

# GCB Bank Limited

Consolidated financial statements for the year ended December 31, 2016



All amounts are in thousands of Ghana cedis unless otherwise stated

## Statements of comprehensive income for the year ended December 31, 2016

	The Group		The Bank	
	2016	2015	2016	2015
Interest income	1,019,655	839,115	1,018,336	839,007
Interest expense	(133,848)	(107,571)	(133,848)	(107,571)
<b>Net interest income</b>	<b>885,807</b>	<b>731,544</b>	<b>884,488</b>	<b>731,436</b>
Fee and commission income	174,585	132,374	174,585	132,374
Fee and commission expense	(32,726)	(24,183)	(32,726)	(24,183)
<b>Net fee and commission income</b>	<b>141,859</b>	<b>108,191</b>	<b>141,859</b>	<b>108,191</b>
Net trading income	27,349	16,561	27,349	16,561
Other operating income	16,039	6,995	8,996	11,097
<b>Operating income</b>	<b>1,071,054</b>	<b>863,291</b>	<b>1,062,692</b>	<b>867,285</b>
Other income	1,803	2,715	1,803	2,053
Loss on derecognition of renegotiated loans	(912)	-	(912)	-
Impairment charge on loans and advances	(27,160)	(93,492)	(26,531)	(93,492)
Personnel expenses	(305,019)	(227,117)	(305,019)	(227,117)
Depreciation and amortisation	(41,325)	(36,765)	(41,325)	(36,765)
Other operating expenses	(242,066)	(161,870)	(243,926)	(161,688)
<b>Operating profit</b>	<b>456,375</b>	<b>346,762</b>	<b>446,782</b>	<b>350,276</b>
Share of profit of associates, net of tax	10,619	14,039	-	-
<b>Profit before tax</b>	<b>466,994</b>	<b>360,801</b>	<b>446,782</b>	<b>350,276</b>
Income tax expense	(148,878)	(106,159)	(147,775)	(105,541)
<b>Profit for the year</b>	<b>318,116</b>	<b>254,642</b>	<b>299,007</b>	<b>244,735</b>
<b>Other Comprehensive Income (OCI) Items that may be reclassified to profit or loss</b>				
Available-for-sale financial assets - net changes in fair value	(3,783)	(972)	(3,727)	(676)
Related tax	946	243	932	169
Share of associate OCI	2,315	(1,845)	-	-
Prior year movement in fair value	-	40	-	-
<b>Items that will never be reclassified to profit or loss</b>				
Actuarial loss on defined benefit liability	(13,689)	(3,610)	(13,689)	(3,610)
Related tax	3,422	903	3,422	903
Foreign currency translation difference for foreign operation	(14,022)	-	-	-
<b>Other Comprehensive Income, net of tax</b>	<b>(24,811)</b>	<b>(5,241)</b>	<b>(13,062)</b>	<b>(3,214)</b>
<b>Total comprehensive income</b>	<b>293,305</b>	<b>249,401</b>	<b>285,945</b>	<b>241,521</b>
<b>Profit for the year attributable to:</b>				
<b>Equity holders of the Bank</b>	<b>318,116</b>	<b>254,642</b>	<b>299,007</b>	<b>244,735</b>
<b>Comprehensive income for the year attributable to:</b>				
<b>Equity holders of the Bank</b>	<b>293,305</b>	<b>249,401</b>	<b>285,945</b>	<b>241,521</b>
Basic and diluted earnings per share (in GH¢)	1.20	0.96	1.13	0.92

## Statements of financial position at December 31, 2016

	The Group		The Bank	
	2016	2015	2016	2015
<b>Assets</b>				
Cash and cash equivalents	1,179,975	763,154	1,179,975	763,154
Investment securities	2,633,116	2,042,542	2,626,946	2,037,543
Advances to banks	434,152	7,982	434,152	7,982
Loans and advances to customers	1,412,977	1,493,230	1,412,977	1,492,623
Investments (other than securities)	4,347	8,163	2,521	6,525
Investment in subsidiary	-	-	1,000	1,000
Investment in associates	46,000	53,135	28,274	30,126
Deferred tax asset	15,510	39,815	15,474	39,793
Property and equipment	191,062	139,889	191,062	139,889
Intangible assets	38,987	18,131	38,987	18,131
Other assets	114,020	98,264	114,059	97,774
Income tax asset	4,387	6,454	4,177	6,626
<b>Total assets</b>	<b>6,074,533</b>	<b>4,670,759</b>	<b>6,049,604</b>	<b>4,641,166</b>
<b>Liabilities</b>				
Deposits from customers	4,259,933	3,360,596	4,279,775	3,368,406
Other liabilities and provisions	136,259	183,344	136,203	183,296
Borrowings	523,281	196,990	523,281	196,990
Employee benefit obligations	95,232	75,857	95,232	75,857
<b>Total liabilities</b>	<b>5,014,705</b>	<b>3,816,787</b>	<b>5,034,491</b>	<b>3,824,549</b>

## Statements of financial position at December 31, 2016 - cont'd

	The Group		The Bank	
	2016	2015	2016	2015
<b>Equity</b>				
Stated capital	100,000	100,000	100,000	100,000
Retained earnings	759,477	545,721	700,426	505,779
Fair value reserve	(1,066)	(544)	(752)	2,043
Statutory reserve	247,473	210,097	247,473	210,097
Credit risk reserve	3,412	23,878	3,412	23,878
Other reserves	(49,468)	(25,180)	(35,446)	(25,180)
<b>Total equity</b>	<b>1,059,828</b>	<b>853,972</b>	<b>1,015,113</b>	<b>816,617</b>
<b>Total liabilities and equity</b>	<b>6,074,533</b>	<b>4,670,759</b>	<b>6,049,604</b>	<b>4,641,166</b>

