

Independent Auditor's 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 December 31, 2014, 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 28 to 101.

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 December 31, 2014 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).

K P u G

SIGNED BY: NII AMANOR DODOO (ICAG/P/1055)

FOR AND ON BEHALF OF:

KPMG: (ICAG/F/2014/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELNKPE

P O BOX GP 242

ACCRA

FEBRUARY 27, 2015

Statements of Comprehensive Income

for the year ended 31 December 2014

	Note	The Group		The Bank	
		2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Interest income	9	690,708	552,063	690,708	552,063
Interest expense	10	(92,982)	(92,104)	(92,982)	(92,204)
Net interest income		597,726	459,959	597,726	459,859
Fee and commission income	11	114,392	88,566	114,392	88,566
Fee and commission expense	12	(22,422)	(11,419)	(22,422)	(11,419)
Net fee and commission income		91,970	77,147	91,970	77,147
Net trading income	13	37,758	26,842	37,758	26,842
Other revenue	14	3,739	3,297	7,792	5,989
Revenue		731,193	567,245	735,246	569,837
Other income	15	100,058	944	99,210	1,181
Impairment (charge)/release on loans and advances	16	(23,832)	10,569	(23,832)	10,569
Operating expenses	17	(428,230)	(270,394)	(428,188)	(270,364)
Operating profit		379,189	308,364	382,436	311,223
Share of profit of associates, net of tax	27	15,792	8,695	-	-
Profit before tax		394,981	317,059	382,436	311,223
Income tax expense	18	(112,833)	(87,860)	(112,379)	(87,715)
Profit for the year		282,148	229,199	270,057	223,508

The notes on pages 37 to 101 form an integral part of these financial statements.

Statements of Comprehensive Income (cont'd)

for the year ended 31 December 2014

	Note	The Group		The Bank	
		2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Profit for the year		282,148	229,199	270,057	223,508
Other comprehensive income (OCI)					
Items that may be reclassified to profit or loss					
Available-for-sale financial assets – net changes in fair value	38	1,898	1,464	1,911	1,618
Related tax	38	(475)	(366)	(478)	(404)
Share of associate OCI	38	(1,515)	-	-	-
Items that will never be reclassified to profit or loss					
Actuarial loss on defined benefit liability	41	(4,134)	(15,033)	(4,134)	(15,033)
Related tax	41	1,034	3,758	1,034	3,758
Other comprehensive income, net of tax		(3,192)	(10,177)	(1,667)	(10,061)
Total comprehensive income		278,956	219,022	268,390	213,447
Basic and diluted earnings per share (in GH¢)	20	1.06	0.86	1.02	0.84

The notes on pages 37 to 101 form an integral part of these financial statements.

Statements of Financial Position

at 31 December 2014

	Note	The Group		The Bank	
		2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Assets					
Cash and cash equivalents	21	758,081	338,797	758,081	338,797
Government securities	22	1,862,336	1,711,957	1,857,337	1,711,948
Advances to Banks	23	107,407	170,321	107,407	170,321
Loans and advances to customers	24	1,240,577	960,707	1,240,577	960,707
Investment securities: available for-sale	25	8,611	6,660	6,811	4,900
Investment in subsidiary	26	-	-	-	-
Investment in associates	27	49,468	41,013	30,126	30,126
Investment in other equity securities	28	247	247	113	113
Deferred tax asset	18	26,838	15,453	26,890	15,495
Property and equipment	29	123,936	81,399	123,936	81,399
Intangible assets	30	12,162	3,954	12,162	3,954
Other assets	31	64,021	74,318	63,601	73,340
Income tax asset	18	5,418	-	5,778	-
Total assets		4,259,102	3,404,826	4,232,819	3,391,100
Liabilities					
Deposits from customers	31	3,074,821	2,624,975	3,078,071	2,630,283
Other liabilities	32	263,805	132,702	263,747	132,674
Borrowings	33	163,028	108,149	163,028	108,149
Income tax liabilities	18	-	11,258	-	11,161
Employee benefit obligations	34	68,077	61,677	68,077	61,677
Total liabilities		3,569,731	2,938,761	3,572,923	2,943,944
Equity					
Stated capital	36	100,000	100,000	100,000	100,000
Retained earnings	37	409,176	215,224	379,141	197,280
Fair value reserve	38	1,990	2,082	2,550	1,117
Statutory reserve	39	179,505	145,748	179,505	145,748
Credit risk reserve	40	21,173	22,384	21,173	22,384
Other reserves	41	(22,473)	(19,373)	(22,473)	(19,373)
Total equity		689,371	466,065	659,896	447,156
Total liabilities and equity		4,259,102	3,404,826	4,232,819	3,391,100



