

Guaranty Trust Bank Plc and Subsidiary Companies

**Group Financial Statements -- 29 February 2008
Together with Directors' and Auditor's Reports**

Corporate Governance

Introduction

Guaranty Trust Bank Plc has acquired over the years, an enviable reputation built on a solid foundation of integrity, professionalism, quality and value adding service delivery and excellent corporate governance practices. As a publicly quoted company with a highly diversified ownership structure, the Bank is committed to improving shareholder value through transparent conduct of its business. In addition to the principles of the “Code of Corporate Governance for Banks in Nigeria Post Consolidation” issued by the Central Bank of Nigeria (CBN), and the Securities and Exchange Commission’s “Code of Best Practices”, the Bank benchmarks itself against international best practices. The Code of Corporate Governance of Guaranty Trust Bank Plc (revised in December, 2007), provides the basis for promoting the highest standards of corporate governance in the Bank. The Bank is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place. The Corporate Governance Practices of the Bank are designed to ensure accountability of the Board and Management to stakeholders.

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

In addition to the Board Committees, there are three Management Committees; Assets and Liability Committee, Management Credit Committee and Criticised Assets Committee to ensure effective and good Corporate Governance at the Management level. These are the Committees which form the bedrock for the long-term professional management of the business of the Bank.

Board of Directors

The Board of Guaranty Trust Bank Plc is comprised of eleven members, including the Chairman, Managing Director, Deputy Managing Director, three Executive Directors and five Non-Executive Directors. The Directors are listed in the Directors’ Report. The roles of the Chairman and Chief Executive are separate. The Bank’s Board is made up of a crop of seasoned professionals who have excelled in their various professions including banking, oil and gas and law. The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations and discussions.

The Board is responsible to shareholders for creating and delivering sustainable shareholders’ value through the management of the Bank’s business. The Board is accountable to shareholders and is responsible for management of the Bank’s relationships with its various stakeholders. The Board accordingly determines the strategic objectives and policies of the Bank to deliver long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. The Board also ensures that management strikes an appropriate balance between promoting long-term

growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance. The Board is the decision-making body for all matters of importance to the Bank as a whole because of their strategic, financial or reputational implications or consequences.

The Board reviews and assesses the risk profile appropriate to the corporate strategy of the Bank and also ensures that management maintains an appropriate system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.

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

Executive Management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

Disclosure of the individual Executive and Non-Executive Directors' emoluments and shareholdings are set out in the Directors' Report. The Board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolution, as provided for in the Articles of Association. The Non-Executive 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 on six occasions during the 2007/2008 financial year.

The Board carries out its above responsibilities through its Standing Committees. All Committees have clearly defined terms of reference, which set out their roles, responsibilities, functions and scope of authority. All Committees in the exercise of their powers so delegated conform to the regulations laid down by the Board. The Committees render reports to the Board at its quarterly meetings. The roles and responsibilities 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. Its major responsibilities include setting policies on the Bank's risk profile and limits, determining the adequacy and completeness of the Bank's risk detection and measurement systems, assessing the adequacy of the mitigants to the risk, reviewing and approving the contingency plan for specific risks and ensuring that all departments in the Bank are fully aware of the risks involved in their functions.

This Committee is also charged with the quarterly review of the Bank's central liability report and summary of criticized loans with the concurrent power of recommending adequacy of the reserves for loan losses and possible charge-offs.

Membership of the Committee is made up of three Non-executive directors and three Executive Directors, although there was a vacancy for a Non-Executive Director in the 2007/2008 financial year. The Committee met on four occasions during the 2007/2008 financial year.

Board Credit Committee

This Committee is responsible for approval of credit facilities in the Bank. It reviews credits granted by the Bank and approves specific loans above the Management Credit Committee's authority limit as may be defined from time to time by the Board of Directors. The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets. In view of the volume of transactions that require Board Credit Committee's approvals and the need to approve credits expeditiously, credits are circulated amongst the members for consideration and approval between Board Credit Committee meetings 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 met on three occasions during the 2007/2008 financial year.

Audit Committee

This Committee is a statutory Committee. The primary role of the Audit Committee is to ensure the integrity of the audit process and financial reporting and to maintain a sound risk management and internal control system as stipulated in Section 359 of the Companies and Allied Matters Act, 1990.

The Committee is saddled with the responsibility of 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 auditor, review and approval of the audit scope and plan of the external auditors, review of the audit report on internal weaknesses observed by both the internal and external auditors during their respective examination, review and consideration of any other examination report carried out on the Bank. The Committee reviews the Bank's annual and interim financial statements, including reviewing the effectiveness of the Bank's disclosure controls and systems of internal control and areas of judgement involved in the compilation of the Bank's results.

The six-man Audit Committee consists of three Non-Executive directors and three ordinary shareholders, one of whom is the Chairman of the Committee. The internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

Meetings are held quarterly and are also attended by the internal and external auditors, the chief financial officer and, on invitation, appropriate members of management.

During the year, the Committee approved the external auditors' terms of engagement and scope of work and also reviewed the internal auditors' coverage plan aimed at providing assurance in respect of the various levels of operations. The Committee received regular internal and external audit reports on the results of the audits conducted at various company levels. The Committee's terms of reference also

include various aspects of risk management and compliance. The Audit Committee met on five occasions during the 2007/2008 financial year.

Management Committees

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

Assets and Liability 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.

Composition of the Committee is made up of senior management staff of the Bank, including the Executive Directors of the Bank, with the Assets and Liability Management Unit acting as the secretariat.

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 is empowered to approve credit facilities to individual obligors not exceeding in aggregate a sum to be determined by the Board from time to time. The Committee reviews and approves extensions of credit, including one-obligor commitments that exceed an amount to be determined by the Board. The Committee meets at least once a week or once a fortnight depending on the number of credit applications to be considered.

The secretary of the Committee is the Head of Credit Administration, while senior management staff of the Bank make up its membership, including the Managing Director, Deputy Managing Director and other Executive Directors.

Criticized Assets Committee

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

The Committee meets regularly to review the Bank's portfolio, but not less than four times a year.

Relationship with Shareholders

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

RISK MANAGEMENT

RISK MANAGEMENT PHILOSOPHY

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

- Excellent service delivery across business segments
- Sound Performance Reporting (Financial and Non Financial)
- Sound Corporate Governance
- Consistent Appreciation in shareholders value.

RISK MANAGEMENT FRAMEWORK

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

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

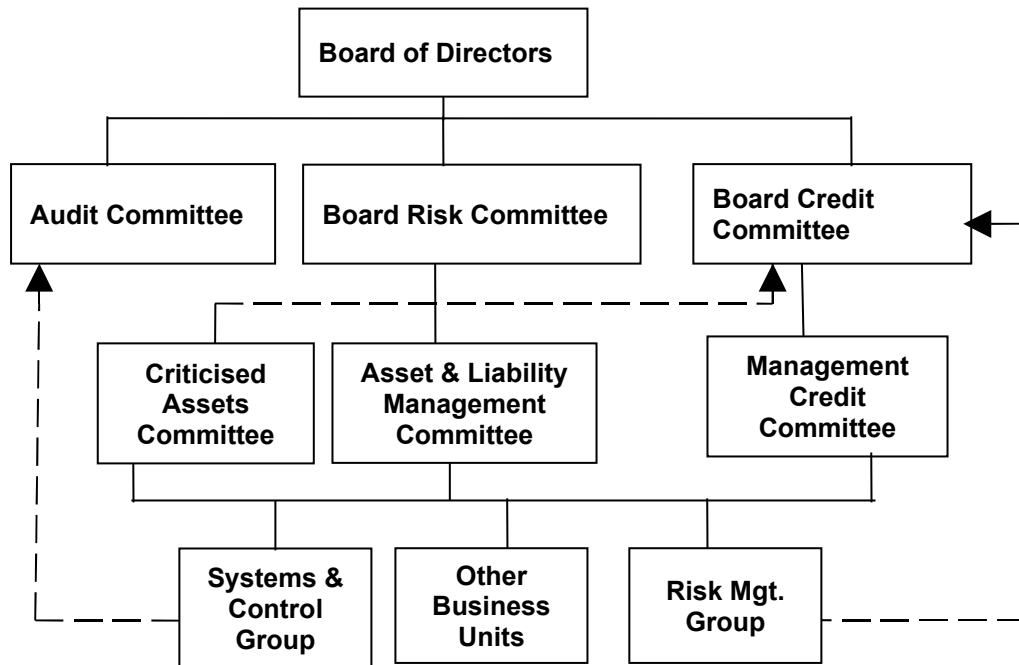
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Bank. These committees are:

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

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

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

The Risk Management Organogram of the Bank is as follows:



METHODOLOGY

Guaranty Trust Bank recognizes that it is in the business of managing risk to derive optimal satisfaction for all stakeholders. It has therefore, over the years painstakingly detailed its approach to risk through various policies and procedures, which include the following;

- Credit Policy manual
- Human Resources Policy Manual
- Quality Manual
- Standard Operating Procedures

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

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

RISK MANAGEMENT OUTLOOK

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

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

ERM VISION:

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

“to be the reference point in Risk Management in the industry by adopting best practice in managing risk”

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

- ✓ The Bank will not take any action that will compromise its integrity.
- ✓ We shall adhere to the risk management cycle of Identifying, measuring, managing, controlling and reporting
- ✓ We will not avoid risk but manage it. Risk control will not constitute an impediment to the achievement of our Strategic objective.
- ✓ We will always comply with all government regulations and uphold international best practice
- ✓ The Bank will continuously build an enduring risk culture.
- ✓ The Bank will only assume risks that fall within its risk acceptance criteria and offer commensurate returns.

OUR RISK APPETITE

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

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

RISK GOVERNANCE STRUCTURE

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

S/N	BOARD COMMITTEE	MANAGEMENT COMMITTEE
1	Risk Committee	Risk Committee
2	Credit Committee	Credit Committee
3	Audit Committee	Assets and Liability Committee

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

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

The **Asset & Liability Management Committee** establishes the Bank's standards and policies covering the various components of Market Risk. This includes issues on Interest Rate Risk, Liquidity Risk, Investment Risk and Trading Risk. It ensures that the authority delegated by the Board and Management risk committees with regard to Market Risk is exercised effectively, and that Market Risk exposures are efficiently monitored and managed. Furthermore, the committee limits and monitors the potential impact of specific pre-defined market movements on the profit and loss of the Bank through Stress Tests and Simulations.

CREDIT RISK MANAGEMENT

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

The Bank's specific credit risk objectives as contained in the designed Credit Risk Management Framework are;

- maintenance of an efficient loan portfolio
- institutionalization of sound credit culture in the Bank
- adoption of international best practices in credit risk management
- creation of Credit Risk Management professionals and specialists in every industry within which the Bank operates

Each business unit is required to implement credit policies and procedures in line with the credit approval authorities granted by the Board. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio, including those subject to Management Credit Committee's approval.

The Internal Audit and Credit Administration units respectively undertake regular audits of business units and credit quality reviews.

The Bank will continue to focus attention on intrinsic and concentration risks inherent in its business to manage the Bank's portfolio risk. We will set portfolio concentration limits to be measured under the following parameters: concentration limits per obligor, industry, sector, rating grade and geographical area. Sector limits will reflect the risk appetite of the Bank.

The Bank will drive the credit risk management processes using appropriate technology to achieve global best practices.

For Credit risk Capital Adequacy computation under Basel II Pillar I, the Bank will commence with the use of the **Standardized Approach** for Credit Risk Measurement.

MARKET RISK MANAGEMENT

Market Risk is the probability that changes in financial market prices could adversely affect the Bank's financial condition. The Bank measures and monitors all its market risk factors such as interest rates risk, exchange rate risk, liquidity risk, Investment risk, 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, include positions arising from market making and proprietary position taking, together with financial assets and liabilities. The portfolio is managed on a fair value basis.

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

Overall authority for the management and reporting of market and liquidity risks inherent in our businesses across the Bank is vested in the Assets and Liability Management Committee. However, an independent group within Risk Management Division is responsible for the development of Market

Risk Management policy and monitors specific market risk inherent in our business. Market Risk & ALM group addresses compliance with the market risk policy objectives, constraints, and legal requirements, including any exceptions to established policies, procedures, and limits.

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

The principal tool used to measure and control the market risk exposure within the Bank's trading portfolio is the open position limit using the Earnings-at-Risk approach. Specific limits have been set for open-position limits, which are the expected maximum exposure the Bank is willing to allow.

For Market risk Capital Adequacy computation under Basel II Pillar I, the Bank will commence with the use of the **Standardized Approach** for Market Risk Measurement.

OPERATIONAL RISK MANAGEMENT

Guaranty Trust Bank defines Operational Risk as "direct/indirect loss resulting from inadequate and/or failed internal process, people, and systems or from external events. This definition captures events such as technology problems, defects in organisational structure, failure of internal control systems, human error, fraud and external threat or any other risks that the Bank deems fit on an ongoing basis. The above definition includes legal risk but excludes reputational & strategic risk."

