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# Corporate Mission

The corporate mission of GCB is:

"To be the established leader in commercial banking in Ghana, satisfying the expectations of customers and shareholders, providing a full range of cost efficient and high quality services nation-wide, through the optimization of information technology and efficient branch network".

For the achievement of this mission, the Bank is committed to:

- \* The provision of first class customer service.
- \* Focussing on our core business/competencies - commercial banking.
- \* Constant improvements in the use of information technology.
- \* Ensuring that staff are well motivated and have a conducive work environment.
- \* Recruiting and retaining the best human resource to carry out the bank's mandate.
- \* Applying best practices in internal policies, procedures, processes and service delivery.
- \* Constant improvement in shareholder value.



# Notice of Annual General Meeting

Notice is hereby given that the seventh Annual General Meeting of GHANA COMMERCIAL BANK LIMITED will be held at the Accra International Conference Centre on Wednesday March 21, 2001 at 10.00 a.m. to transact the following business:

1. To receive and consider the Accounts for the year ended 31st December, 2000 with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the year ended December 31, 2000
3. To approve the remuneration of Directors
4. To authorise the Directors to fix the remuneration of the Auditors.

The following directors who will be retiring by rotation at the Annual General Meeting will not offer themselves for re-election:

Mr. John Sey

Mr. Eric Okai

Mr. Augustine Kwame Addo

Dated this 20th Day of February, 2001.

BY ORDER OF THE BOARD



AKANBANGBIEM BUKARI (MS.)  
The Secretary



# Financial Highlights

	2000 c' Million	1999 c' Million
Profit Before Tax	179,537	105,775
Total Assets	2,269,513	1,244,279
Stated Capital	20,000	20,000
Total Reserves & Income Surplus	240,311	143,185
Current & Deposits Accounts	1,693,283	821,574
Total Loans & Advances	1,186,506	506,055
Number of Branch Offices	130	135
Number of Employees	2032	3,201



# Chairman's Statement

## Distinguished Shareholders

It is with great satisfaction that I welcome you to the Annual General Meeting of Ghana Commercial Bank Limited and to present to you the Annual Report and Statement of Accounts for the financial year ended December 31, 2000.

My satisfaction stems from your presence here, which indicates your dedication to the Bank and also from the Bank's impressive results of the year 2000. That year was an eventful year characterised by:

- Major strategic changes in the Bank
- And a very turbulent and challenging economy.

Before I present details of the year's operations, I would, as usual, like to give a brief review of the economic and financial environment in which your Bank operated during the year 2000.

## THE OPERATING ENVIRONMENT

### International Environment

The developments in the World Commodity Markets continued to plague the economies of the developing countries. Gold price came to a 20-year low of US\$252.8 an ounce in July 1999. For the year 2000, the price ranged within a low of \$263.80 and a high of \$316.60 an ounce. Crude oil North Sea Brent also ranged within a low of \$23.0 per barrel and a high of \$34.8 per barrel.

The world economy is expected to record a mild slump in its growth performance as a result of the sluggish growth outlook in Western Europe, the United States of America and Japan coupled with the debilitating impact of the fall in the price of primary commodities.

### Domestic Environment

The fall in the world price of primary commodities (especially Cocoa and Gold), the steep rise in the price of crude oil and the limited amount of aid inflows culminated in the sharp decline in the value of the Cedi against the major foreign currencies. For these reasons, the strides made on the macroeconomic front at the end of 1998 could not be sustained in 1999 and worsened in 2000.

The twelve-month end-of-period inflation rate, which stood at 15.7 per cent in December 1998, decelerated to 13.8 per cent in December 1999. However, the rate started rising soon after the turn of the century reaching 40.5 per cent in December 2000 compared to the expected end of period rate of 12.5 per cent. The increase in inflation rate was due to the exchange rate depreciation, the hikes in world price of crude oil, and huge increase in government expenditure.

Broad fiscal deficit increased marginally from 6.3 per cent of GDP in 1998 to 6.5 per cent in 1999. This was higher than the 5.2 per cent projected in the 1999 budget. At the end of the first quarter of 2000 the broad balance was 2.2 per cent of GDP. The domestic primary balance declined from 3.8 per cent of GDP in 1998 to 2.3 per cent in 1999 whilst the percentage increase in domestic balance for the first quarter in 2000 was 0.97 per cent.



The Cedi depreciated by 33.0 per cent closing the year at ₵3,500.70 per one US dollar at the end of 1999. However, by the end of December 2000 it had depreciated by 96.0 per cent.

