	354,328	354,328	-	-
Goodwill on subsidiary disposed during the year	(303,405)	-	-	-
Balance, end of year	50,923	354,328	-	-

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000
GTB (Sierra Leone) Limited	49,975	49,975
GTB (Gambia) Limited	948	948
Guaranty Trust Assurance Plc	-	303,405
Balance, end of year	50,923	354,328

(c) The goodwill impairment test performed as at 31st December, 2011 indicated that goodwill was not impaired.

25 Customers' deposits

(a) Customers' deposits comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Demand:				
- Current	440,985,839	300,737,572	410,689,902	286,396,254
- Domiciliary	176,336,092	106,834,328	169,654,403	104,870,888
Time	266,774,946	246,498,055	248,514,776	225,146,073
Savings	148,970,772	107,124,837	135,227,222	96,667,159
	1,033,067,649	761,194,792	964,086,303	713,080,374

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Under 1 month	825,256,770	674,139,388	788,852,212	649,214,450
1 - 3 months	96,062,213	78,943,316	80,187,393	61,649,742
3 - 6 months	49,071,388	6,124,844	38,480,226	2,216,164
6 - 12 months	62,677,278	1,969,218	56,566,472	18
Over 12 months	-	18,026	-	-
	1,033,067,649	761,194,792	964,086,303	713,080,374

26 Due to other banks

(a) Due to other banks comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Items in the course of collection (see note 26(b))	3,036,223	3,155,885	3,036,223	3,155,885
Current balances of banks	15,594,349	14,788,037	-	164,174
	18,630,572	17,943,922	3,036,223	3,320,059

(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	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
General insurance policies	-	633,675	-	-
Life assurance policies	-	93,978	-	-
	-	727,653	-	-

28 Finance lease obligations

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Falling due within one year				
- 2011	-	733,611	-	733,611
- 2012	768,515	733,611	768,515	733,611
Falling due over one year				
- 2013	768,515	733,611	768,515	733,611
- 2014	768,515	183,404	768,515	183,404
- 2015	768,515	-	768,515	-
- 2016	768,515	-	768,515	-
- 2017	768,515	-	768,515	-
- 2018	128,086	-	128,086	-
	4,739,176	2,384,237	4,739,176	2,384,237
Less: future interest	(1,040,420)	(536,608)	(1,040,420)	(536,608)
	3,698,756	1,847,629	3,698,756	1,847,629

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Net obligation balance, beginning of the year	1,847,629	2,211,130	1,847,629	2,211,130
Additions during the year	2,297,739	-	2,297,739	-
Repayments during the year	(480,846)	(400,321)	(480,846)	(400,321)
Exchange loss on lease obligations	34,234	36,820	34,234	36,820
Net obligation balance, end of year	3,698,756	1,847,629	3,698,756	1,847,629

29 Liability on investment contracts

(a) Liability on investment contracts comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Deposit administration funds (see notes (b)(i) and (ii) below)	-	1,822,664	-	-
	-	1,822,664	-	-

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	1,822,664	1,115,094	-	-
Additions	804,676	656,082	-	-
Withdrawals	(421,017)	-	-	-
Interest payable on life fund	82,621	51,488	-	-
Liabilities of subsidiaries disposed	(2,288,944)	-	-	-
Balance, end of the year	-	1,822,664	-	-

(b) (ii) Deposit administration funds in 2010 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.

30 Liabilities on insurance contracts

(a) Liabilities on insurance contracts comprise:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Life fund (see 30(b)(i) below)	-	626,986	-	-
Provision for unexpired risks (see 30(c) below)	-	1,571,683	-	-
	-	2,198,669	-	-

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	626,986	298,518	-	-
Decrease in life funds (See 8(a)(ii))	(15,506)	(26,050)	-	-
Transfer from revenue account to shareholders	128,344	354,518	-	-
Liabilities of subsidiaries disposed	(739,824)	-	-	-
Balance, end of the year	-	626,986	-	-

(b) (ii) An actuarial valuation was performed in 2010 on the long term life policies, thus an excess was 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 performed life actuarial valuations on a yearly basis.

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	1,571,683	827,493	-	-
Increase in unexpired risks premium (See 8(a)(i))	1,319,501	744,190	-	-
Liabilities of subsidiaries disposed	(2,891,184)	-	-	-
Balance, end of the year	-	1,571,683	-	-

31 Other liabilities

Other liabilities comprise:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Customers' deposits for letter of credit (see note 14(a)(i))	16,927,616	29,635,301	16,927,616	29,635,301
Secured buy back takings (see note 22(a)(i))	17,000,000	-	17,000,000	-
Certified cheques	8,373,120	7,589,756	7,788,049	7,536,242
Unearned interest and discount	2,212,880	350,676	2,115,519	296,473
Interest payable	3,192,012	2,153,304	2,983,282	2,148,983
Other current liabilities	5,184,689	4,801,226	4,692,096	2,339,522
Other accounts payable	6,316,143	3,482,121	5,034,385	1,596,851
Deposit for shares	2,779,928	1,350,498	2,773,471	99,342
Unclaimed dividend (see note 12(c))	-	4,744,481	-	-
	61,986,388	54,107,363	59,314,418	43,652,714

32 Deferred taxation

(a) Deferred taxation comprises:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Deferred tax assets (see note 32(b)(i) below)	486,281	587,881	-	-
Deferred tax liabilities (see note 32(c)(ii) below)	(4,600,993)	(4,337,046)	(4,498,455)	(4,160,684)
	(4,114,712)	(3,749,165)	(4,498,455)	(4,160,684)

(b) (i) Deferred tax assets

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	587,881	410,864	-	-
Translation difference	(1,322)	(3,318)	-	-
Credit to profit and loss account during the year (see note (11a))	(94,819)	126,270	-	-
Reversal during the year	-	54,065	-	-
Assets of subsidiaries disposed	(5,459)	-	-	-
Balance, end of the year	486,281	587,881	-	-

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Fixed assets	2,187	13,737	-	-
Other provisions	100,264	-	-	
Unrelieved losses	383,830	574,144	-	-
	486,281	587,881	-	-

(c) (i) Deferred tax liabilities

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	4,337,046	4,346,591	4,160,684	4,134,454
Translation difference	2,988	(2,592)	-	-
Charge/(Credit) to profit and loss account for the year (see note (11)(a))	434,697	(6,953)	337,771	26,230
Liabilities of subsidiaries disposed	(173,738)	-	-	-
Balance, end of the year	4,600,993	4,337,046	4,498,455	4,160,684

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Fixed assets	6,636,833	5,500,316	6,536,471	5,323,954
General provisions	(2,038,016)	-	(2,038,016)	-
Gratuity provisions	-	(195,000)	-	(195,000)
Unrealised exchange loss	-	-	-	(968,270)
Unrelieved losses	-	(968,270)	-	-
Other provisions	2,176	-	-	-
	4,600,993	4,337,046	4,498,455	4,160,684

(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 year was as follows:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	-	-	-	-
Final dividend declared	17,487,889	13,990,313	17,487,889	13,990,313
Interim dividend declared	7,286,621	5,829,297	7,286,621	5,829,297
Payment during the year	(24,774,510)	(19,819,610)	(24,774,510)	(19,819,610)
Balance, end of the year	-	-	-	-

(b) Unclaimed dividends which have been included in other liabilities (see note 31) amounted to ₦4,744,481,000 in December 2010. However, in 2011 the Group does not have these liabilities because of its divestment from GTB Registrars and GTB Asset Management Limited.

34 Retirement benefit obligations

(a) Retirement benefit obligations comprise:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Defined contribution schemes (see note 34(b) below)	79,609	36,699	78,671	35,785
Defined benefit schemes (see note 34(c)(i) below)	29,842	-	-	-
	109,451	36,699	78,671	35,785

(b) *Defined contribution schemes*

The movement in defined contribution liability recognised was as follows:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	36,699	115,976	35,785	115,976
Charge for the year	630,509	950,520	541,291	946,133
Contribution remitted	(587,599)	(1,029,797)	(498,405)	(1,026,324)
Balance, end of the year	79,609	36,699	78,671	35,785

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 N79,609,000 (December 2010: N36,699,000) was settled subsequent to that date.

(c) (i) *Defined benefit schemes*

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	-	137,099	-	124,835
Charge for the year (see note 10(b)(i))	1,400,479	650,000	1,320,000	650,000
Contribution remitted	(1,370,637)	(787,099)	(1,320,000)	(774,835)
Balance, end of the year	29,842	-	-	-

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 year, 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 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-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
- discount rate	14%	14%	14%	14%
- 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-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Corporate bonds (see note 35(a)(ii) below)	13,165,000	11,680,811	13,165,000	13,165,000
Eurobond debt security (see note 35(a)(iii) below)	130,422,110	53,222,400	-	-
	143,587,110	64,903,211	13,165,000	13,165,000

(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 N130,422,110,000 (USD 814,502,000) represents the outstanding balance on two dollar guaranteed notes issued by GTB B.V., Netherlands. The first note in the sum of USD 350,000,000, with an outstanding balance of N50,359,610,000 (USD 314,502,000) was issued in January 2007 for a 5 year period at an interest rate of 8.5% per annum payable semi-annually, while the second note of N80,062,500,000 (USD 500,000,000) was issued in May 2011 for a period of 5 years at 7.5% per annum also payable semi-annually.

(b) The movement on debt securities in issue during the year was as follows:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	64,903,211	65,485,550	13,165,000	13,165,000
Issued during the year	75,862,549	-	-	-
Exchange difference	2,821,350	(582,339)	-	-
Payment during the year	-	-	-	-
Balance, end of year	143,587,110	64,903,211	13,165,000	13,165,000

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Below 1 year	56,043,750	-	-	-
Between 1 - 7 years	87,543,360	64,903,211	13,165,000	13,165,000
	143,587,110	64,903,211	13,165,000	13,165,000

36 Other borrowings

(a) Borrowings comprise:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Due to IFC (see note 36(a) (i) below)	32,367,988	7,195,821	32,367,988	7,195,821
Due to ADB (see note 36(a) (ii) below)	16,172,625	2,787,840	16,172,625	2,787,840
Due to FMO (see note 36(a) (iii) below)	1,801,406	2,102,606	-	-
Special intervention funds (CBN/BOI, see note 36(a)(iv) below)	29,557,778	6,600,000	29,557,778	6,600,000
CACS on lending (see note 36(a)(v) below)	5,250,000	4,250,000	5,250,000	4,250,000
Due to GTB B.V. (see note 36(a)(vi) below)	-	-	136,106,250	53,222,400
Due to PROPARCO (see note 36(a)(vii) below)	8,006,250	-	8,006,250	-
	93,156,047	22,936,267	227,460,891	74,056,061

(a) (i) The amount of N32,367,988,000 (USD 202,142,000) represents the outstanding balances on various facilities granted by the International Finance Corporation (IFC) between May 2005 and December 2011. It comprises N5,146,737,750 (USD 32,142,000) being the outstanding balances on various facilities repayable over 7 years at interest rates varying from 2.75% to 3.5% above LIBOR rates and N27,221,250,000 (USD170,000,000) being the outstanding balance on a dollar facility with a tenor of 10 years. Interest is payable semi-annually at a fixed rate of 5.5%.

(a) (ii) The amount of N16,172,625,000 (USD101,000,000) represents the outstanding balances on various facilities granted by the African Development Bank (ADB) between May 2006 and December 2011. The amount of N1,761,375,000 (USD11,000,000) 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.

The balancing amount of N14,411,250,000 (USD 90,000,000) represents the outstanding balance in a dollar facility of USD 100,000,000 with a tenor of 7 years. Interest is payable half-yearly at a rate of 5.157%

(a) (iii) The amount of ₦1,801,406,000 (USD11,250,350) represents the outstanding balance on the term loan facility of USD15,000,000 granted by FMO (an entrepreneurial development bank of the Netherlands) in December 2009 for a period of 4 years. The principal is repayable at maturity in January 2014 while the interest is repayable quarterly over the tenure of the facility at 4.5% above LIBOR.

(a) (iv) Analysis of special intervention funds :

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Power and airline fund	23,580,000	-	23,580,000	-
Manufacturing and SME fund	5,977,778	6,600,000	5,977,778	6,600,000
	29,557,778	6,600,000	29,557,778	6,600,000

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 arrangement and the bank is under the obligation to on-lend to customers at an all-in-interest rate of 7% per annum. The bank remains the primary obligor to the BOI and therefore assumes the risk of default by customers.

(a) (v) The amount of N5,250,000,000 represents the outstanding balance on a facility granted by the Debt Management Office in tranches between April 2010 and December, 2011 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% per annum.