Operational Risks arise from all of the Bank's operations and are faced by all business entities. The Bank's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Bank's reputation with overall effectiveness and to avoid control procedures that restrict initiative and creativity.

Under the ERM framework, an independent department within Risk Management Division is responsible for the development of Operational Risk Management policies and monitors the risk across the Bank.

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

STRATEGY RISK MANAGEMENT

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

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

Directors' Report

For the year ended 29 February 2008

The Directors have pleasure in presenting their annual report on the affairs of Guaranty Trust Bank Plc ("the Bank") and subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the year ended 29 February 2008.

Legal form and principal activity

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

In July 2007, the Bank issued 73,588,313 units of Global Depository Receipt (GDR) to both foreign and local investors. The GDR was issued at \$11.2 per GDR and 1 GDR is equivalent to 50 units of the Bank's ordinary shares. Foreign investors subscribed to a total of 46,248,313 units of GDR, while local investors subscribed to a total of 27,340,000 units of the GDR. The net proceeds of ₦99,524,345,547 received by the Bank has been accounted for in the share capital account.

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

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

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

The financial results of Guaranty Trust Bank (Gambia) Limited, Guaranty Trust Bank (Sierra Leone) Limited, Guaranty Trust Bank (Ghana) Limited, Guaranty Trust Bank (UK) Limited, GTB Finance B.V. Netherlands, Guaranty Trust Assurance Plc, GTB Registrars Limited and GT Homes Limited have been consolidated in these financial statements. The financial results of SMEEIS companies where Guaranty Trust Bank's investments are in excess of 20% have not been consolidated because the directors are of the opinion that it would be of no real value to the members, in view of the insignificant amounts involved. In addition, the business of Guaranty Trust Bank Plc and that of the SMEEIS is so different that they cannot reasonably be treated as a single undertaking.

Operating results

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

	<u>29 February 2008</u>	<u>28 February 2007</u>
	N'000	N'000
Profit attributable to group shareholders	20,800,447	12,993,052
Transfer to statutory reserve	6,446,966	5,941,678
Transfer to bonus shares reserve	621,792	1,000,000
Proposed final dividend	9,575,591	4,000,000
Declared dividend during the year*	7,419,854	6,200,000
Transfer to small scale industries reserve	1,074,494	1,301,315
Shareholders' funds	160,008,866	47,324,118
Earnings per share - (Basic)	167k	162k
- (Adjusted)	167k	103k
Dividend per share - Interim dividend paid	25k	25k
- Final proposed**	70k	50k

*Declared dividend during the year represents the interim dividend declared and paid during the year plus the final dividend proposed for the preceding year, but declared during the current year.

**Final proposed dividend per share for the year ended 29 February, 2008 was computed based on 13,679,415,650 shares (Feb 2007: 8,000,000,000) in issue during the year.

Dividends

The directors recommend the payment of a final dividend of ₦0.70 per share having earlier declared and paid an interim dividend of ₦0.25 per share totalling ₦0.95 per share. (2007: ₦0.75 per share) on the issued share capital of 13,679,415,650 shares of 50k each. Withholding tax at the applicable rate will be deducted at the time of payment.

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 29 February 2008

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

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

The responsibilities include ensuring that:

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

Directors and their interests

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

		Number of Ordinary Shares of 50 kobo held as at <u>29/02/08</u>	Number of Ordinary Shares of 50 kobo held as at <u>28/02/07</u>
Owelle G.P.O. Chikelu	- Chairman	100,219,911	74,175,929
Mr. O.A. Aderinokun	- Managing Director	316,497,490	251,397,992
Mr. J.K.O. Agbaje	- Deputy Managing Director	19,537,496	11,569,997
Mr. A.B. Adesanya		70,058,332	68,746,666
Alhaji M.K. Jada		3,666,055	4,492,844
Mr. V.G. Osibodu		212,086,953	155,157,563
Mr. E.U. Imomoh		5,441,774	414,132
Mr. O.S. Oduyemi		1,037,186	601,749
Mr. M.B. Ogundare	- Executive Director	4,909,105	2,527,284
Mrs. C. N. Echeozo	- Executive Director	2,910,809	755,121
Alhaji M. T. Habib	- Executive Director	682,500	549,782

Analysis of Shareholding

The analysis of the distribution of the shares of the Bank at 29 February, 2008 is as follows:

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% Holding
1-1,000	80,581	25.73	54,288,745	0.40
1,001 – 5,000	136,638	43.62	339,773,280	2.48
5,001 – 10,000	37,472	11.96	287,916,232	2.10
10,001 – 50,000	43,167	13.78	973,489,457	7.12
50,001 – 100,000	7,123	2.27	528,481,436	3.86
100,001 – 500,000	6,409	2.05	1,332,796,058	9.74
500,001 – 1,000,000	892	0.29	641,521,929	4.69
1,000,001 and above	942	0.30	9,521,148,513	69.60
TOTAL:	313,224	100.00	13,679,415,650	100.00

No individual shareholder held up to 10% of the issued share capital as at 29 February 2008.

Fixed assets

Information relating to changes in fixed assets is given in Note 9 to the financial statements.

Donations and charitable gifts

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of ₦136,244,917.(2007: ₦123,158,465) was given out as donations and charitable contributions during the year. These comprise contributions to charitable organisations amounting to ₦119,800,146 (2007: ₦86,408,941) and donations amounting to ₦16,444,771 (2007: ₦36,749,524) to other non-charitable organisations. Details of the donations and charitable contributions are as follows:

Charitable organisations

	₦
Adopt a School Project:	
The Community Secondary School Nkpolu, Port Harcourt	3,791,409
Baboko Community Secondary School, Ilorin	5,255,023
St. Georges School, Ikoyi, Lagos	4,437,165
Government Secondary School, Bauchi	27,831,091
The Living Masters Art Exhibition	2,675,478
Special Olympics Nigeria	2,500,000
University of Nigeria, Nsukka	200,000
The Paediatric Association of Nigeria	200,000
Women and Children Foundation	250,000
Federal University of Technology, Owerri	300,000
Honey Bee Foundation	332,200
Association of the Blind	500,000
Fate Foundation	750,000
Student in Free Enterprises South West Region	1,000,000

Anti Money Laundering Summit	1,000,000
The Edo Bronze Festival	1,459,130
International Conference for Financial Systems 2020	3,000,000
Pan African University	20,000,000
Crime Control – Lagos State Government	39,375,000
Others Below ₦200,000	<u>4,943,650</u>
	<u>119,800,146</u>

Non- Charitable organizations

Take the Lead Project – Edo State	200,000
Sunmi Smart Photo Exhibition	250,000
Local Government Information Summit	250,000
Lagos Millenium Group on Environment	250,000
2007 Lagos International Trade Fair	310,000
Annual Banking & Financial Conference	400,000
All Nigeria Editors Conference	470,000
Orientation Programme National Assembly	1,000,000
Pens Down 2007	1,000,000
Nigeria Stock Exchange – President Merit Award	1,500,000
Association of Nigeria Bankers	2,500,000
Nigeria Port Authority	4,575,671
Others Below ₦200,000	<u>3,739,100</u>
	<u>16,444,771</u>

Total	<u>136,244,917</u>
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Research and Development

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

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 a physical disability.

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.

Employee Involvement and Training

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

Auditors

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

BY ORDER OF THE BOARD



Olutola Omotola
Company Secretary
Plot 1669, Oyin Jolayemi Street
Victoria Island, Lagos
26 March 2008

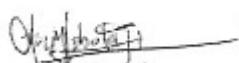
Report of the Audit Committee

For the year ended 29 February 2008

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 29 February 2008 were satisfactory and reinforce the Group's internal control systems.
- ◆ We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of ₦8,112,727,820 (2007: ₦1,447,464,000) was outstanding as at 29 February 2008 all of which are performing. See Note 30.
- ◆ 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 thereon and with the effectiveness of the Bank's system of accounting and internal control.



Mr. M.F Lawal
Chairman, Audit Committee
25 March 2008

Members of the Audit Committee are:

1. Mr. M.F. Lawal - Chairman
2. Mr. A.B. Adesanya
3. Alhaji M.K. Jada
4. Alhaji M.A. Usman
5. Mr. A.G.A. Kosoko
6. Mr. O.S. Oduyemi

In attendance:

Mr. George Uwakwe - Secretary



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Guaranty Trust Bank Plc** ("the Bank") and its subsidiary companies ("the Group"), which comprise the Group and separate balance sheet as at 29 February, 2008, and the Group and separate profit and loss account, Group and separate statement of cash flows and Group and separate value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 21 to 72.

Directors' Responsibility for the Financial Statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the Group and separate financial statements give a true and fair view of the financial position of the Group and Bank as at 29 February, 2008, and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.



Report on Other Legal and Regulatory Requirements

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

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

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

- i. The Bank contravened the provisions of Sections 21(2) and 60(1) of the Banks and Other Financial Institutions Act of Nigeria in 2007/2008 financial year. Details of these are stated in Note 32 to the financial statements.
- ii. Related party transactions and balances are disclosed in note (30) to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

31 March 2008

Lagos, Nigeria



Statement of Accounting Policies

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

(a) **Basis of Accounting**

The financial statements are prepared under the historical cost convention.

(b) **Basis of Consolidation**

(i) *Subsidiaries*

The consolidated financial statements combine the financial statements of Guaranty Trust Bank Plc and its subsidiaries ("the Group") wherein there is majority shareholding and/or control of the board of directors and management. Subsidiaries where the directors are of the opinion that the financial statements are not material and would provide no real value to the shareholders are not consolidated. 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 and GT Homes Limited.

(ii) *Special purpose entities*

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

(iii) *Foreign Entity*

Transactions denominated in foreign currencies are recorded in naira at the actual exchange rate as of the date of transactions. The assets and liabilities of foreign entities are translated to Naira at the exchange rates at the reporting date except for Share Capital and Pre-Acquisition Reserves which are translated at their historical rates. Income and Expenses are translated to Naira using average rates.

Exchange gains or losses arising on translation of a foreign entity are recognised in a reserve account within shareholders' fund.

(c) **Goodwill on consolidation**

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

Goodwill arising on consolidation of subsidiaries is accounted for in line with the provision of Schedule 2 Section 65 of Companies and Allied Matters Act of Nigeria which states that goodwill arising on consolidation should be recognised on the balance sheet and is not amortised.

(d) **Cash and short term funds**

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

(e) **Investments**

Investments are classified as short or long term investments. Debt and equity securities 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.

Investment in trading bonds and treasury bills issued by the Federal Government of Nigeria are classified as short term investment and carried at net realizable value. Gains or losses resulting from market valuation are recognised in the profit and loss account.

Treasury bills not held for trading are presented net of unearned discount.

Unearned discount is deferred and amortised as earned. Interest earned while holding short term securities is reported as interest income.

Investments intended to be held for over a period exceeding one year are classified as long term investments. Investments in debt securities with maturities greater than 1 year and equity securities are classified as long term investment and are stated at cost. Provisions are made for permanent diminution in the value of such investments. Income earned as dividend on equity securities held as long-term investments is reported as other income, while interest earned on bonds is reported as interest income.

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.

(f) **Trading properties**

Trading properties are shown 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.

(g) **Loans and advances**

Loans and advances are stated net of allowances for bad and doubtful loans. Allowances are determined in accordance with the Central Bank of Nigeria's Prudential Guidelines from a specific assessment of each customer's account as stated below:

<u>Period principal or interest has been outstanding</u>	<u>Classification</u>	<u>% Allowance</u>
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

A minimum of 1% general allowance is made on all loans and advances not specifically provided for.

Bad loans are written-off when the extent of the loss has been determined. Recoveries are written back to the profit and loss account when received.

(h) Advances under finance leases

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

In accordance with Prudential Guidelines for licensed banks, specific allowance is made on leases that are past due for 90 days or more, while a general allowance of at least 1% is made on the aggregate net investment in finance leases.

(i) Equipment on lease

Equipment on lease to customers is stated at cost less accumulated depreciation. Depreciation is provided on an appropriate basis to write-off the related asset cost in line with the Bank's normal depreciation for that class of assets leased out, and is included in operating expenses. Rental income from equipment on lease to customers is credited to lease income on a straight line basis over the lease term. Lease rentals that are past due for 90 days or more are provided for in accordance with the Central Bank of Nigeria's Prudential Guidelines for licensed banks.

(j) Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under finance leases are initially reported at an amount equal to the lower of its fair value and the present value of the minimum lease payments, with an equivalent liability categorised as appropriate under current liabilities or long term liabilities. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding liability.

A lease where a significant proportion of the risks and reward is retained by the lessor is classified as operating lease. Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the lease term.

