



Guaranty Trust Bank (Ghana) Ltd
RC C-68,758

GUARANTY TRUST BANK (GHANA) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

TABLE OF CONTENTS

	P a g e
Board of Directors, Officials and Registered Office	2
Report of Board of Directors	3
Report of the Audit Committee	5
Corporate Governance	6
Independent Auditor's Report	9
Statement of Comprehensive Income	11
Statement of Changes in Equity	12
Statement of Financial Position	13
Statement of Cash Flows	14
Notes to the Financial Statements	15

GUARANTY TRUST BANK (GHANA) LIMITED
BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

Board of Directors	Alhaji Yusif Ibrahim (Chairman) Olutayo Aderinokun Olusegun Agbaje Emmanuel Offei Herbert Osei-Baidoo Demola Odeyemi Oludolapo Ogundimu (Managing Director)
Secretary	Iris Richter-Addo
Auditor	KPMG 13 Yiyiwa Drive, Abelenkpe P.O. Box GP242 Accra
Registered Office	Guaranty Trust Bank (Ghana) Limited 25A Castle Road, Ambassadorial Area, Ridge PMB CT 416, Cantonments Accra, Ghana

**REPORT OF THE DIRECTORS TO THE MEMBERS OF
GUARANTY TRUST BANK (GHANA) LIMITED**

The directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2010 report as follows:

Directors Responsibility Statement

The Bank's directors are responsible for the preparation and fair presentation of the financial statements comprising the statement of financial position at 31 December 2010, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Code 1963 (Act 179), the Banking Act, 2004 (Act 673) (As Amended).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial reports that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Financial Report and Dividend

	GH¢
Profit for the year ended 31 December 2010 before taxation is	16,777,529
from which is deducted taxation of	(5,093,794)

giving a profit for the year after taxation of	11,683,735
less transfer to statutory reserve fund and other reserves of	(4,820,178)

leaving a balance	6,863,557
when netted off against balance brought forward on retained earnings of	2,484,123

leaving a balance of	9,347,680
less dividend paid of	(2,452,722)

leaves a balance of	6,894,958
	=====

The board of directors declared and shareholders approved dividend per share of Ghana Cedis 0.0010 (2009: GH¢ 0.00035) amounting to GH¢ 6,863,557 (2009: GH¢2,452,722) in respect of 2010.

**REPORT OF THE DIRECTORS TO THE MEMBERS OF
GUARANTY TRUST BANK (GHANA) LIMITED - (CONT'D)**

Nature of Business

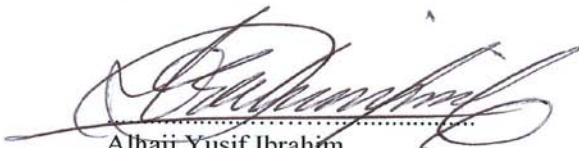
The Bank is licensed to carry out universal banking business in Ghana, and there was no change in the nature of the Bank's business during the year.

Holding Company

The Bank is a subsidiary of Guaranty Trust Bank Plc, a company incorporated in the Federal Republic of Nigeria and licensed to carry out universal banking business.

Approval of the Financial Statements

The financial statements of the Bank were approved by the board of directors on **24 February 2011** and are signed on their behalf by:


Alhaji Yusif Ibrahim
Chairman


Oludolapo Ogundimu
Managing Director

ACCRA

24TH FEB., 2011

GUARANTY TRUST BANK (GHANA) LIMITED
REPORT OF THE AUDIT COMMITTEE

In accordance with corporate governance best practices, the members of the Audit Committee of Guaranty Trust Bank (Ghana) Limited hereby report as follows:

We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2010 were satisfactory and reinforced the Bank's internal control system.

We are satisfied that the bank has complied with the provisions of Bank of Ghana's Circular BSD/108/2010 "International Financial Reporting Standards (IFRS) Implementation" and hereby confirm that an aggregate amount of GH¢508,568 (2009: GH¢1,530,257) was outstanding as at 31 December 2010 in relation to differences in provisions loans and advances under International Financial Reporting Standard (IFRS) and Bank of Ghana Guidelines.

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 response thereon and with the effectiveness of the Bank's system of accounting and internal control.

J. K. Agbaje

Mr. Segun Agbaje
Chairman, Audit Committee

ACCRA

24TH FEB, 2011

GUARANTY TRUST BANK (GHANA) LIMITED
CORPORATE GOVERNANCE

Strict adherence to good Corporate Governance and international best practices remains high on the agenda of Guaranty Trust Bank (Ghana) Limited. As such, the Bank is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place to facilitate best practices for the Board of Directors and senior management in order to maximize stakeholder value.

There are currently three (3) main committees through which the Board of Directors discharges its functions; Board Audit Committee, Board Credit Committee and the Board Credit Examiners Committee.

In addition to the Board Committees, there are Management Committees to ensure effective and good corporate governance at the Management level.

1. Board of Directors

The 7-member Board of Directors of Guaranty Trust Bank (Ghana) Limited is composed of a non-executive Chairman, with 1 Executive Director and 5 non executive directors, each bringing diverse but rich experience, with enviable records of achievement in their various fields of endeavour. The Directors possess the requisite skills and experience, integrity and business acumen to bring independent judgment to bear on board deliberations for the good of the Bank.

The roles of the Chairman and Managing Director/CEO are separate. The Chairman of the Board shall not serve simultaneously as Chairman/member of any of the Board Committees.

No two members of the same extended family shall occupy the position of Chairman and that of Managing Director or Executive Director of the Bank at the same time.

The Board is responsible for determining strategic objectives and policies of the Bank to deliver such long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. It ensures that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

The Board is also responsible for ensuring that Management maintains a system of internal control, which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulations.

1.1 Board Audit Committee

This Committee is made up of three (3) Non-Executive Directors and the Head of Systems & Control while the Bank's Secretary serves as the secretary to the Committee.

It is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors.

The Audit Committee is responsible for the review of the integrity of the Bank's financial reporting and oversee the independence and objectivity of the external auditors.

GUARANTY TRUST BANK (GHANA) LIMITED
CORPORATE GOVERNANCE - (CONT'D)

1.1 Board Audit Committee – (Cont'd)

The internal and external auditors have unrestricted access to the Committee to ensure their continued independence. The Committee also seeks for explanations and additional information, where relevant, from the internal and external auditors.

Meetings are held on a quarterly basis. Other members of management may be invited to the Committee's meetings as and when appropriate. A report is provided to the full Board at each sitting.

1.2 Board Credit Committee

This Committee is responsible for review of all credits granted by the Bank and approves specific loans and credit related proposals beyond the Management Credit Committee's authority limit as may be defined from time to time by the Board.

The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets.

To facilitate the expeditious review of credits falling within the Credit Committee' approval limit, credits are circulated amongst members for consideration and approval.

1.3 Board Credit Examiners' Committee

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

It also reviews and recommends to the Board of Directors, significant revision to the Bank's credit policies as well as credit management structure including the establishment of authority limits.

The Committee presents reports to the Board at its quarterly meetings.

2. Management Committees

These are Committees comprising of senior management of the Bank. The Committees are risk driven as they are basically set up to identify, analyse and make recommendations on risks arising from the 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 key Management Committees in the Bank are:

- Management Credit Committee;
- Criticised Assets Committee;
- Assets and Liability Committee; and
- IT Steering Committee.

