

GHANA COMMERCIAL BANK LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2011

GHANA COMMERCIAL BANK LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS

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NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of Ghana Commercial Bank Limited will be held at the National Theatre on Friday 29th June 2012 at 10:00 a.m. to transact the following business:

1. To receive and consider the Financial Statements for the year ended 31st December 2011 together with the reports of the Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st December 2011.
3. To re-elect Mr. Fifi Fiavi Kwetey retiring by rotation.
4. To authorize the Directors to determine the fees of the Auditors.

A member of the company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not also be a member.

A form of proxy is enclosed and for it to be valid for the purpose of the meeting it must be completed and deposited at the Share Registry, Ghana Commercial Bank Ltd, Head Office, High Street, Accra, not less than 48 hours before the meeting.

DATED THIS 29TH DAY OF MAY 2012
BY ORDER OF THE BOARD



HELEN ADDO (MRS.)
SECRETARY

GHANA COMMERCIAL BANK LIMITED
FINANCIAL HIGHLIGHTS

	The Group		The Bank	
	2011	Restated 2010	2011	Restated 2010
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 31 December				
Total assets	2,463,377	2,084,656	2,454,564	2,076,361
Loans and advances to customers (net)	476,211	995,356	476,211	995,356
Customer deposits	2,061,390	1,584,055	2,061,390	1,584,055
Shareholders' equity	178,240	181,100	169,473	173,623
Government securities	1,196,910	453,389	1,195,981	452,461
For the year ended 31 December				
Profit before tax	31,079	71,367	29,681	68,611
Profit after tax	17,972	50,880	16,683	48,002
Dividend per share (Ghana pesewas)	7	7	7	7
Earnings per share (Ghana pesewas):				
- Basic	7	19	6	18
- Diluted	7	19	6	18
Return on equity (%)	10	28	10	28
Return on assets (%)	1	2	1	2
At 31 December				
Number of staff	2,273	2,314	2,273	2,314
Number of branches	157	157	157	157

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
GHANA COMMERCIAL BANK LIMITED**

The Directors submit their report together with the financial statements of the Bank and its subsidiary (the Group) for the year ended 31 December 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the Companies Code, 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.

The Directors have made an assessment of the ability of the Bank and its subsidiary to continue as going concerns and have no reason to believe any of the entities will not be a going concern in the year ahead.

PRINCIPAL ACTIVITIES

The Group's principal activities comprise consumer and corporate banking and treasury activities. It also engages in equity investments through its subsidiary. There was no change in the nature of the Group's business during the year.

SHAREHOLDING STRUCTURE

The Bank's shareholding structure at the end of the year was as follows:

Shareholder	Percentage Holding
Social Security and National Insurance Trust (SSNIT)	29.81%
The Government of Ghana	21.31%
Institutions and individuals	48.88%

SUBSIDIARY AND ASSOCIATES

Development Finance & Holdings Limited, a company incorporated in Ghana to engage in investment activities, is a wholly owned subsidiary of the Bank.

The Bank holds 40% interest in Activity Venture Finance Company, a company incorporated in Ghana, which provides credit and equity financing to eligible small, and medium scale enterprises (SMEs).

The Bank holds 20% interest in Ghana International Bank Plc, a company incorporated in the United Kingdom to provide universal banking services.

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
GHANA COMMERCIAL BANK LIMITED (CONT'D)**

CHANGE OF EXTERNAL AUDITORS

Following a directive by the Central Bank (Bank of Ghana) limiting the tenure of auditors of Banks to five years, the Bank appointed KPMG Ghana as its external auditors to replace the previous auditors who had exceeded that timeframe.

PRIOR YEAR ADJUSTMENTS

A number of comparative account balances disclosed in the statements of financial position, comprehensive income, changes in equity and cash flows have been restated to ensure compliance with the requirements of IFRS. An explanation of how these restatements affected the Bank's financial position and performance is set out in the notes to the financial statements.