(a) (vi) The amount of N136,106,250,000 (USD850,000,000) net of balances held by Group entities represents dollar guaranteed notes issued by GTB Finance B.V., Netherlands. The first tranche of $350,000,000 was issued in January 2007 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the notes is payable semi-annually at 8.5% per annum. This tranche matures on 27th January 2012. The 2nd tranche of $500,000,000 was issued in May 2011 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.5% per annum.

(a) (vii) The amount of N8,006,250,000 (USD 50,000,000) represents the outstanding balance on a dollar term loan facility granted by PROPARCO in December, 2011 for a period of 5 years. Interest is payable half yearly at 4.46% over the tenure of the facility.

(b) The movement on other borrowings during the year was as follows:

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	22,936,267	12,332,568	74,056,061	65,554,968
Additions during the year	73,859,945	12,952,606	153,922,446	10,850,000
Payments during the year	(4,176,699)	(2,554,270)	(3,868,206)	(2,554,270)
Exchange loss	536,534	205,363	3,350,590	205,363
Balance, end of the year	93,156,047	22,936,267	227,460,891	74,056,061

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

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Up to 1 month	-	-	56,043,751	-
1 - 3 months	-	-	-	-
3 - 6 months	191,282	-	-	-
6 - 12 months	656,830	-	457,477	-
1 - 5 years	50,675,435	22,936,267	129,327,163	74,056,061
Over 5 years	41,632,500	-	41,632,500	-
	93,156,047	22,936,267	227,460,891	74,056,061

37 Share capital

	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
(a) Authorised: 50,000,000,000 Ordinary shares of 50 kobo each (31 December 2010: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000
(b) (i) Issued and fully-paid: 29,431,179,224 Ordinary shares of 50 kobo each (31 December 2010: 23,317,185,766 Ordinary shares of 50k each)	14,715,590	11,658,594	14,715,590	11,658,594

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
25,784,948,287 ordinary shares of 50k each (31 December 2010: 20,276,401,166)	12,892,475	10,138,202	12,892,475	10,138,202
3,646,230,937 ordinary shares (GDR) of 50k each (31 December 2010: 3,040,784,600)	1,823,115	1,520,392	1,823,115	1,520,392
	14,715,590	11,658,594	14,715,590	11,658,594

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Balance, beginning of the year	11,658,594	9,326,875	11,658,594	9,326,875
Bonus shares capitalized (see note 39(a) & (b))	2,914,648	2,331,719	2,914,648	2,331,719
Proceeds from share Issue	142,348	-	142,348	-
Balance, end of the year	14,715,590	11,658,594	14,715,590	11,658,594

(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.

(e) In September 2011, the bank issued 284,697,017 units of ordinary shares of 50 kobo each via placing to ALAC Holdings and IFC. The shares were issued at N 16.09 per share and were fully subscribed. ALAC Holdings and IFC subscribed for a total of 70,744,251 units and 213,952,766 units of ordinary shares respectively. The net proceeds of N 4,536,896,000 received by the bank have been accounted for as follows:

	₦'000
Gross Proceeds	4,580,775
Less: Share issue expenses	(43,879)
Net Proceeds	4,536,896
Transfer to Share capital account (See Note 37 (c) above)	(142,348)
Transfer to Share premium account (See Note 38 below)	(4,394,548)
	-

38 Share premium

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

Balance, beginning of the year	119,076,566	119,076,566	119,076,566	119,076,566
Proceeds from share Issue	4,394,548	-	4,394,548	-
	123,471,114	119,076,566	123,471,114	119,076,566

39 Reserves

(a) (i) Group

	Statutory Reserves ₦'000	Contingency Reserves ₦'000	SMEEIS Reserves ₦'000	Translation Reserves ₦'000	Bonus Reserves ₦'000	Retained Earnings ₦'000	Total ₦'000
Balance, beginning of the year - 1/1/2010	36,154,586	544,295	4,232,479	12,200	2,331,719	15,424,515	58,699,794
Dividend paid (see note 33(a))	-		-	-	-	(19,819,610)	(19,819,610)
Transferred from profit and loss account (see note c and d below)	11,621,393	124,886	-	-	2,914,648	23,255,394	37,916,321
Translation gain/(loss) during the year	-	-	-	(404,796)	-	-	(404,796)
Transferred to share capital (see note 37(c))	-	-	-	-	(2,331,719)	-	(2,331,719)
Balance, beginning of the year - 1/1/2011	47,775,979	669,181	4,232,479	(392,596)	2,914,648	18,860,299	74,059,990
Final dividend declared and paid (see note 33(a))	-	-	-	-	-	(17,487,889)	(17,487,889)
Interim dividend declared and paid (see note 33(a))	-	-	-	-	-	(7,286,621)	(7,286,621)
Transferred from profit and loss account (see note c and d below)	16,093,082	-	-	-	-	36,022,472	52,115,554
Transferred to retained earnings	(13,322)	(669,181)	-	-	-	682,503	-
Translation gain/(loss) during the year	-	-	-	199,392	-	-	199,392
Transferred to share capital (see note 37(c))	-	-	-	-	(2,914,648)	(93,708)	(3,008,356)
Balance, end of the year	63,855,739	-	4,232,479	(193,204)	-	30,697,056	98,592,070

(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. This reserve is no longer necessary as at year end due to disposal of Guaranty Trust Assurance Plc.

39 (b) Bank

	Statutory Reserves ₦'000	SMEEIS Reserves ₦'000	Bonus Reserves ₦'000	Retained Earnings ₦'000	Total ₦'000
Balance, beginning of the year - 1/1/2010	34,866,711	4,232,479	2,331,719	18,641,439	60,072,348
Dividend paid (see note 33(a))	-	-	-	(19,819,610)	(19,819,610)
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 retained earnings	-	-	-	-	-
Transferred to share capital (see note 37(c))	-	-	(2,331,719)	-	(2,331,719)
Balance, beginning of the year - 1/1/2011	45,820,200	4,232,479	2,914,648	21,465,320	74,432,647
Final dividend declared and paid (see note 33(a))	-	-	-	(17,487,889)	(17,487,889)
Interim dividend declared and paid (see note 33(a))	-	-	-	(7,286,621)	(7,286,621)
Transferred from profit and loss account (see note c and d below)	15,294,369	-	-	35,686,861	50,981,230
Transferred to retained earnings	-	-	-	-	-
Transferred to share capital (see note 37(c))	-	-	(2,914,648)	-	(2,914,648)
Balance, end of the year	61,114,569	4,232,479	-	32,377,671	97,724,719

(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 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. It is no longer mandatory for banks to make these contributions.

40 Non-controlling interest

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000
GTB (Gambia) Limited	337,141	316,668
GTB (Sierra Leone) Limited	234,269	199,125
GT Assurance Plc	-	4,131,396
GTB (Ghana) Limited	443,626	490,069
GT Homes Limited	974,473	893,282
GTB (Liberia) Limited	11,563	-
	2,001,072	6,030,540

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000
Balance, beginning of the year	6,030,540	5,141,794
Cash paid by non-controlling interest	-	-
Retained earnings for the year	537,882	430,302
(Dilution)/increase in non-controlling interest	(81,793)	638,203
Effect of exchange differences	968	(64,719)
Dividend paid to minority interest	(389,669)	(115,040)
Non-controlling interest of subsidiaries disposed	(4,096,856)	-
Balance, end of the year	2,001,072	6,030,540

41 Guarantees and other commitments on behalf of customers

Contingent liabilities, guarantees and other commitments on behalf of customers

(a) *Litigations and claims*

The Bank, in its ordinary course of business, as at December 31, 2011 is presently involved in 277 cases as a defendant (31 December 2010: 233) and 98 cases as a plaintiff (31 December 2010: 70). The total amount claimed in the 277 cases against the Bank is estimated at N252,103,083,483 and $125,889,862 (31 December 2010: N184,245,033,499 and $124,919,188) while the total amount claimed in the 98 cases instituted by the Bank is N42,393,283,830 (31 December 2010: N24,864,498,703 and $10,477,341).

However, the directors of the Bank, based on legal advice, are of the view that the probable liability arising from the cases pending against the Bank is not likely to exceed N37,290,000 (31 December 2010: N28,734,053 and $22,000). The amounts have been fully provided for in the financial statements.

Based on the legal advice, the Directors of the Bank are also of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank.

(b) _Operating lease commitments:_
The future minimum lease payments under non-cancellable rental operating leases are disclosed in note 22(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	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
	₦'000	₦'000	₦'000	₦'000
Transaction-related bonds and guarantees (see note (c)(ii))	334,324,535	319,570,824	330,449,318	317,312,515
Guaranteed commercial papers and bankers acceptances	39,150	15,094,944	-	-
Clean-line facilities & irrevocable letters of credit	71,823,443	74,917,884	45,191,298	69,368,436
Commitments on foreign exchange contracts	64,638,691	6,108,844	64,638,691	6,108,844
Other commitments	1,627,196	339,678	-	-
Guaranteed facilities	54,368,784	8,956,030	52,501,177	8,956,030
	526,821,799	424,988,204	492,780,484	401,745,825

(c) (ii All the bonds and guarantees are fully collaterised. The cash component of the collateral was N24,648,619,000 (31 December 2010: N19,470,930,805).

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 31 December 2011

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 ₦6,346,350,000 (31 December 2010: ₦13,028,752,000) was outstanding on these facilities at the end of the year. The status of performance of each facility is as shown below:

Name of company /individual	*Relationship*	*Facility type*	*₦ '000*	*Status*	*Nature of Security*
Main One Cable Ltd.	Director related	Term Loan	4,952,531	Performing	Mortage Debenture/Shares
Augusto Enterprises	Director related	Term Loan	9,667	Performing	Equitable Mortgage
Enwereji Nneka Stella	Director related	GT Mortgage	25,200	Performing	Legal Mortgage
Payless Butchers and Supermart	Director related	Overdraft	6,921	Performing	Tripartite Legal Mortgage
Emzor Pharmaceuticals	Director related	Overdraft/BA/Usance	289,827	Performing	Tripartite Legal Mortgage
Shade Ogundare & Co.	Ex-Director related	Overdraft/Term Loan	42,838	Performing	Equitable Mortgage/Cash
Sleeves Limited	Ex-Director related	Overdraft/Term Loan	34,489	Performing	Tripartite Legal Mortgage/Cash
Yewande Ogundare	Ex-Director related	GT Auto	1,870	Performing	Chattle Mortgage
Jumoke Ogundare	Ex-Director related	GT Auto	4,878	Performing	Chattle Mortgage
Richard Oladipo Ogundare	Ex-Director related	GT Mortgage/Overdraft	37,414	Performing	Legal Mortgage
Jaykay Pharmacy Ltd	Director related	Overdraft/Term Loan	63,778	Performing	Asset Debenture/Real Estate
Richardson Oil and Gas	Ex-Director related	Term Loan/Overdraft/BA	126,042	Performing	Equitable Mortgage
Richardson Logistics Ltd	Ex-Director related	Overdraft	18	Performing	Equitable Mortgage
Fola Adeola	Director related	Overdraft	283,201	Performing	Shares/Equitable Mortgage
Jegede Fehintola O.	Insider related	Max Advance	10,562	Performing	Salary Domiciliation
Adam and Eve Nigeria Ltd.	Insider related	Overdraft	27,500	Performing	Tripartite Legal Mortgage
International Travel Express Ltd	Director related	Overdraft	300,752	Performing	Domiciliation
Broadway Loteza Enterprises	Insider related	Term Loan	1,771	Performing	Shares
Omobolanle Kalejaiye	Insider related	Overdraft/Term Loan	32,591	Performing	Legal Mortgage
Olanrewaju Kalejaiye	Insider related	GT Mortgage	66,923	Performing	Legal Mortgage
Mediabloc Consulting Nig Ltd	Insider related	Term Loan/Overdraft/GT Auto	27,576	Performing	Personal Guarantee
Total			6,346,350		

(b) (ii) Included in loans and advances to customers is ₦9,751,853,000 (December 2010: ₦9,949,806,000) 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:

Company	*Facility Type*	*Status*	Dec-2011 ₦'000	Dec-2010 ₦'000
Forillon Transatlantic Limited	Term Loan	Performing	7,500,000	7,500,000
Forillon Transatlantic Limited	Overdraft	Performing	-	625,038
3 Peat Investment Limited	Term Loan	Performing	2,229,662	1,824,768
3 Peat Investment Limited	Overdraft	Performing	22,191	-
			9,751,853	9,949,806

(c) Included in placements held in Banks outside Nigeria is ₦7,517,006,337 held by GTB UK as at year end (December 2010: ₦5,808,678,000). Interest receivable on the placement as at 31 December 2011 was ₦6,804,435.42 (December 2010: ₦6,672,000).

