

Independent Auditors' Report

To the members of GCB Bank Limited:

Report on the Financial Statements

We have audited the financial statements of GCB Bank Limited, which comprise the statements of financial position at 31 December 2013, 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 as set out on pages 32 to 99.

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 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 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 GCB Bank Limited at 31 December 2013 and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in a 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 and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 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.



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

28 March 2014

GCB Bank Limited

Financial Statements 2013



GCB Bank Limited

Statements of Comprehensive Income

For the year ended 31 December 2013

	Note	The Group		The Bank	
		2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Interest income	10	552,063	376,092	552,063	376,092
Interest expense	11	(92,104)	(50,917)	(92,204)	(50,981)
Net interest income		459,959	325,175	459,859	325,111
Fees and commission income	12	88,566	76,535	88,566	76,535
Fees and commission expense	13	(11,419)	(7,347)	(11,419)	(7,347)
Net fees and commission income		77,147	69,188	77,147	69,188
Net trading income	14	26,842	16,580	26,842	16,580
Other income	15	4,241	7,181	7,170	9,360
Net trading and other income		31,083	23,761	34,012	25,940
Total income		568,189	418,124	571,018	420,239
Impairment release/(charge) on loans and advances	16	10,569	(10,585)	10,569	(10,585)
Net income		578,758	407,539	581,587	409,654
Operating expenses	17	(270,394)	(221,286)	(270,364)	(221,255)
Results of operating activities		308,364	186,253	311,223	188,399
Share of profit of associates	41	8,695	6,600	-	-
Profit before tax		317,059	192,853	311,223	188,399
Taxation	18	(87,860)	(49,881)	(87,715)	(49,754)
Profit for the year		229,199	142,972	223,508	138,645
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Changes in fair value of investment securities	37	1,464	634	1,618	313
Deferred tax on changes in fair value of investment securities	37	(366)	(159)	(404)	(78)
Items that will never be reclassified to profit or loss					
Actuarial loss on defined benefit obligations	40	(15,033)	(9,675)	(15,033)	(9,675)
Deferred tax on actuarial loss on defined benefit obligations	40	3,758	2,419	3,758	2,419
Total comprehensive income for the year		219,022	136,191	213,447	131,624
Basic and diluted earnings per share (in GH¢)	20	0.86	0.54	0.84	0.52

The notes on pages 38 to 99 form an integral part of these financial statements.

GCB Bank Limited

Statements of Financial Position

At 31 December 2013

	Note	The Group		The Bank	
		2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Assets					
Cash and cash equivalents	21	338,797	360,023	338,797	360,023
Government securities	22	1,711,957	1,553,301	1,711,948	1,553,292
Advances to Banks	23	170,321	37,978	170,321	37,978
Loans and advances to customers	24	960,707	847,872	960,707	847,872
Investment securities: available-for-sale	25	6,660	5,196	4,900	3,282
Investment in subsidiary	26	-	-	-	-
Investment in associates	41	41,013	37,242	30,126	30,126
Investment in other equity securities	27	247	247	113	113
Deferred tax asset	18	15,453	11,624	15,495	11,704
Property and equipment	28	81,399	73,404	81,399	73,404
Intangible assets	29	3,954	4,062	3,954	4,062
Other assets	30	74,318	50,192	73,340	50,212
Total assets		3,404,826	2,981,141	3,391,100	2,972,068
Liabilities					
Deposits from customers	31	2,624,975	2,330,300	2,630,283	2,334,608
Other liabilities	32	132,702	113,797	132,674	113,798
Borrowings	33	108,149	177,818	108,149	177,818
Income tax liabilities	18	11,258	17,195	11,161	17,147
Employee benefit obligations	34	61,677	46,150	61,677	46,150
Total liabilities		2,938,761	2,685,260	2,943,944	2,689,521
Equity					
Stated capital	35	100,000	72,000	100,000	72,000
Retained earnings	36	215,224	113,855	197,280	101,602
Fair value reserve	37	2,082	984	1,117	(97)
Statutory reserve	38	145,748	89,871	145,748	89,871
Credit risk reserve	39	22,384	27,269	22,384	27,269
Other reserves	40	(19,373)	(8,098)	(19,373)	(8,098)
Total equity		466,065	295,881	447,156	282,547
Total liabilities and equity		3,404,826	2,981,141	3,391,100	2,972,068

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



Dr. Fritz A. Gockel
Chairman



Mr. Simon Dornoo
Managing Director

The notes on pages 38 to 99 form an integral part of these financial statements.