GUARANTY TRUST BANK (GHANA) LIMITED
CORPORATE GOVERNANCE - (CONT'D)

2.1 Management Credit Committee (MCC)

This is the Committee responsible for ensuring that the Bank complies fully with the Credit Policy Guide as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee. This Committee reviews and approves credit facilities to individual obligors not exceeding, in aggregate, a sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval level of the Managing Director as determined by the Board. The Committee meets at least once a week or once a fortnight depending on the number of credit applications to be considered.

The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of performance is carried out. The Secretary of the committee is the Head of Credit Administration Unit of the Bank.

2.2 Criticised Assets Committee (CAC)

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 Managing Director, General Manager, and other relevant Senior Management Staff of the Bank.

2.3 Assets and Liability Committee (ALCO)

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

The members of the Committee include the Managing Director, General Manager, the Treasurer, Head, Risk Management Group, the Head, Currency Trading Unit and relevant Management Staff of the Bank.

2.4 IT Steering Committee

The IT Steering Committee is responsible for the review of technology deployments in the Bank, planning of new IT products and the review of developments in the Technology industry.

The Committee is chaired by the Managing Director and has the Head of Technology Unit as the Secretary. Other members include; the General Manager, the Group Head, Commercial Banking, the Group Head, Retail and Consumer Banking, Head of E-Settlement Unit, Head of SYSCON, Head of Consumer Banking Unit, Head of Retail Banking Unit and the Heads of Transaction Services and Domestic Operations Units.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (GHANA) LIMITED**

Report on the Financial Statements

We have audited the financial statements of Guaranty Trust Bank (Ghana) Limited which comprise the statement of financial position as at 31 December 2010, the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 58.

Directors' Responsibility for the Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179), the Banking Act, 2004 (Act 673) (As Amended) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 management, 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (GHANA) LIMITED – (CONT'D)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Guaranty Trust Bank (Ghana) Limited at 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179), the Banking Act, 2004 (Act 673) (As Amended).

Other Matters

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 and fifth Schedule of the Companies Code, 1963 (Act 179) (As Amended).

In our opinion, proper books of account have been kept and the statements of financial position, comprehensive income and changes in equity are in agreement with the books of account.

The Bank's transactions were within its powers, and the Bank complied with the relevant provisions of the Banking Act, 2004 (Act 673) (As Amended).

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**CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELINKPE
P. O. BOX GP 242
ACCRA, GHANA**

24 February....., 2011

GUARANTY TRUST BANK (GHANA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

In Ghana Cedis

	<i>Note</i>	2010	2009
Interest Income	8	50,723,964	43,208,605
Interest Expense	8	(18,424,129)	(14,694,395)
Net Interest Income		32,299,835	28,514,210
Fee and Commission Income	9	11,904,395	5,401,101
Trading Income	10	4,442,534	4,975,146
Other Operating Income	11	58,694	4,399
Operating Income		48,705,458	38,894,856
Impairment Loss	20	(4,120,223)	(2,258,002)
Personnel Expenses	12	(10,876,682)	(8,710,059)
Operating Lease Expense	13, 32	(1,521,287)	(810,822)
Depreciation and Amortisation	24	(2,678,737)	(1,563,989)
Other Operating Expenses	14	(12,731,000)	(8,572,848)
Profit before Income Tax		16,777,529	16,979,136
Income Tax Charge	15	(5,093,794)	(4,817,138)
Profit After Income Tax		11,683,735	12,161,998
Total Income Attributable to:			
Equity Holders of the Bank		11,683,735	12,161,998
Basic Earnings per Share (Ghana Cedi per share)	16	0.00167	0.00174
Diluted Earnings per Share (Ghana Cedi per share)	16	0.00167	0.00174

The notes on pages 15 to 58 are an integral part of these financial statements.

GUARANTY TRUST BANK (GHANA) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

In Ghana Cedis

	Stated Capital	Credit Risk Reserve	Statutory Reserve	Retained Earnings	Total
Balance at 1 January 2010	76,228,261	1,530,258	7,956,376	2,484,123	88,199,018
Profit for the year	-	-	-	11,683,735	11,683,735
Transfer to Statutory Reserve	-	-	5,841,868	(5,841,868)	-
Transfer from Credit Risk Reserve	-	(1,021,690)	-	1,021,690	-
Dividend Declared	-	-	-	(2,452,722)	(2,452,722)
Balance at 31 December 2010	76,228,261	508,568	13,798,244	6,894,958	97,430,031
Balance at 1 January 2009	10,142,707	651,954	1,875,377	(2,718,572)	9,951,466
Profit for the year	-	-	-	12,161,998	12,161,998
Transfer to Statutory Reserve	-	-	6,080,999	(6,080,999)	-
Transfer to Credit Risk Reserve	-	878,304	-	(878,304)	-
Issue of Shares	66,085,554	-	-	-	66,085,554
Balance at 31 December 2009	76,228,261	1,530,258	7,956,376	2,484,123	88,199,018

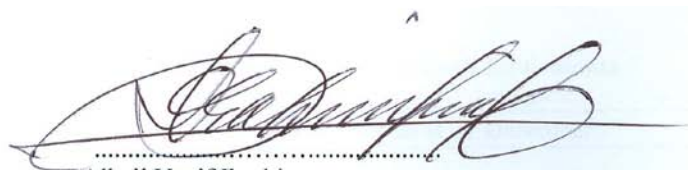
The notes on pages 15 to 58 are an integral part of these financial statements.

GUARANTY TRUST BANK (GHANA) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

In Ghana Cedis

	<i>Note</i>	2010	2009
Assets			
Cash and Cash Equivalents	7, 17	37,533,080	19,563,901
Pledged Assets	7, 18	59,281,366	35,261,780
Due from Banks and Financial Institutions	4, 7, 17	100,015,735	64,432,387
Loans and Advances to Customers	4, 7, 19	137,160,748	107,280,935
Investment Securities	4, 7, 21	57,014,671	36,914,191
Property and Equipment	22	16,623,914	14,594,726
Intangible Assets	23	246,836	179,471
Deferred Tax Asset	25	103,571	-
Other Assets	26	6,919,963	7,596,235
Total Assets		414,899,884	285,823,626
Liabilities			
Deposits	4, 7, 27	286,891,866	179,980,817
Guarantee Contract Liabilities	28	189,945	493,306
Current Tax Liabilities	15	600,180	4,818,472
Deferred Tax Liabilities	25	-	58,264
Other Liabilities	29	8,450,109	12,273,749
Medium Term Loan	34(ii)	21,337,753	-
Total Liabilities		317,469,853	197,624,608
Equity			
Stated Capital	30	76,228,261	76,228,261
Credit Risk Reserve	30a	508,568	1,530,258
Statutory Reserve	30b	13,798,244	7,956,376
Retained Earnings		6,894,958	2,484,123
Total Equity Attributable to Equity Holders of the Bank		97,430,031	88,199,018
Total Liabilities and Equity		414,899,884	285,823,626

The notes on pages 15 to 58 are an integral part of these financial statements.