(k) **Fixed assets**

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

Leasehold improvement	- Over the lease period
Buildings	- 2%
Machinery and equipment	- 20%
Computer hardware	- 33 ¹ / ₃ %
Computer software	- 20%
Furniture and fittings	- 20%
Motor vehicles	- 25%
Other transportation equipment	- 10%

Capital work in progress which represents fixed assets under construction is not depreciated. Upon completion, the attributable cost of each asset is transferred to the relevant asset category. Gains or losses on disposal of fixed assets are included in the profit and loss account.

(l) **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.

(m) **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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unusual 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.

(n) **Provisions**

A provision is recognized where, as a result of a past event, the Bank 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.

(o) **Dividend**

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.

(p) **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.

(q) **Off Balance sheet transactions**

Transactions to which there are no direct balance sheet risks to the Bank are reported and accounted for as off balance sheet transactions and 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 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 uncollateralized 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.

(r) **Income Recognition**

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

- Interest – recognised on an accrual basis except for interest on non-performing credit facilities, which is recognised on a cash basis.
- Non-credit-related fees – recognised when the successful outcome of the assignment can be determined and the assignment is considered substantially completed.

- Credit-related fees – spread systematically over the tenor of the credit facility where they constitute at least 10% of the projected average annual yield of the facility, otherwise credited to the profit and loss account at the time of occurrence.
- Commissions and fees charged to customers for services rendered - recognised at the time the service or transaction is effected.
- Investment income – recognised on an accrual basis and credited to the profit and loss account.
- Dividend income is recognised when the right to receive income is established.

(s) **Insurance premium**

Insurance premiums are recognised in the period earned.

(t) **Claims expenses**

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognized when the re-insurer accepts liability for the claims and netted off claims expense.

(u) **Derivatives held for risk management purposes**

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 a similar response to changes in market conditions and that is settled at a future date.

The Bank contracted interest rate swaps transactions with counterparties. The interest rate swaps are initially recognised in the balance sheet at fair value. Any changes in fair value are recognised immediately in the income statement.

(v) **Foreign Currency Items**

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

(w) **Retirements Benefits**

Pension Costs

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

Gratuity Scheme

The Bank also operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are entitled to join the scheme after completing 10 full years of service. Employee's terminal benefits are calculated based on number of service years, limited to a maximum of 10 years.

(x) **Repurchase agreements**

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

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

(y) **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.

(z) **Earnings per share**

The Group presents ordinary 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.

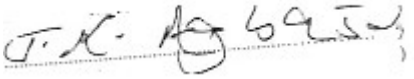
Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for the bonus shares issued.

Balance Sheets
As at 29 February 2008

	Notes	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
ASSETS					
Cash and short-term funds	1	119,206,071	127,381,363	103,519,908	122,228,115
Short term investments	2	179,585,974	162,517,402	174,612,748	159,963,141
Loans and advances	3	288,152,339	115,746,009	291,530,777	113,705,183
Other facilities	4	-	4,443,719	-	4,443,719
Advances under finance lease	5	18,091	-	18,091	-
Trading properties	6	12,062,730	-	-	-
Other assets	7	95,102,586	49,175,863	94,446,992	48,171,846
Long term investments	8	7,408,498	6,176,961	22,218,821	10,107,687
Deferred tax asset	9	20,649	28,769	-	-
Fixed assets	10	33,969,536	20,880,251	31,652,460	19,749,488
Goodwill on consolidation	11	166,432	140,742	-	-
TOTAL ASSETS		735,692,906	486,491,079	717,999,797	478,369,179
LIABILITIES					
Deposits and other accounts	12	364,640,898	294,545,903	357,006,128	290,792,372
Other facilities	4	-	4,488,605	-	4,488,605
Taxation payable	13	5,851,198	3,486,165	5,517,981	3,332,773
Other liabilities	14	142,905,366	74,835,066	135,548,369	73,187,845
Deferred taxation	15	2,808,927	1,086,322	2,731,679	1,071,027
Dividend payable	16	-	-	-	-
Long-term borrowings	17	56,142,576	58,063,369	56,142,576	58,063,369
TOTAL LIABILITIES		572,348,965	436,505,430	556,946,733	430,935,991
NET ASSETS		163,343,941	49,985,649	161,053,064	47,433,188
CAPITAL AND RESERVES					
Share capital	18(b)	6,839,708	4,000,000	6,839,708	4,000,000
Share premium	18(f)	119,076,565	21,391,928	119,076,565	21,391,928
Other reserves	19	34,092,593	21,932,190	35,136,791	22,041,260
SHAREHOLDERS' FUNDS		160,008,866	47,324,118	161,053,064	47,433,188
Minority interest		3,335,075	2,661,531	-	-
		163,343,941	49,985,649	161,053,064	47,433,188
Contingent liabilities	20	325,600,406	116,282,231	322,462,234	115,000,398

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


.....)
TAYO ADERINOKUN) Directors


.....)
SEGUN AGBAJE)

Approved by the Board of Directors on 26 March 2008
The accompanying notes form an integral part of these balance sheets.

Profit and Loss Accounts

For the year ended 29 February 2008

	Notes	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
GROSS EARNINGS		78,825,791	48,578,474	74,794,202	46,383,846
INTEREST AND DISCOUNT INCOME	21	51,585,963	32,016,282	51,045,578	31,372,760
Lease finance income		2,715	-	2,715	-
Interest expense	22	(16,746,243)	(13,272,295)	(16,322,902)	(13,100,312)
INTEREST MARGIN		34,842,435	18,743,987	34,725,391	18,272,448
Loan loss expense (net)	24(a)	(3,934,017)	(253,163)	(3,845,258)	(244,651)
NET INTEREST MARGIN		30,908,418	18,490,824	30,880,133	18,027,797
Other income	23	27,237,113	16,562,192	23,745,909	15,011,086
Operating expenses	24(b)	(30,777,193)	(19,325,234)	(27,427,338)	(17,688,652)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		27,368,338	15,716,309	27,198,704	15,350,231
Taxation	25	(6,198,861)	(2,522,550)	(5,708,819)	(2,337,085)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		21,169,477	13,193,759	21,489,885	13,013,146
Minority interest		(369,030)	(200,707)	-	-
PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS		20,800,447	12,993,052	21,489,885	13,013,146
Transfer to statutory reserves	19	(6,446,966)	(5,941,678)	(6,446,966)	(5,941,678)
Transfer to bonus shares reserve	19	(621,792)	(1,000,000)	(621,792)	(1,000,000)
Transfer to small scale industries reserve	19	(1,074,494)	(1,301,315)	(1,074,494)	(1,301,315)
Profit for the year		12,657,195	4,750,059	13,346,633	4,770,153
RETAINED PROFIT, beginning of year	19(c)	3,941,844	5,391,785	4,000,000	5,429,847
Dividend declared during the year	16	(7,419,854)	(6,200,000)	(7,419,854)	(6,200,000)
RETAINED PROFIT, end of year		9,179,185	3,941,844	9,926,779	4,000,000
Earnings per share (Kobo) - Basic	26	167K	162K	173K	163K
- Adjusted	26	167K	104K	173K	104K
Declared Dividend per share	26	75K	95K	75K	95K

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

Statements of Cash Flows

For the year ended 29 February 2008

	<u>Notes</u>	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Net cash flow from operating activities before changes in operating assets	27	29,697,375	18,418,554	29,536,095	18,101,401
Changes in operating assets	28	(96,682,240)	22,927,799	(109,979,385)	21,922,389
Income tax paid		(2,103,103)	(1,272,826)	(1,862,959)	(1,248,904)
Net cash flows from operating activities		<u>(69,087,968)</u>	<u>40,073,527</u>	<u>(82,306,249)</u>	<u>38,774,886</u>
Investing Activities:					
Proceeds from disposal of fixed assets		356,837	88,394	353,070	68,845
Purchase of fixed assets		(17,115,250)	(11,136,529)	(15,604,422)	(10,180,972)
Purchase of investments		(13,348,767)	(18,307,584)	(12,165,634)	(21,418,147)
Proceeds from sale of investment		80,000	-	80,000	-
Dividend income		338,762	69,727	338,762	69,727
Net cash flows from investing activities		<u>(29,688,418)</u>	<u>(29,285,992)</u>	<u>(26,998,224)</u>	<u>(31,460,547)</u>
Financing Activities:					
Dividend paid		(7,419,854)	(6,200,000)	(7,419,854)	(6,200,000)
Long-term borrowings					
- Inflow from long term borrowings		4,154,686	49,338,767	4,154,686	49,338,767
- Repayment of long term borrowings		(979,617)	(512,983)	(979,617)	(512,983)
Finance lease repayments		(194,689)	-	(194,689)	-
Other facilities – repayment of other facilities		(4,488,605)	(17,306)	(4,488,605)	(17,306)
Proceeds from issue of GDR		103,996,181	-	103,996,181	-
GDR issue expenses		(4,471,836)	-	(4,471,836)	-
Net cash flows from financing activities		<u>90,596,266</u>	<u>42,608,478</u>	<u>90,596,266</u>	<u>42,608,478</u>
Net increase in cash and short term funds		(8,180,120)	53,396,013	(18,708,207)	49,922,817
Cash and short term funds, beginning of year		127,381,363	74,039,147	122,228,115	72,305,298
Effect of exchange rate fluctuation on cash held		4,828	(53,797)	-	-
Cash and short term funds, end of year		<u>119,206,071</u>	<u>127,381,363</u>	<u>103,519,908</u>	<u>122,228,115</u>

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

Notes to the Financial Statements

For the year ended 29 February 2008

1. Cash and short-term funds

(a) Cash and short-term funds comprise:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Bank and cash balances in Nigeria				
- Cash	7,787,103	7,035,936	7,787,008	7,035,924
- Balances held with the Central Bank of Nigeria				
- Current account	23,015,205	10,135,822	22,515,205	10,100,822
- Cash reserve	8,667,522	7,843,106	8,667,522	7,843,106
- Blocked fund (see note (b) below)	-	7,366,620	-	7,366,620
- Balances held with other local banks and discount houses	124,369	13,521	-	-
-Placements (see note (c) below)	34,144,559	27,170,601	28,538,420	24,640,000
Bank and cash balances outside Nigeria				
- Cash	548,786	274,393	-	-
- Balances held with Central Banks	1,444,344	805,857	-	-
- Balances held with other banks outside Nigeria (see note (d) below)	31,833,727	29,688,206	29,531,752	28,499,527
- Placements with foreign banks	11,640,456	37,047,301	6,480,001	36,742,116
	<u>119,206,071</u>	<u>127,381,363</u>	<u>103,519,908</u>	<u>122,228,115</u>

(b) Blocked fund represents the amount transferred out of cash reserve held with CBN and invested at 3% subsequent to reduction of cash reserve ratio from 11% to 5% in Dec 2005. The amount was paid by the CBN in the current year.

(c) Included in placements is an amount of ₦26,900,000,000 (2007: ₦24,460,000,000) representing placements with local banks secured by treasury bills under open buy back agreement.

- (d) Included in balances held with other banks outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦9,204,430,000 (2007: ₦12,695,601,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note (14a)).
- (e) Included in cash and bank balances held in Nigeria is an amount of ₦1,228,263,891 (2007: ₦645,595,050) representing unclaimed dividend held in the account of the Registrars and included in deposit liabilities.