GCB Bank Limited

Statements of Changes in Equity

For the year ended 31 December 2013

The Group	Stated capital GH¢'000	Retained earnings GH¢'000	Fair value reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Other reserves GH¢'000	Total GH¢'000
Balance at 1 January 2012	72,000	26,732	509	55,210	24,631	(842)	178,240
Total comprehensive income for the year							
Profit for the year	-	142,972	-	-	-	-	142,972
Other comprehensive income, net of tax	-	-	475	-	-	(7,256)	(6,781)
Total comprehensive income for the year	-	142,972	475	-	-	(7,256)	136,191
Transactions with equity holders							
Dividends paid	-	(18,550)	-	-	-	-	(18,550)
Total contributions to equity holders	-	(18,550)	-	-	-	-	(18,550)
Regulatory and other reserves							
Transfer to statutory reserve	-	(34,661)	-	34,661	-	-	-
Transfer to credit risk reserve	-	(2,638)	-	-	2,638	-	-
Net transfer from reserves	-	(37,299)	-	34,661	2,638	-	-
Balance at 31 December 2012	72,000	113,855	984	89,871	27,269	(8,098)	295,881
Balance at 1 January 2013	72,000	113,855	984	89,871	27,269	(8,098)	295,881
Total comprehensive income for the year							
Profit for the year	-	229,199	-	-	-	-	229,199
Other comprehensive income, net of tax	-	-	1,098	-	-	(11,275)	(10,177)
Total comprehensive income for the year	-	229,199	1,098	-	-	(11,275)	219,022
Transactions with equity holders							
Dividends paid	-	(47,700)	-	-	-	-	(47,700)
Transfer to stated capital	28,000	(29,138)	-	-	-	-	(1,138)
Total contributions to equity holders	28,000	(76,838)	-	-	-	-	(48,838)
Regulatory and other reserves							
Transfer to statutory reserve	-	(55,877)	-	55,877	-	-	-
Transfer from/ (to) credit risk reserve	-	4,885	-	-	(4,885)	-	-
Net transfer from reserves	-	(50,992)	-	55,877	(4,885)	-	-
Balance at 31 December 2013	100,000	215,224	2,082	145,748	22,384	(19,373)	466,065

The notes on pages 38 to 99 form an integral part of these financial statements.

GCB Bank Limited

Statements of Changes in Equity continued

For the year ended 31 December 2013

The Bank	Stated capital GH¢'000	Retained earnings GH¢'000	Fair value reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Other reserves GH¢'000	Total GH¢'000
Balance at 1 January 2012	72,000	18,806	(332)	55,210	24,631	(842)	169,473
Total comprehensive income for the year							
Profit for the year	-	138,645	-	-	-	-	138,645
Other comprehensive income, net of tax	-	-	235	-	-	(7,256)	(7,021)
Total comprehensive income for the year	-	138,645	235	-	-	(7,256)	131,624
Transactions with equity holders							
Dividends paid	-	(18,550)	-	-	-	-	(18,550)
Total contributions to equity holders	-	(18,550)	-	-	-	-	(18,550)
Regulatory and other reserves							
Transfer to statutory reserve	-	(34,661)	-	34,661	-	-	-
Transfer to credit risk reserve	-	(2,638)	-	-	2,638	-	-
Net transfer from reserves	-	(37,299)	-	34,661	2,638	-	-
Balance at 31 December 2012	72,000	101,602	(97)	89,871	27,269	(8,098)	282,547
Balance at 1 January 2013	72,000	101,602	(97)	89,871	27,269	(8,098)	282,547
Total comprehensive income for the year							
Profit for the year	-	223,508	-	-	-	-	223,508
Other comprehensive income, net of tax	-	-	1,214	-	-	(11,275)	(10,061)
Total comprehensive income for the year	-	223,508	1,214	-	-	(11,275)	213,447
Transactions with equity holders							
Dividends paid	-	(47,700)	-	-	-	-	(47,700)
Transfer to stated capital	28,000	(29,138)	-	-	-	-	(1,138)
Total contributions to equity holders	28,000	(76,838)	-	-	-	-	(48,838)
Regulatory and other reserves							
Transfer to statutory reserve	-	(55,877)	-	55,877	-	-	-
Transfer from credit risk reserve	-	4,885	-	-	(4,885)	-	-
Net transfer from reserves	-	(50,992)	-	55,877	(4,885)	-	-
Balance at 31 December 2013	100,000	197,280	1,117	145,748	22,384	(19,373)	447,156