(d) Deposits oustanding as at 31 December 2011.

(i) Director/insiders related deposit liabiilties

			Bank	Bank
Name of company/Individual	*Relationship*	*Type of Deposit*	Dec-2011	Dec-2010
			₦'000	₦'000
Agusto & Co. Limited	Director related	Demand and Time Deposits	23,219	14,949
Alliance Consulting	Director related	Demand Deposits	1,086	371
Comprehensive Project Mgt.Services	Director related	Demand and Time Deposits	40,404	55,264
Cubic Contractors Limited	Director related	Demand Deposits	4,034	21,620
Eterna Plc	Director related	Demand and Time Deposits	56,263	35,279
F & C Securities Limited	Director related	Demand and Time Deposits	17,558	11,835
IBFC Agusto Training	Director related	Demand Deposits	103	2,924
IBFC Limited	Director related	Demand and Time Deposits	9,455	7
Jaykay Pharmacy Limited	Director related	Demand and Time Deposits	70	2
Kresta Laurel Limited	Director related	Demand and Time Deposits	22,478	58,593
Livingold Limited	Director related	Demand and Time Deposits	181	181
Main One Cable Company Ltd	Director related	Demand Deposits	39,420	2,661
Mayfield Finance Company	Director related	Demand Deposits	258	152
Mayfield Ventures Limited	Director related	Demand Deposits	11	11
Payless Butchers & Supermart Ltd	Director related	Demand Deposits	4,987	995
Shade Ogundare And Company	Director related	Demand Deposits	973	312
Sikilu Petroleum & Gas Co Ltd	Director related	Demand Deposits	4	-
Sleeves Limited	Director related	Demand Deposits	12	29
WSTC Financial Services Ltd	Director related	Demand and Time Deposits	170,419	105,184
WSTC Nominee Limited	Director related	Demand Deposits	431	431
Zito Phranzlo Int'L Limited	Director related	Demand and Time Deposits	1,275	2,534
International Travel Express Ltd	Director related	Demand Deposits	1,837	122
Broadway Loteza Enterprises	Director related	Demand Deposits	9	-
Afren Onshore Ltd	Director related	Demand Deposits	1	1
Afren Resources Limited	Director related	Demand and Time Deposits	14,349	29,363
First Marina Trust Limited	Director related	Demand and Time Deposits	235,953	1,256,776
Emzor Pharmaceuticals	Director related	Time Deposits	2,000	-
			646,790	1,599,596

(ii) Subsidiaries' deposit account balances

Name of company/Individual	*Relationship*	*Type of Deposit*	Bank Dec-2011 ₦	Bank Dec-2010 ₦
Guaranty Trust Assurance Plc	Subsidiaries	Demand Deposit	-	98,270
Guaranty Trust Assurance Plc	Subsidiaries	Domicilliary	-	131,556
Guaranty Trust Assurance Plc	Subsidiaries	Time Deposit	-	303,635
GT Homes Limited	Subsidiaries	Demand Deposit	35,026,255	1,208
GT Homes Limited	Subsidiaries	Time Deposit	226,838,763	72,901
GTB Asset Management Ltd	Subsidiaries	Demand Deposit	-	3,999,530
GTB Asset Management Ltd	Subsidiaries	Domicilliary	-	412,772
GTB Asset Management Ltd	Subsidiaries	Time Deposit	-	638,052
GT Registrars Limited	Subsidiaries	Demand Deposit	-	835,980
GT Registrars Limited	Subsidiaries	Domicilliary	-	11,560
GT Registrars Limited	Subsidiaries	Time Deposit	-	88,177
GTB Sierra Leone	Subsidiaries	Domicilliary	592,629	563
GTB Ghana	Subsidiaries	Demand Deposit	2,172,538	996
GTB Ghana	Subsidiaries	Domicilliary	8,038,474	3,650
GTB Ghana	Subsidiaries	Time Deposit	-	11,027
			272,668,659	6,609,877

43 Dividend per share

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Final dividend declared and paid during the year ₦0.75 (2010:₦0.75) per share.	17,487,889	13,990,313	17,487,889	13,990,313
Number of ordinary shares qualifying for above payments	23,317,188	18,653,750	23,317,188	18,653,750
Interim dividend declared and paid during the year ₦0.25 (30 June 2010: ₦0.25).	7,286,621	5,829,297	7,286,621	5,829,297
Number of ordinary shares qualifying for above payments	29,431,180	23,317,186	29,431,180	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 of ordinary shares of 29,241,381,000 (31 December 2010: 23,317,186,000) in issue during the year.

Adjusted earnings per share has been computed based on 29,431,180,000 ordinary shares as at 31 December 2011.

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Profit attributable to group shareholders before extra-ordinary income	49,348,842	37,916,320	47,980,889	36,511,628
Number of ordinary shares in issue as at year end	29,431,180	23,317,186	29,431,180	23,317,186
Weighted average number of ordinary shares for purpose of EPS	29,241,381	23,317,186	29,241,381	23,317,186
Basic earnings per share	169k	163k	164k	157k
Adjusted earnings per share	168k	129k	163k	124k

45 Net cash flow from operating activities

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

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Profit on ordinary activities after tax	49,886,724	38,346,623	47,980,889	36,511,628
Add back: taxation charge	15,709,353	10,109,227	14,098,114	8,963,412
	65,596,077	48,455,850	62,079,003	45,475,040
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Allowance for bad and doubtful loans	21,546,149	7,907,499	20,695,323	7,300,266
Loans written off	715,425	181,000	715,322	191,801
Allowance for other assets	-	51,442	-	51,442
Allowance for insurance receivables	140,567	177,468	-	-
Reversal of allowance on doubtful other assets	(59,018)	(56,374)	-	-
Loss on disposal of trading properties	(325,038)	470,971	-	-
Depreciation and amortisation	7,798,112	6,825,613	6,830,267	5,913,843
Gain on disposal of property and equipment	(448,195)	(118,603)	(436,782)	(131,143)
Dimunition in SMEEIS investment	1,365,000	-	1,365,000	-
Increase in foreign currency translation reserve	199,392	404,796	-	-
Unrealised exchange loss on other borrowings (see note 36(b))	536,534	205,363	3,350,590	205,363
Unrealised exchange loss on debt securities issued (see note 35(b))	2,821,350	(582,339)	-	871,745
Unrealised exchange loss on finance lease obligations (see note 28(b))	34,234	36,820	34,234	36,820
Unrealised exchange gain on subordinated loan	-	-	-	(682,717)
Allowance for investments	-	-	-	-
Dividend income from equity investments	(569,363)	(192,331)	(1,608,377)	(667,303)
Interest paid on borrowings	10,797,936	7,652,450	10,709,057	6,855,704
Interest paid on finance lease	280,164	173,098	280,164	173,098
Profit on disposal of SMEEEIS investment	(2,483,160)	-	(2,483,160)	-
Profit on disposal of shares in subsidiary	-	-	-	(297,226)
Net cash flow from operating activities before changes in operating assets	107,946,166	71,592,723	101,530,641	65,296,733

(Increase)/decrease in operating assets:				
Cash reserve balances	(55,578,848)	(428,984)	(52,330,959)	(428,984)
Loans and advances	(141,748,908)	(38,162,914)	(139,783,677)	(32,836,779)
Advances under finance leases	(29,081)	(3,751)	-	1,288
Insurance receivables	(1,051,047)	(185,389)	-	-
Investment securities - short term	(4,305,870)	112,379,839	1,662,468	115,347,974
Interest receivable and prepayments	(3,067,142)	199,481	(3,468,538)	(870,647)
Other asset receivables	(25,643,253)	4,585,991	(19,195,953)	2,665,978
Goodwill arising during the year	-	-	-	-
	(231,424,149)	78,384,273	(213,116,659)	83,878,830
Increase/(decrease) in operating liabilities:				
Customers deposits	274,937,356	78,113,891	251,005,929	50,819,346
Customers' deposit for foreign currency denominated obligations	(12,707,685)	(30,648,526)	(12,707,685)	(34,907,756)
Investment contract liabilities	466,281	707,570	-	-
Insurance contract liabilities	1,432,338	1,072,658	-	-
Interest payable and unearned income	-	(842,979)	-	364,705
Other liabilities	24,101,534	1,164,961	29,947,209	(2,112,845)
Outstanding claims	545,237	377,022	-	-
Retirement benefit obligations	72,752	(216,376)	42,886	(205,026)
	288,847,813	49,728,221	268,288,339	13,958,424
Net cash flow from operating activities	165,369,830	199,705,217	156,702,321	163,133,987

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-2011	Group Dec-2010	Bank Dec-2011	Bank Dec-2010
	₦'000	₦'000	₦'000	₦'000
Cash in hand and balances with CBN (less restricted balances) (see note 12(a))	54,894,471	22,666,148	48,730,135	20,827,925
Treasury bills (see note 13)	256,815,281	157,291,249	235,495,534	141,775,484
Due from other banks (see note 14)	314,028,704	250,180,751	281,378,238	206,463,631
Due to other banks (see note 26(a))	(18,630,572)	(17,943,922)	(3,036,223)	(3,320,059)
	607,107,884	412,194,226	562,567,684	365,746,981

47 Compliance with banking regulations

The Bank did not pay any penalty in respect of contravention of the provisions of the Banks and Other Financial Institutions Act 1991 or any policy guideline in force during the year.

48 Events after balance sheet date

Subsequent to year end, the directors proposed an final dividend of **85** kobo per share (December 2010: 75 kobo) on the issued share capital of 29,146,482,209 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 2011 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.

Financial Risk Management

For the year ended 31 December 2011

Risk Management Overview

Guaranty Trust Bank has a robust and functional Enterprise-wide Risk Management (ERM) Framework that is responsible for identifying and managing inherent and residual risks facing the Bank. The risk management infrastructure therefore encompasses a disciplined, comprehensive and integrated approach to identifying, measuring, controlling and reporting the following risks:

(i) The three main risk areas – Credit, Market and Operational;
(ii) Settlement and Legal risks;
(iii) Reputational and Strategy risks; and
(iv) Monitoring of the Bank's subsidiaries' risks.

In compliance with the Central Bank of Nigeria's 'Risk-Based Supervision' guidelines, and to align with Basel II Capital Accord / global best practices, a strategic framework for the efficient and effective measurement of risks is in place whilst processes that would enable the Bank adopt more advanced approaches in economic capital calculation are being implemented.

ERM Vision:

"To enhance shareholders' 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, controlling and reporting risks
-Risk control will not constitute an impediment to the achievement of our strategic objectives
-We will always comply with all government regulations and embrace global best practice
-The Bank will integrate risk management into its strategy setting to enable it adopt an enterprise-wide approach in managing risks until this discipline becomes an integral part of our DNA
-The Bank will only assume risks that fall within its risk appetite with commensurate returns.

Risk Management Philosophy

The risk management philosophy of Guaranty Trust Bank Plc is drawn from its mission and vision statements and seeks to optimize 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; and
● Consistent appreciation in shareholders' value.

Risk Management Framework / Governance Structure

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. The policies shall be reviewed regularly; especially where in the opinion of the Board,changes in regulations, market conditions or the Bank's strategic focus are compelling enough to impact on the continued adoption of existing policies. The Bank, through its training, management standards and procedures, aims to continually develop a disciplined control environment, in which all employees understand their roles and obligations.

