

# GCB Bank Limited

Consolidated Financial Statements for the Year Ended 31 December 2013

## Statements of Comprehensive Income

For The Year Ended 31 December 2013

	The Group		The Bank	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Interest income	552,063	376,092	552,063	376,092
Interest expense	(92,104)	(50,917)	(92,204)	(50,981)
<b>Net interest income</b>	<b>459,959</b>	<b>325,175</b>	<b>459,859</b>	<b>325,111</b>
Fees and commission income	88,566	76,535	88,566	76,535
Fees and commission expense	(11,419)	(7,347)	(11,419)	(7,347)
<b>Net fees and commission income</b>	<b>77,147</b>	<b>69,188</b>	<b>77,147</b>	<b>69,188</b>
Net trading income	26,842	16,580	26,842	16,580
Other income	4,241	7,181	7,170	9,360
<b>Net trading and other income</b>	<b>31,083</b>	<b>23,761</b>	<b>34,012</b>	<b>25,940</b>
<b>Total income</b>	<b>568,189</b>	<b>418,124</b>	<b>571,018</b>	<b>420,239</b>
Impairment release/(charge) on loans and advances	10,569	(10,585)	10,569	(10,585)
<b>Net income</b>	<b>578,758</b>	<b>407,539</b>	<b>581,587</b>	<b>409,654</b>
Operating expenses	(270,394)	(221,286)	(270,364)	(221,255)
<b>Results of operating activities</b>	<b>308,364</b>	<b>186,253</b>	<b>311,223</b>	<b>188,399</b>
Share of profit of associates	8,695	6,600	-	-
<b>Profit before tax</b>	<b>317,059</b>	<b>192,853</b>	<b>311,223</b>	<b>188,399</b>
Taxation	(87,860)	(49,881)	(87,715)	(49,754)
<b>Profit for the year</b>	<b>229,199</b>	<b>142,972</b>	<b>223,508</b>	<b>138,645</b>
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified to profit or loss</b>				
Changes in fair value of investment securities	1,464	634	1,618	313
Deferred tax on changes in fair value of investment securities	(366)	(159)	(404)	(78)
<b>Items that will never be reclassified to profit or loss</b>				
Actuarial loss on defined benefit obligations	(15,033)	(9,675)	(15,033)	(9,675)
Deferred tax on actuarial loss on defined benefit obligations	3,758	2,419	3,758	2,419
<b>Total comprehensive income for the year</b>	<b>219,022</b>	<b>136,191</b>	<b>213,447</b>	<b>131,624</b>
Basic and diluted earnings per share (in GH¢)	0.86	0.54	0.84	0.52

## Statements of Financial Position

At 31 December 2013

	The Group		The Bank	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
<b>Assets</b>				
Cash and cash equivalents	338,797	360,023	338,797	360,023
Government securities	1,711,957	1,553,301	1,711,948	1,553,292
Advances to Banks	170,321	37,978	170,321	37,978
Loans and advances to customers	960,707	847,872	960,707	847,872
Investment securities: available-for-sale	6,660	5,196	4,900	3,282
Investment in subsidiary	-	-	-	-
Investment in associates	41,013	37,242	30,126	30,126
Investment in other equity securities	247	247	113	113
Deferred tax asset	15,453	11,624	15,495	11,704
Property and equipment	81,399	73,404	81,399	73,404
Intangible assets	3,954	4,062	3,954	4,062
Other assets	74,318	50,192	73,340	50,212
<b>Total assets</b>	<b>3,404,826</b>	<b>2,981,141</b>	<b>3,391,100</b>	<b>2,972,068</b>
<b>Liabilities</b>				
Deposits from customers	2,624,975	2,330,300	2,630,283	2,334,608
Other liabilities	132,702	113,797	132,674	113,798
Borrowings	108,149	177,818	108,149	177,818
Income tax liabilities	11,258	17,195	11,161	17,147
Employee benefit obligations	61,677	46,150	61,677	46,150
<b>Total liabilities</b>	<b>2,938,761</b>	<b>2,685,260</b>	<b>2,943,944</b>	<b>2,689,521</b>
<b>Equity</b>				
Stated capital	100,000	72,000	100,000	72,000
Retained earnings	215,224	113,855	197,280	101,602
Fair value reserve	2,082	984	1,117	(97)
Statutory reserve	145,748	89,871	145,748	89,871
Credit risk reserve	22,384	27,269	22,384	27,269
Other reserves	(19,373)	(8,098)	(19,373)	(8,098)
<b>Total equity</b>	<b>466,065</b>	<b>295,881</b>	<b>447,156</b>	<b>282,547</b>
<b>Total liabilities and equity</b>	<b>3,404,826</b>	<b>2,981,141</b>	<b>3,391,100</b>	<b>2,972,068</b>