The notes on pages 38 to 99 form an integral part of these financial statements.

GCB Bank Limited

Statements of Cash Flows

For the year ended 31 December 2013

	Note	The Group		The Bank	
		2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Cash flows from operating activities					
Profit before tax		317,059	192,853	311,223	188,399
Adjustments for:					
Depreciation and amortization	28; 29	17,994	11,460	17,994	11,460
Impairment charge on loans and advances	16	(10,569)	10,585	(10,569)	10,585
Allowance for employee benefit obligations	34	8,930	6,456	8,930	6,456
Share of profit of associates	41	(3,771)	(3,002)	-	-
Net interest income	10; 11	(459,959)	(325,175)	(459,859)	(325,111)
Dividend income	15	(2,455)	(1,817)	(5,147)	(3,830)
Assets written off	28; 29	(1,350)	-	(1,350)	-
Adjustments to property and equipment	28	-	(90)	-	(90)
Profit on sale of property and equipment	28	(121)	(197)	(121)	(197)
Exchange loss on borrowing	33	10,262	15,125	10,262	15,125
Unrealised exchange difference on cash		(15,059)	(9,535)	(15,059)	(9,535)
		(139,039)	(103,337)	(143,696)	(106,738)
Change in:					
Loans and advances to customers	24	(102,266)	(382,247)	(102,266)	(382,247)
Advances to banks	23	(132,343)	179,201	(132,343)	179,201
Other assets	30	(24,126)	(30,578)	(23,128)	(30,646)
Deposits from customers	31	294,675	271,868	295,675	273,218
Borrowings	33	(80,000)	78,701	(80,000)	78,701
Other liabilities	32	18,905	3,621	18,876	3,635
Employee benefits paid	34	(8,436)	(6,303)	(8,436)	(6,303)
		(172,630)	10,926	(175,318)	8,821
Interest received		491,037	333,173	491,037	333,173
Interest paid		(90,474)	(44,171)	(90,574)	(44,206)
Income tax paid	18	(94,233)	(24,361)	(94,137)	(24,234)
Net cash flow from operating activities		133,700	275,567	131,008	273,554

The notes on pages 38 to 99 form an integral part of these financial statements.

GCB Bank Limited

Statements of Cash Flows continued

For the year ended 31 December 2013

	Note	The Group		The Bank	
		2013 GH¢'000	2012 GH¢'000	2013 GH¢'000	2012 GH¢'000
Cash flows from investing activities					
Government securities	22	(97,630)	(294,884)	(97,630)	(294,884)
Dividend received	15	2,455	1,817	5,147	3,830
Investment in equity securities	27	-	(14,049)	-	(14,049)
Acquisition of property and equipment	28	(24,006)	(29,560)	(24,006)	(29,560)
Proceeds from sale of property and equipment	28	121	204	121	204
Acquisition of intangible assets	29	(3,225)	(3,487)	(3,225)	(3,487)
Net cash used in investing activities		(122,285)	(339,959)	(119,593)	(337,946)
Cash flow from financing activities					
Dividend paid	36	(47,700)	(18,550)	(47,700)	(18,550)
Net cash used in financing activities		(47,700)	(18,550)	(47,700)	(18,550)
Net decrease in cash and cash equivalents		(36,285)	(82,942)	(36,285)	(82,942)
Cash and cash equivalents at 1 January	21	360,023	433,430	360,023	433,430
Effect of exchange rate fluctuations on cash held		15,059	9,535	15,059	9,535
Cash and cash equivalents at 31 December	21	338,797	360,023	338,797	360,023

The notes on pages 38 to 99 form an integral part of these financial statements.