 Alhaji Yusif Ibrahim
 Chairman


 Oludolapo Ogundimu
 Managing Director

GUARANTY TRUST BANK (GHANA) LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31 December

<i>In Ghana Cedis</i>	<i>Note</i>	2010	2009
Cash Flows from Operating Activities			
Profit before Tax		16,777,529	16,979,136
Adjustments for:			
Depreciation and Amortization	24	2,678,737	1,543,989
Impairment on Loans and Advances	20	4,120,223	2,258,002
Profit on Disposal of Property and Equipment	11	(58,694)	(4,399)
		23,517,795	20,776,728
Change in Pledged Assets		(24,019,586)	(25,621,780)
Change in Loans and Advances		(34,000,036)	(68,380,050)
Change in Investment Securities		(20,100,480)	23,287,807
Change in Other Assets		676,272	(1,926,706)
Change in Deposits from Customers		106,911,049	88,745,537
Change in Other Liabilities		(3,823,640)	6,426,521
Change in Guarantee Contract Liabilities		(303,361)	459,011
		48,858,013	43,767,068
Income Tax Paid	15	(9,473,920)	(838,969)
Net Cash from Operating Activities		39,384,093	42,928,099
Cash Flows from Investing Activities			
Purchase of Property and Equipment	22	(4,638,066)	(7,596,165)
Proceeds from Sale of Property and Equipment		76,001	5,444
Purchase of Intangible Assets	23	(154,532)	(61,434)
Net Cash from Investing Activities		(4,716,597)	(7,652,155)
Cash Flows from Financing Activities			
Deposit for Shares		-	(66,085,554)
Proceeds from Issue of Shares		-	66,085,554
Proceeds from Medium Term Loan		21,337,753	-
Dividend Paid		(2,452,722)	-
Net Cash from Financing Activities		18,885,031	-
Net Increase in Cash and Cash Equivalents		53,552,527	35,275,944
Cash and Cash Equivalents at 1 January		83,996,288	48,720,344
Cash and Cash Equivalents at 31 December	17	137,548,815	83,996,288

The notes on pages 15 to 58 are an integral part of these financial statements.

GUARANTY TRUST BANK (GHANA) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Reporting entity

Guaranty Trust Bank (Ghana) Limited (the Bank) is a bank incorporated in Ghana. The address of the Bank's registered office is 25A Castle Road Ambassadorial Area, Ridge, PMB CT 416, Cantonments, Accra. The financial statements of the Bank as at and for the year ended 31 December 2010 are as stated in this report. Guaranty Trust Bank (Ghana) Limited is a subsidiary of Guaranty Trust Bank Plc of Nigeria. The Bank operates with a universal banking license that allows it to undertake all banking and related services.

2. Basis of preparation

a. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

b. Functional and Presentation Currency

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Ghana Cedi has been rounded to the nearest Ghana Cedi.

c. Basis of Measurement

These financial statements are prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

d. Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, information about significant areas of estimating uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note (5). Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 5.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a. Foreign Currency

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available-for-sale financial instruments.

b. Interest

Interest income and expense are recognised in profit and loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets and liabilities at amortised cost on an effective interest rate basis

Fair value changes on other financial assets and liabilities carried at fair value through income statement, are presented in trading income in the income statement.

c. Fees and Commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3. Significant accounting policies – (cont'd)

d. Net Trading Income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

e. Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income.

f. Lease Payments Made

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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 remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

g. Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3. Significant accounting policies – (cont'd)

h. Financial Assets and Liabilities

i. Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

ii. De-recognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Bank also derecognises certain assets when it charges off balances pertaining to the assets deemed to be uncollectible.

iii. Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by IFRSs, or for gains and losses arising from a group of similar transactions.

iv. Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3. Significant accounting policies – (cont'd)

v. Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

vi. Identification and measurement of impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank considers evidence of impairment at both a specific asset and collective level. Assets showing signs of deterioration are assessed for individual impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the statement of comprehensive income.

3. Significant accounting policies – (cont'd)

vi. Identification and measurement of impairment – cont'd

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of other comprehensive income to profit and loss as a reclassification adjustment. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through the profit and loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in other comprehensive income.

vii. Designation at fair value through profit or loss

The Bank designates financial assets and liabilities at fair value through profit or loss when either the assets or liabilities are managed, evaluated and reported internally on a fair value basis. The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise. The asset or liability contains an embedded derivative that significantly modifies the cashflows that would otherwise be required under the contract.

viii. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

i. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (“reverse repo or stock borrowing”), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank’s financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

j. Investment Securities

Investment securities are initially measured at fair value and accounted for depending on their classification as either held for trading, held-to-maturity, fair value through the profit and loss statement, or available-for-sale.

i. Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through the profit and loss or available-for-sale.

3. Significant accounting policies – (cont'd)

j. Investment Securities – cont'd

Held-to-maturity investments are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years.

ii. Available-for-sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in the profit and loss using the effective interest method. Dividend income is recognised in the profit and loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in the profit and loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired and the balance in equity is recognised in the profit and loss.

k. Property and Equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii. Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the profit and loss as incurred.

iii. Depreciation

Depreciation is charged to the profit and loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

The estimated useful lives for the current and corresponding periods are as follows:

Equipment	5 years
Computer hardware	3 years
Furniture and fittings	5 years
Motor vehicle	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

3. Significant accounting policies – (cont'd)

iv. De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

l. Intangible assets - Software

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

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

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

Amortisation is recognised in the profit and loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is five years. This is reassessed annually.

m. Leased assets – Lessee

Leases in which the Bank assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Bank's statement of financial position.

n. Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets.

Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. Significant accounting policies – (cont'd)**n. Impairment of non-financial assets**

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o. Deposits and debt securities issued

Deposits and debt securities issued are the Bank's sources of debt funding.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through the profit and loss.

p. Provisions

A provision is recognised if, 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

q. Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

3. Significant accounting policies – (cont'd)**r. Employee benefits****i. Defined contribution plans**

Obligations for contributions to defined contribution plans are recognised as an expense in the profit and loss when they are due.

ii. Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

iii. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

s. Share capital and reserves**i. Share issue costs**

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

ii. Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

iii. Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

3. Significant accounting policies – (cont'd)

t. New Standards and Interpretations not yet adopted

At the date of approval of the financial statements of the Bank for the year ended 31 December 2010, the following Standards and Interpretations were in issue but not yet effective:

- i. IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*. This interpretation provides guidance on the accounting for debt for equity swaps and is effective for the financial reporting period commencing on or after 1 July 2010.

This standard is not expected to have any impact on the Bank's financial statements.

- ii. IAS 24 *Related Party Disclosures* (revised 2009). The revised IAS 24 *Related Party Disclosures* amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

This standard is effective for financial reporting periods commencing on or after 1 January 2011 and is not expected to have any significant impact on the Bank's financial statements.

- iii. IFRS 9 *Financial Instruments* Standard issued in November 2009 (IFRS 9 (2009)). IFRS 9 (2009) is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

Prior periods need not be restated if an entity adopts the standard for financial reporting periods commencing before 1 January 2012.

This standard is effective for financial reporting periods commencing on or after 1 January 2013.

IFRS 9 (issued October 2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives*.

The above standards are not expected to have any significant impact on the Bank's financial statements.

