

GCB Bank Limited

Summary consolidated and separate financial statements for the year ended 31 December 2018



All amounts are in thousands of Ghana cedis unless otherwise stated

Statements of profit or loss and other comprehensive income for the year ended 31 December 2018

	2018		2017	
	Bank	Group	Bank	Group
Interest income	1,354,614	1,355,151	1,186,942	1,187,853
Interest expense	(388,048)	(388,048)	(292,542)	(292,542)
Net interest income	966,566	967,103	894,400	895,311
Fee and commission income	249,025	249,025	207,787	207,787
Fee and commission expense	(51,429)	(51,429)	(37,491)	(37,491)
Net fee and commission income	197,596	197,596	170,296	170,296
Net trading income	90,638	90,638	41,020	41,020
Net income from derivatives	(503)	(503)	-	-
Other revenue	6,266	5,992	7,437	17,386
Revenue	1,260,563	1,260,826	1,113,153	1,124,013
Loss on renegotiated loans	-	-	(1,543)	(1,543)
Other income	22,090	20,753	4,064	3,049
Net impairment loss on financial asset	(60,011)	(60,011)	(49,904)	(49,904)
Personnel expenses	(425,962)	(426,052)	(362,807)	(362,807)
Depreciation and amortisation	(91,495)	(91,495)	(57,757)	(57,757)
Other expenses	(258,803)	(259,103)	(336,312)	(336,374)
Operating profit	446,382	444,918	308,894	318,677
Share of profit of associates, net of tax	-	5,256	-	13,306
Profit before income tax	446,382	450,174	308,894	331,983
Income tax expense	(123,250)	(123,433)	(96,179)	(97,385)
Profit for the year	323,132	326,741	212,715	234,598
Other Comprehensive Income:				
Items that will not be reclassified to profit or loss				
Remeasurements on net defined benefit liability/asset	26,257	26,257	(19,898)	(19,898)
Income tax relating to items that will not be reclassified	(6,564)	(6,564)	4,975	4,975
Total items that will not be reclassified to profit or loss	19,693	19,693	(14,923)	(14,923)
Items that may be reclassified to profit or loss				
Exchange differences on translating foreign operations	-	(3,903)	-	32,286
Fair value changes on financial assets at fair value through other comprehensive income	209	(14,792)	-	-
Fair value changes on available-for-sale financial assets	-	-	1,261	783
Share of comprehensive income of associates	-	(2,050)	-	2,483
Income tax relating to items that may be reclassified	45	4,010	(315)	(195)
Total items that may be reclassified to profit or loss	254	(16,735)	946	35,357
Other Comprehensive Income for the year, net of taxation	19,947	2,958	(13,977)	20,434
Total comprehensive income for the year	343,079	329,699	198,738	255,032
Profit attributable to:				
Owners of the parent	323,132	326,741	212,715	234,598
Profit for the period	323,132	326,741	212,715	234,598
Total comprehensive income attributable to:				
Owners of the parent	343,079	329,699	198,738	255,032
Total comprehensive income for the period	343,079	329,699	198,738	255,032
Basic earnings per share (in GHp)	122	123	80	89
Diluted earnings per share (in GHp)	122	123	80	89

Statements of financial position as at 31 December 2018

	2018		2017	
	Bank	Group	Bank	Group
Assets				
Cash and cash equivalents	1,953,620	1,953,620	1,022,684	1,022,684
Non-Pledged trading assets	80,004	80,004	10,079	10,079
Investment securities	4,642,042	4,646,034	4,878,155	4,884,277
Advances to banks	212,986	212,986	224,950	224,950
Loans and advances to customers	2,799,041	2,799,041	2,099,330	2,099,330
Investments (other than securities)	4,227	41,275	3,782	6,902
Investment in subsidiary	1,000	-	1,000	-
Investment in associates	28,274	81,482	28,274	88,460
Deferred tax asset	55,645	47,872	31,898	32,095
Current tax asset	668	1,067	254	578
Intangible assets	190,901	190,901	152,349	152,349
Other assets	429,396	429,396	882,535	882,496
Property and equipment	237,247	237,247	222,861	222,861
Total assets	10,635,051	10,720,925	9,558,151	9,627,061
Liabilities				
Deposit from banks and other financial institutions	272,769	272,769	81,805	81,805
Deposits from customers	8,062,228	8,024,425	6,874,385	6,842,236
Borrowings	344,884	344,884	959,105	959,105
Employee benefit obligations	97,647	97,647	118,625	118,625
Other liabilities and provisions	532,106	531,456	411,081	411,131
Total liabilities	9,309,634	9,271,181	8,445,001	8,412,902
Equity				
Stated capital	500,000	500,000	100,000	100,000
Retained earnings	500,624	585,167	789,264	870,198
Fair value reserve	625	26,048	194	2,005
Statutory reserve	354,845	354,845	274,062	274,062
Regulatory credit risk reserve	-	-	-	-
Other reserves	(30,677)	(16,316)	(50,370)	(32,106)
Total equity	1,325,417	1,449,744	1,113,150	1,214,159
Total liabilities and equity	10,635,051	10,720,925	9,558,151	9,627,061