2. Short term investments

- (a) These comprise:

	Group 2008 ₦'000	Group 2007 ₦'000	Bank 2008 ₦'000	Bank 2007 ₦'000
Treasury bills (see (c) below)	69,320,304	126,436,915	66,662,076	124,794,434
FGN bonds - trading (see (b) below)	99,250,672	7,871,860	99,250,672	7,871,860
FGN bonds – others (see (d) below)	8,000,000	27,326,847	8,000,000	27,276,847
State Government bonds	-	20,000	-	20,000
Treasury bearer bonds	-	662,872	-	-
Proprietary investments (see (e) below)	2,314,998	198,908	-	-
Underwritten shares (see (f) below)	700,000	-	700,000	-
	179,585,974	162,517,402	174,612,748	159,963,141
	179,585,974	162,517,402	174,612,748	159,963,141

- (b) FGN bonds-trading comprise:

	Group 2008 ₦'000	Group 2007 ₦'000	Bank 2008 ₦'000	Bank 2007 ₦'000
3 rd FGN Bond Series 3 (14.5%)	250,093	-	250,093	-
3 rd FGN Bond Series 5 (14.5%)	358,204	-	358,204	-
3 rd FGN Bond Series 11 (12.5%)	1,292,795	208,602	1,292,795	208,602
3 rd FGN Bond Series 12 (12.00%)	8,631,952	103,039	8,631,952	103,039
3 rd FGN Bond Series 13 (12.99%)	199,233	724,126	199,233	724,126
3 rd FGN Bond Series 15 (10.98%)	495,782	-	495,782	-
4 th FGN Bond Series 1 (10.75%)	102,977	1,791,775	102,977	1,791,775
4 th FGN Bond Series 2 (9.50%)	51,888	1,498,034	51,888	1,498,034

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	Group 2008	Group 2007	Bank 2008	Bank 2007
	N'000	N'000	N'000	N'000
4 th FGN Bond Series 3 (10.75%)	99,387	-	99,387	-
4 th FGN Bond Series 4 (9.00%)	1,088,825	-	1,088,825	-
4 th FGN Bond Series 5 (9.23%)	978,309	-	978,309	-
4 th FGN Bond Series 6 (9.20%)	3,861,858	-	3,861,858	-
4 th FGN Bond Series 7 (7.95%)	5,138,569	-	5,138,569	-
4 th FGN Bond Series 9 (9.35%)	3,183,859	-	3,183,859	-
4 th FGN Bond Series 10 (9.50%)	1,839	-	1,839	-
4 th FGN Bond Series 11 (9.25%)	5,033,822	-	5,033,822	-
4 th FGN Bond Series 12 (7.00%)	3,023,593	-	3,023,593	-
4 th FGN Bond Series 13 (9.20%)	4,383,472	-	4,383,472	-
4 th FGN Bond Series 14 (8.99%)	10,506,894	-	10,506,894	-
5 th FGN Bond Series 1 (9.45%)	695,312	-	695,312	-
FGN Contractor Bond (13.5%)	36,125,919	2,850,367	36,125,919	2,850,367
FGN Contractor Bond 2 (13.5%)	997,431	-	997,431	-
FGN Contractor Bond 3 (13.5%)	810,752	-	810,752	-
FGN Pension Bond (12.5%)	10,937,535	695,917	10,937,535	695,917
FMBN Mortgage Bond (9.98%)	1,000,372	-	1,000,372	-
	<u>99,250,672</u>	<u>7,871,860</u>	<u>99,250,672</u>	<u>7,871,860</u>

(c) Included in treasury bills is ₦15,865,000,000 (2007: ₦14,865,000,000) worth of treasury bills pledged as collateral to Central Bank of Nigeria and Nigeria Interbank Settlement System.

(d) Analysis of the Federal Government Bonds - others is as follows:

	Group 2008	Group 2007	Bank 2008	Bank 2007
	N'000	N'000	N'000	N'000
2 nd FGN Bond Series 1 (11.5%)	6,000,000	6,050,000	6,000,000	6,000,000
2 nd FGN Bond Series 5 (12.5%)	2,000,000	2,000,000	2,000,000	2,000,000
2 nd FGN Bond Series 6 (15%)	-	1,000,000	-	1,000,000
4 th FGN Bond Series 1 (10.75%)	-	3,506,405	-	3,506,405
FGN Contractor Bond (13.5%)	-	5,739,482	-	5,739,482
FGN Pension Bond (12.5%)	-	9,030,960	-	9,030,960
	<u>8,000,000</u>	<u>27,326,847</u>	<u>8,000,000</u>	<u>27,276,847</u>

(e) Proprietary investment represents Guaranty Trust Assurance Plc's trading investments in quoted stocks.

- (f) This represents the cost of 291,666,667 ordinary shares of HITV Limited held by the Bank as a result of a firm underwriting agreement dated 5 June, 2007. The directors are of the opinion that the market value of these shares is not lower than cost.

3. Loans and advances

(a) Loans and advances by security comprise:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Secured against real estate	108,674,914	57,669,680	105,523,436	56,443,075
Otherwise secured	175,517,184	54,647,901	182,003,373	53,889,301
Unsecured	10,198,374	6,499,756	10,084,643	6,349,362
	<u>294,390,472</u>	<u>118,817,337</u>	<u>297,611,452</u>	<u>116,681,738</u>
Less: Allowances for bad and doubtful loans				
Specific (see note (b) below)	(2,547,043)	(1,342,402)	(2,442,237)	(1,291,767)
General (see note (c) below)	(2,985,225)	(1,203,847)	(2,945,587)	(1,183,760)
Interest in suspense (see note (d) below)	(705,865)	(525,079)	(692,851)	(501,028)
	<u>288,152,339</u>	<u>115,746,009</u>	<u>291,530,777</u>	<u>113,705,183</u>

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

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	1,342,402	2,003,464	1,291,767	1,941,868
Exchange difference on translation of opening balances	(1,849)	(3,754)	-	-
Allowances made during the year	2,486,876	522,830	2,404,070	512,740
Allowances no longer required	(298,690)	(484,208)	(282,224)	(472,735)
Allowances written-off during the year	(981,696)	(695,930)	(971,376)	(690,106)
	<u>2,547,043</u>	<u>1,342,402</u>	<u>2,442,237</u>	<u>1,291,767</u>

- (c) The movements on general allowances for bad and doubtful loans during the year were as follows:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	1,203,847	1,033,697	1,183,760	1,028,328
Exchange difference on translation of opening balances	889	4,823	-	-
Allowances made during the year	1,780,489	165,327	1,761,827	155,432
Balance, end of year	<u>2,985,225</u>	<u>1,203,847</u>	<u>2,945,587</u>	<u>1,183,760</u>

- (d) The movement on interest-in-suspense during the year was as follows:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	525,079	532,722	501,028	511,167
Exchange difference on translation of opening balances	(1,382)	(971)	-	-
Interest suspended during the year	445,916	439,527	442,437	429,328
Interest recovered	(14,959)	(40,707)	(14,959)	(33,975)
Interest written-off	(248,789)	(405,492)	(235,655)	(405,492)
Balance, end of year	<u>705,865</u>	<u>525,079</u>	<u>692,851</u>	<u>501,028</u>

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Under 1 month	35,145,080	19,079,582	34,844,760	18,716,613
1 – 3 months	47,951,438	20,124,119	46,626,520	19,824,562
3 – 6 months	53,132,130	11,663,970	51,232,586	11,648,534
6 – 12 months	67,627,398	37,502,447	66,513,742	36,340,129
Over 12 months	90,534,426	30,447,219	98,393,844	30,151,900
	<u>294,390,472</u>	<u>118,817,337</u>	<u>297,611,452</u>	<u>116,681,738</u>

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Performing	290,631,559	116,413,665	294,074,273	114,391,954
Non-performing - principal	3,038,795	1,862,707	2,844,328	1,788,756
- interest	720,118	540,965	692,851	501,028
	294,390,472	118,817,337	297,611,452	116,681,738
	294,390,472	118,817,337	297,611,452	116,681,738

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Number of days past due				
90-180	492,978	652,154	379,680	639,353
180-360	165,940	235,991	118,740	213,208
Over 360	3,099,995	1,515,527	3,038,759	1,437,223
	3,758,913	2,403,672	3,537,179	2,289,784
	3,758,913	2,403,672	3,537,179	2,289,784

4 Other facilities

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Unsecured	-	4,488,605	-	4,488,605
Less: 1% statutory general allowance	-	(44,886)	-	(44,886)
Balance, end of year	-	4,443,719	-	4,443,719
	-	4,443,719	-	4,443,719

During the period, the Afrexim facility granted to a customer and guaranteed by the Bank was repaid by the customer. The Bank's obligation as a guarantor has therefore been discharged.

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	4,488,605	4,505,911	4,488,605	4,505,911
Payments during the year	(4,488,605)	(17,306)	(4,488,605)	(17,306)
Balance, end of year	-	4,488,605	-	4,488,605

(c) The movement on general allowances for Afrexim loans during the year was as follows:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	44,886	45,059	44,886	45,059
Allowance no longer required	(44,886)	(173)	(44,886)	(173)
Balance, end of year	-	44,886	-	44,886

5 Advances under finance lease

Advances under finance lease comprise:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Gross investment in finance lease	20,522	-	20,522	-
Un-earned income	(2,246)	-	(2,246)	-
Net investment in finance lease	18,276	-	18,276	-
Less 1% general provision	(185)	-	(185)	-
Balance, end of year	18,091	-	18,091	-

6. Trading properties

This represents the purchase cost of a 99 less 1 year development lease on 231 apartments and 9 penthouses designated for resale to customers by GT Homes limited.

7. Other assets

(a) Other assets comprise:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Treasury bills on open buy back (see note 14(a))	74,510,000	34,200,000	74,510,000	34,200,000
Prepayments (See note (b) below)	6,120,595	4,108,854	5,978,193	3,960,943
Discount paid in advance	768,004	733,501	768,004	733,501
Due from local banks (see Note (c) below)	38,110	6,718,027	38,110	6,718,027
Interest receivable	1,613,414	1,240,962	3,049,763	1,150,933
Receivable from bond trading (see note (d) below)	4,056,719	-	4,056,719	-
Other accounts receivable	9,004,661	2,587,274	7,027,570	1,811,432
	<u>96,111,503</u>	<u>49,588,618</u>	<u>95,428,359</u>	<u>48,574,836</u>
Allowance on other assets (see (e) below)	<u>(1,008,917)</u>	<u>(412,755)</u>	<u>(981,367)</u>	<u>(402,990)</u>
	<u>95,102,586</u>	<u>49,175,863</u>	<u>94,446,992</u>	<u>48,171,846</u>

(b)(i) The analysis of prepayments is as follows:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Under one year	1,732,536	572,001	1,595,134	424,090
Over one year	4,388,059	3,536,853	4,383,059	3,536,853
	<u>6,120,595</u>	<u>4,108,854</u>	<u>5,978,193</u>	<u>3,960,943</u>

(ii) Operating lease

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:

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	Bank 2008	Bank 2007
	N'000	N'000
Operating leases which expire		
-within 5 years	200,103	112,681
-after 5 years	116,620	98,691
	316,723	211,372

- (c) Amounts represent receivables due from local banks for which Guaranty Trust Bank Plc acts as clearing and settlement bank. The receivables which, represents the overdrawn position of some of these banks are secured with treasury bills.
- (d) Amount represents receivable in respect of Federal Government of Nigeria's Bonds sold on forward contract at period end.
- (e) The movement on allowance for other assets during the year was as follows:

	Group 2008	Group 2007	Bank 2008	Bank 2007
	N'000	N'000	N'000	N'000
Balance, beginning of year	(412,755)	(395,833)	(402,990)	(392,804)
Allowance made during the year	(596,162)	(16,922)	(578,377)	(10,186)
Balance, end of year	(1,008,917)	(412,755)	(981,367)	(402,990)

8. Long-term investments

Long term investments comprise:

	Group 2008	Group 2007	Bank 2008	Bank 2007
	N'000	N'000	N'000	N'000
Investment in subsidiaries:				
GTB Gambia (see note (i) below)	-	-	561,147	267,451
GTB Sierra Leone (see note (ii) below)	-	-	597,038	242,588
GT Assurance Plc (see note (iii) below)	-	-	7,664,126	2,976,625
GTB Ghana (see note (iv) below)	-	-	1,046,710	1,046,710
GTB Finance B.V. (see note (v) below)	-	-	3,220	3,220
GTB Registrars (see note (vi) below)	-	50,000	50,000	50,000

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	Group 2008	Group 2007	Bank 2008	Bank 2007
	N'000	N'000	N'000	N'000
GT Homes Limited (see note (vii) below)	-	-	100,000	-
GTB UK Limited (see note (viii) below)	-	-	5,000,000	-
Other equity investments:				
- Kakawa Discount House Ltd	34,100	34,100	34,100	34,100
- Valucard Nigeria Plc	90,153	90,153	90,153	90,153
- Nigeria Automated Clearing System	47,547	47,547	47,547	47,547
- Afrexim	14,131	14,131	14,131	14,131
- ICHL Nigeria Limited	475,000	-	475,000	-
- Africa Finance Corporation	636,048	-	636,048	-
Small and medium industries investments (See note (ix) below)				
	3,576,508	2,991,509	3,576,508	2,991,509
- ARM Pension Managers Ltd	37,500	20,000	-	-
- Other diversified portfolio (see note (x) below)	23,844	585,868	-	-
Other investments:				
- Federal Government Bond	150,574	-	-	-
- Gratuity related investments (see note (xi) below)	2,323,093	2,369,153	2,323,093	2,369,153
	7,408,498	6,202,461	22,218,821	10,133,187
Less: Allowance for diminution in investments (see note (xii) below)	-	(25,500)	-	(25,500)
	7,408,498	6,176,961	22,218,821	10,107,687

- i. The Bank acquired 70% of the equity of GTB Gambia on 5 March 2002. The Bank's investment was increased by N70,887,000 (\$535,393.75) in December 2005, thus increasing the shareholding percentage to 78.12%. Additional investment of N293,697,000 (\$3,000,000) was made by way of right issue in December 2007, which increased the shareholding percentage to 78.29%.
- ii. This represents the Bank's 87.56% equity holding in GTB Sierra Leone.
- iii. This represents the Bank's 53.98% equity holding in Guaranty Trust Assurance Plc.
- iv. This represents the Bank's 70% equity holding in Guaranty Trust Bank Ghana.