3. Significant accounting policies – (cont'd)

u. New Standards and Interpretations not yet adopted - (cont'd)

Standard/Interpretation		Effective date
IAS 32 amendment	<i>IAS 32 Financial Instruments: Presentation: Classification of Rights Issues</i>	Annual periods beginning on or after 1 February 2010*
11 individual amendments to 6 standards	<i>Improvements to International Financial Reporting Standards 2010</i>	Amendments are effective for annual periods beginning on or after 1 July 2010 or for annual periods beginning on or after 1 January 2011
IFRS 1 amendment	<i>First-time adoption of International Financial Reporting Standards</i>	Annual periods beginning on or after 1 July 2010*
IFRS 7 amendment	<i>Disclosures – Transfers of Financial Assets</i>	Annual periods beginning on or after 1 July 2011*
IFRIC 14 amendment	<i>Prepayments of a Minimum Funding Requirement</i>	Annual periods beginning on or after 1 January 2011*

These standards are not expected to have any significant impact on the financial statements.

* All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

4. Financial risk management

a. Introduction and Overview

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risks, and the Bank's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Bank's Asset and Liability Committee (ALCO) and Credit and Operational Risk committees, which are responsible for developing and monitoring risk management policies in their specified areas.

All Board Committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

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, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. 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 Bank Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Board Audit Committee is assisted in these functions by Internal Audit. 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.

b. Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

4. Financial risk management (continued)

i. Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. A separate Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Bank's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Heads. Larger facilities require approval by the Management Credit Committee, Deputy Managing Director, Managing Director and the Board Credit Committee/Board of Directors as appropriate.
- *Reviewing and assessing credit risk.* Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Developing and maintaining the Bank's risk gradings* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of six grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The Risk grades are subject to regular reviews by the Risk Management unit of the Bank.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Risk Management unit of the Bank on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Bank in the management of credit risk. Each business unit is required to implement the Bank's credit policies and procedures, with credit approval authorities mandated by the Board Credit Committee. Each business unit with the responsibility of initiating credit has experienced credit managers who report on all credit related matters to local management of the Bank Credit Committee and respond to issues at the Bank's Criticised Assets Committee (CAC). Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

4. Financial risk management (continued)

Regular audits of business units and credit quality reviews are undertaken by the Internal Audit of the Bank and GTB Plc of Nigeria.

<i>In Ghana Cedis</i>	<i>Note</i>	Loans and Advances to Customers	
		2010	2009
Carrying Amount	7, 19	137,160,748	107,280,935
<i>Individually impaired</i>			
Grade 6: Impaired		9,960,546	3,327,147
Gross amount		9,960,546	3,327,147
Allowance for Impairment		(5,691,466)	(2,039,672)
Carrying Amount		4,269,080	1,287,475
<i>Collectively impaired</i>			
Grade 1-3: Low-fair Risk		115,365,555	106,430,465
Grade 4: Watch List		-	-
Gross Amount		115,365,555	106,430,465
Allowance for Impairment		(1,057,087)	(1,003,005)
Carrying Amount		114,308,468	105,427,460
<i>Past due but not Impaired</i>			
Grade 1-3: Low-fair Risk		-	-
Grade 4-5: Watch List		19,060,435	628,888
Carrying Amount		19,060,435	628,888
Allowance for Impairment		(477,235)	(62,888)
Carrying Amount		18,583,200	566,000
<i>Past due but not Impaired Comprises:</i>			
0-90 days		18,583,200	566,000
90-180 days		-	-
180 days +		-	-
Carrying Amount		18,583,200	566,000
<i>Past due but not Impaired Comprises</i>			
Mining Sector		-	-
Agricultural Sector (cocoa marketing)		-	-
Construction Sector		8,446,045	-
Oil Marketing		-	-
Commerce		10,137,155	566,000
Carrying Amount		18,583,200	566,000
<i>Neither past due nor Impaired</i>			
Grade 1-3: Low-fair Risk		114,308,468	105,427,460
Grade 4-5: Watch List		-	-
Carrying Amount		114,308,468	105,427,460
Total Carrying Amount		137,160,748	107,280,935

4. Financial risk management (continued)**ii. Key ratios on loans and advances**

Loan loss provision ratio is 2.44% (2009: 2.01%).

Percentage of gross non-performing loans with respect to Bank of Ghana Prudential Norms (specifically impaired) to total gross loans and advances is 8.47% (2009: 4.24%).

Ratio of twenty (20) largest exposure (gross funded and non-funded) to total exposure is 61.28% (2009: 47.25%).

iii. Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are graded 4 to 6 in the Bank's internal credit risk grading system.

iv. Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

v. Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for Banks of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

4. Financial risk management (continued)

vi. Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment losses) when the Bank's Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade.

	Loans and Advances to Customers	
	Gross	Net
31 December 2010		
<i>In Ghana Cedis</i>		
Grade 5: Individually Impaired	-	-
Grade 6: Individually impaired	9,960,546	4,269,080
Total	9,960,546	4,269,080
31 December 2009		
Grade 5: Individually Impaired	-	-
Grade 6: Individually Impaired	3,327,147	1,287,475
Total	3,327,147	1,287,475

4. Financial risk management (continued)

vii. Credit collateral

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2010 (2009: Nil).

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	Loans and Advances	
<i>In Ghana Cedis</i>	2010	2009
Against Individually Impaired		
Property	8,767,935	14,483,543
Other	6,026,719	720,250
Against Past due but not Impaired		
Property	32,743,857	15,981,858
Other	6,470,000	66,552,163
Against neither Past due nor Impaired		
Property	140,698,928	119,282,557
Other	201,152,985	96,131,739
Total	395,860,424	313,152,110

4. Financial risk management (continued)

viii. Credit concentration

The Bank monitors concentrations of credit risk by product, by industry and by customer.

An analysis of concentrations of credit risk at the reporting date is shown below:

<i>In Ghana Cedis</i>	Loans and Advances to Customers	
	2010	2009
Carrying Amount	137,160,748	107,280,935
Concentration by Product		
Overdraft	38,586,450	55,529,634
Term Loan	105,800,086	54,856,866
	144,386,536	110,386,500
Less: Impairment	(7,225,788)	(3,105,565)
	137,160,748	107,280,935
Concentration by Industry		
Mining and Quarrying	5,005,165	2,685,412
Manufacturing	28,883,509	23,105,977
Construction	8,446,045	6,418,330
Electricity, Gas and Water	17,167,936	17,147,007
Commerce and Finance	70,653,464	41,055,049
Transport, Storage and Communication	51,392	123,544
Services	12,411,658	18,932,068
Miscellaneous	1,767,367	919,113
	144,386,536	110,386,500
Less: Impairment	(7,225,788)	(3,105,565)
	137,160,748	107,280,935
Concentration by Customer		
Individuals	1,767,367	919,113
Private Enterprise	142,619,169	109,467,387
	144,386,536	110,386,500
Less: Impairment	(7,225,788)	(3,105,565)
	137,160,748	107,280,935

Concentration by industry for loans and advances is measured based on the industry in which the customer operates. Where the nature of business operation of a client cannot be clearly identified, it is classified as miscellaneous.

4. Financial risk management (continued)

ix. Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trade requires transaction specific or counterparty specific approvals from the Bank's Risk Committee.

c. Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

i. Management of liquidity risk

The Bank's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank's reputation.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank. The liquidity requirements of business units are met through short-term loans and investments from Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

The Bank maintains liquidity limit imposed by its local regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

4. Financial risk management (continued)

ii. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment for which there is an active and liquid market less any deposits from banks. The Bank also uses gap analysis to determine the liquidity position of the bank and where necessary, recommend remedial action.

