FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

GTBank

Guaranty Trust Bank (Ghana) Limited

GUARANTY TRUST BANK (GHANA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2012

In Ghana Cedis

	Note	2012	2011
Interest income	7	81,501,655	47,459,284
Interest expense	7	(20,690,613)	(16,682,918)
Net interest income		60,811,042	30,776,366
Fee and commission income	8	30,922,682	18,743,901
Trading income	9	11,144,604	9,488,018
Other operating income	10	3,232,549	94,273
Operating income		106,110,877	59,102,558
Loan impairment charges	19	(10,496,150)	(5,444,630)
Personnel expenses	11	(17,886,562)	(13,861,841)
Operating lease expense	12, 32	(1,584,166)	(1,527,343)
Depreciation and amortisation	23	(3,534,128)	(2,920,967)
Other operating expenses	13	(22,588,266)	(14,541,536)
Profit before income tax and national fiscal stabilisation levy		50,021,605	20,806,241
National fiscal stabilization levy	14	-	(1,040,312)
Income tax expense	14	(11,053,947)	(5,982,393)
Profit after income tax		38,967,658	13,783,536
Other comprehensive income		-	-
Total comprehensive income for the year		38,967,658	13,783,536
Earnings per share for profit attributable to equity holders			
- basic and diluted (Ghana cedis per share)	15	0.0056	0.0019

GUARANTY TRUST BANK (GHANA) LIMITED
STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2012

In Ghana Cedis

	Note	2012	2011
Cash flows from operating activities			
Profit before tax		50,021,605	20,806,241
Adjustments for:			
Depreciation and amortisation	23	3,534,128	2,920,967
Impairment on loans and advances	19	10,496,150	5,444,630
Exchange difference on borrowing	34	2,273,298	2,580,618
Profit on disposal of property and equipment		(85,173)	(94,273)
		66,240,008	31,658,183
Change in loans and advances		(129,587,559)	19,263477
Change in investment securities		81,550,572	(94,720,102)
Change in other assets		261,185	(5,406,065)
Change in deposits from customers		210,115,327	(20,885,013)
Change in other liabilities		1,053,341	446,569
Change in guarantee contract liabilities		189,946	710,205
Change in mandatory reserve deposits		(18,996,543)	(1,364,186)
		210,826,217	(70,296,932)
Income tax paid	14	(11,788,577)	(6,852,545)
Net cash generated from/(used in) operating activities		199,037,,640	(77,149,477)
Cash flows from investing activities			
Purchase of property and equipment	21	(4,030,528)	(5,448,936)
Purchase of intangible assets	22	(1,198,370)	(280,174)
Proceeds from sale of property and equipment		147,905	494,746
Net cash used in investing activities		(5,080,993)	(5,234,364)
Cash flows from financing activities			
Proceeds from rights issue		5,464,061	-
Principal payment of borrowings		(9,105,500)	(6,613,574)
Dividend paid		(5,200,000)	(6,863,557)
Net cash used in financing activities		(8,841,439)	(13,477,131)
Net increase/(decrease) in cash and cash equivalents		185,115,208	(95,860,972)
Cash and cash equivalents at 1 January		56,516,905	152,377,877
Cash and cash equivalents at 31 December	16	241,632,113	56,516,905

GUARANTY TRUST BANK (GHANA) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

In Ghana Cedis

	Note	2012	2011
Assets			
Cash and bank balances	6, 16	66,654,977	50,097,885
Due from banks and financial institutions	3, 6	171,495,063	62,851,388
Investment securities	3, 6, 20	168,224,591	186,118,894
Loans and advances to customers	3, 6, 18	243,209,397	113,621,838
Property and equipment	21	19,420,787	18,864,082
Intangible assets	22	1,489,671	414,338
Deferred tax assets	24	408,044	-
Other assets	25	12,064,843	12,326,028
Total assets		682,967,373	444,294,453
Liabilities			
Deposits from customers	3, 6, 26	476,122,180	266,006,853
Due to banks		40,241,375	45,000,000
Guarantee contract liabilities	27	1,090,096	900,150
Current income tax liabilities	14	340,183	300,064
Deferred income tax liabilities	24	-	366,705
Other liabilities	28	9,950,019	8,896,678
Borrowings	34	11,641,791	18,473,993
Total liabilities		539,385,644	339,944,443
Equity			
Stated capital	29	81,692,322	76,228,261
Credit risk reserve	30	10,779,276	2,217,801
Statutory reserve	30	40,173,841	20,690,012
Income surplus		10,936,290	5,213,936
Total		143,581,729	104,350,010
Total liabilities and equity		682,967,373	444,294,453

The financial statements were approved by the Board on …… February 2013 and signed on its behalf by