- v. This represents the Bank's 100% holding of the equity of GTB Finance B.V., Netherlands. An obligation also exists between the Bank and GTB Finance B.V, for which GTB Finance B.V was expected to lend the Bank the sum of N307.870 million (\$2,608,000) as a share premium loan. The loan agreement between both parties however permits that the obligation of GTB Finance B.V. to grant the loan be set-off against the obligation of the Bank to repay the loan such that each party's obligation either as a Borrower or Lender is discharged. In view of this, no loan payable has been recognised in the Bank's financial statements.
- vi. This represents the Bank's 99.9% holding of the equity of GTB Registrars Limited acquired in May 2006.
- vii. This represents the Bank's 100% holding of the equity of GT Homes Limited. The Central Bank of Nigeria via a letter dated 29 February, 2008 approved additional investment of ₦2, 000,000,000. The amount was disbursed by the Bank in March 2008.
- viii. This represents the Bank's 100% holding of the equity of Guaranty Trust Bank (UK) Limited
- ix. This represents the Bank's investment made from funds set aside in the small scale industries reserve account (see note 19d). An additional investment of ₦664,999,000 and a sale of ₦80,000,000 was made during the year.

Details of the investment are as follows:

	Group 2008	Group 2007	Bank 2008	Bank 2007
	₦'000	₦'000	₦'000	₦'000
Forrilon Translantic Ltd.	580,851	580,851	580,851	580,851
Omatek Computers	24,000	104,000	24,000	104,000
Sokoa Chair Centre	61,288	61,288	61,288	61,288
Terra Kulture Ltd.	199,999	80,000	199,999	80,000
Hygeia HMO Ltd.	68,530	68,530	68,530	68,530
Tinapa Business Resort	500,000	500,000	500,000	500,000
Iscare Nigeria Limited	40,000	40,000	40,000	40,000
Ruqayya Integrated Farms	40,500	25,500	40,500	25,500
National Government Strategies	25,000	25,000	25,000	25,000
Interswitch Nigeria	20,840	20,840	20,840	20,840
Central Securities Clearing System	10,500	10,500	10,500	10,500
Patrick Speech & Language Centre Ltd.	30,000	30,000	30,000	30,000
Bookcraft Limited	20,000	20,000	20,000	20,000
3 Peat Investment Limited	600,000	600,000	600,000	600,000
Shonga F.H. Nigeria Limited	200,000	200,000	200,000	200,000
Safe Nigeria Ltd.	350,000	350,000	350,000	350,000
Credit Reference Company Nigeria Ltd.	40,000	10,000	40,000	10,000
Cards Technology Ltd.	265,000	265,000	265,000	265,000

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	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Thisday Events Center.	500,000	-	500,000	-
Allowance for diminution in investments (see note (xii) below)	-	(25,500)	-	(25,500)
	<u>3,576,508</u>	<u>2,966,009</u>	<u>3,576,508</u>	<u>2,966,009</u>

- x. This represents Guaranty Trust Assurance Plc's investment in stocks of various companies.
- xi. Amount represents the cost (Market value: N2,636,488,433.65) of gratuity related investments as at year end. The asset which consists of fixed income placements and marketable securities are held for the purpose of settling gratuity benefits of qualified staff of the Bank.
- xii. This represents provision on SME investments in Ruqaya Integrated Farms. The amount represents a transfer from SMEEIS reserve (see note 19d).
- xiii. The directors are of the opinion that the market value of long term investments is not lower than cost.

9. Deferred tax asset

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	28,769	-	-	-
Reversal during the year (see note (25))	(8,120)	-	-	-
Tax credit during the year	-	28,769	-	-
Balance, end of year	<u>20,649</u>	<u>28,769</u>	<u>-</u>	<u>-</u>

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Fixed assets	(1,521)	(7,349)	-	-
General allowances on loan losses	781	(4,299)	-	-
Tax carry-forwards	21,389	48,552	-	-
Other items	-	(8,135)	-	-
	<u>20,649</u>	<u>28,769</u>	<u>-</u>	<u>-</u>

10. Fixed assets

(a) Group

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

	Leasehold Improvements <u>Land and Buildings</u> ₦'000	Machinery & Equipment ₦'000	Computers & Accessories ₦'000	Furniture and Fittings ₦'000	Motor Vehicle ₦'000	Other Transportation Equipment ₦'000	Capital Work in Progress ₦'000	<u>Total</u> ₦'000
COST								
Balance, beginning of year	9,846,467	3,430,252	4,861,607	1,472,217	2,770,637	-	5,079,627	27,460,807
Exchange difference on translation of opening balances	(47,851)	(4,990)	(8,339)	(1,751)	1,790	-	(1,566)	(62,707)
Additions	1,324,047	755,998	2,131,620	635,228	1,014,580	2,545,136	8,708,641	17,115,250
Disposals	(242,688)	(35,236)	(34,778)	(12,616)	(273,763)	-	-	(599,081)
Transfers	2,489,671	642,690	206,238	110,231	-	-	(3,448,830)	-
	<u>13,369,646</u>	<u>4,788,714</u>	<u>7,156,348</u>	<u>2,203,309</u>	<u>3,513,244</u>	<u>2,545,136</u>	<u>10,337,872</u>	<u>43,914,269</u>
ACCUMULATED DEPRECIATION								
Balance, beginning of year	1,094,534	1,391,195	2,266,464	599,667	1,228,696	-	-	6,580,556
Exchange difference on translation of opening balances	116	1,426	1,409	(947)	1,905	-	-	3,909
Charge for the year	368,583	708,891	1,343,796	294,097	736,251	233,304	-	3,684,922
Disposals	(21,055)	(34,286)	(34,777)	(12,615)	(221,921)	-	-	(324,654)
Transfers	-	-	-	-	-	-	-	-
	<u>1,442,178</u>	<u>2,067,226</u>	<u>3,576,892</u>	<u>880,202</u>	<u>1,744,931</u>	<u>233,304</u>	<u>-</u>	<u>9,944,733</u>
NET BOOK VALUE								
End of year	<u>11,927,468</u>	<u>2,721,488</u>	<u>3,579,456</u>	<u>1,323,107</u>	<u>1,768,313</u>	<u>2,311,832</u>	<u>10,337,872</u>	<u>33,969,536</u>
Beginning of year	<u>8,751,933</u>	<u>2,039,057</u>	<u>2,595,143</u>	<u>872,550</u>	<u>1,541,941</u>	<u>-</u>	<u>5,079,627</u>	<u>20,880,251</u>

- i. Leased assets amount of N2,311,831,745 is included in other transportation equipment.
- ii. The Group had capital commitments of N 218,908,702 (2007: N668,155,573) as at the balance sheet date.

10. Fixed assets

(b) **Bank**

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

	Leasehold Improvements <u>Land and Buildings</u> N'000	Machinery & Equipment N'000	Computers & Accessories N'000	Furniture and Fittings N'000	Motor Vehicle N'000	Other Transportation Equipment N'000	Capital Work in Progress N'000	<u>Total</u> N'000
COST								
Balance, beginning of year	9,212,444	3,264,529	4,493,319	1,322,439	2,543,849	-	5,066,039	25,902,619
Additions	529,694	616,090	1,989,955	567,644	909,961	2,545,136	8,445,942	15,604,422
Disposals	(242,688)	(34,236)	(34,778)	(10,060)	(258,484)	-	-	(580,246)
Transfers	2,483,720	636,893	206,238	110,231	-	-	(3,437,082)	-
Balance, end of year	<u>11,983,170</u>	<u>4,483,276</u>	<u>6,654,734</u>	<u>1,990,254</u>	<u>3,195,326</u>	<u>2,545,136</u>	<u>10,074,899</u>	<u>40,926,795</u>
ACCUMULATED DEPRECIATION								
Balance, beginning of year	1,065,111	1,344,266	2,093,102	526,183	1,124,469	-	-	6,153,131
Charge for the year	342,135	665,612	1,250,811	265,203	672,021	233,304	-	3,429,086
Disposals	(21,055)	(33,319)	(34,778)	(10,059)	(208,672)	-	-	(307,882)
Balance, end of year	<u>1,386,191</u>	<u>1,976,559</u>	<u>3,309,136</u>	<u>781,327</u>	<u>1,587,818</u>	<u>233,304</u>	<u>-</u>	<u>9,274,335</u>
NET BOOK VALUE								
End of year	<u>10,596,979</u>	<u>2,506,717</u>	<u>3,345,598</u>	<u>1,208,927</u>	<u>1,607,508</u>	<u>2,311,832</u>	<u>10,074,899</u>	<u>31,652,460</u>
Beginning of year	<u>8,147,333</u>	<u>1,920,263</u>	<u>2,400,217</u>	<u>796,256</u>	<u>1,419,380</u>	<u>-</u>	<u>5,066,039</u>	<u>19,749,488</u>

- i. Leased assets amount of N2,311,831,745 is included in other transportation equipment.
- ii. The Bank had capital commitments of N218,908,702 (2007: N577,589,905) as at the balance sheet date.

11. Goodwill on consolidation

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	140,742	69,203	-	-
Goodwill arising during the year	25,690	16,880	-	-
Goodwill previously amortised now re-instated	-	54,659	-	-
Amortisation during the year	-	-	-	-
Balance, end of year	<u>166,432</u>	<u>140,742</u>	<u>-</u>	<u>-</u>

12. Deposits and other accounts

(a) Deposits and other accounts comprise:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Demand	190,656,571	138,668,861	186,649,847	135,179,536
Time	112,295,538	119,950,438	111,526,947	120,259,440
Savings	28,635,721	14,875,372	27,687,078	14,347,182
Domiciliary	33,053,068	21,006,214	31,142,256	21,006,214
	<u>364,640,898</u>	<u>294,500,885</u>	<u>357,006,128</u>	<u>290,792,372</u>
Due to local banks	-	45,018	-	-
	<u>364,640,898</u>	<u>294,545,903</u>	<u>357,006,128</u>	<u>290,792,372</u>

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Under 1 month	354,223,011	288,130,318	349,365,825	285,949,488
1 – 3 months	4,972,486	5,820,601	6,756,100	4,789,403
3 – 6 months	1,675,599	263,897	100	50,856
6 – 12 months	3,648,216	331,087	884,103	2,625
Over 12 months	121,586	-	-	-
	<u>364,640,898</u>	<u>294,545,903</u>	<u>357,006,128</u>	<u>290,792,372</u>

13. Taxation payable

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	3,486,165	2,206,703	3,332,773	2,171,208
Charge for the year: (See note (25))	4,468,136	2,552,288	4,048,167	2,410,469
Payments during the year	(2,103,103)	(1,272,826)	(1,862,959)	(1,248,904)
Balance, end of year	<u>5,851,198</u>	<u>3,486,165</u>	<u>5,517,981</u>	<u>3,332,773</u>

The current tax charge has been computed at the current company income tax rate of 30% (2007: 30%) on the profit for the year after adjusting for certain items of income and expenditure, which are not deductible or chargeable for tax purposes, plus 2% (2007: 2%) Education Levy for the year.

14. Other liabilities

(a) Other liabilities comprise:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Foreign currency denominated liabilities (see note 1 (d))	9,268,040	12,996,493	9,204,430	12,695,601
Secured buy back takings (see note 6 (a))	74,510,000	34,200,000	74,510,000	34,200,000
Due to other local banks (see note (b) below)	362,955	6,118	362,955	6,118
Certified cheques	15,166,598	11,205,109	15,035,121	11,109,538
Customers' deposits for forex	14,179	767,817	14,179	767,817
Unearned interest and discount	6,247,428	5,720,342	6,247,428	5,720,342
Interest payable	921,381	1,033,397	890,998	1,005,425
Gratuity provisions (see note (c) below)	1,204,806	984,806	1,204,806	984,806
Obligation under finance lease (see note(d) below)	2,350,447	-	2,350,447	-
Due to foreign banks (see note (e) below)	23,693,835	2,211,202	23,693,835	2,211,202
Other current liabilities	9,165,697	5,709,782	2,034,170	4,486,996
	<u>142,905,366</u>	<u>74,835,066</u>	<u>135,548,369</u>	<u>73,187,845</u>

(b) Amount represents the credit balances outstanding in favour of some banks for which the Bank acts as settlement bank.

(c) i. The movement on gratuity provision account during the year was as follows:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	984,806	644,563	984,806	644,563
Payments in the year	-	(9,757)	-	(9,757)
Charge for the year (see (ii) below)	220,000	350,000	220,000	350,000
Balance, end of year	<u>1,204,806</u>	<u>984,806</u>	<u>1,204,806</u>	<u>984,806</u>

ii. Gratuity provision represents the Bank's obligations to its employees under its gratuity scheme.