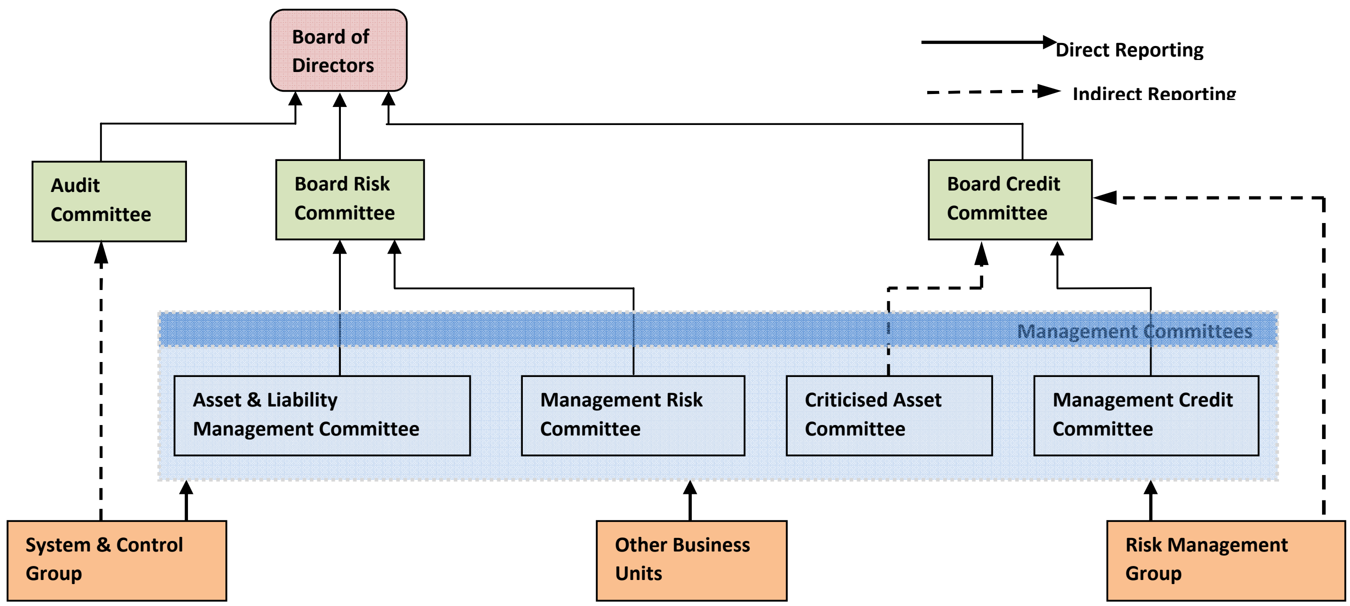
The Board of Directors has overall responsibility for the establishment and supervision of the Bank's risk management framework via its committees – The Board Risk Committee and Board Credit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas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

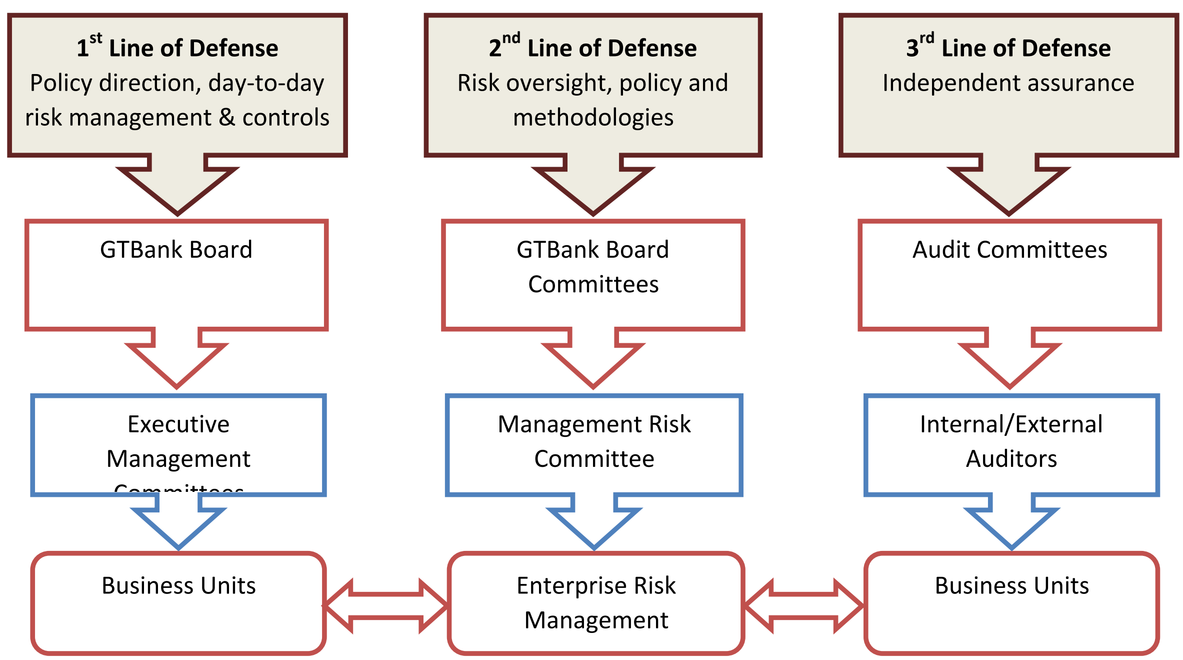
- Management Credit Committee
- Criticized Assets Committee
- Asset and Liability Management Committee (ALMAC)
- Management Risk Committee
- Information Technology Steering Committee
- Other Ad-hoc Committees

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 System & Control Group in carrying out these functions. System & Control Group undertakes both regular and ad-hoc review of risk management controls and procedures, the results of which are reported to the Audit Committee.

Below is the Risk Governance Structure:





Risk Management Methodology

Guaranty Trust Bank recognizes that it is in the business of managing risks to achieve optimal satisfaction for all stakeholders. It has over the years painstakingly detailed its approach to risk management by ensuring that policies and procedures exist to guide its activities bank-wide. A few of these policies and procedures include the following:

(i) Credit Policy Guide
(ii) ERM Policies
(iii) Human Resources Policy
(iv) Quality Control Policy
(v) IT Policy
(vi) Standard Operating Procedures for all departments in the Bank

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

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

Our Risk Appetite

Risk appetite defines the risk capacity or quantum of risk the Bank is willing to accept in pursuit of its business strategy. The Bank reviews its activities to determine the level of inherent risk therein. Appropriate risk response is deployed after a careful evaluation of the implication of such risks to the Bank's strategic goals and its operating environment.

Guaranty Trust Bank's risk appetite shall be expressed in qualitative and quantitative terms. The Bank's attitude to risk is to remain moderate with minimal earnings at risk.

CREDIT RISK MANAGEMENT

Credit Risk

Guaranty Trust Bank defines credit risk as the risk that a counterparty will fail to honor its repayment obligations to the Bank thus leading to financial loss. Credit risk is the most critical risk for the Bank arising from credit exposures. It accounts for the major portion of the Bank's assets and source of revenue. Thus, the Bank ensures that credit risk related exposures are properly monitored, managed and controlled.

The bank's Credit Risk Management Group is responsible for identifying, controlling, monitoring and reporting credit risk related issues. It is responsible for managing the Bank's credit exposures, which arise as a result of the bank's lending and investment activities as well as 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 and Criticized Assets Committee.

For credit risk capital adequacy computation, under Basel II Pillar l, the Bank has commenced with the use of the Standardized Approach while collating relevant data required for the migration to the Internal Rating Based (Foundation) Approach.

Credit Risk Measurements

Loans and Advances

Guaranty Trust Bank undertakes the extension of credit facilities after careful evaluation 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 its business segments. As a result, different risk management techniques are applied to adequately dimension the risks in each business segment.

In line with global best practices and in compliance with BASEL II requirements, the Bank has standardized its internal rating methodology. The new rating grade is used for all counterparties and this covers corporate, commercial, retail and public sectors customers. The rating of customer is handled by Account Officers and Relationship Managers with further review by Credit Risk Management Group.

The Rating Grid with description is as follows:

Rating Grade	Description	Characteristics
1	Exceptional Credit	● Unquestionable credit quality ● Obligors with overwhelming capacity to meet obligation ● Top multinationals / corporations ● Good track record ● Strong brand name ● Strong equity and assets ● Strong cash flows ●Fully cash coverage
2	Superior Credit	● Very high credit quality ● Exceptionally high cash flow coverage, historical and projected ● Very strong balance sheets with high liquid assets ● Excellent asset quality ● Access to global capital markets ● Typically large national corporates in stable industries and with significant market share
3	Minimal Risk	● Low end or high quality borrowers ● Good assest quality and liquidity positions ● Strong debt capacity and coverage ● Very good management ● Though credit fundamentals are strong. It may suffer some temporary setback if any of them are adversely affected ● Typically in stable industries
4	Above Average	● Satisfactory asset quality and liquidity ● Good debt capacity but smaller margins of debt service coverage ● Reasonable management in key areas ● Temporary difficulties can be overcome to meet debt obligations ● Good management but depth may be an issue ● Satisfactory character of owner ● Typically good companies in cyclical industries
5	Average	● Satisfactory asset quality and liquidity ● Good debt capacity but smaller margins of debt service coverage ● Reasonable management in key areas ● Temporary difficulties can be overcome to meet debt obligations ● Good management but depth may be an issue ● Satisfactory character of owner ● Typically good companies in cyclical industries

6	Acceptable Risk	● Limited debt capacity and modest debt service coverage ● Could be currently performing but suspectible to poor industry conditions and operating difficulties ● Declining collateral quality ●Management and owners good or passable ● Typically borrowers in declining markets or small market share and operating in cyclical industries
7	Watchlist	● Eliciting signs of deterioration as a result of well defined weaknesses that may impair repayment ● Typically start- ups / declining markets/deteriorating industries high industry risk ●Financial fundamentals below average ●Weak management ● Poor information disclosure
8	Substandard Risk	●Well- defined weaknesses though significant loss unlikely ● Orderly liquidation of debt under threat ● Continued strength is on collateral or residual repayment capacity of obligor ●Partial losses of principal and interest possible if weaknesses are not promptly rectified ● Questionable management skills
9	Doubtful Risk	●High probability of partial loss ● Credit fundamentals very weak and makes full debt liquidation in serious doubt ● Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status ● Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile
10	Loss	●A definite loss of principal and interest ● Lack of capacity to repay unsecured debt ● Bleak economic prospects ● Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs

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/sectors, geographical distribution collateral, and customer ratings. Obligor limit is as set by the regulator and it is currently at 20% of the Bank's shareholder's funds. The obligor limit covers exposures to counterparty and its related parties.

Although the Bank is guided by this regulatory limit, we apply additional parameters internally in determining the suitable limits that should be extended to an individual borrower. 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 Risk Management Unit. The limits are presented for approval at the Management and Board Risk Committees.

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 risk appetite and the other limits established by the board or regulatory authorities such as Aggregate Large Exposure Limit, Obligor Limit, 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 N10million require the approval of the Management Credit Committee.

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

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.

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 strategy. The policies that guide collateral for facilities are embedded within the Bank's Credit Policy Guide. These include the following policy statements amongst others:

(i) Loans to individuals or sole proprietors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Bank. The collateral must also be easy to check and easy to dispose of. This collateral must be in the possession of, or pledged to, the Bank

(ii) Client's account balances must be within the scope of cover provided by its collateral

(iii) All collateral offered must have the following attributes:

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

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

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

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

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

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 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, presentation of findings to, and approval by the Bank's Management Credit Committee. The lines are monitored by Credit Risk Management Group. As a rule, the Bank's placements with local Banks are backed with treasury bills or guarantees of the Central Bank of Nigeria.

(d) Haircut Adjustments

This will be applied by the bank as a form of credit risk enhancement and mitigation strategy. The bank shall be strictly guided by the requirements of the prudential guidelines when undertaking haircut adjustments on any exposure.

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 regulatory requirement for non-performing loans as prescribed by the Central Bank of Nigeria.

In line with the prudential requirements of the CBN, the Bank's provisioning standards is segregated along 2 categories as detailed below:

1. Loans other than Specialized Loans

The provisioning policy for 'loans other than specialized loans' covers the following:

Commercial Loans
Commodities Financing
Corporate Loans
Retail & Consumer Credits
Facilities granted to federal, state and local governments and their parastatals.
Facilities not specifically classified as specialized loans by the CBN.

The bank's provisioning benchmark for 'loans other than specialized loans' is highlighted in the table below:

No of Days Overdrawn	Classification	% Provision taken
90 – 180	Substandard	10%
180 – 360	Doubtful	50%
Over 360	Lost	100%

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 loans does not fall in any of the above categories.

1. Specialized Loans

The provisioning policy for specialized loans covers the following:

Agriculture Finance
Mortgage Loans
Margin Loans
Project Finance

Object Finance
Real Estate Loans (Commercial and Residential)
SME Loans

The bank's provisioning benchmarks are spelt out below under each of the specialized loan types:

1a) Agriculture Finance - short term facilities (purchase of seeds, fertilizers, WC, and other Inputs)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b) Agriculture Finance - Long term Facilities (Farm development finance, purchase of machinery, livestock financing)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 2 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

II. **Mortgage Loans**

Category	Classification	Days past due	Treatment of income	% provision
1	W	Markup / interest or principal past due by 90days	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	As above	10% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 1.5 years	As above	Unprovided balance should not exceed 50% of the estimated net realisable value of the security.
4	L	Markup / interest or principal past due by more than 2 years	As above	100% of total outstanding balance

III. **Margin Loans**

The shares backing margin facilities shall be marked to market on a daily basis in order to determine the potential loss in the portfolio. Provisions shall be made periodically for the excess of loan balance over the market value of the underlining shares. Any increase in the mark to market value from the previous valuation shall be recognized to the extent of the previous charge-off made.