Chairman



Director

The notes on pages 37 to 101 form an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2014

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 2013	72,000	113,855	984	89,871	27,269	(8,098)	295,881
Total comprehensive income							
Profit for the year	-	229,199	-	-	-	-	229,199
Other comprehensive income, net of tax							
Available-for-sale - net change in fair value	-	-	1,098	-	-	-	1,098
Actuarial loss on defined benefit liability	-	-	-	-	-	(11,275)	(11,275)
Total comprehensive income	-	229,199	1,098	-	-	(11,275)	219,022
Transactions with equity holders							
Dividends paid		(47,700)	-	-	-	-	(47,700)
Transfer to stated capital	28,000	(28,000)	-	-	-	-	-
Tax on transfer to stated capital	-	(1,138)	-	-	-	-	(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 to 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 37 to 101 form an integral part of these financial statements.

Statements of Changes in Equity (cont'd)

for the year ended 31 December 2014

The Group	Stated capital GHç'000	Retained earnings GHç'000	Fair value reserve GHç'000	Statutory reserve GHç'000	Credit risk reserve GHç'000	Other reserves GHç'000	Total GHç'000
Balance at 1 January 2014	100,000	215,224	2,082	145,748	22,384	(19,373)	466,065
Total comprehensive income							
Profit for the year	-	282,148	-	-	-	-	282,148
Other comprehensive income, net of tax							
Available-for-sale - net change in fair value	-	-	1,423	-	-	-	1,423
Share of associate OCI	-	-	(1,515)	-	-	-	(1,515)
Actuarial loss on defined benefit liability	-	-	-	-	-	(3,100)	(3,100)
Total comprehensive income	-	282,148	(92)	-	-	(3,100)	278,956
Transactions with equity holders							
Dividends paid	-	(55,650)	-	-	-	-	(55,650)
Total contributions to equity holders	-	(55,650)	-	-	-	-	(55,650)
Regulatory and other reserves							
Transfer to statutory reserve	-	(33,757)	-	33,757	-	-	-
Transfer from credit risk reserve	-	1,211	-	-	(1,211)	-	-
Net transfer to reserves	-	(32,546)	-	33,757	(1,211)	-	-
Balance at 31 December 2014	100,000	409,176	1,990	179,505	21,173	(22,473)	689,371

The notes on pages 37 to 101 form an integral part of these financial statements.

Statements of Changes in Equity (cont'd)

for the year ended 31 December 2014

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 2013	72,000	101,602	(97)	89,871	27,269	(8,098)	282,547
Total comprehensive income							
Profit for the year	-	223,508	-	-	-	-	223,508
Other comprehensive income, net of tax							
Available-for-sale - net change in fair value	-	-	1,214	-	-	-	1,214
Actuarial loss on defined benefit liability	-	-	-	-	-	(11,275)	(11,275)
Total comprehensive income	-	223,508	1,214	-	-	(11,275)	213,447
Transactions with equity holders							
Dividends paid	-	(47,700)	-	-	-	-	(47,700)
Transfer to stated capital	28,000	(28,000)	-	-	-	-	-
Tax on transfer to stated capital	-	(1,138)	-	-	-	-	(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 to 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 37 to 101 form an integral part of these financial statements.