Statements of cash flows for the year ended 31 December 2018

	2018		2017	
	Bank	Group	Bank	Group
Cash flows from operating activities				
Profit for the year	323,132	326,741	212,715	234,598
Adjustments for:				
Depreciation and amortization	91,495	91,495	57,757	57,757
Net impairment loss on financial asset	60,011	60,011	49,904	49,904
Employee benefit expense	21,479	21,479	17,866	17,866
Share of profit of associates	-	(5,256)	-	(13,306)
Asset written off	-	-	2,457	2,457
Net Interest income	(966,566)	(967,103)	(894,400)	(895,311)
Dividend income	(6,266)	(5,992)	(5,691)	(15,640)
Profit on sale of property and equipment	283	283	(247)	(247)
Loss on renegotiated loans	-	-	1,543	1,543
Unrealised exchange differences	(6,733)	(6,733)	(18,434)	(18,434)
Income tax expense	123,250	123,433	96,179	97,385
Tax adjustment	-	-	309	309
	(683,047)	(688,383)	(480,042)	(481,119)
Change in:				
Loans and advances to customers	(755,392)	(755,392)	(736,897)	(736,897)
Advances to banks	693	693	209,202	209,202
Other assets	453,139	453,100	(768,476)	(768,476)
Deposit from banks and other financial institutions	190,964	190,964	27,808	27,808
Deposits from customers	1,187,843	1,182,189	2,606,972	2,594,664
Borrowings	(614,221)	(614,221)	423,700	423,700
Other liabilities and provisions	121,025	120,325	179,459	179,455
Employee benefits paid	(16,200)	(16,200)	(14,371)	(14,371)
Investment securities	236,113	238,243	(2,062,653)	(2,062,606)
Trading assets	(69,925)	(69,925)	(10,079)	(10,079)
Cash generated from (used in) operations	374,124	368,134	(625,377)	(638,719)
Interest received	1,190,561	1,191,125	997,485	998,396
Dividend received	6,266	12,273	5,691	21,281
Interest paid	(309,710)	(309,710)	(238,781)	(238,781)
Income tax paid	(124,649)	(125,205)	(104,221)	(105,583)
Net cash from operating activities	1,136,592	1,136,617	34,797	36,594
Cash flows from investing activities				
Purchase of investment securities	-	(25)	-	(1,797)
Purchase of property, plant and equipment	(89,524)	(89,524)	(79,665)	(79,665)
Proceeds from sale of property, plant and equipment	1,696	1,696	382	382
Purchase of intangible assets	(81,593)	(81,593)	(30,539)	(30,539)
Net cash used in investing activities	(169,421)	(169,446)	(109,822)	(111,619)
Cash flows from financing activities				
Withholding tax on capitalisation	(14,468)	(14,468)	-	-
Stamp duty on capitalisation	(2,000)	(2,000)	-	-
Dividend paid	(26,500)	(26,500)	(100,700)	(100,700)
Net cash from financing activities	(42,968)	(42,968)	(100,700)	(100,700)
Total cash movement for the year	924,203	924,203	(175,725)	(175,725)
Cash and cash equivalents at 1 January	1,022,684	1,022,684	1,179,975	1,179,975
Effect of exchange rate fluctuations on cash held	6,733	6,733	18,434	18,434
Cash and cash equivalents at 31 December	1,953,620	1,953,620	1,022,684	1,022,684
Statements of changes in equity for the year ended 31 December 2018				