IV.**Project Finance**

Category	Classification	Days past due	Treatment of income	% provision
1	W	Repayment on obligation btw 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	S	Repayment below 60% of amount due or installment btw 180 to 2yrs past due	As above	25% of total outstanding balance
2	D	Repayment below 60% of amount or installment overdue by 2 to 3 years	As above	50% of total outstanding balance
3	V D	Repayment below 60% of amount due or installment over due by 3 to 4 years	As above	75% of total outstanding balance
4	L	Repayment below 60% of amount due or installment overdue by more than 4 years	As above	100% of total outstanding balance

V.**Object Finance, income producing real estate and commercial real estate Financing**

Category	Classification	Days past due	Treatment of income	% provision
1	W	Repayment on obligation btw 60% and 75% of amount due or installment 180days past due	Suspend interest and realize on cash basis	0% of total outstanding balance
1A	S	Repayment below 60% of amount due or installment btw 180 to 1year past due	As above	25% of total outstanding balance
2	D	Repayment below 60% of amount or installment overdue by 1 to 2 years	As above	50% of total outstanding balance
3	V D	Repayment below 60% of amount due or installment over due by 2 to 3 years	As above	75% of total outstanding balance
4	L	Repayment below 60% of amount due or installment overdue by more than 3 years	As above	100% of total outstanding balance

VI.**a) SME Loans** - SME short term facilities (Maturities of 1 year)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 1.5 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 1.5 to 2 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 2 years	100% of total outstanding balance

b) SME Loans - SME Long term facilities (Maturities of more than 1 year)

Category	Classification	Days past due	% provision
1	W	Markup / interest or principal past due by 90days	0% of total outstanding balance
1A	S	Markup / interest or principal past due by 90days to 1year	25% of total outstanding balance
2	D	Markup / interest or principal past due by 1 to 2 years	50% of total outstanding balance
3	V D	Markup / interest or principal past due by 2 to 3 years	75% of total outstanding balance
4	L	Markup / interest or principal past due by more than 3 years	100% of total outstanding balance

Note:

W: Watchlist
S: Substandard
D: Doubtful
VD: Very Doubtful
L: Lost

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

Loans and advances are summarised as follows:

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Performing	713,812,880	592,709,801	679,338,538	562,991,695
Non-Performing				
Substandard	5,328,706	9,181,846	5,061,810	8,392,872
Doubtful	15,098,120	7,263,692	14,488,371	7,030,404
Lost	4,908,020	18,473,390	4,322,822	17,928,507
Interest in suspense	2,304,053	8,041,692	1,397,799	7,755,824
TOTAL	741,451,779	635,670,421	704,609,340	604,099,302

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 2011

	Corporate ₦'000	Public Sector ₦'000	Retail ₦'000	Commercial ₦'000	Total ₦'000
Past due 0 - 30 days	102,400	8,044	20,640	112,132	243,216
Past due up to 30 - 60 days	10,074	-	48,534	103,536	162,144
Past due up to 60 - 90 days	15,774	-	140,592	189,890	346,256
	128,248	8,044	209,766	405,558	751,616

Group

As at 31 December 2010	Corporate ₦'000	Public Sector ₦'000	Retail ₦'000	Commercial ₦'000	Total ₦'000
Past due 0 to 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
	322,253	4,688	1,129,900	1,254,771	2,711,612

Bank
As at 31 December 2011

	Corporate	Public Sector	Retail	Commercial	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Past due 0 - 30 days	102,400	8,044	20,640	112,132	243,216
Past due up to 30 - 60 days	10,074	-	48,534	40,748	99,356
Past due up to 60 - 90 days	15,774	-	140,592	189,890	346,256
	128,248	8,044	209,766	342,770	688,828

Bank
As at 31 December 2010

	Corporate	Public Sector	Retail	Commercial	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Past due 0 to 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
	60,956	4,688	33,974	269,458	369,076

Non-Performing Loans by Industry

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Activities of Extraterritorial Organizations and Bodies	-	1,013	-	1,013
Administrative and Support Service Activities	2,499	-	2,499	-
Agriculture, Forestry and Fishing	747,360	1,319,355	609,047	1,232,466
Arts, Entertainment and Recreation	784	11,665	-	11,665
Capital Market	236,504	3,316,689	236,504	3,316,689
Construction	906,691	12,865,670	799,215	12,729,970
Education	1,181,340	614,337	1,181,340	614,337
Finance and Insurance	605,753	4,356,667	577,616	3,412,257
General	1,556,979	5,381,613	1,218,089	5,092,031
General Commerce	3,825,225	5,543,034	2,867,066	5,302,323
Government	1,038,957	512,603	1,038,957	512,603
Human Health and Social Work Activities	329,163	120,430	329,163	120,430
Information and Communication	11,784,041	3,470,888	11,783,900	3,470,888
Manufacturing	565,180	661,187	565,166	661,187
Mining and Quarrying	113,353	146,615	108,960	146,615
Oil and Gas	1,578,612	1,167,849	1,476,954	1,098,232
Power and Energy	2,287	5,734	2,287	5,734
Professional, Scientific and Technical Activities	344,316	790,532	344,316	790,532
Real Estate Activities	2,643,241	1,964,698	2,060,892	1,964,698
Transportation and Storage	161,215	710,041	53,432	623,937
Water Supply, Sewage, Waste Management and Remediation Activities	15,399	-	15,399	-
TOTAL	27,638,899	42,960,620	25,270,802	41,107,607

Non-Performing Loans by Geography

	Group Dec-2011 ₦'000	Group Dec-2010 ₦'000	Bank Dec-2011 ₦'000	Bank Dec-2010 ₦'000
Abuja & North Central	1,291,158	4,777,134	1,291,158	4,777,134
Lagos	6,450,278	26,436,778	6,331,997	26,408,857
North East	251,288	670,966	251,288	670,966
North West	10,857,909	2,241,089	10,857,909	2,241,089
South East	3,817,680	5,479,171	3,817,680	5,479,171
South West	2,720,770	1,530,390	2,720,770	1,530,390
Rest of West Africa	2,249,816	1,825,092	-	-
TOTAL	27,638,899	42,960,620	25,270,802	41,107,607

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 2011. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

Group
As at 31 December 2011

	Due from banks ₦'000	Loans ₦'000	Advances under finance lease ₦'000	Debt instruments ₦'000	Total ₦'000
Abuja & North Central	-	59,119,935	-	95,415,213	154,535,148
Lagos	46,180,892	457,521,273	-	(3,684,167)	500,017,998
North East	-	10,157,091	-	-	10,157,091
North West	-	29,807,923	-	-	29,807,923
South East	-	134,805,632	-	3,000,000	137,805,632
South West	-	18,271,623	-	-	18,271,623
Rest of west africa	9,755,922	23,369,741	39,538	2,966,376	36,131,577
Europe	231,435,352	8,398,561	-	7,746,725	247,580,638
Others	26,656,538	-	-	158,751	26,815,289
	314,028,704	741,451,779	39,538	105,602,898	1,161,122,919

Group

As at 31 December 2010	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	33,682,654	-	29,772,276	63,454,930
Lagos	101,338,754	426,301,409	-	6,954,325	534,594,488
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
	250,180,751	635,670,421	9,821	41,869,252	927,730,245

Bank

As at 31 December 2011	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	59,119,935	-	95,415,213	154,535,148
Lagos	61,809,373	452,447,136	-	2,000,002	516,256,511
North East	-	10,157,091	-	-	10,157,091
North West	-	29,807,923	-	-	29,807,923
South East	-	134,805,632	-	3,000,000	137,805,632
South West	-	18,271,623	-	-	18,271,623
Rest of west africa	585,973	-	-	-	585,973
Europe	192,326,354	-	-	7,746,725	200,073,079
Others	26,656,538	-	-	-	26,656,538
	281,378,238	704,609,340	-	108,161,940	1,094,149,518

Bank

As at 31 December 2010	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Abuja & North Central	-	33,574,271	-	29,772,276	63,346,547
Lagos	99,950,000	426,268,233	-	5,000,000	531,218,233
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	76,462,589	-	-	-	76,462,589
Others	26,271,310	-	-	-	26,271,310
	206,463,631	604,099,302	-	39,772,276	850,335,209

Group
Industry Sectors

As at 31 December 2011	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Administrative and Support Service Activities	-	1,665,681	-	-	1,665,681
Agriculture, Forestry and Fishing	-	4,137,700	-	-	4,137,700
Arts, Entertainment and Recreation	-	119,160	-	-	119,160
Capital Market	-	9,060,405	-	-	9,060,405
Construction	-	29,033,253	-	-	29,033,253
Education	-	21,355,542	-	-	21,355,542
Finance and Insurance	310,927,819	13,330,872	-	5,028,934	329,287,625
General	3,100,885	77,439,832	-	-	80,540,717
General Commerce	-	75,136,114	-	-	75,136,114
Government	-	68,759,846	-	97,573,964	166,333,810
Human Health and Social Work Activities	-	9,678,994	-	-	9,678,994
Information and Communication	-	60,333,065	-	-	60,333,065
Manufacturing	-	162,502,799	-	3,000,000	165,502,799
Mining and Quarrying	-	990,718	-	-	990,718
Oil and Gas	-	144,667,209	-	-	144,667,209
Power and Energy	-	2,287	-	-	2,287
Professional, Scientific and Technical Activities	-	5,703,960	-	-	5,703,960
Real Estate Activities	-	31,301,368	-	-	31,301,368
Transportation and Storage	-	26,042,184	39,538	-	26,081,722
Water Supply, Sewage, Waste Management and Remediation Activities	-	190,790	-	-	190,790
	314,028,704	741,451,779	39,538	105,602,898	1,161,122,919

Group

As at 31 December 2010

	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Activities of Extraterritorial Organizations and Bodies	-	27,408	-	-	27,408
Administrative and Support Service Activities	-	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	-	23,962,422	-	-	23,962,422
Construction	-	41,061,082	-	-	41,061,082
Education	-	23,779,760	-	-	23,779,760
Finance and Insurance	250,180,752	22,182,597	-	2,096,976	274,460,325
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 Activities	-	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 Technical Activities	-	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, Sewage, Waste Management and Remediation Activities	-	147,152	-	-	147,152
	250,180,752	635,670,421	9,821	41,869,252	927,730,246

Bank

(b) **Industry Sectors**

As at 31 December 2011	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Administrative and Support Service Activities	-	1,665,681	-	-	1,665,681
Agriculture, Forestry and Fishing	-	2,912,966	-	-	2,912,966
Arts, Entertainment and Recreation	-	119,160	-	-	119,160
Capital Market	-	9,060,405	-	-	9,060,405
Construction	-	29,033,253	-	-	29,033,253
Education	-	21,355,542	-	-	21,355,542
Finance and Insurance	281,378,238	7,533,416	-	7,746,727	296,658,381
General	-	68,159,125	-	-	68,159,125
General Commerce	-	67,714,413	-	-	67,714,413
Government	-	68,759,846	-	97,415,213	166,175,059
Human Health and Social Work Activities	-	9,678,994	-	-	9,678,994
Information and Communication	-	59,874,697	-	-	59,874,697
Manufacturing	-	158,388,035	-	3,000,000	161,388,035
Mining and Quarrying	-	229,504	-	-	229,504
Oil and Gas	-	143,805,792	-	-	143,805,792
Power and Energy	-	2,287	-	-	2,287
Professional, Scientific and Technical Activities	-	5,703,960	-	-	5,703,960
Real Estate Activities	-	26,431,853	-	-	26,431,853
Transportation and Storage	-	23,989,621	-	-	23,989,621
Water Supply, Sewage, Waste Management and Remediation Activities	-	190,790	-	-	190,790
	281,378,238	704,609,340	-	108,161,940	1,094,149,518

Bank

As at 31 December 2010	Due from banks	Loans	Advances under finance lease	Debt Instruments	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Activities of Extraterritorial Organizations and Bodies	-	27,408	-	-	27,408
Administrative and Support Service Activities	-	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	-	23,658,377	-	-	23,658,377
Construction	-	35,261,843	-	-	35,261,843
Education	-	22,794,813	-	-	22,794,813
Finance and Insurance	206,463,631	9,894,133	-	-	216,357,764
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 Activities	-	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 Technical Activities	-	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, Sewage, Waste Management and Remediation Activities	-	147,152	-	-	147,152
	206,463,631	604,099,302	-	39,772,276	850,335,209

Analysis by Portfolio Distribution and Risk Rating

As at 31 December 2010	Group	Group	Bank	Bank
	Dec-2011	Dec-2010	Dec-2011	Dec-2010
Risk rating	₦'000	₦'000	₦'000	₦'000
Rating 1	85,550,502	40,453,764	71,853,327	38,448,631
Rating 2	143,126,465	46,544,316	142,568,685	44,237,298
Rating 3	183,793,024	139,650,650	169,297,338	132,728,719
Rating 4	134,189,142	230,958,678	128,062,335	219,510,969
Rating 5	115,935,144	83,852,505	115,748,613	79,696,268
Rating 6	52,705,236	51,850,849	51,119,411	49,280,807
Rating 7	697,866	388,323	688,829	369,075
Rating 8	5,296,698	8,830,569	5,296,698	8,392,873
Rating 9	14,972,526	7,397,046	14,972,526	7,030,404
Rating 10	5,185,176	25,743,721	5,001,578	24,404,258
Total	741,451,779	635,670,421	704,609,340	604,099,302

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 potential market risks 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.