Statements of Changes in Equity (cont'd)

for the year ended 31 December 2014

The Bank	Stated capital GHç'000	Retained earnings GHç'000	Fair value reserve GHç'000	Statutory reserve GHç'000	Credit risk reserve GHç'000	Other reserves GHç'000	Total GHç'000
Balance at 1 January 2014	100,000	197,280	1,117	145,748	22,384	(19,373)	447,156
Total comprehensive income							
Profit for the year	-	270,057	-	-	-	-	270,057
Other comprehensive income, net of tax							
Available-for-sale - net change in fair value	-	-	1,433	-	-	-	1,433
Actuarial loss on defined benefit liability	-	-	-	-	-	(3,100)	(3,100)
Total comprehensive income	-	270,057	1,433	-	-	(3,100)	268,390
Transactions with equity holders							
Dividends paid	-	(55,650)	-	-	-	-	(55,650)
Total contributions to equity holders	-	(55,650)	-	-	-	-	(55,650)
Regulatory and other reserves							
Transfer to statutory reserve	-	(33,757)	-	33,757	-	-	-
Transfer from credit risk reserve	-	1,211	-	-	(1,211)	-	-
Net transfer to reserves	-	(32,546)	-	33,757	(1,211)	-	-
Balance at 31 December 2014	100,000	379,141	2,550	179,505	21,173	(22,473)	659,896

The notes on pages 37 to 101 form an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2014

	Note	The Group		The Bank	
		2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Cash flows from operating activities					
Profit for the year		282,148	229,199	270,057	223,508
Adjustments for:					
Depreciation and amortization	29, 30	24,091	17,994	24,091	17,994
Impairment charge on loans and advances	16	23,832	(10,569)	23,832	(10,569)
Gain on derecognition of renegotiated loans	15	(93,346)	-	(93,346)	-
Allowance for employee benefit obligations	35	11,027	8,930	11,027	8,930
Share of profit of associates	27	(15,792)	(8,695)	-	-
Net interest income	10, 11	(597,726)	(459,959)	(597,726)	(459,859)
Dividend income	14	(1,834)	(2,455)	(5,887)	(5,147)
Assets written off	29, 30	-	(1,350)	-	(1,350)
Profit on sale of property and equipment	29	(42)	(121)	(42)	(121)
Unrealised exchange differences		(49,435)	(4,797)	(49,435)	(4,797)
Tax expense	18	112,833	87,860	112,379	87,715
		(304,244)	(143,963)	(305,050)	(143,696)
Change in:					
Loans and advances to customers	24	(210,356)	(102,266)	(210,356)	(102,266)
Advances to banks	23	73,555	(132,343)	73,555	(132,343)
Other assets	31	9,232	(24,126)	9,739	(23,128)
Deposits from customers	32	448,308	294,675	446,250	295,675
Borrowings	34	-	(80,000)	-	(80,000)
Other liabilities	33	131,103	18,905	131,073	18,876
Employee benefits paid	35	(8,761)	(8,436)	(8,761)	(8,436)
Government securities	22	(129,509)	(97,630)	(124,519)	(97,630)
		9,328	(275,184)	11,931	(272,948)
Interest received		669,838	491,037	669,838	491,037
Dividend received	14, 27	8,686	7,379	5,887	5,147
Interest paid		(88,422)	(90,474)	(88,422)	(90,574)
Income tax paid	18	(140,348)	(94,233)	(140,157)	(94,137)
Net cash flow from operating activities		459,082	38,525	459,077	38,525
Cash flows from investing activities					
Acquisition of property and equipment	29	(63,672)	(24,006)	(63,672)	(24,006)
Proceeds from sale of property and equipment	29	42	121	42	121
Acquisition of intangible assets	30	(11,164)	(3,225)	(11,164)	(3,225)
Net cash used in investing activities		(74,794)	(27,110)	(74,794)	(27,110)

Statements of Cash Flows (cont'd)

for the year ended 31 December 2014

	Note	The Group		The Bank	
		2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Cash flow from financing activities					
Dividend paid	37	(55,650)	(47,700)	(55,650)	(47,700)
Stamp duty on additional capital		(5)	-	-	-
Net cash used in financing activities		(55,655)	(47,700)	(55,650)	(47,700)
Net increase/(decrease) in cash and cash equivalents		328,633	(36,285)	328,633	(36,285)
Cash and cash equivalents at 1 January	21	338,797	360,023	338,797	360,023
Effect of exchange rate fluctuations on cash held		90,651	15,059	90,651	15,059
Cash and cash equivalents at 31 December	21	758,081	338,797	758,081	338,797

The notes on pages 37 to 101 form an integral part of these financial statements.