

GCB Bank Limited

Consolidated Financial Statements for the year ended December 31, 2015



All amounts are in thousands of Ghana Cedis unless otherwise stated

Statements of comprehensive income

for the year ended December 31, 2015

	The Group		The Bank	
	2015	2014	2015	2014
Interest income	839,115	690,708	839,007	690,708
Interest expense	(107,571)	(92,982)	(107,571)	(92,982)
Net interest income	731,544	597,726	731,436	597,726
Fee and commission income	132,374	114,392	132,374	114,392
Fee and commission expense	(24,183)	(22,422)	(24,183)	(22,422)
Net fee and commission income	108,191	91,970	108,191	91,970
Net trading income	16,561	37,758	16,561	37,758
Other revenue	6,995	3,739	11,097	7,792
Revenue	863,291	731,193	867,285	735,246
Other income	2,715	100,058	2,053	99,210
Impairment charge on loans and advances	(93,492)	(23,832)	(93,492)	(23,832)
Operating expenses	(425,752)	(428,230)	(425,570)	(428,188)
Operating profit	346,762	379,189	350,276	382,436
Share of profit of associates, net of tax	14,039	15,792	-	-
Profit before tax	360,801	394,981	350,276	382,436
Income tax expense	(88,645)	(93,759)	(88,027)	(93,257)
National fiscal stabilization levy	(17,514)	(19,074)	(17,514)	(19,122)
Profit for the year	254,642	282,148	244,735	270,057
Other Comprehensive Income (OCI)				
<i>Items that may be reclassified to profit or loss</i>				
Available-for-sale financial assets - net changes in fair value	(972)	1,898	(676)	1,911
Related tax	243	(475)	169	(478)
Share of associate OCI	(1,845)	(1,515)	-	-
Prior year movement in fair value	40	-	-	-
<i>Items that will never be reclassified to profit or loss</i>				
Actuarial loss on defined benefit liability	(3,610)	(4,134)	(3,610)	(4,134)
Related tax	903	1,034	903	1,034
Other comprehensive income, net of tax	(5,241)	(3,192)	(3,214)	(1,667)
Total comprehensive income	249,401	278,956	241,521	268,390
Basic and diluted earnings per share (in GH¢)	0.96	1.06	0.92	1.02

Statements of financial position

at December 31, 2015

	The Group		The Bank	
	2015	2014	2015	2014
Assets				
Cash and cash equivalents	544,683	758,081	544,683	758,081
Government securities	2,042,542	1,862,336	2,037,543	1,857,337
Advances to banks	214,875	107,407	214,875	107,407
Loans and advances to customers	1,493,230	1,240,577	1,492,623	1,240,577
Investment securities: available-for-sale	7,639	8,611	6,135	6,811
Investment in subsidiary*	-	-	1,000	-
Investment in associates	53,135	49,468	30,126	30,126
Investment in other equity securities	524	247	390	113
Deferred tax asset	39,815	26,838	39,793	26,890
Property and equipment	139,889	123,936	139,889	123,936
Intangible assets	18,131	12,162	18,131	12,162
Other assets	98,264	64,021	97,774	63,601
Income tax asset	6,454	5,418	6,626	5,778
Total assets	4,659,181	4,259,102	4,629,588	4,232,819
Liabilities				
Deposits from customers	3,360,596	3,074,821	3,368,406	3,078,071
Other liabilities and provisions	171,766	263,805	171,718	263,747
Borrowings	196,990	163,028	196,990	163,028
Employee benefit obligations	75,857	68,077	75,857	68,077
Total liabilities	3,805,209	3,569,731	3,812,971	3,572,923
Equity				
Stated capital	100,000	100,000	100,000	100,000
Retained earnings	545,721	409,176	505,779	379,141
Fair value reserve	(544)	1,990	2,043	2,550
Statutory reserve	210,097	179,505	210,097	179,505
Credit risk reserve	23,878	21,173	23,878	21,173
Other reserves	(25,180)	(22,473)	(25,180)	(22,473)
Total equity	853,972	689,371	816,617	659,896
Total liabilities and equity	4,659,181	4,259,102	4,629,588	4,232,819


*The balance for the prior year was GH¢20 which resulted in a nil balance when rounded to the nearest thousand