Overall authority for the management and reporting of market and liquidity risks inherent in our businesses across the Bank is vested in the Management Risk Committee. However, the Market Risk Management group 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.

With the exception of translation risk arising on the Bank's net investment in its foreign operations, Market Risk Management group 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.

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

Measurement, Monitoring and Control

The Bank makes use of limit monitoring, value-at-risk, gap analyses and scenario analyses to measure and control the market risk exposures within its trading and banking books.

Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the market risk management group ensure that these limits and triggers are adhered to by the bank.

The bank also performs regular stress tests on its banking and trading books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity.

For market risk capital adequacy computations under Basel II Pillar l, the Bank has adopted the use of the Standardized Approach for calculating its required market risk capital.

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

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

The key potential risks the bank was exposed to from these instruments were foreign exchange risk and interest rate risk (price risk, basis risk). However, all potential risk exposures in the course of the year were successfully mitigated as itemized above.

OPERATIONAL RISK MANAGEMENT

Guaranty Trust Bank defines Operational Risk Management (OpRisk) as "the direct/indirect risk of loss resulting from inadequate and/or failed internal process, people, and systems or from external events". This definition requires the review and monitoring of all strategies and initiatives deployed in its people management, process engineering and re-engineering, technology investment and deployment, management of all regulatory responsibilities and response to external threats.

To ensure a holistic framework is implemented, Operational Risk Management also monitors Strategic and Reputational Risks from a broad perspective.

The following practices, tools and methodologies have been implemented for this purpose:

Loss Incident Reporting – An in-house developed web-based Loss Incident Reporting System is deployed via the Bank's intranet for logging of operational risk incidents bank-wide. All staff members are encouraged to report operational risk incidents that occurred within their work spaces whether it crystallized to actual losses or not. Information gathered is used to identify risk concentrations and for appropriate operational risk capital calculation.

Risk and Control Self Assessments (RCSAs) – This is a qualitative risk identification tool deployed bank-wide.
All branches and Head-Office departments are required to complete at least once a year. A risk-based approach has been adopted for the frequency of RCSAs to be conducted by branches, departments, groups and divisions of the Bank.
These assessments enable risk profiling and risk mapping of prevalent operational risks. Risk assessments of the Bank's new and existing products / services are also carried out. This process also tests the quality of controls the Bank has in place to mitigate likely risks; a detailed risk register cataloguing key risks identified and controls for implementation is also developed and maintained from this process.

Key Risk Indicators (KRI) – These are quantitative parameters defined for the purpose of monitoring operational risk trends across the Bank. A comprehensive KRI Dashboard is in place supported by specific KRIs for key departments in the Bank. Medium – High risk trends are reported in the Monthly Operational Risk Status reports circulated to Management and key stakeholders.

Fraud Risk Management Initiatives – Causal analysis of key fraud and forgeries trends identified in the Bank or prevalent in local and global business environments are carried out and reported on a monthly basis. Likely and unlikely loss estimations are also determined in the process as input in the OpRisk capital calculation process. The focus in Fraud Risk Management is to ensure that processes for preventing, deterring, detecting fraud and forgeries incidents, and sanctioning offenders are effective.

Business Continuity Management (BCM) in line with BS 25999 Standards – To ensure the resilience of our business to any disruptive eventuality, the Bank has in place a robust Business Continuity Plan (BCP) which assures timely resumption of its business with minimal financial losses or reputational damage and continuity of service to its customers, vendors and regulators. Desktop Walkthrough Tests are being conducted bank-wide to ensure that recovery co-ordinators are aware of their roles and responsibilities. This plan is reviewed monthly and when necessary, it is updated to ensure reliability and relevance of information contained.

Information Risk Management Awareness and Monitoring – Strategies for ensuring the Confidentiality, Availability and Integrity of all the Bank's information assets (hardware, software, documents, backup media, etc.) are continuously reviewed and key risks identified reported to key stakeholders. Where applicable, implementation of controls by relevant stakeholders is also tracked and reported on.

Compliance and Legal Risk Management – This process monitors the zero-tolerance culture for regulatory breaches promoted in the Bank. Adherence to regulatory guidelines and global best practices is also monitored on an on-going basis

Occupational Health and Safety procedures and initiatives – Global best practices for ensuring the health and safety of all staff, customers and visitors to the Bank's premises are advised, reported on to relevant stakeholders and monitored for implementation.

Reputational & Strategic Risk Monitoring Template – A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank's exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress. A specialized template for monitoring Strategic Risk monitoring is currently being tested.

Operational Risk Capital Calculation – The Bank has adopted the Basel II Pillar 1 defined "Standardized Approach" for the calculation of its Operational Risk Economic Capital for internal risk monitoring and decision-making. Strategies for migrating to the Advanced Measurement Approach once the required gestation period and data collation requirement are in place is on-going. Whilst it is not a regulatory requirement to have capital set aside for operational risk, these estimations are determined to guide Management in its decision making process.

Operational Risk Reporting – Monthly, quarterly, and annual reports highlighting key operational risks identified are circulated to relevant stakeholders for awareness and timely implementation of mitigation strategies. Reports are also generated and circulated on a need-basis.

Operational Risk Management Philosophy and Principles

Governance Structure

The Board through its Board Risk Committee (BRC) oversees the operational risk function in the Bank. It ensures that the OpRisk policy is robust and provides a framework on the Bank's OpRisk profile and limits. It also determines the adequacy and completeness of the Bank's risk detection, and measurement systems, assesses the adequacy of risk mitigants, reviews and approves contingency plans for Specific Risks and lays down the principles on how operational risk incidents are to be identified, assessed, controlled, monitored and measured. The BRC reviews OpRisk Reports on a quarterly basis.

The Management Risk Committee monitors the activities of OpRisk and approves key decisions made before presentation to the Board. It ensures the implementation of the guiding OpRisk framework bank-wide, and ensures that all departments in the Bank are fully aware of the risks embedded in respective process flows and business activities.

All process owners are responsible for the day-to-day management of OpRisks prevalent in respective departments, Groups, Divisions and Regions of the Bank.

The Internal Audit function conducts independent reviews on the implementation of OpRisk Policies and Procedures bank-wide.

Approach to Managing OpRisk

Guaranty Trust Bank adopts operational risk procedures and practices that are “fit for purpose” and will increase the efficiency and effectiveness of the bank's resources, minimise losses and utilize opportunities.

This outlook embeds OpRisk practices in the bank's day-to-day business activities.

It also aligns with the Bank's Operational Risk Management framework with sound practices recommended by various local and globally-accepted regulatory agencies such as Basel II Accord's "Sound Practices for the Management and Supervision of Operational Risk", Committee of Sponsoring Organisations (COSO) / Sarbanes-Oxley (SOX) standards, and some internationally accepted British Standards such as the BS 25999 for Business Continuity Management.

Principles

Operational risks inherent in all products, activities, processes and systems are assessed periodically for timely identification of new risks and trending of prevalent risks. The Bank ensures that before any new products, processes, activities and systems are introduced or undertaken, the operational risks inherent are assessed and likely risks mitigated.

In accordance with this, the Bank ensures regular monitoring of its operational risk profile and material exposure to losses.

Pertinent information is reported regularly to Senior Management and the Board to ensure proactive management of operational risk bankwide.

In addition to this, the Bank’s Business Continuity Plan outlines the Bank’s requirements for contingency and business continuity plans to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Treatment of Operational Risks

The OpRisk identification and assessment process provides a guide on the decision-making process for the extent and nature of risk treatment to be employed by the Bank. In line with best practices, the cost of risk treatments introduced must not exceed the reward.

The following comprise the OpRisk treatments adopted by the Bank:

- **Risk Acceptance and Reduction**: The Bank accepts the risk because the reward of engaging in the business activity far outweighs the cost of mitigating the risk. Residual risks retained by the business after deploying suitable mitigants are accepted.

- **Risk Transfer (Insurance)**: This involves another party or parties bearing the risk, by mutual consent. Relationships are guided by the use of contracts and insurance arrangements.

- **Risk Sharing (Outsourcing)**: Risk is shared with other parties that provide expert solutions required to mitigate risk or reduce risk burden whether operationally or financially.

- **Risk Avoidance**: Requires discontinuance of the business activity that gives rise to the risk.

STRATEGY RISK MANAGEMENT

Strategic Risk Management is the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit the Bank’s ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value.

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

A specialized template for monitoring Strategic Risk has been developed: it would be tested before deployment.

REPUTATIONAL RISK MANAGEMENT

Guaranty Trust Bank considers Reputational Risk to be the current and prospective adverse impact on earnings and capital arising from negative public opinion. It measures the change in perception of the Bank by its stakeholders. It is linked with customers’ expectations regarding the Bank’s ability to conduct business securely and responsibly.

A detailed template with internal and external factors that might impact the Bank adversely is used to monitor the Bank’s exposure to reputational risk. All adverse trends identified are reported to relevant stakeholders for timely redress.

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

As at 31 December 2011	Naira	Dollar	GBP	Euro	Others	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:						
Cash and balances with central banks	111,848,001	3,464,616	215,390	88,939	1,046,131	116,663,077
Treasury bills	253,391,562	489,318	747,650	-	2,186,751	256,815,281
Due from other banks	68,740,457	216,129,082	17,519,758	11,025,139	614,268	314,028,704
Loans and advances to customers	538,224,177	168,544,337	5,351,890	184,429	3,639,232	715,944,065
Advances under finance lease	39,143	-	-	-	-	39,143
Trading properties	2,837,454	-	-	-	-	2,837,454
Insurance receivables	-	-	-	-	-	-
Investment securities	107,166,094	2,221,307	-	-	-	109,387,401
Other assets	33,459,663	3,223,309	260,888	21	167,946	37,111,827
Deferred tax asset	486,281	-	-	-	-	486,281
Property and equipment	55,649,739	750,806	474,732	-	684,247	57,559,524
Intangible asset	763,061	-	62,579	-	130,259	955,899
Goodwill on consolidation	50,923	-	-	-	-	50,923
Total financial assets	1,172,656,555	394,822,775	24,632,887	11,298,528	8,468,834	1,611,879,579
Liabilities:						
Customer deposits	823,076,332	178,945,566	16,986,103	8,693,348	5,366,300	1,033,067,649
Due to other banks	7,487,350	6,888,126	3,793,576	460,802	718	18,630,572
Claims payable	-	-	-	-	-	-
Finance lease obligations	-	3,698,756	-	-	-	3,698,756
Liability on investment contract	-	-	-	-	-	-
Liability on insurance contract	-	-	-	-	-	-
Current income tax	14,087,233	7,504	-	-	168,030	14,262,767
Other liabilities	40,600,518	16,513,354	1,748,769	2,534,059	589,688	61,986,388
Deferred tax liabilities	4,598,817	-	-	-	2,176	4,600,993
Retirement benefit obligations	79,609	-	-	-	29,842	109,451
Debt securities in issue	13,165,000	130,422,110	-	-	-	143,587,110
Other borrowings	34,807,778	58,348,269	-	-	-	93,156,047
Total liabilities	937,902,637	394,823,685	22,528,448	11,688,209	6,156,754	1,373,099,733
Net on-balance sheet financial position	234,753,918	(910)	2,104,439	(389,681)	2,312,080	238,779,846
Off balance sheet	347,318,687	162,981,510	2,015,480	14,343,927	162,195	526,821,799

31-December-2010	Naira	Dollar	GBP	Euro	Others	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Total financial assets	821,057,512	194,374,681	23,273,439	17,224,032	96,481,862	1,152,411,526
Total financial liabilities	668,880,660	153,145,361	20,527,738	15,390,566	83,641,511	941,585,836
Net on-balance sheet financial position	152,176,852	41,229,320	2,745,701	1,833,466	12,840,351	210,825,690
Off balance sheet	267,914,326	133,432,075	9,000,700	9,921,220	4,719,883	424,988,204