(d)(i) Obligation under finance lease

Obligations under the finance lease were as follows:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Within one year	608,534	-	608,534	-
Over one year				
- 2009	608,534	-	608,534	-
- 2010	608,534	-	608,534	-
- 2011	608,534	-	608,534	-
- 2012	608,533	-	608,533	-
- 2013	608,533	-	608,533	-
- 2014	50,727	-	50,727	-
	<u>3,701,929</u>	<u>-</u>	<u>3,701,929</u>	<u>-</u>
Less: Future interest	(1,351,482)	-	(1,351,482)	-
	<u>2,350,447</u>	<u>-</u>	<u>2,350,447</u>	<u>-</u>

(ii) Analysis of finance lease obligations during the year includes:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Gross obligation due	2,545,136	-	2,545,136	-
Repayments during the year	(194,689)	-	(194,689)	-
Balance, end of year	<u>2,350,447</u>	<u>-</u>	<u>2,350,447</u>	<u>-</u>

(e) Amount represents obligations in respect of various letters of credit settled by correspondent banks on behalf of the Bank's customers. The corresponding balance is included in loans and advances.

15. Deferred Taxation

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	1,086,322	1,087,290	1,071,027	1,144,411
Charge for the year (see note (25))	1,722,605	-	1,660,652	-
Reversal during the year	-	(968)	-	(73,384)
Balance, end of year	<u>2,808,927</u>	<u>1,086,322</u>	<u>2,731,679</u>	<u>1,071,027</u>

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

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Fixed assets	3,132,518	1,757,055	3,054,672	1,737,977
General provisions	(891,941)	(371,524)	(883,676)	(368,594)
Other assets	800,945	-	800,945	-
Gratuity provision	(361,442)	(295,442)	(361,442)	(295,442)
Unrealised gain on short term investments	124,094	-	124,094	-
Other provisions	4,753	(3,767)	(2,914)	(2,914)
	2,808,927	1,086,322	2,731,679	1,071,027

16. Dividend payable

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Balance, beginning of year	-	-	-	-
Interim dividend declared	3,419,854	2,000,000	3,419,854	2,000,000
Final dividend declared	4,000,000	4,200,000	4,000,000	4,200,000
Payment during the year	(7,419,854)	(6,200,000)	(7,419,854)	(6,200,000)
Balance, end of year	-	-	-	-

(b) On 26th of March, 2008 the board of directors, in pursuant to the power vested in it by the provision of S.379 of Companies and Allied Matters Act of Nigeria (CAMA) proposed a final dividend of 70k per share. (February 2007: 50k per share) from the retained profit account as at 29 February 2008 on the issued share capital of 13,679,415,650. (2007: 8,000,000,000) shares of 50k each subject to declaration by the shareholders at the next annual general meeting.

17. Long-term borrowings

(a) Long-term borrowings comprise:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Due to IFC (see note (c) (i) below	8,192,100	7,566,560	8,192,100	7,566,560
Due to FMO Netherlands (see note (c) (ii) below	2,340,600	2,564,917	2,340,600	2,564,917
Due to EIB (see note (c) (iii) below)	358,276	480,918	358,276	480,918
Due to ADB (see note (c) (iv) below)	4,291,100	2,564,927	4,291,100	2,564,927
Debt securities issued (see note (c) (v) below)	40,960,500	44,886,047	40,960,500	44,886,047
	<u>56,142,576</u>	<u>58,063,369</u>	<u>56,142,576</u>	<u>58,063,369</u>

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

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	58,063,369	9,237,585	58,063,369	9,237,585
Additions during the year	4,154,686	49,374,653	4,154,686	49,374,653
Payments during the year	(979,617)	(512,983)	(979,617)	(512,983)
Translation gain	(5,095,862)	(35,886)	(5,095,862)	(35,886)
Balance, end of year	<u>56,142,576</u>	<u>58,063,369</u>	<u>56,142,576</u>	<u>58,063,369</u>

(c) i. The amount of N8,192,100,000 (USD 70,000,000) represents outstanding balance of various facilities granted by IFC between March 2001 and January 2007 repayable over 7 to 10 years at interest rates varying from 2.75% to 4.75% above LIBOR rates.

(c) ii. The amount of N2,340,600,000 (USD 20,000,000) represents the dollar facility granted by FMO in December 2004 for a period of 4 years. The principal amount is repayable as a bullet payment after the tenor while interest is payable half yearly at 3% above LIBOR rates.

(c) iii. The amount of N358,276,000 (USD 3,061,406) represents the dollar facility granted by European Investment Bank (EIB) in June 2005 for a period of 4 years. The principal amount is repayable as a bullet payment after the tenor while interest is payable half yearly at 2.5% above LIBOR rates.

- (c)iv. The amount of N4,291,100,000 (USD 36,666,667) represents the outstanding balance of a dollar facility of \$40,000,000 granted by African Development Bank (ADB) in May 2006 for a period of 7years. 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.
- (c)v. The amount of N40,960,500,000 (USD 350,000,000) represents dollar guaranteed notes issued by GTB Finance B.V., Netherlands in January 2007 for a period of 5 years. Interest on the notes is payable semi-annually at 8.5% per annum plus arm's length margin of 10.7 basis points (0.107% per annum).

18. Share capital

	Group <u>2008</u> N'000	Group <u>2007</u> N'000	Bank <u>2008</u> N'000	Bank <u>2007</u> N'000
(a) Authorised				
15,000,000,000 Ordinary shares of 50k each (2007: 10,000,000,000 of 50k each)	7,500,000	5,000,000	7,500,000	5,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Bank at its seventeenth Annual General Meeting held on 24 May, 2007, increased its authorised share capital from N5 billion to N7.5billion by creation of additional 5 billion ordinary shares of 50k each, ranking pari passu in all respect with the existing ordinary shares of the Bank. Regulatory approvals have been obtained.

	Group <u>2008</u> N'000	Group <u>2007</u> N'000	Bank <u>2008</u> N'000	Bank <u>2007</u> N'000
(b)(i) Issued and fully paid				
13,679,415,650 Ordinary shares of 50k each (2007: 8,000,000,000 ordinary shares of 50k each)	6,839,708	4,000,000	6,839,708	4,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(ii) Issued and fully paid up shares comprise:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
10,975,696,920 ordinary shares of 50k each (February 2007: 8,000,000,000) (see note (iii) below)	5,487,848	4,000,000	5,487,848	4,000,000
2,703,718,730 ordinary shares (GDR) of 50k shares (February 2007: Nil) (see note (c) below)	1,351,860	-	1,351,860	-
Balance, end of year	<u>6,839,708</u>	<u>4,000,000</u>	<u>6,839,708</u>	<u>4,000,000</u>

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

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	4,000,000	3,000,000	4,000,000	3,000,000
Bonus shares capitalized (see note 19 (f))	1,000,000	1,000,000	1,000,000	1,000,000
Proceeds from GDR offer (see note (c) below)	1,351,860	-	1,351,860	-
Proceeds from GDR offer converted to ordinary shares (see note (e) below)	487,848	-	487,848	-
Balance, end of year	<u>6,839,708</u>	<u>4,000,000</u>	<u>6,839,708</u>	<u>4,000,000</u>

- (c) In July 2007, the Bank issued 73,588,313 units of Global Depository Receipt (GDR) to both foreign and local investors. The GDR was issued at \$11.2 per GDR and 1 GDR is equivalent to 50 units of the Bank's ordinary shares. Foreign investors subscribed to a total of 46,248,313 units of GDR, while local investors subscribed to a total of 27,340,000 units of the GDR. The net proceeds of ₦99,524,345,547 received by the Bank has been accounted for as follows:

	₦'000
Gross proceeds	103,996,181
Less: GDR issue expenses	(4,471,836)
	<hr/>
Net proceeds	99,524,345
Transfer to share capital account (see Note (b) (iii) above)	(1,351,860)
Transfer to share capital account (see Note (b) (iii) above)	(487,848)
Transfer to share premium account (see Note (f) below)	(97,684,637)
	<hr/>
	-
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- (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.
- (e) Amount represents shares originally issued as GDR, now converted to ordinary shares during the year.
- (f) The movement on share premium account during the year was as follows:

	Group 2008 ₦'000	Group 2007 ₦'000	Bank 2008 ₦'000	Bank 2007 ₦'000
Balance, beginning of year	21,391,928	21,391,928	21,391,928	21,391,928
Addition from GDR issue (see note (c) above)	97,684,637	-	97,684,637	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance, end of the year	119,076,565	21,391,928	119,076,565	21,391,928
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19. Other reserves

(a) Other reserves comprise:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Statutory reserve (see (b) below)	19,290,316	12,843,350	19,290,316	12,843,350
Retained profit (see (c) below)	9,179,185	3,941,844	9,926,779	4,000,000
Small Scale Industries (SSI) reserve (see (d) below)	5,297,904	4,197,910	5,297,904	4,197,910
Foreign currency translation reserve (see (e) below)	(296,604)	(50,914)	-	-
Bonus reserve (see (f) below)	621,792	1,000,000	621,792	1,000,000
Balance, end of the year	<u>34,092,593</u>	<u>21,932,190</u>	<u>35,136,791</u>	<u>22,041,260</u>

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

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	12,843,350	6,901,672	12,843,350	6,901,672
Transfer from profit and loss account	6,446,966	5,941,678	6,446,966	5,941,678
Balance, end of year	<u>19,290,316</u>	<u>12,843,350</u>	<u>19,290,316</u>	<u>12,843,350</u>

In accordance with existing legislation, the Bank transferred 30% (2007: 45.7%) of its profit after taxation to statutory reserves.

(c) The movement on the retained profit account during the year was as follows:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	3,941,844	1,137,126	4,000,000	1,229,847
Impact of SAS 23 adoption	-	4,200,000	-	4,200,000
Adjustments to reverse prior years' amortisation of goodwill	-	54,659	-	-
	<u>3,941,844</u>	<u>5,391,785</u>	<u>4,000,000</u>	<u>5,429,847</u>
Balance beginning of year	3,941,844	5,391,785	4,000,000	5,429,847
Transfer to dividend payable	(4,000,000)	(4,200,000)	(4,000,000)	(4,200,000)
Transfer from profit and loss account	9,237,341	2,750,059	9,926,779	2,770,153
	<u>9,179,185</u>	<u>3,941,844</u>	<u>9,926,779</u>	<u>4,000,000</u>
Balance, end of year	<u><u>9,179,185</u></u>	<u><u>3,941,844</u></u>	<u><u>9,926,779</u></u>	<u><u>4,000,000</u></u>

(d) The movement in Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserve account during the year was as follows:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	4,197,910	2,922,095	4,197,910	2,922,095
Transfer from profit and loss account	1,074,494	1,301,315	1,074,494	1,301,315
Provision for diminution in SMEEIS investments	-	(25,500)	-	(25,500)
Reversal of provision for diminution in SMEEIS investment	25,500	-	25,500	-
	<u>5,297,904</u>	<u>4,197,910</u>	<u>5,297,904</u>	<u>4,197,910</u>
Balance, end of year	<u><u>5,297,904</u></u>	<u><u>4,197,910</u></u>	<u><u>5,297,904</u></u>	<u><u>4,197,910</u></u>

The Bank voluntarily transferred 5% of its profit after taxation for year ended 29 February 2008 to Small Scale Industries reserves. This is subsequent to suspension of further appropriation by CBN during the Bankers Committee meeting in 2007.

- (e) The movement in foreign currency translation reserve during the year was as follows:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	(50,914)	(2,988)	-	-
Exchange difference on consolidation	(245,690)	(47,926)	-	-
Balance, end of year	<u>(296,604)</u>	<u>(50,914)</u>	<u>-</u>	<u>-</u>

- (f) The movement on the bonus reserve account during the year was as follows:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Balance, beginning of year	1,000,000	1,000,000	1,000,000	1,000,000
Bonus capitalised	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Transfer from profit and loss account	621,792	1,000,000	621,792	1,000,000
Balance, end of year	<u>621,792</u>	<u>1,000,000</u>	<u>621,792</u>	<u>1,000,000</u>

Subsequent to the balance sheet date, the Board of Directors has approved the transfer of N622 million from the Bank's profit for the year to issue bonus of 1 new ordinary share for every 11 ordinary shares held, subject to declaration by the shareholders at the Annual General Meeting.

20. Guarantees and other financial commitments

(a)(i) Contingent liabilities comprise:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Transaction-related bonds and guarantees (see note (a) (ii))	166,936,166	60,021,388	166,344,059	59,904,801
Guaranteed commercial papers and bankers acceptances	101,107,649	31,861,476	100,641,682	31,790,600
Commitments	55,025,587	21,301,810	55,025,587	21,301,810
Clean line facilities and irrevocable letters of credit	1,961,973	2,525,910	-	1,462,085
Treasury bills held on behalf of customers	204,010	482,144	85,885	451,599
Guaranteed facilities	365,021	89,503	365,021	89,503
	<u>325,600,406</u>	<u>116,282,231</u>	<u>322,462,234</u>	<u>115,000,398</u>

(a)(ii) N10,945,321,161 (February 2007: N5,489,004,510) out of the bonds and guarantees issued by the Bank were cash collateralised.