IMPAIRMENT LOSSES

An impairment charge of GH¢11 million (2010: GH¢71 million) was recognized during the year in respect of loans and advances. The Board also carried out a comprehensive review of other assets and liabilities as part of an exercise to reassess balances in the current and past financial statements of the Bank. Following this review, a number of accounts were highlighted to have balances whose carrying amounts exceeded their recoverable amounts making it necessary to recognize impairment losses totaling GH¢74 million, made up of losses amounting to GH¢31 million, GH¢4 million and GH¢39 million for the years 2011, 2010 and 2009 respectively.

FINANCIAL STATEMENTS AND DIVIDEND

The Bank's results for the year are set out in the financial statements, highlights of which are as follows:

	2011 GH¢'000	2010 GH¢'000
Profit for the year (attributable to equity holders)	16,683	48,002
to which is added the balance brought forward on retained earnings of	7,328	(8,845)
	-----	-----
	24,011	39,157
out of which is transferred to the statutory reserve fund, in accordance with the Banking Act, an amount of	(4,171)	(24,001)
transfers from credit risk reserve of	17,516	1,606
and prior year's dividend paid of	(18,550)	(9,434)
	-----	-----
	(5,205)	(31,829)
	-----	-----
leaving a balance to be carried forward on retained earnings of	18,806	7,328
	=====	=====

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
GHANA COMMERCIAL BANK LIMITED (CONT'D)**

In accordance with section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢4,171,000 (2010: GH¢24,001,000) was transferred to the statutory reserve fund from retained earnings bringing the cumulative balance on the statutory reserve fund at the year end to GH¢55,210,000 (2010: GH¢51,039,000).

The Directors recommend the payment of a dividend of GHp7 (2010: GHp7) per share amounting to GH¢18,550,000 (2010: GH¢18,550,000).

The Directors confirm that to the best of their knowledge

- The financial statements, prepared in accordance with applicable laws and the relevant financial reporting framework, give a true and fair view of the financial position and performance of the bank;
- The state of the Group's affairs is satisfactory.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Bank were approved by the Board of Directors on 23 May 2012 and signed on their behalf by:



í í í í í í í í í í ..
Dr. Fritz Gockel
Chairman



í í í í í í í í í í .
Mr. Simon Dornoo
Managing Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GHANA COMMERCIAL BANK LIMITED**

Report on the Financial Statements

We have audited the financial statements of Ghana Commercial Bank Limited, which comprise the statements of financial position at 31 December 2011, statements of comprehensive income, changes in equity, and cash flows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

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 compliance with the Companies Code, 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of Ghana Commercial Bank Limited at 31 December 2011 and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act 2007 (Act 738).

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179), and Section 78 of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act 2007 (Act 738)

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.

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

The Bank's transactions were within its powers and the Bank generally complied with the relevant provisions of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738).

K P u G

**CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP242
ACCRA**

23 May 2012

GHANA COMMERCIAL BANK LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	The Group		The Bank	
		2011 GH¢'000	Restated 2010 GH¢'000	2011 GH¢'000	Restated 2010 GH¢'000
Interest income	5	256,619	389,096	256,619	389,096
Interest expense	6	(49,807)	(102,812)	(49,807)	(102,812)
Net interest income		206,812	286,284	206,812	286,284
Fees and commission income	7	67,258	48,561	67,258	48,561
Fees and commission expense	8	(2,730)	(2,680)	(2,730)	(2,680)
Net fees and commission income		64,528	45,881	64,528	45,881
Net trading income	9	13,485	(3,091)	13,485	(3,091)
Other income	10	3,911	2,432	4,447	2,208
Net trading and other income		17,396	(659)	17,932	(883)
Total income		288,736	331,506	289,272	331,282
Impairment charge on loans and advances	11	(10,650)	(70,931)	(10,650)	(70,931)
Net income		278,086	260,575	278,622	260,351
Operating expenses	12	(251,328)	(192,381)	(248,941)	(191,740)
Results of operating activities		26,758	68,194	29,681	68,611
Share of profit of associates	36	4,321	3,173	-	-
Profit before tax		31,079	71,367	29,681	68,611
Taxation	13	(13,107)	(20,487)	(12,998)	(20,609)
Profit for the year		17,972	50,880	16,683	48,002