Bank

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

As at 31 December 2011	Naira	Dollar	GBP	Euro	Others	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:						
Cash and balances with central banks	107,250,852	-	-	-	-	107,250,852
Treasury bills	235,495,534	-	-	-	-	235,495,534
Due from other banks	61,809,372	200,341,618	10,405,277	8,409,550	412,421	281,378,238
Loans and advances to customers	522,949,753	158,799,573	5,791	1,427	50	681,756,594
Advances under finance lease	-	-	-	-	-	-
Investment securities	104,199,718	7,746,725	-	-	-	111,946,443
Investment in subsidiaries	19,733,581	-	-	-	-	19,733,581
Other assets	31,380,095	2,810,982	1,204	21	-	34,192,302
Property and equipment	52,494,230	-	-	-	-	52,494,230
Intangible asset	762,709	-	-	-	-	762,709
Total financial assets	1,136,075,844	369,698,898	10,412,272	8,410,998	412,471	1,525,010,483
Liabilities:						
Customer deposits	792,343,338	158,097,107	7,668,226	5,974,677	2,955	964,086,303
Due to other banks	3,036,223	-	-	-	-	3,036,223
Finance lease obligations	-	3,698,756	-	-	-	3,698,756
Current income tax	13,760,343	-	-	-	-	13,760,343
Other liabilities	38,598,468	16,420,928	1,542,950	2,534,059	218,013	59,314,418
Deferred tax liabilities	4,498,455	-	-	-	-	4,498,455
Retirement benefit obligations	78,671	-	-	-	-	78,671
Debt securities in issue	13,165,000	-	-	-	-	13,165,000
Other borrowings	34,807,778	192,653,113	-	-	-	227,460,891
Total liabilities	900,288,276	370,869,904	9,211,176	8,508,736	220,968	1,289,099,060
Net on-balance sheet financial position	235,787,568	(1,171,006)	1,201,096	(97,738)	191,503	235,911,423
Off balance sheet	341,607,928	137,156,162	36,388	13,817,747	162,258	492,780,483

31-December-2010	Naira	Dollar	GBP	Euro	Others	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Total financial assets	822,621,656	214,140,619	13,872,221	13,850,520	2,687,373	1,067,172,389
Total financial liabilities	660,953,334	175,127,780	11,819,014	12,447,248	1,657,206	862,004,582
Net on-balance sheet financial position	161,668,322	39,012,839	2,053,207	1,403,272	1,030,167	205,167,807
Off balance sheet	264,750,656	128,548,555	77,100	7,831,035	538,478	401,745,825

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 30%. 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 commitment

• 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 to avoid concentration risk

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

The 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 **As at 31 December 2011**	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:								
Cash and balances with central banks	116,663,077	-	-	-	-	-	116,663,077	116,663,077
Treasury bills and other eligible bills	22,286,033	77,169,605	110,727,522	46,632,121	-	-	256,815,281	256,815,281
Due from other banks	313,326,169	702,535	-	-	-	-	314,028,704	314,028,704
Loans and advances to customers	190,037,411	39,536,215	18,710,610	59,573,910	301,471,965	132,121,668	741,451,779	715,944,065
Advances under finance lease	-	-	-	-	39,538	-	39,538	39,143
Trading properties	-	-	-	-	2,837,454	-	2,837,454	2,837,454
Insurance receivables	-	-	-	-	-	-	-	-
Investment securities	2,701,870	52,298	10,140,393	10,394,735	79,147,480	10,826,605	113,263,381	109,387,401
Investment in subsidiaries	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	386,018	100,263	486,281	486,281
Other assets	18,746,235	1,594,977	1,521,507		1,861,085	6,839,850	38,072,498	37,111,827
Property and equipment	627,358	831,849	155,352	417,522	19,988,746	35,538,697	57,559,524	57,559,524
Intangible asset	-	-	-	-	955,899	-	955,899	955,899
Goodwill on consolidation	-	-	-	-	-	50,923	50,923	50,923
Total assets	664,388,153	119,887,479	141,255,384	124,527,132	406,688,185	185,478,006	1,642,224,339	1,611,879,579
Liabilities								
Customer deposits	825,256,770	96,062,213	49,071,388	62,677,278	-	-	1,033,067,649	1,033,067,649
Due to other banks	12,948,828	1,612,096	806,216	401,955	120,094	2,741,383	18,630,572	18,630,572
Claims payable	-	-	-	-	-	-	-	-
Finance lease obligations	43,954	87,908	131,861	263,723	2,109,783	1,061,527	3,698,756	3,698,756
Liability on investment contract	-	-	-	-	-	-	-	-
Liability on insurance contract	-	-	-	-	-	-	-	-
Debt securities in issue	-	-	-	56,043,750	87,543,360	-	143,587,110	143,587,110
Borrowings	-	-	191,282	656,830	50,675,435	41,632,500	93,156,047	93,156,047
Current income tax	287,500	-	-	13,975,267	-	-	14,262,767	14,262,767
Other liabilities	42,456,615	4,489,470	9,504,609	5,364,155	171,539	-	61,986,388	61,986,388
Deferred tax liabilities	-	-	-	4,500,631	-	100,362	4,600,993	4,600,993
Retirement benefit obligations	79,609	-	-	-	-	29,842	109,451	109,451
Total liabilities	881,073,276	102,251,687	59,705,356	143,883,589	140,620,211	45,565,614	1,373,099,733	1,373,099,733
Gap	216,685,123	(17,635,792)	(81,550,028)	19,356,457	(266,067,974)	(139,912,392)	(269,124,606)	(238,779,846)

Bank

As at 31 December 2011	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:								
Cash and balances with central banks	107,250,852	-	-	-	-	-	107,250,852	107,250,852
Treasury bills and other eligible bills	21,991,562	72,214,049	97,170,811	44,119,112	-	-	235,495,534	235,495,534
Due from other banks	281,378,238	-	-	-	-	-	281,378,238	281,378,238
Loans and advances to customers	185,587,760	33,143,918	15,934,064	47,080,580	290,331,236	132,531,782	704,609,340	681,756,594
Advances under finance lease	-	-	-	-	-	-	-	-
Investment securities	2,543,148	52,298	10,140,393	10,394,735	81,865,244	10,826,605	115,822,423	111,946,443
Investment in subsidiaries	-	-	-	-	-	19,733,581	19,733,581	19,733,581
Other assets	18,119,597	820,059	903,748	6,914,540	1,555,179	6,839,850	35,152,973	34,192,302
Property and equipment	601,451	-	-	106,818	17,794,333	33,991,628	52,494,230	52,494,230
Intangible asset	-	-	-	-	762,709	-	762,709	762,709
Total assets	617,472,608	106,230,324	124,149,016	108,615,785	392,308,701	203,923,446	1,552,699,880	1,525,010,483
Liabilities:								
Customer deposits	788,852,212	80,187,393	38,480,226	56,566,472	-	-	964,086,303	964,086,303
Due to other banks	3,036,223	-	-	-	-	-	3,036,223	3,036,223
Finance lease obligations	43,954	87,908	131,861	263,723	2,109,783	1,061,527	3,698,756	3,698,756
Debt securities in issue	-	-	-	-	13,165,000	-	13,165,000	13,165,000
Borrowings	56,043,751	-	-	457,477	129,327,163	41,632,500	227,460,891	227,460,891
Current income tax	-	-	-	13,760,343	-	-	13,760,343	13,760,343
Other liabilities	42,146,752	4,132,886	9,026,403	4,008,377	-	-	59,314,418	59,314,418
Deferred tax liabilities	-	-	-	4,498,455	-	-	4,498,455	4,498,455
Retirement benefit obligations	78,671	-	-	-	-	-	78,671	78,671
Total liabilities	890,201,563	84,408,187	47,638,490	79,554,847	144,601,946	42,694,027	1,289,099,060	1,289,099,060
Gap	272,728,955	(21,822,137)	(76,510,526)	(29,060,938)	(247,706,755)	(161,229,419)	(263,600,820)	(235,911,423)

Group

31 December 2010	Up to 1 month	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Over 5 years	Total	Carrying value
Maturity Profile - On Balance Sheet	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:								
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	190,978,708	32,041,842	45,700,192	90,616,362	199,107,918	77,225,399	635,670,421	593,463,860
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	1,661,807	252,370	6,440,397	286,110	36,998,721	8,708,929	54,348,334	51,837,353
Deferred tax assets	-	-	-	7,478	580,403	-	587,881	587,881
Other assets	1,980,308	670,851	1,678,492	3,157,926	1,907,461	4,479,449	13,874,487	12,911,921
Property and equipment	737,943	21,079	45,436	386,244	9,971,347	35,930,620	47,092,669	47,092,669
Intangible asset	-	-	-	-	1,602,131	-	1,602,131	1,602,131
Goodwill on consolidation	-	-	-	-	-	354,328	354,328	354,328
Total assets	481,048,458	92,777,477	110,904,648	126,372,025	253,775,132	133,213,894	1,198,091,634	1,152,411,526
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	32,388,548	8,980,893	6,315,570	2,671,760	3,631,123	119,469	54,107,363	54,107,363
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	722,364,962	91,566,793	12,542,408	13,860,635	101,122,090	128,948	941,585,836	941,585,836
Gap	241,316,504	(1,210,684)	(98,362,240)	(112,511,390)	(152,653,042)	(133,084,946)	(256,505,798)	(210,825,690)

Bank
Maturity Profile - On Balance Sheet
31 December 2010

	Up to 1 month	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Over 5 years	Total	Carrying value
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'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	186,533,993	6,531,121	9,361,206	529,265	3,508,046	-	206,463,631	206,463,631
Loans and advances to customers	185,246,588	26,491,478	44,218,876	79,920,035	193,582,187	74,640,138	604,099,302	563,383,562
Advances under finance lease	-	-	-	-	-	-	-	-
Investment securities	1,280,073	252,371	4,453,047	168,468	35,204,154	5,712,322	47,070,435	44,559,454
Investment in subsidiaries	-	-	-	-	-	30,115,862	30,115,862	30,115,862
Other assets	3,570,187	499,422	335,740	1,042,258	1,354,263	4,102,614	10,904,484	9,943,813
Property and equipment	2,154	21,079	45,436	386,242	8,559,453	33,524,329	42,538,693	42,538,693
Intangible asset	-	-	-	-	1,374,207	-	1,374,207	1,374,207
Total assets	434,405,924	68,616,058	105,923,347	104,547,118	243,582,310	154,285,024	1,111,359,781	1,067,172,389
Liabilities:								
Customer deposits	649,214,450	61,649,742	2,216,164	18	-	-	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	-	-	-	-	13,165,000	-	13,165,000	13,165,000
Borrowings	-	-	-	-	74,056,061	-	74,056,061	74,056,061
Current income tax	-	501,814	-	8,184,462	-	-	8,686,276	8,686,276
Other liabilities	28,599,034	6,638,725	4,847,616	1,044,106	2,523,233	-	43,652,714	43,652,714
Deferred tax liabilities	-	-	-	-	4,160,684	-	4,160,684	4,160,684
Retirement benefit obligations	35,785	-	-	-	-	-	35,785	35,785
Total liabilities	681,169,328	68,892,275	7,165,774	9,432,574	95,344,631	-	862,004,582	862,004,582
Gap	246,763,404	276,216	(98,757,573)	(95,114,544)	(148,237,679)	(154,285,024)	(249,355,199)	(205,167,807)

Maturity profile - Off Balance Sheet

(a) **Financial guarantees and other financial facilities**
This comprises 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 31 December 2011.

(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 31 December 2011.

(e) **Operating lease commitments**
The Bank had no operating lease commitments as at year-end.