21. Interest and discount income

Interest and discount income was derived as follows:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Source				
Lending to financial institutions	2,779,112	1,146,419	2,683,511	1,063,423
Lending to non-bank customers	32,557,973	16,556,966	32,425,609	16,177,333
Interest income on trading and other securities	16,248,878	14,312,897	15,936,458	14,132,004
	<u>51,585,963</u>	<u>32,016,282</u>	<u>51,045,578</u>	<u>31,372,760</u>
	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Geographical location				
Earned in Nigeria	44,313,964	30,232,189	44,940,096	30,232,189
Earned outside Nigeria	7,271,999	1,784,093	6,105,482	1,140,571
	<u>51,585,963</u>	<u>32,016,282</u>	<u>51,045,578</u>	<u>31,372,760</u>

22. Interest expense

Interest expense comprises:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Source				
Borrowing from financial institutions	4,604,840	2,090,639	4,587,766	2,084,737
Borrowing from non-bank customers	11,537,361	11,155,533	11,163,219	10,989,668
Interest expense on securities trading	604,042	26,123	571,917	25,907
	<u>16,746,243</u>	<u>13,272,295</u>	<u>16,322,902</u>	<u>13,100,312</u>

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Geographical location				
Paid in Nigeria	13,047,542	11,241,617	13,047,542	11,241,617
Paid outside Nigeria	3,698,701	2,030,678	3,275,360	1,858,695
	<u>16,746,243</u>	<u>13,272,295</u>	<u>16,322,902</u>	<u>13,100,312</u>

23. Other income

(a) This comprises:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Foreign exchange earnings (see note (b) below)	252,298	812,173	(20,906)	676,908
Commissions and similar income	13,022,466	8,080,127	12,378,192	7,711,114
Other fees and charges	10,188,718	5,394,822	10,097,546	5,344,926
Operating lease income	-	1,532	-	1,532
Dividend income from equity investments	338,762	69,727	338,762	69,727
Investment income	1,312,503	385,916	-	-
Gain from sale of gratuity related investments	538,669	1,206,879	538,669	1,206,879
Premium on insurance contract (see note (c) below)	1,170,051	611,016	-	-
Revaluation gain on short term investments	413,646	-	413,646	-
	<u>27,237,113</u>	<u>16,562,192</u>	<u>23,745,909</u>	<u>15,011,086</u>

(b) Foreign exchange earnings comprise:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Foreign currency trading	1,897,338	881,595	1,624,134	746,330
Net translation difference	(1,645,040)	(69,422)	(1,645,040)	(69,422)
	<u>252,298</u>	<u>812,173</u>	<u>(20,906)</u>	<u>676,908</u>

(c) Premium on insurance contract comprises:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Gross premium	2,061,654	1,067,486	-	-
Outward insurance premium	(681,388)	(239,371)	-	-
Unexpired premium reserve	(210,215)	(217,099)	-	-
	<u>1,170,051</u>	<u>611,016</u>	<u>-</u>	<u>-</u>

24. Supplementary profit and loss information

(a) **General**

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

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Specific allowances on risk assets	2,486,876	522,830	2,404,070	512,740
General allowance on loans and finance leases	1,780,674	165,327	1,762,012	155,432
Allowance no longer required	(298,690)	(484,208)	(282,224)	(472,735)
Write back of general allowances				
- Other facilities	(44,886)	(173)	(44,886)	(173)
Loan amounts written off	10,043	49,387	6,286	49,387
	<u>3,934,017</u>	<u>253,163</u>	<u>3,845,258</u>	<u>244,651</u>

Depreciation				
- Fixed assets	3,684,922	2,307,099	3,429,086	2,126,795
- Equipment on lease	-	1,250	-	1,250
Auditor's remuneration	105,679	58,319	88,500	52,500
Provision for other assets	(596,162)	(16,922)	(578,377)	(10,186)
Gain on disposal of fixed assets	(82,410)	(35,332)	(80,706)	(34,720)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Auditor's remuneration represents payments for two audits of the Bank for the period ended 31 August 2007 and full year ended 29 February 2008 respectively.

(b) Analysis of operating expenses:

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Staff salaries and allowances	8,957,396	5,377,190	8,026,365	4,907,158
Depreciation	3,684,922	2,307,099	3,429,086	2,126,795
Repairs and maintenance	1,092,714	515,979	1,084,190	508,536
Insurance	107,494	79,692	138,810	92,348
Professional fees	335,706	114,064	225,720	110,057
Contract services	2,814,715	1,927,562	2,807,882	1,927,562
NDIC premium	1,678,727	1,183,914	1,678,727	1,183,914
Claims incurred on insurance contracts	362,742	125,779	-	-
NITDA Levy (See Note ii below)	273,439	-	273,439	-
Lease Finance Charge	393,553	-	393,553	-
Operating lease expenses				
-Bank premises	-	-	316,723	211,372
Other operating expenses	11,075,785	7,693,955	9,052,843	6,620,910
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>30,777,193</u>	<u>19,325,234</u>	<u>27,427,338</u>	<u>17,688,652</u>

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

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

	<u>Group</u> <u>2008</u> N'000	<u>Group</u> <u>2007</u> N'000	<u>Bank</u> <u>2008</u> N'000	<u>Bank</u> <u>2007</u> N'000
Wages and salaries	8,648,371	5,180,751	7,761,162	4,742,568
Other pension costs	309,025	196,439	265,203	164,590
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>8,957,396</u>	<u>5,377,190</u>	<u>8,026,365</u>	<u>4,907,158</u>

- (ii) The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. The law stipulates that “specified Companies Contribute 1% of their profit before tax (PBT) to the Nigerian IT development Fund, which will be managed by the Nigerian Information Technology Development Agency (NITDA). In line with the Act, the Company has provided for NITDA levy at the specified tax rate.

- (ii) The average number of persons in employment during the year was:

	<u>Group</u> <u>2008</u> Number	<u>Group</u> <u>2007</u> Number	<u>Bank</u> <u>2008</u> Number	<u>Bank</u> <u>2007</u> Number
Abuja and north central	91	81	91	81
North east division	67	68	67	68
North west division	57	48	57	48
South east division	84	76	84	76
South west division	84	75	84	75
Lagos division	280	119	141	119
Financial control & strategy	34	20	22	17
General services and external affairs	149	56	59	50
Institutional banking division	198	130	155	117
Commercial banking	11	-	-	-
Retail	261	187	226	187
Management and corporate services	53	37	35	35
Payment and settlement	268	190	235	184
Risk management	51	36	26	36
Systems and control	55	30	40	30
Transaction services group	727	722	572	494
Public Sector Group	7	-	-	-
	<u>2,477</u>	<u>1,875</u>	<u>1,894</u>	<u>1,617</u>

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

	<u>Group</u> <u>2008</u> ₦'000	<u>Group</u> <u>2007</u> ₦'000	<u>Bank</u> <u>2008</u> ₦'000	<u>Bank</u> <u>2007</u> ₦'000
₦ 720,001 - ₦ 740,000	410	83	-	-
₦ 830,001 - ₦ 840,000	36	-	-	-
₦ 930,001 - ₦ 980,000	10	30	-	-
₦1,100,001 - ₦1,260,000	25	13	-	13
₦1,270,001 - ₦1,280,000	6	-	-	-
₦1,300,001 - ₦1,310,000	-	-	-	-
₦1,310,001 - ₦1,340,000	15	-	13	-
₦1,340,001 - ₦1,400,000	-	2	-	2
₦1,400,001 - ₦2,050,000	57	19	2	-
₦2,190,001 - ₦2,330,000	11	469	-	469
₦2,330,001 - ₦2,840,000	515	-	510	-
₦2,840,001 - ₦3,000,000	7	6	-	-
₦3,130,001 - ₦3,830,000	6	485	-	484
₦3,830,001 - ₦4,530,000	535	1	532	-
₦4,530,001 - ₦5,930,000	349	420	348	420
₦6,300,001 - ₦6,800,000	201	80	200	80
₦6,800,001 - ₦7,300,000	-	-	-	-
₦7,300,001 - ₦7,800,000	99	53	99	52
₦7,800,001 - ₦8,600,000	-	-	-	-
₦8,600,001 - ₦11,800,000	115	58	112	58
Above ₦11,800,000	80	156	78	39
	<u>2,477</u>	<u>1,875</u>	<u>1,894</u>	<u>1,617</u>

(c) **Directors' remuneration**

Directors' remuneration was provided as follows:

	<u>2008</u> ₦'000	<u>2007</u> ₦'000
Fees as directors	11,200	5,600
Other emoluments	186,546	118,851
	<u>197,746</u>	<u>124,451</u>

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

	2008 N'000	2007 N'000
Chairman	6,569	5,969
Highest-paid director	56,627	29,795

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

	2008 Number	2007 Number
N3,000,001 - N3,500,000	-	-
N5,500,001 - N6,000,000	-	-
N6,000,001 - N6,500,000	-	5
N6,500,001 - N7,000,000	5	-
N11,000,001 - N11,500,000	-	-
N11,500,001 - N12,000,000	-	-
N12,000,001 - N12,500,000	-	-
N12,500,001 - N13,000,000	-	2
N13,000,001 - N13,500,000	-	1
Above N14,500,001	4	1
	9	9

25. Taxation charge

(a) The tax charge for the year comprises:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Company income tax	4,046,792	2,269,339	3,646,307	2,127,521
Education tax	421,344	282,948	401,860	282,948
	4,468,136	2,552,287	4,048,167	2,410,469
Prior year under-provision/ (over-provision)	-	(968)	-	-
Deferred tax (credit)/charge	1,722,605	(28,769)	1,660,652	(73,384)
Reversal during the year	8,120	-	-	-
	6,198,861	2,522,550	5,708,819	2,337,085

26. Earnings and dividend per share

Earnings and dividend per share have been computed based on profit after taxation and the weighted average number of Ordinary shares of 12,452,944,000 (February 2007: 8,000,000,000) in issue during the year; and on dividend and the number of shares qualifying for the dividend.

Adjusted earnings per share has been computed based on weighted average number of shares of 12,452,944,000 after taking into consideration the bonus issued during the year.

27. Net cash flow from operating activities

This comprises:

	Group 2008 N'000	Group 2007 N'000	Bank 2008 N'000	Bank 2007 N'000
Profit after tax	21,169,477	13,193,759	21,489,885	13,013,146
Add back: Taxation charge	6,198,861	2,522,550	5,708,819	2,337,085
Profit before tax	27,368,338	15,716,309	27,198,704	15,350,231
Minority interest	(369,030)	(200,707)	-	-
	26,999,308	15,515,602	27,198,704	15,350,231
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Depreciation of - Fixed assets	3,684,922	2,307,099	3,429,086	2,126,795
- Equipment on lease	-	1,250	-	1,250
(Gain)/loss on disposal of fixed assets	(82,410)	(35,332)	(80,706)	(34,720)
Exchange gain on long term borrowing	(5,095,862)	-	(5,095,862)	-
Adjustment of prior years' amortisation of goodwill to retained earnings	-	(54,659)	-	-
Allowance for bad and doubtful loans	3,934,017	737,371	3,845,258	717,386
Extra ordinary items	-	-	-	-
Provision for other assets	596,162	16,922	578,377	10,186
Dividend income from equity investments	(338,762)	(69,727)	(338,762)	(69,727)
Net adjustments to fixed assets	-	28	-	-
Net cash flow from operating activities before changes in operating assets	29,697,375	18,418,554	29,536,095	18,101,401

28. Changes in operating assets

This comprises:

	Group 2008 <u>N'000</u>	Group 2007 <u>N'000</u>	Bank 2008 <u>N'000</u>	Bank 2007 <u>N'000</u>
(Increase)/decrease in operating assets:				
Short-term investments	(17,068,571)	(31,519,189)	(14,649,607)	(29,879,755)
Loans and advances	(176,385,047)	(32,282,857)	(181,715,553)	(30,945,890)
Advances under finance leases	(18,276)	-	(18,276)	-
Other assets	(46,522,885)	(34,546,286)	(46,853,523)	(33,873,581)
Other facilities	4,488,605	17,306	4,488,605	17,306
Goodwill arising during the year	(25,690)	(16,880)	-	-
Goodwill previously amortised now re-instated	-	(54,659)	-	-
Foreign currency translation reserve	(250,518)	1,565	-	-
Minority interest	740,158	2,562,773	-	-
Increase/(decrease) in operating liabilities:				
Deposits and other accounts	70,094,995	78,772,188	66,213,756	77,958,602
Other liabilities	65,914,542	39,993,838	60,204,766	38,645,707
Obligation under finance lease	2,350,447	-	2,350,447	-
	<u>(96,682,240)</u>	<u>22,927,799</u>	<u>(109,979,385)</u>	<u>21,922,389</u>

29. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Business segments charge and earn interest among themselves on a transfer pricing arrangement to reflect the allocation of assets and liabilities.