Signed
Alhaji Yusif Ibrahim
Chairman

Signed
Olalekan Sanusi
Managing Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012
In Ghana Cedis

	Stated Capital	Credit Risk Reserve	Statutory Reserve	Income Surplus	Total
Balance as at 1 January 2012	76,228,261	2,217,801	20,690,012	5,213,936	104,350,010
Total comprehensive income for the year	-	-	-	38,967,658	38,967,658
Dividend paid for 2011	-	-	-	(5,200,000)	(5,200,000)
Rights issued during the year	5,464,061	-	-	-	5,464,061
Transfer to statutory reserve	-	-	19,483,829	(19,483,829)	-
Transfer to credit risk reserve	-	8,561,475	-	(8,561,475)	-
Balance at 31 December 2012	81,692,322	10,779,276	40,173,841	10,936,290	143,581,729
For the year ended 31 December 2011					
Balance as at 1 January 2011	76,228,261	508,568	13,798,244	6,894,958	97,430,031
Total comprehensive income for the year	-	-	-	13,783,536	13,783,536
Transactions with owners - Dividend paid for 2010	-	-	-	(6,863,557)	(6,863,557)
Transfer to statutory reserve	-	-	6,891,768	(6,891,768)	-
Transfer to credit risk reserve	-	1,709,233	-	(1,709,233)	-
Balance at 31 December 2011	76,228,261	2,217,801	20,690,012	5,213,936	104,350,010

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Guaranty Trust Bank (Ghana) Limited (the Bank) is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is 25A Castle Road Ambassadorial Area, Ridge, PMB CT 416, Cantonments, Accra. The bank 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied to all periods presented in these financial statements.

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Basis of Measurement

The financial statements are prepared on the historical cost basis. The statement of comprehensive income classifies expenses based on their nature while the statement of financial position classifies assets and liabilities according to their order of liquidity.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.3 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Bank

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2012 that would be expected to have a material impact on the Bank.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Bank.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this amendment will mainly impact the presentation of the primary statements.

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Bank

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of IFRS 13 may enhance fair value disclosures in a lot of circumstances.

IAS 19, 'Employee benefits', was amended in June 2012. The impact on the Bank will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The directors are yet to assess the full impact of the amendments.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS(CONTD)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2011, it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

2.4 Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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 profit or loss.

2.5 Interest income and expense

Interest income and expense are recognised in the profit or 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. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

2.6 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.

2.7 Net trading income

Net trading income comprises gains less losses related to foreign exchange transactions undertaken on behalf of customers.

2.8 Dividends

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

2.9 Leases

i) Lease payments made

Payments made under operating leases are recognised in profit or 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.

ii) 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 for which a significant portion of the risks and rewards of ownership are retained by another party other than the Bank are operating leases and are not recognised on the Bank's statement of financial position.

2.10 Income tax

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

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

Deferred tax is provided using the balance sheet method, providing for 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 liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined 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.

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:

(i) 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 2012 were satisfactory and reinforced the Bank's internal control system.

(ii) We are satisfied that the bank has complied with the provisions of Bank of Ghana's Circular BSD/108/2011 "International Financial Reporting Standards (IFRS) Implementation" and hereby confirm that an aggregate amount of GH¢10,779,276 (2011: GH¢2,217,800) was outstanding as at 31 December 2012 in relation to differences in provisions loans and advances under International Financial Reporting Standard (IFRS) and Bank of Ghana Guidelines.

(iii) 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.

Signed
Olusegun Agbaje
Chairman, Audit Committee

RISK MANAGEMENT DISCLOSURES

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Guaranty Trust Bank (Ghana) Limited (the Bank) as set out on pages 11 to 65. These financial statements comprise the statement of financial position as at 31 December 2012, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) 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 the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

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

ii) In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and

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

In accordance with section 78(2) of the Banking Act 673, 2004 we hereby state that;

i) We were able to obtain all the information and explanations required for the efficient performance of our duties as auditors;

ii) In our opinion, the accounts give a true and fair view of the state of the Bank's affairs and its results for the year under review; and

iii) In our opinion, the Bank's transactions were within its powers.

iv) In our opinion, the Bank in all material respects complied with the requirements of the Banking Act, 2004 (Act 673) as amended.

Chartered Accountants
22nd March 2013
Accra, Ghana
Oseini Amui (ICAG/P/1139)

pwc

ADDITIONAL DISCLOSURE

1. Management of Credit Risk

I. Key ratios on loans and advances

The total loans loss provision made by the bank constitutes 8.29% (2011: 9.19%) of the gross loans.

II. Gross non-performing loans with respect of Bank of Ghana Prudential Norms constitute 20.93% (2011: 9.09%) of total gross loans and advances.

2. Capital adequacy ratio

2012	2011
17.19%	1 9.73%