GHANA COMMERCIAL BANK LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

	Note	The Group		The Bank	
		2011 GH¢'000	Restated 2010 GH¢'000	2011 GH¢'000	Restated 2010 GH¢'000
Profit for the year		17,972	50,880	16,683	48,002
<i>Other comprehensive income</i>					
Net (loss)/gain in fair value of investments in equity instruments	32	(1,143)	307	(1,144)	320
Actuarial (loss)/gain on defined benefit obligations	29	(1,519)	396	(1,519)	396
Deferred tax on actuarial (loss)/gain on defined benefit obligations	29	380	(99)	380	(99)
		-----	-----	-----	-----
Total comprehensive income for the year		15,690	51,484	14,400	48,619
		=====	=====	=====	=====
Basic and diluted earnings per share (in GH¢)	15	0.07	0.19	0.06	0.18

GHANA COMMERCIAL BANK LIMITED
STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011

The Group	Note	2011 GH¢'000	Restated 2010 GH¢'000	Restated 1/1/10 GH¢'000
Assets				
Cash and cash equivalents	16	435,469	349,383	139,132
Government securities	17	1,196,910	453,389	216,784
Advances to Banks	18	217,179	179,706	186,307
Loans and advances to customers	19	476,211	995,356	1,265,517
Investment securities: available- for-sale	20	4,562	4,161	4,408
Investment in associates	36	20,240	7,156	5,357
Investment in other equity securities	22	198	863	863
Income tax asset	13	6,309	-	-
Deferred tax asset	13	11,379	4,745	8,527
Property and equipment	23	53,955	54,684	51,345
Intangible assets	24	1,841	789	837
Other assets	25	39,124	34,424	25,520
Total assets		2,463,377	2,084,656	1,904,597
Liabilities				
Deposits from customers	26	2,061,390	1,584,055	1,259,470
Other liabilities	27	108,425	189,542	136,154
Borrowings	28	79,000	73,125	331,800
Income tax liabilities	13	-	23,498	6,773
Employee benefit obligations	29	36,322	33,336	31,350
Total liabilities		2,285,137	1,903,556	1,765,547
Equity				
Stated capital	30	72,000	72,000	72,000
Retained earnings	31	26,732	13,965	(5,086)
Fair value reserve	32	509	1,652	1,345
Statutory reserve	33	55,210	51,039	27,038
Credit risk reserve	34	24,631	42,147	43,753
Other reserves	35	(842)	297	-
Total equity		178,240	181,100	139,050
Total liabilities and equity		2,463,377	2,084,656	1,904,597

These financial statements were approved by the Board of Directors on 23 May 2012 and signed on its behalf by:


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CHAIRMAN


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DIRECTOR

GHANA COMMERCIAL BANK LIMITED
STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011 (CONT'D)

The Bank	Note	2011 GH¢'000	Restated 2010 GH¢'000	Restated 1/1/10 GH¢'000
Assets				
Cash and cash equivalents	16	433,430	346,212	136,829
Government securities	17	1,195,981	452,461	215,857
Advances to Banks	18	217,179	179,706	186,307
Loans and advances to customers	19	476,211	995,356	1,265,517
Investment securities: available- for-sale	20	2,969	4,113	4,347
Investment in subsidiary	21	-	-	-
Investment in associates	36	16,126	3,876	3,876
Investment in other equity securities	22	64	64	64
Income tax asset	13	6,357	-	-
Deferred tax asset	13	11,379	4,745	8,527
Property and equipment	23	53,955	54,684	51,345
Intangible assets	24	1,841	789	837
Other assets	25	39,072	34,355	25,508
		-----	-----	-----
Total assets		2,454,564	2,076,361	1,899,014
		=====	=====	=====
Liabilities				
Deposits from customers	26	2,061,390	1,584,055	1,259,470
Other liabilities	27	108,379	188,772	135,431
Borrowings	28	79,000	73,125	331,800
Income tax liabilities	13	-	23,450	6,525
Employee benefit obligations	29	36,322	33,336	31,350
		-----	-----	-----
Total liabilities		2,285,091	1,902,738	1,764,576
		=====	=====	=====
Equity				
Stated capital	30	72,000	72,000	72,000
Retained earnings	31	18,806	7,328	(8,845)
Fair value reserve	32	(332)	812	492
Statutory reserve	33	55,210	51,039	27,038
Credit risk reserve	34	24,631	42,147	43,753
Other reserves	35	(842)	297	-
		-----	-----	-----
Total equity		169,473	173,623	134,438
		-----	-----	-----
Total liabilities and equity		2,454,564	2,076,361	1,899,014
		=====	=====	=====