## Statements of Cash Flows

For The Year Ended 31 December 2013

	The Group		The Bank	
	2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
<b>Cash flows from operating activities</b>				
Profit before tax	317,059	192,853	311,223	188,399
Adjustments for:				
Depreciation and amortization	17,994	11,460	17,994	11,460
Impairment charge on loans and advances	(10,569)	10,585	(10,569)	10,585
Allowance for employee benefit obligations	8,930	6,456	8,930	6,456
Share of profit of associates	(3,771)	(3,002)	-	-
Net interest income	(459,959)	(325,175)	(459,859)	(325,111)
Dividend income	(2,455)	(1,817)	(5,147)	(3,830)
Assets written off	(1,350)	-	(1,350)	-
Adjustments to property and equipment	-	(90)	-	(90)
Profit on sale of property and equipment	(121)	(197)	(121)	(197)
Exchange loss on borrowing	10,262	15,125	10,262	15,125
Unrealised exchange difference on cash	(15,059)	(9,535)	(15,059)	(9,535)
	<b>(139,039)</b>	<b>(103,337)</b>	<b>(143,696)</b>	<b>(106,738)</b>
<b>Change in:</b>				
Loans and advances to customers	(102,266)	(382,247)	(102,266)	(382,247)
Advances to banks	(132,343)	179,201	(132,343)	179,201
Other assets	(24,126)	(30,578)	(23,128)	(30,646)
Deposits from customers	294,673	271,868	295,673	273,218
Borrowings	(80,000)	78,701	(80,000)	78,701
Other liabilities	18,905	3,621	18,876	3,635
Employee benefits paid	(8,436)	(6,303)	(8,436)	(6,303)
	<b>(172,632)</b>	<b>10,926</b>	<b>(175,320)</b>	<b>8,821</b>
Interest received	491,037	333,173	491,037	333,173
Interest paid	(90,472)	(44,171)	(90,572)	(44,206)
Income tax paid	(94,233)	(24,361)	(94,137)	(24,234)
<b>Net cash flow from operating activities</b>	<b>133,700</b>	<b>275,567</b>	<b>131,008</b>	<b>273,554</b>
<b>Cash flows from investing activities</b>				
Government securities	(97,630)	(294,884)	(97,630)	(294,884)
Dividend received	2,455	1,817	5,147	3,830
Investment in equity securities	-	(14,049)	-	(14,049)
Acquisition of property and equipment	(24,006)	(29,560)	(24,006)	(29,560)
Proceeds from sale of property and equipment	121	204	121	204
Acquisition of intangible assets	(3,225)	(3,487)	(3,225)	(3,487)
<b>Net cash used in investing activities</b>	<b>(122,285)</b>	<b>(339,959)</b>	<b>(119,593)</b>	<b>(337,946)</b>
<b>Cash flow from financing activities</b>				
Dividend paid	(47,700)	(18,550)	(47,700)	(18,550)
<b>Net cash used in financing activities</b>	<b>(47,700)</b>	<b>(18,550)</b>	<b>(47,700)</b>	<b>(18,550)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(36,285)</b>	<b>(82,942)</b>	<b>(36,285)</b>	<b>(82,942)</b>
Cash and cash equivalents at 1 January	360,023	433,430	360,023	433,430
Effect of exchange rate fluctuations on cash held	15,059	9,535	15,059	9,535
<b>Cash and cash equivalents at 31 December</b>	<b>338,797</b>	<b>360,023</b>	<b>338,797</b>	<b>360,023</b>

