

1. Reporting Entity

Ghana Commercial Bank Limited is a limited liability company incorporated and domiciled in Ghana. The address of its registered office is Ghana Commercial Bank Building, Thorpe Road, High Street, Accra. The financial statements as at and for the year ended 31 December 2011 comprise the Bank and its subsidiary, together referred to as the Group. The Bank operates with a universal banking license. The Group's principal activities comprise consumer, corporate banking and treasury activities. It also engages in equity investments through its subsidiary.

The Bank is listed on the Ghana Stock Exchange.

The financial statements were authorized for issue by the Board of Directors on 23rd May 2012.

2. Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required under the Companies Code, 1963 (Act 179) and Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) have been included, where appropriate. The financial statements have been prepared under the historical cost convention, except for:

- assets and liabilities held for trading measured at fair value;
- investments in equity instruments measured at fair value;
- financial instruments designated at fair value through profit and loss; and
- available-for-sale financial assets measured at fair value.

The financial statements comprise the statements of financial position, statements of comprehensive income, changes in equity and cash flows and notes to the financial statements.

The financial statements are presented in Ghana cedis, which is the Group's functional and presentation currency. Except otherwise indicated, financial information presented in Ghana cedis has been rounded to the nearest thousand.

Information on risks from financial instruments and financial risk management policies are disclosed in financials.

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 estimate is revised, if the revision affects only that period or in the period of revision and future periods, if the revision affects both current and future periods.

Areas involving higher degree of judgment or complexity, or where assumptions and estimates are considered significant to the financial statements, are disclosed in the financials.

3. Financial Risk Management

The Bank's activities expose the business to risks. These risks are managed professionally and in a targeted manner. Key risks arising from core functions are identified and measured to facilitate managing and determining risk positions and capital allocations. The Bank has exposure to the following types of risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The Bank continues to assess and is in the process of enhancing its overall risk management framework and governance structure. Changes to regulations in the banking sector reinforce the Bank's commitment to embed enhanced risk based cultures throughout the organization. Guidelines to Risk management and the Basel II regulations will become the minimum requirements that need to be met to ensure effective risk management practices. The Bank is in the process of upgrading its risk management processes and governance structures to ensure they favorably compare to those of leading international banks.

4. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Risk Management Division (RMD) and Credit Committee are responsible for developing and monitoring the Bank's risk management policies over specified areas. These committees report regularly to the Board on their activities through the Executive Management Committee.

The Bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The Bank's risk management policies are established to identify and analyze risks faced by the Bank, set appropriate risks limits and controls and monitor risks and adherence to established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training and setting of standards and procedures, the Bank has developed a disciplined and reasonably effective control environment in which all employees understand their roles and obligations.

The Bank's Board Audit and Compliance Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Bank. The committee is assisted in its functions by a Risk Management Structure, which ensures a consistent assessment of risk management controls and procedures.

In line with planned changes, the Board and Board Committee structures and mandates are being reviewed and revised to encourage a culture of effective accountability and responsibility.

The Bank's risk management function is currently under-going review. The proposed changes to regulations in the banking sector reinforce the Bank's commitment to embed a risk based culture throughout the organization. The Bank is in the process of redefining its overall risk framework. The Directors of the Bank understand they are ultimately responsible for ensuring that risk management is properly and adequately enforced throughout the organization and are committed to managing risks based on the levels of exposure they present.

5. Capital Adequacy and Non-Performing Loans Disclosures

	Bank	
	2011	Restated 2010
Capital Adequacy Ratio	10.7%	10%
Non-Performing Loans	26%	15%

	GHC 000	GHC 000
6. Contingent Liabilities and Loan Commitments	225,658	204,308
7. Corporate Social Responsibility	727	421

**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 as set out in the financial statement.

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).

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).