Details of the reported bank ratio of net liquid assets to deposits and customers at the reporting date and during the reporting year were as follows:

	2010	2009
At 31 December	86.50%	87.00%
Average for the year	93.20%	101.00%
Maximum for the year	109.90%	126.00%
Minimum for the year	77.40%	84.00%

4. Financial risk management (continued)

iii. Residual Contractual Maturities of Financial Liabilities

		Carrying amount	Gross nominal inflow	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
<i>In Ghana cedis</i>							
	<i>Note</i>						
31 December 2010							
<i>Non-derivative liabilities</i>							
Deposits from Financial Inst.	27	55,912,684	55,912,684	55,912,684	-	-	-
Deposits from Customers	27	230,979,182	230,979,182	209,166,728	21,812,454	-	-
Due to Parent Company	29	4,216,909	4,216,909	4,216,909	-	-	-
Medium Term Loan	34ii	21,337,753	21,798,000	-	-	-	21,798,000
		312,446,528	312,906,775	269,296,321	21,812,454	-	21,798,000
31 December 2009							
<i>Non-derivative liabilities</i>							
Deposits from Financial Inst.	27	38,873,245	38,873,245	38,873,245	-	-	-
Deposits from Customers	27	141,107,572	141,107,572	96,648,265	44,459,307	-	-
Due to Parent Company	29	2,852,556	2,852,556	2,852,556	-	-	-
		182,833,373	182,833,373	138,374,066	44,459,307	-	-

The table shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

4. Financial Risk Management (continued)

d. Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i. Management of market risks

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by Treasury, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

All foreign exchange risk within the Bank are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.

Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

ii. Exposure to market risks – Trading portfolios

The principal tool used to measure and control market risk exposure within the Bank's trading portfolios is the open position limits using the Earning's at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Bank is to be exposed to.

iii. Exposure to interest rate risk – Non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. Standard scenarios that are considered on a regular basis include a 100 basis point (bp) parallel fall or rise in prime rates.

Sensitivity analysis

An increase of a 100 basis points in interest rates at the reporting date would have impacted equity and profit / (loss) by the amounts shown below:

<i>In Ghana Cedis</i>	2010	2009
Interest Income Impact	3,528,697	1,109,316
Interest Expense Impact	(1,795,755)	(903,750)
Net Impact on Profit	1,732,942	205,566

A decrease of a 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant. A summary of the Bank's interest rate gap position on non-trading portfolios is as follows:

d. Market risks (continued)

<i>In Ghana Cedis</i>	<i>Note</i>	Carrying amount	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years
31 December 2010						
Cash and Cash Equivalents	17	37,533,080	37,533,080	-	-	-
Due from other Banks and Fin. Institutions	17	100,015,735	89,843,685	10,172,050	-	-
Pledged Assets	18	59,281,366	18,698,204	40,583,162	-	-
Investment Securities	21	57,014,671	17,983,256	39,031,415	-	-
Loans and Advances to Customers	19	137,160,748	75,582,179	10,673,000	37,741,463	13,164,106
		391,005,600	239,640,404	100,459,627	37,741,463	13,164,106
Deposits from Customers	27	230,979,182	209,166,728	21,812,454	-	-
Deposits from Other Financial Institutions	27	55,912,684	55,912,684	-	-	-
Due to Parent Company	29	4,216,909	4,216,909	-	-	-
Medium Term Loan	34ii	21,337,753	-	-	-	21,337,753
		312,446,528	269,296,321	21,812,454	-	21,337,753
Net		78,559,072	(29,655,917)	78,647,173	37,741,463	(8,173,647)
31 December 2009						
Cash and Cash Equivalents	17	19,563,901	19,563,901	-	-	-
Due from other Banks and FIs	17	64,432,387	64,432,387	-	-	-
Pledged Assets	18	35,261,780	6,986,510	28,275,270	-	-
Investment Securities	21	36,914,191	7,883,809	29,030,382	-	-
Loans and Advances to Customers	19	107,280,935	44,254,661	15,642,517	31,808,609	15,575,148
		263,453,194	143,121,268	72,948,169	31,808,609	15,575,148
Deposits from Customers	27	141,107,572	93,062,085	48,045,487	-	-
Deposits from Other Financial Institutions	27	38,873,245	38,873,245	-	-	-
Due to Parent Company	29	2,852,556	2,852,556	-	-	-
		182,833,373	134,787,886	48,045,487	-	-
Net		80,619,821	8,333,382	24,902,682	31,808,609	15,575,148

4. Financial Risk Management (continued)

iv. Exposure to Other Market Risks – Non-trading Portfolios

Foreign Exchange Exposure

The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from customer driven transactions. Concentration of foreign currency denominated assets and liabilities are as follows:

<i>In Ghana Cedis</i>	US\$	GBP	EURO	Total 2010	2009
Assets					
Cash and Cash Equivalents	5,611,700	1,015,841	279,734	6,907,275	1,479,314
Due from Banks and Financial Institutions	57,382,213	8,891	2,213,064	59,604,168	20,352,344
Loans and Advances to Customers	32,710,226	-	-	32,710,226	8,719,000
Other Assets	388,624	54,628	-	443,252	407,828
	96,092,763	1,079,360	2,492,798	99,664,921	30,958,486
Liabilities					
Deposits from Customers	65,865,812	998,888	2,373,580	69,238,280	27,678,556
Other Liabilities	582,245	3,272	-	585,517	3,446,459
Medium Term Loan	21,337,753	-	-	21,337,753	-
	87,785,810	1,002,160	2,373,580	91,161,550	31,125,015
Net Assets/(Liabilities)	8,306,953	77,200	119,218	8,503,371	(166,529)
Line Facilities for LCS	41,066,969	-	1,331,666	42,398,635	30,935,269

Sensitivity analysis

A 5% strengthening of the cedi against foreign currencies at 31 December 2010 would have impacted equity and profit / (loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

<i>In Ghana Cedis</i>	2010	2009
Profit / (Loss)	(425,169)	8,326

A best case scenario 5% weakening of the Ghana cedi against foreign currencies at 31 December would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

4. Financial Risk Management (continued)

e. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by Systems and Controls unit (SYSCON). The results of SYSCON reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

4. Financial Risk Management (continued)

f. Capital management

i. Regulatory capital

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the Bank as a whole.

In implementing current capital requirements, the Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after tax retained earnings/surplus, retained profits and general statutory reserves.
- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital.

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

There have been no material changes in the Bank's management of capital during the year.

4. Financial Risk Management (continued)

ii. Capital Adequacy Ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Central Bank of Ghana regulations, a minimum ratio of 10% is to be maintained.

<i>In Ghana Cedis</i>	<i>Note</i>	2010	2009
Tier 1 capital			
Ordinary Share Capital	31	76,228,261	76,228,261
Disclosed Reserves		20,693,202	10,440,499
Shareholders' Fund		96,921,463	86,668,760
Less:			
Fair Value Reserve on Available for Sale Securities		-	-
Total		96,921,463	86,668,760
Tier 2 Capital			
Fair Value Reserve for Available for Sale Securities	25	-	-
Total Regulatory Capital		96,921,463	86,668,760
		96,921,463	86,668,760
Adjusted Risk-weighted Assets		188,916,285	142,537,842
Risk Weighted Contingent Liabilities		51,079,447	45,377,614
Risk Adjusted Net Open Position		3,997,705	53,292
Risk-weighted Assets		243,993,437	187,968,748
Total Regulatory Capital Expressed as a percentage of Total Risk-Weighted Assets is		39.72%	46.11%

4. Financial Risk Management (continued)

iii. Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Bank's Risk Management and Credit Administration Units, and is subject to review by the Bank's Credit Committee or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives.