(f) **Capital commitments**
The Group had capital commitments of N888,002,000 (31 December 2010: N841,399,0000) 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-2011

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Performance bonds and financial guarantees	22,035,251	33,657,262	48,681,459	66,021,420	39,985,975	123,943,168	334,324,535
Contingent letters of credit	20,123,807	28,302,596	18,935,704	4,461,336	-	-	71,823,443
Bankers' acceptances	-	-	-	-	-	-	-
Guaranteed commercial papers	39,150	-	-	-	-	-	39,150
Other commitments	6,093,393	19,452,066	32,237,403	62,583,946	267,863	-	120,634,671
	48,291,601	81,411,924	99,854,566	133,066,702	40,253,838	123,943,168	526,821,799

Group
31-December-2010

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'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
	48,411,802	122,388,042	42,920,008	54,828,330	68,120,073	88,319,949	424,988,204

Bank
31-December-2011

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Performance bonds and financial guarantees	21,972,897	32,118,442	48,582,370	64,851,029	38,981,412	123,943,168	330,449,318
Contingent letters of credit	8,741,681	18,905,201	15,790,861	1,753,555	-	-	45,191,298
Bankers' acceptances	-	-	-	-	-	-	-
Guaranteed commercial papers	-	-	-	-	-	-	-
Other commitments	5,714,995	18,732,825	31,159,021	61,533,027	-	-	117,139,868
	36,429,573	69,756,468	95,532,252	128,137,611	38,981,412	123,943,168	492,780,484

Bank
31-December-2010

	Up to 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 -12 months ₦'000	1 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Performance bonds and financial guarantees	16,810,594	71,334,893	29,708,223	43,444,442	67,694,414	88,319,949	317,312,515
Contingent letters of credit	8,647,157	42,521,133	11,485,117	6,715,029	-	-	69,368,436
Other commitments	6,110,200	7,762,474	1,012,500	179,700	-	-	15,064,874
	31,567,951	121,618,500	42,205,840	50,339,171	67,694,414	88,319,949	401,745,825

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 isdeducted in arriving at Tier 1 capital; and

b. Tier 2 capital: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets 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 2011 and 31 December 2010. During these 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 Dec-2011 ₦'000	Group Dec-2010 ₦'000
Tier 1 capital		
Share capital	14,715,590	11,658,594
Share premium	123,471,114	119,076,566
Statutory reserves	63,855,739	47,775,979
SMIEIS reserve	4,232,479	4,232,479
Bonus issue reserve	-	2,914,648
Contingency reserve	-	669,181
Retained earnings	30,697,056	18,860,299
Less: goodwill	(50,923)	(354,328)
Total qualifying Tier 1 capital	236,921,055	204,833,418
Tier 2 capital		
Preference shares	-	-
Non controlling interest	2,001,072	6,030,540
Convertible bonds	-	-
Revaluation reserve - fixed assets	-	-
Revaluation reserve – investment securities	-	-
Translation reserve	(193,204)	(392,596)
General provision	7,006,956	211,512
Total qualifying Tier 2 capital	8,814,824	5,849,456
Total regulatory capital	245,735,879	210,682,874
Risk-weighted assets:		
On-balance sheet	961,629,649	733,737,757
Off-balance sheet	105,364,360	84,997,641
Total risk-weighted assets	1,066,994,009	818,735,398
Risk weighted Capital Adequacy Ratio (CAR)	**23.03%**	**25.73%**

Value Added Statement

For the year ended 31 December 2011

Group:

	Dec-2011		Dec-2010	
	₦'000	%	₦'000	%
Gross earnings	188,819,158		153,908,027	
Interest expense:				
-Local	(17,202,180)		(16,997,600)	
- Foreign	(11,256,803)		(13,154,504)	
	160,360,175		123,755,923	
Loan Loss expense/diminution in other risk assets	(19,144,237)		(8,317,410)	
	141,215,938		115,438,513	
Bought in materials and services				
- Local	(45,488,732)		(42,612,651)	
- Foreign	-		-	
Value added	95,727,206	100	72,825,862	100
Distribution				
Employees				
- Employees wages, salaries and pensions	19,566,307	21	17,544,401	24
Government				
- Taxation	15,709,353	16	10,109,227	14
Retained in the Group				
- For replacement of fixed assets (depreciation)	7,798,110	8	6,825,612	9
- Profit for the year (including minority interest, statutory and bonus share reserves)	52,653,436	55	38,346,622	53
	95,727,206	100	72,825,862	100

Value Added Statement
For the year ended 31 December 2011

Bank:

	Dec-2011		Dec-2010	
	₦'000	%	₦'000	%
Gross earnings	172,331,511		138,347,028	
Interest expense:				
-Local	(16,507,066)		(21,438,916)	
- Foreign	(8,922,690)		(5,078,429)	
	146,901,755		111,829,683	
Loan Loss expense/diminution on other risk assets	(18,152,350)		(7,543,509)	
	128,749,405		104,286,174	
Bought in materials and services				
- Local	(40,748,700)		(38,427,517)	
- Foreign	-		-	
Value added	88,000,705	100	65,858,657	100
Distribution				
Employees				
- Employees as wages, salaries and pensions	16,091,094	18	14,469,774	22
Government				
- Taxation	14,098,114	16	8,963,412	14
Retained in the bank				
- For replacement of fixed assets (depreciation)	6,830,267	8	5,913,843	9
- Profit for the year (including statutory and bonus share reserves)	50,981,230	58	36,511,628	55
	88,000,705	100	65,858,657	100

Five Year Financial Summary

Group

	Dec-2011	Dec-2010	Dec. 2009	Dec. 2008	Feb. 2008
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash in hand and balances with CBN	116,663,077	28,855,906	35,889,931	64,349,514	38,969,829
Treasury bills	256,815,281	157,291,249	36,936,014	62,216,318	65,763,996
Due from other banks	314,028,704	250,180,751	225,330,111	219,821,791	79,910,345
Loans and advances to customers	715,944,065	593,463,860	563,488,164	416,318,640	288,152,339
Other facilities	-	-		-	-
Advances under finance lease	39,143	9,821	6,070	23,835	18,091
Insurance receivables	-	873,841	809,546	562,687	471,639
Investment securities	109,387,401	51,837,353	136,193,629	91,511,483	117,767,868
Deferred tax assets	486,281	587,881	410,864	36,847	20,649
Equipment on lease	-	-		-	-
Trading properties	2,837,454	7,349,815	5,070,666	15,085,846	12,062,730
Other assets	37,111,827	12,911,921	15,523,244	49,272,639	94,765,004
Property, equipment and intangible assets	58,515,423	48,694,800	46,491,151	39,629,765	33,969,536
Goodwill on consolidation	50,923	354,328	354,328	354,328	166,432
TOTAL ASSETS	1,611,879,579	1,152,411,526	1,066,503,718	959,183,693	732,038,458
LIABILITIES					
Share capital	14,715,590	11,658,594	9,326,875	7,461,500	6,839,708
Share premium	123,471,114	119,076,566	119,076,566	119,076,565	119,076,565
Reserves	98,592,070	74,059,990	58,699,793	51,453,710	34,092,593
Non-controlling interest	2,001,072	6,030,540	5,141,794	4,042,125	3,335,075
Customers' deposits	1,033,067,649	761,194,792	683,080,902	470,605,806	362,936,393
Due to other banks	18,630,572	17,943,922	14,981,705	27,965,203	324,844
Claims payable	-	727,653	350,631	188,588	69,827
Finance lease obligations	3,698,756	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
Liabilities on insurance contracts	-	2,198,669	1,126,011	794,546	625,072
Current income tax payable	14,262,767	9,529,921	3,483,561	9,636,970	6,124,638
Other liabilities	61,986,388	54,107,363	85,491,872	198,400,658	135,770,473
Deferred tax liabilities	4,600,993	4,337,046	4,346,591	3,474,838	2,808,927
Dividend payable	-	-	-	-	-
Retirement benefit obligations	109,451	36,699	253,075	475,010	1,204,806
Debt securities in issue	143,587,110	64,903,211	65,485,550	48,838,125	56,142,576
Other facilities	-	-		-	
Other borrowings	93,156,047	22,936,267	12,332,568	14,058,403	
TOTAL LIABILITIES	1,611,879,579	1,152,411,526	1,066,503,718	959,183,693	732,038,458
Guarantees and other commitments on behalf of customers	526,821,799	424,988,204	332,820,260	325,600,406	116,282,231

Five Year Financial Summary Cont'd

Group

	Dec-2011	Dec-2010	Dec. 2009	Dec. 2008	Feb. 2008
				10 months	
PROFIT AND LOSS ACCOUNT	₦'000	₦'000	₦'000	₦'000	₦'000
Net operating income	155,385,491	120,543,591	120,393,168	80,963,098	62,079,548
Operating expenses	(70,645,177)	(63,770,332)	(54,903,436)	(41,055,452)	(30,777,193)
Allowance for loan loss & other risk assets	(19,144,237)	(8,317,410)	(37,526,729)	(1,779,653)	(3,934,017)
Profit on ordinary activities before tax	65,596,077	48,455,849	27,963,003	38,127,993	27,368,338
Taxation	(15,709,353)	(10,109,227)	(4,276,160)	(2,307,078)	(6,198,861)
Profit on ordinary activities after tax	49,886,724	38,346,622	23,686,843	35,820,915	21,169,477
Extra-ordinary income	2,766,712	-	-	-	-
Profit after taxation and extra-ordinary income	52,653,436	38,346,622	23,686,843	35,820,915	21,169,477
Non-controlling interest	(537,882)	(430,302)	(11,248)	(230,856)	(369,030)
Profit attributable to shareholders	52,115,554	37,916,320	23,675,595	35,590,059	20,800,447
Earnings per share (Unadjusted)	169k	163k	127k	185k	167k
Declared Dividend per share *	100k	100k	100k	70k	75k

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

Five Year Financial Summary

Bank

	Dec-2011	Dec-2010	Dec. 2009	Dec. 2008	Feb 2008
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash in hand and balances with CBN	107,250,852	27,017,683	34,890,767	62,579,450	38,969,734
Treasury bills	235,495,534	141,775,484	29,405,616	52,715,562	63,105,768
Due from other banks	281,378,238	206,463,631	202,810,278	191,187,296	64,224,277
Other facilities	-	-			
Loans and advances to customers	681,756,594	563,383,562	538,137,569	413,983,817	291,530,777
Advances under finance lease	-	-	1,288	23,835	18,091
Investment securities	111,946,443	44,559,454	134,126,992	86,616,909	115,240,952
Investment in subsidiaries	19,733,581	30,115,862	29,774,817	28,274,817	15,022,241
Deferred tax assets	-	-			-
Other assets	34,192,302	9,943,813	9,478,730	46,866,078	94,581,049
Equipment on lease	-	-	-	-	-
Property, equipment and intangible assets	53,256,939	43,912,900	41,285,479	36,030,992	31,652,460
TOTAL ASSETS	1,525,010,483	1,067,172,389	1,019,911,536	918,278,756	714,345,349
LIABILITIES:					
Share capital	14,715,590	11,658,594	9,326,875	7,461,500	6,839,708
Share premium	123,471,114	119,076,566	119,076,566	119,076,565	119,076,565
Reserves	97,724,719	74,432,647	60,072,347	34,854,176	35,136,791
Customers' deposits	964,086,303	713,080,374	662,261,026	393,305,293	357,006,128
Due to other banks	3,036,223	3,320,059	1,083,016		324,844
Finance lease obligations	3,698,756	1,847,629	2,211,130	2,277,421	2,350,447
Current income tax payable	13,760,343	8,686,276	2,373,006	5,980,565	5,791,420
Other liabilities	59,314,418	43,652,714	81,284,082	331,801,336	127,740,385
Deferred tax liabilities	4,498,455	4,160,684	4,134,454	3,053,884	2,731,679
Dividend payable	-	-	-		-
Retirement benefit obligations	78,671	35,785	240,811	1,325,639	1,204,806
Debt securities in issue	13,165,000	13,165,000	65,515,655	41,235,985	-
Other facilities	-	-	-	-	-
Other borrowings	227,460,891	74,056,061	12,332,568	14,967,681	56,142,576
TOTAL LIABILITIES	1,525,010,483	1,067,172,389	1,019,911,536	955,340,045	714,345,349
Guarantees and other commitments on behalf of customers	492,780,484	401,745,825	316,381,113	446,440,996	446,440,996

Five Year Financial Summary Cont'd

Bank

	Dec-2011	Dec-2010	Dec. 2009	Dec. 2008	Feb 2008
PROFIT AND LOSS ACCOUNT	₦'000	₦'000	₦'000	₦'000	₦'000
				10 months	
Net operating income	141,729,333	108,630,864	112,659,732	74,411,912	58,471,300
Operating expenses	(61,497,980)	(55,612,315)	(48,696,218)	(35,521,595)	(27,427,338)
Allowance for loan loss & other risk assets	(18,152,350)	(7,543,509)	(37,003,705)	(4,281,200)	(3,845,258)
Profit on ordinary activities before tax	62,079,003	45,475,040	26,959,809	34,609,117	27,198,704
Taxation	(14,098,114)	(8,963,412)	(3,111,748)	(6,535,865)	(5,708,819)
Profit on ordinary activities after tax	47,980,889	36,511,628	23,848,061	28,073,252	21,489,885
Extra-ordinary income	3,000,341	-	-	-	-
Profit after taxation and extra-ordinary income	50,981,230	36,511,628	23,848,061	28,073,252	21,489,885
Earnings per share (Unadjusted)	164k	157k	128k	188k	173k
Declared Dividend per share *	100k	100k	100k	70k	75k

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