Business Segments

The Group operates the following main business segments:

- Corporate Banking - Includes loans, deposits and other transactions and balances with corporate customers
- Commercial Banking - Includes loans, deposits and other transactions and balances with medium-sized companies
- Retail Banking - Includes loans, deposits and other transactions and balances with retail and public sector customers
- Insurance - Includes insurance transactions with individual and corporate customers.

Business reporting

(a) Business segments:

	Corporate Banking N'000	Retail N'000	Commercial Banking N'000	Insurance N'000	Total N'000
Revenue:					
Derived from external customers	41,898,122	21,435,958	12,927,089	2,564,622	78,825,791
Derived from other business segments	(7,278,508)	4,033,339	3,245,169	-	-
Total Revenue	34,619,614	25,469,297	16,172,258	2,564,622	78,923,791
Interest Expenses	(8,058,381)	(5,285,008)	(3,402,854)	-	(16,746,243)
	26,561,233	20,184,289	12,769,404	2,564,622	62,079,548
Expense:					
Operating Expenses	5,670,315	15,537,358	4,450,461	1,434,137	27,092,271
Loan Loss Expenses	2,534,846	610,479	788,692	-	3,934,017
Depreciation	581,965	2,232,346	804,067	66,544	3,684,922
Total Cost	8,787,126	18,380,183	6,043,220	1,500,681	34,711,210
Profit on Ordinary Activities before Taxation	17,774,107	1,804,106	6,726,184	1,063,941	27,368,338
Assets and Liabilities:					
Total Assets	377,024,838	178,344,321	169,372,031	10,951,716	735,692,906
Total Liabilities	252,426,172	235,579,400	82,638,346	1,677,286	572,321,204
Net Assets	124,598,666	(57,235,079)	86,733,685	9,274,430	163,371,702

(b) Geographical:

	Nigeria N'000	Rest of west Africa N'000	Europe N'000	Total N'000
Revenue	76,624,256	2,166,318	35,217	78,825,791
Interest Expenses	(16,324,663)	(458,833)	(37,253)	(16,746,243)
Net revenue	60,299,593	1,707,485	(2,036)	62,079,548
Expense:				
Operating Expenses	25,456,225	1,360,924	275,122	27,092,271
Loan Loss Expenses	3,845,258	88,759	-	3,934,017
Depreciation	3,508,695	176,227	-	3,684,922
Total Cost	32,810,178	1,625,910	275,122	34,711,210
Profit on Ordinary Activities before Taxation	27,489,415	81,575	(277,158)	27,368,338
Assets and Liabilities:				
Total Assets	673,122,334	16,283,654	46,286,918	735,692,906
Total Liabilities	517,113,377	12,405,207	42,802,620	572,321,204
Net Assets	156,008,957	3,878,447	3,484,298	163,371,702

30. Related party transactions:

During the period, the Bank granted various credit facilities to companies whose directors are also directors of Guaranty Trust Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦8,112,727,820 (2007: ₦1,447,464,000) were outstanding on these various facilities at the end of the year, all of which were classified as performing.

31. Claims and Litigation

The Bank in its ordinary course of business is presently involved in 82 cases as a defendant and 33 cases as a plaintiff. The total amount claimed in the 82 cases against the Bank is estimated at ₦3,974,660,888.81 and \$43,862,000 while the total amount claimed in the 32 cases instituted by the Bank is ₦710,300,178.68. However, the Solicitors of the Bank are of the opinion that the contingent liability arising from the cases pending against the Bank is not likely to exceed ₦46,445,737.79. The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Bank and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

32. Contraventions

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

(a)	Section of BOFIA	Nature of Contravention	Penalties ₦'000
	21(2)	Acquisition of a Mortgage Bank before obtaining CBN's approval	2,000
		Construction of branch before obtaining CBN approval	2,000
	60(1)	Misclassification of returns	2,000

33. Prior year corresponding balances

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

Value Added Statement

For the year ended 29 February 2008

Group

	<u>2008</u>	%	<u>2007</u>	%
	N'000		N'000	
Gross earnings	78,825,791		49,051,209	
Interest expense:				
- Local	(13,047,542)		(11,241,617)	
- Foreign	(3,698,701)		(2,030,678)	
	<u>62,079,548</u>		<u>35,778,914</u>	
Loan loss expense	(3,934,017)		(737,371)	
	<u>58,145,531</u>		<u>35,041,543</u>	
Bought-in materials and services				
- Local	(16,871,375)		(10,465,216)	
- Foreign	(1,263,500)		(1,174,480)	
Value added	<u>40,010,656</u>	100	<u>23,401,847</u>	100
Applied to pay:				
Employees as wages, salaries and pensions	8,957,396	22	5,377,190	23
Government as taxes	6,198,861	16	2,522,550	11
Shareholders' dividend	7,419,854	19	6,200,000	26
Retained in business:				
Depreciation - Fixed assets	3,684,922	9	2,307,099	10
- Equipment on lease	-	-	1,250	0
Profit for the year (including minority interest, statutory and bonus shares reserves)	<u>13,749,623</u>	34	<u>6,993,758</u>	30
	<u>40,010,656</u>	100	<u>23,401,847</u>	100

Value Added Statement

For the year ended 29 February 2008

Bank

	<u>2008</u>	%	<u>2007</u>	%
	N'000		N'000	
Gross earnings	74,794,202		46,856,581	
Interest expense:				
- Local	(13,047,542)		(11,241,617)	
- Foreign	(3,275,360)		(1,858,695)	
	<u>58,471,300</u>		<u>33,756,269</u>	
Loan loss expense	(3,845,258)		(717,386)	
	<u>54,626,042</u>		<u>33,038,883</u>	
Bought-in materials and services:				
- Local	(15,597,324)		(10,465,216)	
- Foreign	(374,563)		(188,233)	
Value added	<u>38,654,155</u>	<u>100</u>	<u>22,385,434</u>	<u>100</u>
Applied to pay:				
Employees as wages, salaries and pensions	8,026,365	21	4,907,158	22
Government as taxes	5,708,819	15	2,337,085	10
Shareholders as dividend	7,419,854	19	6,200,000	28
Retained in the business:				
Depreciation - Fixed asset	3,429,086	9	2,126,795	10
- Equipment on lease	-		1,250	0
Profit for the year (including minority interest, statutory and bonus shares reserves)	<u>14,070,031</u>	<u>36</u>	<u>6,813,146</u>	<u>30</u>
	<u>38,654,155</u>	<u>100</u>	<u>22,385,434</u>	<u>100</u>

Five - Year Financial Summary Group

	2008	2007	2006	2005	2004
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and short-term funds	119,206,071	127,381,363	74,039,147	47,471,360	31,999,263
Short term investments	179,585,974	162,517,402	104,671,366	44,559,224	33,192,929
Loans and advances	288,152,339	115,746,009	84,200,695	65,515,276	44,031,308
Other facilities	-	4,443,719	4,460,852	-	-
Advances under finance lease	18,091	-	-	920	5,682
Trading properties	12,062,730	-	-	-	-
Other assets	95,102,586	49,175,863	17,015,652	16,161,832	15,224,341
Long term investments	7,408,498	6,176,961	11,852,571	3,159,693	3,663,846
Deferred tax asset	20,649	28,769	-	-	-
Equipment on lease	-	-	1,250	241,967	1,229,433
Fixed assets	33,969,536	20,880,251	12,100,006	7,940,279	4,387,262
Goodwill on consolidation	166,432	140,742	69,203	100,692	101,051
Total assets	735,692,906	486,491,079	308,410,742	185,151,243	133,835,115
LIABILITIES					
Deposits and other accounts	364,640,898	294,545,903	215,773,715	97,444,855	75,282,897
Other facilities	-	4,488,605	4,505,911	-	-
Other liabilities, including tax and dividend payable (restated)*	151,565,491	79,407,553	38,135,221	44,123,313	41,683,039
Long term borrowings	56,142,576	58,063,369	9,237,585	6,909,788	3,525,804
Total liabilities	572,348,965	436,505,430	267,652,432	148,477,956	120,491,740
Net assets	163,343,941	49,985,649	40,758,310	36,673,287	13,343,375
CAPITAL AND RESERVES					
Share capital	6,839,708	4,000,000	3,000,000	3,000,000	1,500,000
Share premium	119,076,565	21,391,928	21,391,928	21,391,928	2,172,666
Other reserves (restated)*	34,092,593	21,932,190	16,157,905	11,951,256	9,431,740
SHAREHOLDERS' FUND	160,008,866	47,324,118	40,549,833	36,343,184	13,104,406
Minority Interest	3,335,075	2,661,531	208,477	330,103	238,969
	163,343,941	49,985,649	40,758,310	36,673,287	13,343,375
Gross earnings	78,825,791	49,051,209	33,614,668	25,458,623	18,917,299
Profit on ordinary activities before taxation	27,368,338	15,716,309	10,488,558	7,257,814	5,172,682
Taxation	(6,198,861)	(2,522,550)	(2,181,780)	(1,824,066)	(1,046,850)
Profit on ordinary activities after taxation	21,169,477	13,193,759	8,306,778	5,433,748	4,125,832
Extra-ordinary income	-	-	283,487	-	-
Profit after taxation and extraordinary income	21,169,477	13,193,759	8,590,265	5,433,748	4,125,832
Minority Interest	(369,030)	(200,707)	(44,269)	(72,180)	(47,515)
Profit attributable to Group shareholders	20,800,447	12,993,052	8,545,996	5,361,568	4,078,317
Earnings per share (Unadjusted)	167K	162K	142K	112K	138K
Declared Dividend per share**	75K	103K	70K	62K	60K

* Restated to account for the retrospective adoption of SAS 23 (Note 16 to the financial statements)

** Declared dividend represents the interim dividend declared and paid during the year plus the final dividend proposed for the preceding year but declared during the current year.

Five - Year Financial Summary Bank

	2008	2007	2006	2005	2004
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and short-term funds	103,519,908	122,228,115	72,305,298	46,293,166	30,861,568
Short term investments	174,612,748	159,963,141	103,806,539	28,477,211	20,417,590
Loans and advances	291,530,777	113,705,183	83,476,852	65,035,248	43,675,606
Other facilities	-	4,443,719	4,460,852	-	-
Advances under finance lease	18,091	-	-	920	5,682
Other assets	94,446,992	48,171,846	16,677,604	16,593,043	15,788,347
Long term investments	22,218,821	10,107,687	12,622,734	3,856,213	3,697,206
Equipment on lease	-	-	1,250	241,967	1,229,433
Fixed assets	31,652,460	19,749,488	11,729,436	7,399,936	4,022,808
Total assets	717,999,797	478,369,179	305,080,565	167,897,704	119,698,240
LIABILITIES					
Deposits and other accounts	357,006,128	290,792,372	212,833,770	95,563,587	74,222,497
Other facilities	-	4,488,605	4,505,911	-	-
Other liabilities, including tax and dividend payable (restated)*	143,798,029	77,591,645	37,857,757	29,256,293	28,981,961
Long term borrowings	56,142,576	58,063,369	9,237,585	6,909,788	3,525,804
Total liabilities	556,946,733	430,935,991	264,435,023	131,729,668	106,730,262
Net assets	161,053,064	47,433,188	40,645,542	36,168,036	12,967,978
CAPITAL AND RESERVES					
Share capital	6,839,708	4,000,000	3,000,000	3,000,000	1,500,000
Share premium	119,076,565	21,391,928	21,391,928	21,391,928	2,172,666
Other reserves (restated)*	35,136,791	22,041,260	16,253,614	11,776,108	9,295,312
SHAREHOLDERS' FUND	161,053,064	47,433,188	40,645,542	36,168,036	12,967,978
Gross earnings	74,794,202	46,856,581	31,970,318	23,833,771	18,053,377
Profit on ordinary activities before taxation	27,198,704	15,350,231	10,024,936	7,004,243	5,029,725
Taxation	(5,708,819)	(2,337,085)	(2,119,430)	(1,673,447)	(973,168)
Profit on ordinary activities after taxation	21,489,885	13,013,146	7,905,506	5,330,796	4,056,557
Extra-ordinary income	-	-	772,000	-	-
Profit after taxation and extraordinary income	21,489,885	13,013,146	8,677,506	5,330,796	4,056,557
Earnings per share (Unadjusted)	173K	163K	145K	110K	135K
Declared Dividend per share**	75K	103K	70K	62K	60K

* Restated to account for the retrospective adoption of SAS 23 (Note 16 to the financial statements)

** Declared dividend represents the interim dividend declared and paid during the year plus the final dividend proposed for the preceding year but declared during the current year.