These financial statements were approved by the Board of Directors on 23 May 2012 and signed on its behalf by:



í í í í í í í í í í ..
CHAIRMAN



í í í í í í í í í í ..
DIRECTOR

GHANA COMMERCIAL BANK LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	The Group		The Bank	
	2011 GH¢'000	Restated 2010 GH¢'000	2011 GH¢'000	Restated 2010 GH¢'000
Cash flows from operating activities				
Profit before tax	31,079	71,367	29,681	68,611
<i>Adjustments for:</i>				
Depreciation and amortization	12,300	11,504	12,300	11,504
Impairment charge on loans and advances	10,650	70,931	10,650	70,931
Net impairment loss on financial assets	3,105	554	1,615	554
Allowance for employee benefit obligations	7,150	7,367	7,150	7,367
Share of profit of associates	(4,321)	(3,173)	-	-
Interest income	(256,619)	(389,096)	(256,619)	(389,096)
Interest expense	49,807	102,812	49,807	102,812
Dividend received	(1,589)	(1,455)	(2,223)	(1,526)
Assets written off	129	-	129	-
Profit on sale of property and equipment	(51)	(270)	(51)	(270)
	-----	-----	-----	-----
	(148,360)	(129,459)	(147,561)	(129,113)
Change in loans and advances to customers	508,495	199,230	508,495	199,230
Change in advances to banks	(39,088)	6,601	(39,088)	6,601
Change in other assets	14,808	(2,308)	14,791	(2,251)
Change in deposits from customers	477,335	324,585	477,335	324,585
Change in borrowings	5,875	(258,675)	5,875	(258,675)
Change in other liabilities	(86,136)	42,737	(85,412)	42,663
Employee benefits paid	(5,683)	(4,985)	(5,683)	(4,985)
	-----	-----	-----	-----
	727,246	177,726	728,752	178,055
Interest received	237,111	382,499	237,111	382,499
Interest paid	(44,788)	(92,134)	(44,788)	(92,134)
Income tax paid	(49,168)	(104)	(49,059)	-
	-----	-----	-----	-----
Net cash flow from operating activities	870,401	467,987	872,016	468,420
	-----	-----	-----	-----
Cash flows from investing activities				
Government securities	(743,521)	(236,605)	(743,520)	(236,604)
Dividend income	1,589	1,455	2,223	1,526
Investment in equity securities	(11,132)	1,373	(12,250)	-
Acquisition of property and equipment	(11,041)	(14,062)	(11,041)	(14,062)
Proceeds from sale of property and equipment	55	326	55	326
Acquisition of intangible assets	(1,715)	(789)	(1,715)	(789)
	-----	-----	-----	-----
Net cash used in investing activities	(765,765)	(248,302)	(766,248)	(249,603)
	-----	-----	-----	-----

GHANA COMMERCIAL BANK LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

	Note	The Group		The Bank	
		2011 GH¢'000	Restated 2010 GH¢'000	2011 GH¢'000	Restated 2010 GH¢'000
Cash flow from financing activities					
Dividend paid		(18,550)	(9,434)	(18,550)	(9,434)
		-----	-----	-----	-----
Net cash used in financing activities		(18,550)	(9,434)	(18,550)	(9,434)
		-----	-----	-----	-----
Net increase in cash and cash equivalents		86,086	210,251	87,218	209,383
Cash and cash equivalents at 1 January		349,383	139,132	346,212	136,829
		-----	-----	-----	-----
Cash and cash equivalents at 31 December		435,469	349,383	433,430	346,212
		=====	=====	=====	=====

GHANA COMMERCIAL BANK LIMITED
EXTRACTS OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

SIGNIFICANT ACCOUNTING POLICIES

The detailed accounting policies which form part of the annual report can be found in the annual financial statements which are available for inspection at the Bank's Head Office at High Street.