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

23 May 2012

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

	The Group		The Bank	
	2011	Restated 2010	2011	Restated 2010
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Interest income	256,619	389,096	256,619	389,096
Interest expense	(49,807)	(102,812)	(49,807)	(102,812)
	-----	-----	-----	-----
Net interest income	206,812	286,284	206,812	286,284
	-----	-----	-----	-----
Fees and commission income	67,258	48,561	67,258	48,561
Fees and commission expense	(2,730)	(2,680)	(2,730)	(2,680)
	-----	-----	-----	-----
Net fees and commission income	64,528	45,881	64,528	45,881
	-----	-----	-----	-----
Net trading income	13,485	(3,091)	13,485	(3,091)
Other income	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	(10,650)	(70,931)	(10,650)	(70,931)
	-----	-----	-----	-----
Net income	278,086	260,575	278,622	260,351
Operating expenses	(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	4,321	3,173	-	-
	-----	-----	-----	-----
Profit before tax	31,079	71,367	29,681	68,611
Taxation	(13,107)	(20,487)	(12,998)	(20,609)
	-----	-----	-----	-----
Profit for the year	17,972	50,880	16,683	48,002
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GHANA COMMERCIAL BANK LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

	The Group		The Bank	
	2011	Restated 2010	2011	Restated 2010
	GH¢'000	GH¢'000	GH¢'000	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	(1,143)	307	(1,144)	320
Actuarial (loss)/gain on defined benefit obligations	(1,519)	396	(1,519)	396
Deferred tax on actuarial (loss)/gain on defined benefit obligations	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¢)	0.07	0.19	0.06	0.18

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

The Group	2011	Restated	Restated
	GH¢'000	2010	1/1/10
		GH¢'000	GH¢'000
Assets			
Cash and cash equivalents	435,469	349,383	139,132
Government securities	1,196,910	453,389	216,784
Advances to Banks	217,179	179,706	186,307
Loans and advances to customers	476,211	995,356	1,265,517
Investment securities: available- for-sale	4,562	4,161	4,408
Investment in associates	20,240	7,156	5,357
Investment in other equity securities	198	863	863
Income tax asset	6,309	-	-
Deferred tax asset	11,379	4,745	8,527
Property and equipment	53,955	54,684	51,345
Intangible assets	1,841	789	837
Other assets	39,124	34,424	25,520
	-----	-----	-----
Total assets	2,463,377	2,084,656	1,904,597
	=====	=====	=====
Liabilities			
Deposits from customers	2,061,390	1,584,055	1,259,470
Other liabilities	108,425	189,542	136,154
Borrowings	79,000	73,125	331,800
Income tax liabilities	-	23,498	6,773
Employee benefit obligations	36,322	33,336	31,350
	-----	-----	-----
Total liabilities	2,285,137	1,903,556	1,765,547
	=====	=====	=====
Equity			
Stated capital	72,000	72,000	72,000
Retained earnings	26,732	13,965	(5,086)
Fair value reserve	509	1,652	1,345
Statutory reserve	55,210	51,039	27,038
Credit risk reserve	24,631	42,147	43,753
Other reserves	(842)	297	-
	-----	-----	-----
Total equity	178,240	181,100	139,050
	-----	-----	-----
Total liabilities and equity	2,643,377	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:

.....
Dr. Fritz A. Gockel
BOARD CHAIRMAN

.....
Mr Simon Dornoo
MANAGING DIRECTOR

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

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

.....
Dr. Fritz A. Gockel
BOARD CHAIRMAN

.....
Mr Simon Dornoo
MANAGING DIRECTOR

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

	The Group		The Bank	
	2011	Restated 2010	2011	Restated 2010
	GH¢'000	GH¢'000	GH¢'000	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 write-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	(37,473)	6,601	(37,473)	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 benefit paid	(5,683)	(4,985)	(5,683)	(4,985)
	-----	-----	-----	-----
	728,861	177,726	730,367	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	(49,169)	(104)	(49,060)	-
	-----	-----	-----	-----
Net cash flow from operating activities	872,015	467,987	873,630	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	(12,746)	1,373	(13,864)	-
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)
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Net cash used in investing activities	(767,379)	(248,302)	(767,862)	(249,603)
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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 from financing activities		(18,550)	(9,434)	(18,550)	(9,434)
		-----	-----	-----	-----
Net increase in cash and cash equivalents					
Cash and cash equivalents at 1 January		86,086	210,251	87,218	209,383
		349,383	139,132	346,212	136,829
		-----	-----	-----	-----
Cash and cash equivalents 31 December		435,469	349,383	433,430	346,212
		=====	=====	=====	=====