The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. Use of estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

a. Key Sources of estimation uncertainty

i. Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(h)(vii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the ALCO.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

a. Key sources of estimation uncertainty (continued)

ii. Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation where the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled as described in accounting policy 3(h)(v).

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

b. Critical Accounting Judgments in applying the Bank's Accounting Policies

Critical accounting judgments made in applying the Bank's accounting policies include:

i. Financial Asset and Liability Classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In classifying financial assets as held-to-maturity, the Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 3(l)(h).

Details of the Bank's classification of financial assets and liabilities are given in note 7.

ii. Determination of impairment of Property and Equipment, and Intangible Assets, excluding Goodwill

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

6. Segment Reporting

The Bank's current operation is not segregated to show divisional performance and as such does not lend itself to segmental reporting; hence management has not provided information on segmental reporting.

7. Financial Assets and Liabilities
Accounting Classification, Measurement Basis and Fair Values

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair values.

<i>In Ghana Cedis</i>	<i>Note</i>	Designated at Fair Value	Held-to- maturity	Loans and Receivables	Available- for-sale	Other Amortised Cost	Total Carrying Amount	Fair Value
31 December 2010								
Cash and Cash Equivalents	17	-	-	-	-	37,533,080	37,533,080	37,533,080
Due from Banks and Other FIs	17	-	-	100,015,735	-	-	100,015,735	100,015,735
Pledged Assets	18	-	-	59,281,366	-	-	59,281,366	59,281,366
Investment Securities	21	-	-	57,014,671	-	-	57,014,671	57,014,671
Loans and Advances to Customers	19	-	-	137,160,748	-	-	137,160,748	137,160,748
		-	-	353,472,520	-	37,533,080	391,005,600	391,005,600
Deposits	27	-	-	-	-	286,891,866	286,891,866	286,891,866
Due to Parent Company	29	-	-	4,216,909	-	-	4,216,909	4,216,909
				4,216,909	-	286,891,866	291,108,775	291,108,775
31 December 2009								
Cash and Cash Equivalents	17	-	-	-	-	19,563,901	19,563,901	19,563,901
Due from Banks and Other FIs	17	-	-	64,432,387	-	-	64,432,387	64,432,387
Pledged Assets	18	-	-	35,261,780	-	-	35,261,780	35,292,588
Investment Securities	21	-	-	36,914,191	-	-	36,914,191	36,968,943
Loans and Advances to Customers	19	-	-	107,280,935	-	-	107,280,935	107,280,935
		-	-	243,889,293	-	19,563,901	263,453,194	263,538,754
Deposits	27	-	-	-	-	179,980,817	179,980,817	179,980,817
Due to Parent Company	29	-	-	2,852,556	-	-	2,852,556	2,852,556
		-	-	2,852,556	-	179,980,817	182,833,373	182,833,373

8. Net Interest Income

<i>In Ghana Cedis</i>	2010	2009
Interest Income		
Placements with Other Banks	1,256,657	2,120,845
Investment Securities	18,529,876	17,537,645
Loans and Advances to Customers	30,937,431	23,550,115
Total Interest Income	50,723,964	43,208,605
	2010	2009
Interest Expense		
Current Accounts	301,730	35,889
Deposits	16,722,731	13,611,377
Overnight and Call Accounts	1,399,668	1,047,129
Total Interest Expense	18,424,129	14,694,395
Net Interest Income	32,299,835	28,514,210

9. Fee and Commission Income

<i>In Ghana Cedis</i>	2010	2009
Commission Income	4,405,495	1,251,605
Fees Income	3,450,869	2,037,309
Others	4,048,031	2,112,187
Total Fee and Commission Income	11,904,395	5,401,101

Fees and commission income excludes facility fees or any other fees used in calculating the adjusted effective interest rate on the principal facility to which they were charged.

10. Trading Income

<i>In Ghana Cedis</i>	2010	2009
Income from dealing in Foreign Exchange	4,442,534	4,975,146

Trading income includes the profits and losses arising from trading of foreign currencies.

11. Other Operating Income

<i>In Ghana Cedis</i>	2010	2009
Profit on Disposal of Property and Equipment	58,694	4,399

12. Personnel Expenses

<i>In Ghana Cedis</i>	2010	2009
Wages and Salaries	3,290,417	2,753,832
Employer's Social Security Contributions	427,982	344,229
Employer's Provident Fund Contributions	329,190	275,308
Medical Expenses	697,467	374,852
Other Staff Costs	6,131,626	4,961,838
	<u>10,876,682</u>	<u>8,710,059</u>

The average number of persons employed by the bank during the year to 31 December 2010 was 308 (2009: 306).

13. Lease Rentals

<i>In Ghana Cedis</i>	2010	2009
Operating Lease Rentals on Leasehold Land	30,154	30,154
Operating Lease Rentals on Office Premises	1,491,133	780,668
	<u>1,521,287</u>	<u>810,822</u>

14. Other Operating Expenses

<i>In Ghana Cedis</i>	2010	2009
Advertising and Marketing Expenses	1,113,761	735,138
Administrative Expenses	10,269,078	6,683,157
Software Licensing and Other IT Costs	385,386	353,922
Training	463,274	491,139
Directors' Emoluments	238,124	81,255
Auditor's Remuneration	120,000	67,000
Donations and Sponsorship	141,377	161,237
	<u>12,731,000</u>	<u>8,572,848</u>

Social Responsibility Cost

An amount of GH¢141,377 (2009: GH¢161,237) was spent as part of social responsibility of the Bank.

15. Income Taxes**(a) Tax Expense**

<i>In Ghana Cedis</i>	2010	2009
Current Tax Expense		
Current year	5,255,628	4,820,082
	<u>5,255,628</u>	<u>4,820,082</u>
Deferred Tax Expense		
Origination and Reversal of Temporary Differences (note 25)	(161,834)	(2,944)
Total Income Tax Expense	<u>5,093,794</u>	<u>4,817,138</u>

(b) Current Tax Expense

<i>In Ghana Cedis</i>	Balance at 1/1/10	Payments during year	Charge for the year	Balance at 31/12/10
Income tax				
2006	42,295	-	-	42,295
2007	(7,500)	-	-	(7,500)
2008	802,564	(230,274)	-	572,290
2009	3,801,597	(3,733,501)	-	68,096
2010	-	(4,538,858)	4,416,751	(122,107)
	<u>4,638,956</u>	<u>(8,502,633)</u>	<u>4,416,751</u>	<u>553,074</u>
National Stabilisation Levy				
2009	179,516	(264,226)	-	(84,710)
2010	-	(707,061)	838,877	131,816
	<u>179,516</u>	<u>(971,287)</u>	<u>838,877</u>	<u>47,106</u>
	<u>4,818,472</u>	<u>(9,473,920)</u>	<u>5,255,628</u>	<u>600,180</u>