QUANTITATIVE DISCLOSURES

	2011	2010
Capital adequacy ratio	11%	10%

The total impairment charge for the year represents 2% of gross loans at the year end (2010: 6%).

Gross non-performing loan ratio was 26% at year end (2010: 15%)

QUALITATIVE DISCLOSURES

1. RESTATEMENT OF 31 DECEMBER 2010 AND 1 JANUARY 2010 COMPARATIVES

The 2010 opening and closing balances were restated for the following reasons:

Prior Year Adjustments

A number of comparative account balances including cash and cash equivalents; advances to other banks; loans and advances to customers; other assets; other equity investments; property and equipment; intangible assets; customer deposits; other liabilities; income tax liabilities; deferred tax liabilities; retained earnings; net trading income; operating expenses; tax expense and statutory reserves have been restated in order to ensure compliance with the requirements of IFRSs. An explanation of how the restatements have affected the Group and the Bank's financial position and financial performance is set out in the detailed report which is available for inspection at the Bank's Head Office at High Street, Accra.

The financial statements presented is an extract from the annual financial statements of the Bank for the year ended December 2011. This information has been extracted directly from the annual financial statements which are available for inspection at the Bank's Head Office at High Street, Accra.



GHANA COMMERCIAL BANK LIMITED

INVITATION AND FORM OF PROXY FOR USE AT ANNUAL GENERAL MEETING

To be held at 10.00am on Friday, June 29, 2012 at the National Theatre

Dear Member(s)

You are hereby cordially invited to the next Annual General Meeting of Ghana Commercial Bank Limited, for which the details are as given above. If you will be attending in person, please bring along to the meeting this invitation or the counterfoil printed below, to facilitate registration, which will begin at 7:00 a.m.

If you are unable to attend the meeting, you may use the Form below to exercise your vote by filling in the appropriate sections; then fold the Form as instructed overleaf and return it to GCB Registry at least 48 hours before the meeting. Alternatively you may appoint a Proxy (who need not be a Member of the Company) to attend and vote in your stead.

PROXY FORM			
RESOLUTION	FOR	AGAINST	NOTES
1. To receive and consider the Financial Statements for the year ended 31st December 2011 together with the reports of the directors and auditors thereon.			1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The proxy form at the left has been prepared to enable you to exercise your vote if you cannot attend personally. 2. Provision has been made for the Chairman of the Meeting to act as your proxy, but you may wish to name any person to attend the meeting and vote on your behalf. 3. In case of joint holders, each holder should sign 4. If executed by a Company/ Corporation, the admission card should bear the Common Seal or be signed on its behalf by a Director. 5. For a postal proxy, please sign and post it so as to reach the GCB Registry not later than 10a.m on Wednesday, June 27th, 2012.
2. To declare a dividend for the year ended 31st December 2011.			
3. To re-elect Mr. Fifi Fiavi Kwetey who is retiring by rotation.			
4. To authorize Directors to determine the fees of the Auditors.			



Shareholder Details	Folio No.		All Signatories to Sign Below

Please use this Counterfoil to indicate whom (if any) you might wish to act as your Proxy

FORM OF PROXY FOR USE AT AGM I/Wea member/members ^(*) of GCB Hereby appointor failing whom, the Chairman of the meeting as my/our ^(*) proxy to vote for me/us on my/our ^(*) behalf at the Annual Meeting of the Company to be held at 10am on June 29, 2012 and at any adjournment therefore.	Date 2012
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(*) Delete whichever is not applicable