These financial statements were approved by the Board of Directors on March 28 2014 and signed on its behalf by:



Dr. Fritz A. Gokel  
Chairman



Simon Dornoo  
Managing Director

# GCB Bank Limited

## Consolidated Financial Statements for the Year Ended 31 December 2013

### Disclosures

#### Reporting Entity

GCB Bank Limited is a limited liability company incorporated and domiciled in Ghana. The address of its registered office is GCB Bank Building, Thorpe Road, J.E.A. Mills High Street, Accra. The financial statements of the Bank as at and for the year ended 31 December 2013 comprise the Bank and its subsidiary, together referred to as the 'Group' and individually as 'Group entities'. The Bank operates with a universal banking license. The Group is primarily involved in consumer and corporate banking and treasury activities. It also engages in equity investments through its subsidiary.

#### Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the following material items:

- financial instruments at fair value through profit and loss, measured at fair value
- available-for-sale financial assets, measured at fair value
- the liability for defined benefit obligations, which is recognized at the present value of defined benefit obligations less the net total plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

#### Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### Foreign currency translation

Transactions in foreign currencies are translated into the functional currency of the Group entities using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at closing rates ruling at the reporting date.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit or loss. All foreign exchange gains and losses recognized in profit or loss are presented net within the corresponding item.

#### Disclosures – Quantitative:

	2013	2012
Capital Adequacy Ratio	21.0%	15.0%
Non-performing loan ratio	15.0%	17.0%

#### Disclosure – Qualitative

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

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

The Board of Directors of the Bank oversee the conduct of the Bank's business and is primarily responsible for providing effective governance over the Bank's key affairs, including the appointment of Executive Management, approval of business strategies, evaluation of performance and the assessment of major risks facing the Bank.

#### Other disclosures

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required under the Companies Act, 1963 Act 179 and the Banking Act, 2004 Act 673 as amended by the Banking (Amendment) Act, 2007 Act 738 have been included, where appropriate.
- The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Bank's reporting date. The consolidation principles are unchanged as against the previous year.
- For the year under review, the bank did not record any statutory liquidity breaches and therefore did not incur regulatory sanctions

The financial statements in this publication is an extract from the financial statements for the year ended December 31 2013. The full set of the financial statements are available for inspection at the Bank's Head Office at Thorpe Road, J.E.A. Mills High Street. Accra



Dr. Fritz A. Gokel  
Chairman



Simon Dornoo  
Managing Director

### Independent Auditor's Report

#### To the shareholders of GCB Bank Limited:

The accompanying statements of financial position, comprehensive income and cash flows are derived from the audited financial statements of GCB Bank Limited for the year ended 31 December 2013. We expressed an unmodified opinion on the financial statements in our report dated 28 March 2014.

The accompanying statements of financial position, comprehensive income and cash flows do not contain all the disclosures required by International Financial Reporting Standards, the Companies Act 1963, (Act 179) and the Banking Act, 2004, (673) as amended by the Banking Amendment Act, 2007, (Act 738) that were applied in the preparation of the audited financial statements of the Bank and the Group. Reading the accompanying statements of financial position, comprehensive income and cash flows, therefore, is not a substitute for reading the audited Consolidated and Separate financial statements of GCB Bank Limited.

In our opinion, the accompanying statements of financial position, comprehensive income and cash flows are consistent, in all material respects, with the audited Consolidated and Separate financial statements of GCB Bank Limited for the year ended 31 December 2013, from which they were derived.



SIGNED BY: NII AMANOR DODOO (ICAG/P/1055)  
FOR AND ON BEHALF OF:  
KPMG: (ICAG/F/0036)  
CHARTERED ACCOUNTANTS  
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P O BOX GP 242  
ACCRA  
28 March, 2014