Reconciliation of Effective Tax

<i>In Ghana Cedis</i>	2010	2009
Profit Before Income Tax	16,777,529	16,979,136
Income Tax using the Domestic Corporation Tax Rate (25%)	4,194,382	4,244,784
National Stabilisation Levy (5% for Half Year of 2009)	838,877	424,478
Effect of Movement in Deferred Tax	(161,834)	(2,944)
Non-deductible Expenses	222,369	150,820
Total Income Tax Expense in Income Statement	<u>5,093,794</u>	<u>4,817,138</u>

16. Earnings per Share**Basic Earnings per Share**

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of GH¢11,683,735 (2009: GH¢12,161,998) and a weighted average number of ordinary shares outstanding of 7,007,777,636 (2009: 7,007,777,636), calculated as follows:

Profit Attributable to Ordinary Shareholders

<i>In Ghana Cedis</i>	2010	2009
Net Profit for the year Attributable to Equity Holders of the Bank	11,683,735	12,161,998
Weighted Average Number of Ordinary Shares	7,007,777,636	7,007,777,636
Basic Earnings per Share (Ghana Cedi per share)	0.00167	0.00174
Diluted Earnings per Share (Ghana Cedi per share)	0.00167	0.00174

17. Cash and Cash Equivalents

<i>In Ghana Cedis</i>	2010	2009
Cash on hand	7,282,572	2,467,907
Balances with Bank of Ghana	30,250,508	17,095,994
	37,533,080	19,563,901
Due from banks and other financial inst. (see note (a) below)	100,015,735	64,432,387
	137,548,815	83,996,288

Included in balances with Bank of Ghana is a restricted amount GH¢25,820,267 representing 9% of customer deposits.

a. Due from Banks and Other Financial Institutions

<i>In Ghana Cedis</i>	2010	2009
Nostro Account Balances	4,684,642	6,684,441
Placements with Other Banks and Financial Institutions	91,783,755	55,362,457
Due from Other Local Banks	3,332,754	1,508,408
Items in Course of Collection	214,584	877,081
Due from banks and other financial inst.	100,015,735	64,432,387

18. Pledged Assets

These represent Government securities (91-day Treasury Bills) that have been pledged as collateral for placements with other financial institutions. These liabilities have been included in deposits in note 27. These transactions have been conducted under terms that are usual and customary to standard lending and securities borrowing activities.

19. Loans and Advances

<i>In Ghana Cedis</i>	2010	2009
Loans and Advances	144,789,896	110,931,623
Effective Interest Rate Adjustment	(403,360)	(545,123)
Specific Allowances for Impairment	(6,168,701)	(2,102,560)
Collective Impairment	(1,057,087)	(1,003,005)
	137,160,748	107,280,935

20. Impairment Allowance on Loans and Advances

<i>In Ghana Cedis</i>	2010	2009
Balance at beginning of year	3,105,565	847,563
Impairment loss for the year - specific allowances	4,066,143	1,481,735
collective allowances	54,080	776,267
	<u>7,225,788</u>	<u>3,105,565</u>

21. Investment Securities**a. Treasury Bills**

<i>In Ghana Cedis</i>	2010	2009
At Cost	55,889,029	34,993,562
Accrued Interest	1,125,642	1,920,629
	<u>57,014,671</u>	<u>36,914,191</u>

22. Property and Equipment

In Ghana Cedis

	Leasehold Improv.	Furn. & Equip	Computer & Access.	Motor Vehicle	Capital W-I-P	Total
Cost						
Balance at 1 Jan. 2009	3,233,926	2,455,444	1,216,475	1,040,790	2,201,542	10,148,177
Additions	1,732,239	2,388,510	635,860	689,073	2,150,483	7,596,165
Disposal	-	-	(1,080)	(42,550)	-	(43,630)
Transfers	1,617,794	236,584	(59,519)	128,350	(2,119,473)	(196,264)
Balance at 31 Dec. 2009	6,583,959	5,080,538	1,791,736	1,815,663	2,232,552	17,504,448
Balance at 1 Jan. 2010	6,583,959	5,080,538	1,791,736	1,815,663	2,232,552	17,504,448
Additions	882,565	1,319,691	410,434	357,939	1,667,437	4,638,066
Disposal	-	(22,554)	-	(122,191)	-	(144,745)
Transfers	2,267,305	95,974	(11,289)	160,634	(2,512,624)	-
Balance at 31 Dec. 2010	9,733,829	6,473,649	2,190,881	2,212,045	1,387,365	21,997,769

Depreciation

Balance at 1 Jan. 2009	149,498	569,710	629,606	236,766	-	1,585,580
Charge for the year	210,723	679,699	166,212	310,358	-	1,366,992
Released on Disposal	-	-	(300)	(42,550)	-	(42,850)
Balance at 31 Dec. 2009	360,221	1,249,409	795,518	504,574	-	2,909,722
Balance at 1 Jan. 2010	360,221	1,249,409	795,518	504,574	-	2,909,722
Charge for the year	371,522	1,100,036	647,115	472,897	-	2,591,570
Released on Disposal	-	(22,554)	-	(104,883)	-	(127,437)
Balance at 31 Dec. 2010	731,743	2,326,891	1,442,633	872,588	-	5,373,855

Carrying Amounts

Balance at 1 Jan. 2009	3,084,428	1,885,734	586,869	804,024	2,201,542	8,562,597
Balance at 31 Dec. 2009	6,223,738	3,831,129	996,218	1,311,089	2,232,552	14,594,726
Balance at 31 Dec. 2010	9,002,086	4,146,758	748,248	1,339,457	1,387,365	16,623,914

23. Intangible Assets

In Ghana Cedis

	Purchased Software	Developed Software	Total
Cost			
Balance at 1 January 2009	97,446	50,269	147,715
Additions	58,282	3,152	61,434
Transfer from Capital W-I-P	196,264	-	196,264
Balance at 31 December 2009	351,992	53,421	405,413
Balance at 1 January 2010	351,992	53,421	405,413
Additions	154,532	-	154,532
Balance at 31 December 2010	506,524	53,421	559,945
Amortization			
Balance at 1 January 2009	39,262	9,683	48,945
Amortisation for the year	167,310	9,687	176,997
Balance at 31 Dec 2009	206,572	19,370	225,942
Balance at 1 January 2010	206,572	19,370	225,942
Amortisation for the year	74,359	12,808	87,167
Balance at 31 December 2010	280,931	32,178	313,109
Carrying Amounts			
Balance at 1 January 2009	58,183	40,586	98,769
Balance at 31 December 2009	145,420	34,051	179,471
Balance at 31 December 2010	225,593	21,243	246,836

24. Depreciation and Amortization

The depreciation and amortization charge is recognized as follows:

<i>In Ghana Cedis</i>	2010	2009
Property and Equipment (note 22)	2,591,570	1,366,992
Intangible Assets (note 23)	87,167	176,997
	<u>2,678,737</u>	<u>1,543,989</u>

25. Deferred Tax**Movements in Temporary Differences during the year**

<i>In Ghana Cedis</i>	Opening Balance	Recognised in income statement	Recognised in equity	Closing Balance
2010				
Property, Equipment and Software	309,015	101,939	-	410,954
Allowances for Loan Losses	(250,751)	250,751	-	-
Provisions	-	(514,525)	-	(514,525)
	58,264	(161,835)	-	(103,571)
2009				
Property, Equipment and Software	279,916	29,099	-	309,015
Allowances for Loan Losses	(218,708)	(32,043)	-	(250,751)
	61,208	(2,944)	-	58,264

26. Other Assets

<i>In Ghana Cedis</i>	2010	2009
Accounts Receivable and Prepaid Expenses	1,972,300	2,068,548
Prepaid Expense – Premises (Note 34)	3,070,606	3,607,424
Prepaid Expense – Leasehold land	1,370,835	1,402,036
Stocks	506,222	518,227
	6,919,963	7,596,235

27. Deposits

<i>In Ghana Cedis</i>	2010	2009
By type of deposit		
Current and Call Account	135,307,793	63,668,523
Savings Account	9,642,196	3,755,959
Cash Collateral	3,381,369	1,383,005
Term Deposit	138,560,508	111,173,330
	286,891,866	179,980,817

Ratio of twenty largest depositors to total deposit is 40.25 % (2009: 43.25%).