Statements of changes in equity for the year ended 31 December 2018

	Stated capital	Fair value reserve	Other reserves	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
Bank								
Balance at 1 January 2018	100,000	194	(50,370)	274,062	-	223,886	789,264	1,113,150
Impact of IFRS 9 upon initial application (net of tax)	-	-	-	-	-	-	(88,021)	(88,021)
Impact of IFRS 9 - investment fair valuation adjustment (net of tax)	-	177	-	-	-	177	-	177
Balance at 1 January 2018 after IFRS 9 application	100,000	371	(50,370)	274,062	-	224,063	701,243	1,025,306
Profit for the year	-	-	-	-	-	-	323,132	323,132
Other comprehensive income								
Fair value change in financial assets classified as FVOCI	-	254	-	-	-	254	-	254
Remeasurement of defined benefit liability	-	-	19,693	-	-	19,693	-	19,693
Total comprehensive income for the year	-	254	19,693	-	-	19,947	323,132	343,079
Transfer to/from reserve								
Regulatory risk reserve	-	-	-	-	-	-	-	-
Statutory reserve	-	-	-	80,783	-	80,783	(80,783)	-
Total transfer to/from reserve	-	-	-	80,783	-	80,783	(80,783)	-
Transactions with shareholders								
Dividends	-	-	-	-	-	-	(26,500)	(26,500)
Capitalisation of retained earnings	400,000	-	-	-	-	-	(400,000)	-
Withholding tax on capitalisation	-	-	-	-	-	-	(14,468)	(14,468)
Stamp duty on capitalisation	-	-	-	-	-	-	(2,000)	(2,000)
Total transactions with equity holders	400,000	-	-	-	-	-	(442,968)	(42,968)
Balance at 31 December 2018	500,000	625	(30,677)	354,845	-	324,793	500,624	1,325,417

GCB Bank Limited

Summary consolidated and separate financial statements for the year ended 31 December 2018



All amounts are in thousands of Ghana cedis unless otherwise stated

Statements of changes in equity for the year ended 31 December 2018 cont'd

	Stated capital	Fair value reserve	Other reserves	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
Group								
Balance at 1 January 2018	100,000	2,005	(32,106)	274,062	-	243,961	870,198	1,214,159
Impact of IFRS 9 upon initial application (net tax)	-	-	-	-	-	-	(88,021)	(88,021)
Impact of IFRS 9 - investment fair valuation adjustment (net tax)	-	36,875	-	-	-	36,875	-	36,875
Balance at 1 January 2018 after IFRS 9 application	100,000	38,880	(32,106)	274,062	-	280,836	782,177	1,163,013
Profit for the year	-	-	-	-	-	-	326,741	326,741
Other comprehensive income								
Fair value change in financial assets classified as FVOCI	-	(10,782)	-	-	-	(10,782)	-	(10,782)
Remeasurement of defined benefit liability	-	-	19,693	-	-	19,693	-	19,693
Share of associate OCI	-	(2,050)	-	-	-	(2,050)	-	(2,050)
Foreign currency translation differences for foreign operations	-	-	(3,903)	-	-	(3,903)	-	(3,903)
Total comprehensive income for the year	-	(12,832)	15,790	-	-	2,958	326,741	329,699
Transfer to/from reserve								
Regulatory risk reserve	-	-	-	-	-	-	-	-
Statutory reserve	-	-	-	80,783	-	80,783	(80,783)	-
Total transfer to/from reserves	-	-	-	80,783	-	80,783	(80,783)	-
Transactions with shareholders								
Dividends	-	-	-	-	-	-	(26,500)	(26,500)
Capitalisation of retained earnings	400,000	-	-	-	-	-	(400,000)	-
Withholding tax on capitalisation	-	-	-	-	-	-	(14,468)	(14,468)
Stamp duty on capitalisation	-	-	-	-	-	-	(2,000)	(2,000)
Total transactions with equity holders	400,000	-	-	-	-	-	(442,968)	(42,968)
Balance at 31 December 2018	500,000	26,048	(16,316)	354,845	-	364,577	585,167	1,449,744
Bank								
Balance at 1 January 2017	100,000	(752)	(35,447)	247,473	3,412	214,686	700,426	1,015,112
Profit for the year	-	-	-	-	-	-	212,715	212,715
Other comprehensive income								
Available-for-sale financial assets	-	946	-	-	-	946	-	946
Remeasurement of defined benefit liability	-	-	(14,923)	-	-	(14,923)	-	(14,923)
Total comprehensive income	-	946	(14,923)	-	-	(13,977)	212,715	198,738
Transfer to/from reserve								
Statutory reserve	-	-	-	26,589	-	26,589	(26,589)	-
Regulatory risk reserve	-	-	-	-	(3,412)	(3,412)	3,412	-
Total transfer to/from reserve	-	-	-	26,589	(3,412)	23,177	(23,177)	-
Transactions with shareholders								
Dividends	-	-	-	-	-	-	(100,700)	(100,700)
Balance at 31 December 2017	100,000	194	(50,370)	274,062	-	223,886	789,264	1,113,150
Group								
Balance at 1 January 2017	100,000	(1,066)	(49,469)	247,473	3,412	200,350	759,477	1,059,827
Profit for the year	-	-	-	-	-	-	234,598	234,598
Other comprehensive income								
Available-for-sale financial assets	-	588	-	-	-	588	-	588
Re-measurement of defined benefit liability	-	-	(14,923)	-	-	(14,923)	-	(14,923)
Share of associate OCI	-	2,483	-	-	-	2,483	-	2,483
Foreign currency translation differences for foreign operations	-	-	32,286	-	-	32,286	-	32,286
Total comprehensive income for the year	-	3,071	17,363	-	-	20,434	234,598	255,032
Transfer to/from reserve								
Statutory reserve	-	-	-	26,589	-	26,589	(26,589)	-
Regulatory risk reserve	-	-	-	-	(3,412)	(3,412)	3,412	-
Total transfer to/from reserve	-	-	-	26,589	(3,412)	23,177	(23,177)	-
Transactions with shareholders								
Dividends	-	-	-	-	-	-	(100,700)	(100,700)
Total transactions with equity holders	-	-	-	-	-	-	(100,700)	(100,700)
Balance at 31 December 2017	100,000	2,005	(32,106)	274,062	-	243,961	870,198	1,214,159