Statements of cash flows

for the year ended December 31, 2015

	The Group		The Bank	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit for the year	254,642	282,148	244,735	270,057
Adjustments for:				
Depreciation and amortization	36,765	24,091	36,765	24,091
Impairment charge on loans and advances	93,492	23,832	93,492	23,832
Gain on derecognition of renegotiated loans	-	(93,346)	-	(93,346)
Allowance for employee benefit obligations	14,178	11,027	14,178	11,027
Share of profit of associates	(14,039)	(15,792)	-	-
Net interest income	(731,544)	(597,726)	(731,436)	(597,726)
Dividend income	(5,583)	(1,834)	(9,685)	(5,887)
Profit on sale of property and equipment	(42)	(42)	(42)	(42)
Unrealised exchange differences	14,146	(49,435)	14,146	(49,435)
Tax expense	106,159	112,833	105,541	112,379
	(231,826)	(304,244)	(232,306)	(305,050)
Change in:				
Loans and advances to customers	(346,315)	(210,356)	(345,815)	(210,356)
Advances to banks	(107,468)	73,555	(107,468)	73,555
Other assets	(34,201)	9,232	(34,167)	9,739
Deposits from customers	287,565	448,308	292,125	446,250
Other liabilities and provisions	(92,040)	131,103	(92,030)	131,073
Employee benefits paid	(10,008)	(8,761)	(10,008)	(8,761)
Government securities	(194,824)	(129,509)	(194,824)	(124,519)
	(729,117)	9,328	(724,493)	11,931
Interest received	853,625	669,838	853,625	669,838
Dividend received	14,110	8,686	8,680	5,887
Interest paid	(105,145)	(88,422)	(105,145)	(88,422)
Income tax paid	(119,026)	(140,348)	(118,220)	(140,157)
Net cash flow from operating activities	(85,553)	459,082	(85,553)	459,077
Cash flows from investing activities				
Acquisition of property and equipment	(46,641)	(63,672)	(46,641)	(63,672)
Proceeds from sale of property and equipment	42	42	42	42
Acquisition of intangible assets	(12,046)	(11,164)	(12,046)	(11,164)
Net cash used in investing activities	(58,645)	(74,794)	(58,645)	(74,794)
Cash flow from financing activities				
Dividend paid	(84,800)	(55,650)	(84,800)	(55,650)
Stamp duty on additional capital	-	(5)	-	-
Net cash used in financing activities	(84,800)	(55,655)	(84,800)	(55,650)
Net (decrease)/increase in cash and cash equivalents	(228,998)	328,633	(228,998)	328,633
Cash and cash equivalents at 1 January	758,081	338,797	758,081	338,797
Effect of exchange rate fluctuations on cash held	15,600	90,651	15,600	90,651
Cash and cash equivalents at December 31	544,683	758,081	544,683	758,081

These financial statements were approved by the Board of Directors on February 29, 2016 and signed on its behalf by:


Daniel Owiredu
Board Chairman


Samuel Sarpong
Ag. Managing Director

GCB Bank Limited

Consolidated Financial Statements for the year ended December 31, 2015



Extract of notes to the audited financial statements for the year ended December 31, 2015

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, Accra. The financial statements of the Bank for the year ended December 31, 2015 comprise the Bank and its subsidiary, (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates. The Bank operates with a universal banking license. The Group is primarily involved in consumer, corporate banking and treasury activities. It also engages in equity investments through its subsidiary.

Disclosures – Quantitative:

	2015	2014
1. Social Responsibility		
Amount spent on corporate social responsibility	1,621	1,384
2. Contingencies and Commitments		
Letters of Credit	51,536	51,376
Guarantees and Indemnities	381,050	285,424
Commitments	11,124	22,190
	443,710	358,990
3. Capital Adequacy Ratio	24%	25%
4. Non-performing loan ratio	14%	11%

Disclosures – 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

Risk Management Framework

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effective manner across the Bank. Through the framework, risk is managed at enterprise-wide level, with the objective of maximizing risk-adjusted returns within the context of the Bank's risk appetite.

The Board of Directors have overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board's commitment to good risk management is supported by their continuing professional development in the field of risk management and their support for the implementation and continued improvement of the risk management framework within the Bank.

In addition, there are in place the Board Risk and Capital Management Committee, the Board Audit Committee, the Executive Credit Committee, the Operational Risk and Control Committee, and Asset and Liability Committee (ALCO), which are responsible for developing and monitoring risk management policies in their specified areas.

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 are extract from the audited financial statements for the year ended December 31, 2015. The full audited financial statements are available for inspection at the Bank's Head Office at Thorpe Road, Accra.

Independent Auditor's Report

To the Members of GCB Bank Limited

The accompanying financial statements, which comprise the consolidated and separate statements of financial position at December 31, 2015, and the consolidated and separate statements of comprehensive income and cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of GCB Bank Limited for the year ended December 31, 2015. We expressed an unmodified opinion on the consolidated and separate financial statements in our report dated February 29, 2016.

The accompanying financial statements do not contain all the disclosures required by 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) applied in the preparation of the audited financial statements of GCB Bank Limited. Reading the accompanying financial statements, therefore, is not a substitute for reading the audited consolidated and separate financial statements of GCB Bank Limited.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of the accompanying financial statements in accordance with the basis described in the notes.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the accompanying financial statements derived from the audited consolidated and separate financial statements of GCB Bank Limited for the year ended December 31, 2015, are consistent, in all material respects, with those financial statements, in accordance with the basis described in the notes.

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

FOR AND ON BEHALF OF:

KPMG: (ICAG/F/2016/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

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ACCRA

February 29, 2016