<i>In Ghana Cedis</i>	2010	2009
By type of customer		
Financial Institutions	55,912,684	38,873,245
Individuals and Other Private enterprises	197,497,008	102,052,759
Public Enterprises	33,482,174	39,054,813
	286,891,866	179,980,817

28. Guarantee Contract Liability

This relates to the fair value less amount amortised of financial guarantees outstanding at the year end.

29. Other Liabilities

<i>In Ghana Cedis</i>	2010	2009
Due to Parent Company	4,216,909	2,852,556
Other Payables	4,233,200	10,134,943
	<u>8,450,109</u>	<u>12,273,749</u>

30. Share Capital

<i>In Ghana Cedis</i>	No. of shares	Proceeds
2010		
<u>Authorised</u>		
No. of Ordinary Shares of no par Value	9,000,000,000	
<u>Issued and Fully Paid</u>		
Issued for Cash Consideration	6,788,777,636	74,242,861
Issued for Consideration Other than Cash	219,000,000	1,985,400
	<u>7,007,777,636</u>	<u>76,228,261</u>
2009		
<u>Authorised</u>		
No. of Ordinary Shares of no par Value	9,000,000,000	
<u>Issued and Fully Paid</u>		
Issued for Cash Consideration	6,788,777,636	74,242,861
Issued for Consideration Other than Cash	219,000,000	1,985,400
	<u>7,007,777,636</u>	<u>76,228,261</u>

There is no share in treasury and no call or installment unpaid on any share.

Directors' Shareholding

The Directors named below held the following number of shares in the Bank as at 31 December 2010.

<i>Number of Ordinary Shares</i>	2010	2009
Alhaji Yusif Ibrahim	150,000,000	150,000,000

30. Share Capital (continued)**Number of Shareholders**

The company had three (3) ordinary shareholders at 31 December 2010 distributed as follows:

	Number of shareholders	Shareholding	Percentage
GTB Plc.	1	6,707,777,636	95.72
FMO	1	150,000,000	2.14
Alhaji Yusif Ibrahim	1	150,000,000	2.14
	3	7,007,777,636	100.00

a. Credit Risk Reserve

This represents the excess of BoG's total provision over impairment loss of financial assets recognised in the income statement.

b. Statutory Reserve

This represents transfer of 50% of profit after tax to reserve in compliance with Bank of Ghana's regulatory requirement.

31. Dividends

The Bank declared and paid dividend per share of Ghana Cedi 0.00035 (2009: Nil) amounting to GH¢2,452,722 (2009: Nil).

After 31 December 2010, the board of directors declared and shareholders approved dividend per share of Ghana Cedi 0.0010 (2009: GH¢ 0.00035) amounting to GH¢ 6,863,557 (2009: GH¢2,452,722) in respect of 2010. The dividends are not been provided for and there is no income tax.

32. Leasing

The Bank acts as lessee under operating leases and lessor under finance leases, leasing assets for its own use and providing asset financing for its customers.

Finance Lease

The Bank asset financing for its customers are included within loans and advances (see note 19). The Bank did not have any finance lease receivables at 31 December 2010 (2009: Nil).

Operating Lease

The Bank leases various offices, branches and other premises under non-cancellable operating lease arrangements. The lease rentals are paid in advance and amortised on a straight line basis over the lease period. The outstanding balance is accounted for as a prepayment in other assets (see note 26). There are no contingent rents payable.

Non cancellable operating lease rentals are payable as follows:

<i>In Ghana Cedis</i>	2010	2009
Less than One Year	1,464,000	1,283,830
Between One and Five Years	3,964,000	2,323,595
More than Five Years	1,042,000	1,387,083

33. Contingencies

i. Claims and Litigation

There were no litigation and claims involving the bank as at 31 December 2010 (2009: Nil).

ii. Contingent Liabilities and Commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of Instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related to performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk.

<i>In Ghana Cedis</i>	2010	2009
Contingent Liabilities:		
Bonds and Guarantees	10,534,147	14,442,345
Commitments:		
Clean Line Facilities for Letters of Credit	40,545,300	30,935,269

iii. Commitments for capital expenditure

The bank had commitment for capital expenditure amounting to approximately GHC962,449 as at 31 December 2010 (2009: GHC 525,000).

34. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes members of the Guaranty Trust Bank Group.

i. Parent

The parent company, which is also the ultimate parent company, is Guaranty Trust Bank Plc (GTB Plc).

Transactions between Guaranty Trust Bank Plc and the subsidiaries also meet the definition of related party transactions.

At the reporting date, the bank had the following balances with the parent bank:

<i>In Ghana Cedis</i>	2010	2009
<u>Time Deposit from GTB Plc.</u>	-	<u>7,192,500</u>
Amount due to GTB Plc.	1,445,061	1,032,318
Technical Service Fee	2,058,098	1,106,488
<u>Accrued Interest Payable</u>	<u>713,750</u>	<u>713,750</u>
	<u>4,216,909</u>	<u>2,852,556</u>

ii. FMO

The Bank obtained a medium term facility of US\$15 million from FMO, a shareholder. The facility is at a rate of LIBOR+4.5% and expires on 15 January 2014. The principal is due upon expiry of the facility. The outstanding balance at 31 December 2010 was GH¢21,337,753.

The facility is secured over all or any of the present or future assets of the Bank and the Bank should not have any financial indebtedness outstanding other than as permitted by the facility agreement.

34. Related Parties (continued)**iii. Transactions with key management personnel**

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Guaranty Trust Bank Plc.

Key management personnel and their immediate relatives engaged in the following transactions with the bank during the year:

Loans and Advances

<i>In Ghana Cedis</i>	2010	2009
Secured Loans	6,749,589	4,984,155

Interest rates charged on balances outstanding are rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

Operating Lease

<i>In Ghana Cedis</i>	2010	2009
Operating Lease Payments Made	524,492	315,000

The Bank leases a number of branch and office premises under operating leases from the Board Chairman. These leases typically run for a maximum period of up to 25 years, with an option to renew the lease after that period. These transactions mainly include rent at Osu and Kumasi branches of the Bank. The lease payments made are reflective of payments that would have been made in an arm's length transaction.

Key management personnel compensation for the year

There were no short-term employee and post-employment benefits as at 31 December 2010 (2009: Nil).

35. Subsequent Events

There were no adjusting post balance sheet events.

36. Comparative Information

The comparative information have been restated, where applicable, to conform to the current year's presentation.