## Statements of cash flows for the year ended December 31, 2016

	The Group		The Bank	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit for the year	318,116	254,642	299,007	244,735
<b>Adjustments for:</b>				
Depreciation and amortization	41,325	36,765	41,325	36,765
Impairment charge on loans and advances	27,160	93,492	26,531	93,492
Employee benefit expense	17,093	14,178	17,093	14,178
Share of profit of associates	(10,619)	(14,039)	-	-
Asset written off	731	-	731	-
Net Interest income	(885,807)	(731,544)	(884,488)	(731,436)
Unrealised exchange differences	(7,042)	14,146	(7,042)	14,146
Dividend income	(14,214)	(5,583)	(7,171)	(9,685)
Profit on sale of property and equipment	(116)	(42)	(116)	(42)
Loss on derecognition of renegotiated loans (Reversal)/ impairment of associate	(698)	-	1,852	-
Write off of equity investment	277	-	277	-
Income tax expense	148,878	106,159	147,775	105,541
	<b>(364,004)</b>	<b>(231,826)</b>	<b>(363,314)</b>	<b>(232,306)</b>
<b>Change in:</b>				
Loans and advances to customers	(137,568)	(346,315)	(137,547)	(345,815)
Advances to banks	(426,170)	99,425	(426,170)	99,425
Other assets	(16,280)	(34,201)	(16,283)	(34,167)
Deposits from customers	896,313	287,565	908,345	292,125
Borrowings	516,783	-	516,783	-
Other liabilities and provisions	(47,085)	(80,462)	(47,093)	(80,452)
Employee benefits paid	(11,407)	(10,008)	(11,407)	(10,008)
Investment securities	(611,565)	(194,824)	(610,894)	(194,824)
	<b>(200,983)</b>	<b>(510,646)</b>	<b>(187,580)</b>	<b>(506,022)</b>
Interest received	1,041,171	853,625	1,039,827	853,625
Dividend received	20,959	14,110	7,171	8,680
Interest paid	(131,567)	(105,145)	(131,567)	(105,145)
Income tax paid	(118,138)	(119,026)	(116,653)	(118,220)
<b>Net cash flow from operating activities</b>	<b>611,442</b>	<b>132,918</b>	<b>611,198</b>	<b>132,918</b>
<b>Cash flows from investing activities</b>				
Purchase of equity securities	(244)	-	-	-
Purchase of property and equipment less adjustments	(84,837)	(46,641)	(84,837)	(46,641)
Proceeds from sale of property and equipment	116	42	116	42
Purchase of intangible assets	(29,248)	(12,046)	(29,248)	(12,046)
<b>Net cash used in investing activities</b>	<b>(114,213)</b>	<b>(58,645)</b>	<b>(113,969)</b>	<b>(58,645)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(87,450)	(84,800)	(87,450)	(84,800)
<b>Net cash used in financing activities</b>	<b>(87,450)</b>	<b>(84,800)</b>	<b>(87,450)</b>	<b>(84,800)</b>
<b>Net increase in cash and cash equivalents</b>	<b>409,779</b>	<b>(10,527)</b>	<b>409,779</b>	<b>(10,527)</b>
Cash and cash equivalents at January 1	763,154	758,081	763,154	758,081
Effect of exchange rate fluctuations on cash held	7,042	15,600	7,042	15,600
<b>Cash and cash equivalents at December 31</b>	<b>1,179,975</b>	<b>763,154</b>	<b>1,179,975</b>	<b>763,154</b>

The financial statements do not contain any untrue statements, misleading facts or omit material facts to the best of our knowledge.

  
Daniel Owiredu  
Board Chairman

  
Ernest Agbesi  
Managing Director

# GCB Bank Limited

Consolidated financial statements for the year ended December 31, 2016



## Extract of notes to the audited financial statements for the year ended 31 December 2016

### 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 as at and for the year ended 31 December 2016 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.

### Independent Auditor's Report

To the Members of GCB Bank Limited:

#### Opinion

The condensed consolidated and separate financial statements, which comprise the statements of financial position at 31 December 2016, and the 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 31 December 2016.

In our opinion, the accompanying condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the basis described in the notes.

#### Condensed Consolidated and Separate Financial Statements

The condensed consolidated and separate financial statements do not contain all the disclosures 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 consolidated and separate financial statements of GCB Bank Limited. Reading the condensed consolidated and separate financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and our report thereon.

#### The Audited Consolidated and Separate Financial Statement and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 28 February 2017. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current period.

#### Directors' Responsibility for the Condensed Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of the condensed consolidated and separate financial statements in accordance with the basis described in the notes.

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is Nii Amanor Dodoo (ICAG/P/1055).

FOR AND ON BEHALF OF:  
KPMG: (ICAG/F/2016/038)  
CHARTERED ACCOUNTANTS  
13 YIYIWA DRIVE, ABELENKPE  
P. O. BOX GP 242, ACCRA  
February 28, 2017.

### Quantitative Disclosures

	2016	2015
1. Corporate Social Responsibility Spend (GH¢'000)	2,785	1,621
2. Contingencies and Commitments GH¢'000)	510,035	443,710
3. Capital Adequacy Ratio	29.30%	24.43%
4. Non-performing loans ratio	14%	13%
5. Liquid ratio	86%	63%
6. Statutory liquidity breach (times)	Nil	Nil
7. Sanctions for statutory liquidity breach (GH¢'000)	Nil	Nil

### Qualitative Disclosures

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 Assets 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.

The financial statements in this publication is an extract from the financial statements for the year ended December 31, 2016. The full set of the financial statements are available for inspection at the Bank's Head Office at Thorpe Road, Accra.