Deloitte Independent auditor's report on the summary financial statements to the members of GCB Bank Limited

Our opinion

The summary financial statements of GCB Bank Limited, which comprise:

- the summary consolidated and separate statements of profit or loss and other comprehensive income;
- the summary consolidated and separate statements of financial position as at 31 December 2018;
- the summary consolidated and separate changes in equity;
- the summary consolidated and separate cash flow for the year then ended; and
- the related notes to the summary consolidated and separate financial statements 2018.

In our opinion, the accompanying summary financial statements of GCB Bank Limited ("Bank") and its subsidiary ("Group") are consistent, in all material respects, with the audited financial statements of the Bank and the Group.

Summary financial statements

The summary consolidated and separate financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930). Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's 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 March 2019. 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 summarised consolidated and separate financial statements for the current period.

Directors' responsibility for the summary financial statements

The Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930)

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary 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 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu** (ICAG/P/1327).

For and on behalf of:

Deloitte & Touche: (ICAG/F/2019/129)

Chartered Accountants

The Deloitte Place, Plot No. 71

Off George Walker Bush Highway, North Dzorwulu

Box GP 453, Accra, Ghana

28 March 2019

Extract of notes to the audited financial statements for the year ended 31 December 2018

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 Bank operates with a universal banking license. The Group is primarily involved in consumer, corporate banking and treasury activities. It also engages in investment banking activities through its subsidiary

The Bank is listed on the Ghana Stock Exchange.

The consolidated financial statements as at and for the year ended 31 December 2018 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 separate financial statements as at and for the year ended 31 December 2018 comprise the statements of the Bank.

The financial statements in this publication is an extract from the financial statements for the year ended 31 December 2018. The final set of the financial statements are available for inspection at the Bank's Head Office at Thorpe Road, Accra.

Significant Accounting Policies

The principal accounting policies of the Group have been applied consistently to all periods in these financial statements. The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and adopted by Institute of Chartered Accountants, Ghana (ICAG). Additional information required under the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposits-Taking Institutions Act 2016 (Act 930) have been included, where appropriate.

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

Quantitative Disclosure

- Corporate Social Responsibility
- Contingencies and Commitments
- Capital Adequacy Ratio
- Non-performing loans ratio
- Liquid ratio
- Statutory Liquidity breach (times)
- Sanctions for statutory liquidity breach

	2018	2017
1. Corporate Social Responsibility	5,622	5,785
2. Contingencies and Commitments	801,795	405,979
3. Capital Adequacy Ratio	22%	23%
4. Non-performing loans ratio	6%	10%
5. Liquid ratio	97%	67%
6. Statutory Liquidity breach (times)	Nil	Nil
7. Sanctions for statutory liquidity breach	Nil	Nil

Qualitative Disclosure

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 and Compliance Committee, the Credit Committee, the Operational Risk and Control Committee, Assets and Liability Committee (ALCO) and the Risk Management Department, which are responsible for developing and monitoring risk management policies in their specified areas.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 21st March 2019 and signed on their behalf by:

Jude Arthur
Board Chairman

Anselm Ransford Adzete Sowah
Managing Director