

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Guaranty Trust Bank (Ghana) Limited



INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts are in thousands of Ghana cedis)

	2016	2015
Interest income	213,096	157,39
Interest expense	(78,122)	(58,418)
Net interest income	134,974	98,977
Fee and commission income	44,920	42,533
Net trading income	23,019	26,787
Net income from other financial instruments carried at fair value	3,382	-
Other operating income	634	3,500
Operating income	206,929	171,797
Net impairment loss on financial assets	(9,416)	(1,456)
Personnel expenses	(30,128)	(25,432)
Amortisation of prepaid operating lease	(5,966)	(4,361)
Depreciation and amortisation	(6,482)	(5,515)
Other operating expenses	(48,402)	(45,986)
Profit before income tax and national fiscal stabilisation levy	106,535	89,047
National fiscal stabilisation levy	(5,323)	(4,452)
Income tax expense	(27,472)	(22,691)
Profit for the year after income tax and national fiscal stabilisation levy	73,740	61,904
Basic and diluted (Ghana cedi per share)	0.0100	0.0084

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(All amounts are in thousands of Ghana cedis)

	2016	2015
Assets		
Cash and cash equivalents	381,154	426,392
Non-pledged trading assets	77,074	-
Loans and advances to customers	626,562	637,880
Investment securities	407,901	254,423
Deferred income tax assets	2,183	2,115
Current income tax assets	-	2,930
Intangible assets	2,857	2,036
Other assets	23,355	26,001
Property and equipment	24,251	28,182
Total Assets	1,545,337	1,379,959
Liabilities		
Deposits from banks	57,492	99,276
Deposits from customers	1,111,111	953,818
Borrowings	47,469	62,348
Current income tax liabilities	542	-
Deferred income tax liabilities	1,213	2,892
Other liabilities	44,391	25,125
Total Liabilities	1,262,218	1,143,459
Equity		
Stated capital	82,655	82,655
Credit risk reserve	62,211	35,864
Statutory reserve	100,078	90,861
Income surplus	38,175	27,120
Total shareholders funds	283,119	236,500
Total liabilities and equity	1,545,337	1,379,959

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts are in thousands of Ghana cedis)

	2016	2015
Cash flows from operating activities:		
Profit before tax	106,535	89,047
Adjustments for:		
Depreciation and amortisation	6,482	5,515
Impairment on financial assets	9,416	1,456
Exchange difference on borrowing	5,114	12,647
Profit on disposal of property and equipment	(72)	(49)
Change in loans and advances	11,317	(162,716)
Change in trading assets and investment securities	(42,381)	(59,456)
Change in other assets	2,645	(6,437)
Change in deposits from customers	157,293	165,239
Change in other liabilities	19,265	(69)
Change in mandatory reserve deposits	(15,729)	(8,638)
Income tax paid	(25,747)	(25,920)
National fiscal stabilisation levy paid	(5,185)	(5,069)
Net cash generated from operating activities	228,953	5,550
Cash flows from investing activities:		
Purchase of property and equipment	(3,287)	(8,021)
Purchase of intangible assets	(1,694)	(239)
Proceeds from sale of property and equipment	105	271
Net cash used in investing activities	(4,876)	(7,989)
Cash flows from financing activities:		
Draw down on borrowings	-	34,258
Repayment of borrowings	(19,993)	(74,583)
Dividend paid	(27,120)	(29,873)
Net cash used in financing activities	(47,113)	(70,198)

Net increase/(decrease) in cash and cash equivalents	176,964	(72,637)
Cash and cash equivalents at 1 January	375,894	448,531
Cash and cash equivalents at 31 December	552,858	375,894

The financial information presented in this publication is an extract from the annual report for the year ended 31 December 2016. The annual report is available for inspection at the Bank's Head Office at 25A Castle Road, Ambassadorial Area, Ridge.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Significant Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The detailed accounting policies which formed part of the annual report and have been consistently applied can be found in the annual financial statements which are available for inspection at the Bank's Head Office at 25A Castle Road, Ambassadorial Area, Ridge.

Quantitative Disclosures

	2016	2015
i. Capital Adequacy Ratio	22.06%	17.03%
ii. Non-performing loan (NPL) to gross loss (BoG guideline)	12.88%	23.53%
iii. Loan loss provision	4.04%	2.99%
iv. Ratio of twenty (20) largest exposure (gross funded and non-funded) to total exposure	81.64%	76.15%

Risk Management Framework

As a Bank, risk is at the core of our operations. To manage it, we have designed a Risk Management Framework covering the strategic framework, organizational structure, risk appetite, operational framework and risk monitoring and reporting.

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2016 in accordance with the Companies Act 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) which discloses the state of affairs of the Bank.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Bank and the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied 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).

The directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy at anytime the financial position of the Bank. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

We have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Nature of Business

The Bank is licensed to carry out Universal Banking business in Ghana. 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 30 January 2017 and were signed on their behalf by:

Signed: Alhaji Yusuf Ibrahim
Chairman

Signed: Olalekan Sanusi
Managing Director

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Guaranty Trust Bank (Ghana) Limited as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and 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).

What we have audited

The financial statements on pages 12 to 70 comprise:

- The statement of financial position as at 31 December 2016;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;

- The statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

We have audited the financial statements of Guaranty Trust Bank (Ghana) Limited (the "Bank") for the year ended 31 December 2016.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Managing Director's Statement, Report of the Directors, Report of the Audit Committee, Corporate Governance Report and Value Added Statement but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Chairman's Statement and Managing Director's Statement which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Statement and Managing Director's Statement and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors 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 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)), 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.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY 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 Bank's balance sheet (statement of financial position) and the Bank's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

In accordance with section 78(2) of the Banking Act 673, 2004 (Act 673) we hereby confirm 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 ended 31 December 2016;
- iii) in our opinion, the Bank's transactions were within its powers; and
- iv) the Bank in all material respects complied with the requirements of the Banking Act, 2004 (Act 673) as amended.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2017/028)

Chartered Accountants

Accra, Ghana

24 March 2017



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