## **OPERATING RESULTS**

### **Distinguished Ladies and Gentlemen**

Against the backdrop of the unfavourable economic environment we are pleased to report that your Bank recorded a remarkable performance and achieved significant growth in its business during the year under review.

A pre-tax profit of ₵179.5 billion was recorded in 2000 against ₵105.7 billion the previous year, indicating a growth of 69.7 per cent.

During the year under review the contribution of business income to total income rose from 74.5 per cent in 1999 to 76.6 per cent in 2000. Earnings per share also improved from ₵379.35 in 1999 to ₵850.02 per share.

In spite of concerted efforts to reduce costs, total operating expenses increased from ₵94.3 billion to ₵143.9 billion. Interest Expense also went up from ₵49.0 billion to ₵128.8 billion. The marked increase in interest expense was the result of attractive increases in interest paid on deposits in order to remain competitive in a very dynamic market. Indeed, the higher deposit interest rates led to the 106 per cent growth in the volume of deposits and current accounts.

### **Appropriations**

After making an allowance of ₵39.2 billion for taxation a sum of ₵140.2 billion became available for appropriation. Out of this a dividend of ₵250 per share amounting to ₵41.2 billion has been proposed for 2000. In compliance with statutory requirements, the remaining amount of ₵81.4 billion was transferred to Income Surplus Account.

## **DEVELOPMENT, STRATEGY AND OUTLOOK**

During the year, your Bank embarked on the rationalisation of staff resulting in the reduction of staff strength, by a third, the closure of some non-viable branches and the intensification of the automation of processes, among many others.

The year ahead will see continuity of the implementation process. It is hoped that by the close of this year, your bank will be further strengthened and better placed in its effort to achieve its mission of being the "Established Leader in Commercial Banking in Ghana".

Your Bank has shown tremendous growth in the past two years which will require the restructuring of its balance sheet to cope with the ever increasing business. It is my view that having regard to the strides made so far and the need to maintain our image, it would be necessary to increase our stated capital in the near future. This will strengthen the Bank's capital base and give it a much more competitive edge.

I would like to assure you, Ladies and Gentlemen, that the high sense of commitment and hard work of the Board, Management and entire Staff, would be sustained in the years ahead. It is my fervent hope that with our new re-engineering and rationalisation process, the necessary impetus will be provided for both Management and staff to work harder to successfully meet the challenges of ever growing competition from existing banks as well as new entrants.



## CONCLUSION

Distinguished Ladies and Gentlemen, I would like to conclude by congratulating the entire Management and staff for their splendid performance resulting in the significant increase in business and profit.

I also wish to express my deep and sincere appreciation to you, the shareholders, our numerous customers and correspondent banks for the continued support, co-operation and patronage.

To you, my colleagues on the Board, I say thank you very much for your immense support and advice.

Finally, I wish to announce my retirement from the Board with effect from today. It has been a great pleasure working with you all and it has been a privilege and a joy serving this great institution and my country.



John Sey



# Managing Director's Review of Operations

At the last Annual General Meeting, I informed you of a strategy that your Bank had adopted and was going to implement. This strategy aimed to realign the Bank for effective competition as underlined in the two-year corporate plan 2000-2001 approved by the Board.

One year into the plan, your Bank is a changed one:

- ★ First the Bank is now well focused on its core-business of commercial banking, having hived off non-banking activities
- ★ Second the Bank computerised more branches, automated its major business processes and networked strategically located branches thus making service delivery satisfactory to the customer
- ★ Above all, we have achieved significant changes in the assets structure of your Bank and consequently in its income earning capacity.

These changes, among many others have already impacted greatly and favourably on the performance of the Bank, which in year 2000 was commendable.

## Performance Review

Total income increased from c218.9 billion in 1999 to c472.8 billion in 2000, registering a significant growth of 115.9 per cent compared to 70.1 per cent in 1999.

Contribution to total income by net interest income and commissions & fees improved slightly from 74.5 per cent in 1999 to 76.6 per cent in 2000, registering a marginal reduction in the reliance on other operating income.

Total operating expenses also increased from c94.4 billion in 1999 to c143.9 billion in the year 2000. The general inflation that characterised year 2000 as well as the over 90 per cent depreciation of the Cedi are reasons, among others that caused the 52.5 per cent increase in operating expenses. Eventually, a Pre-tax profit of c179.5 billion was recorded against c105.7 billion in 1999, indicating an increase of 69.7 per cent.

Management of the balance sheet was a central feature of the transformation process during the year under review. Total assets grew by 82.4 per cent in 2000, compared to 23.5 per cent the previous year. The 1999 level of c1,244.3 billion thus increased to c2,269.5 billion.

Significant changes did occur in the structure of assets where the share of investments declined from 42.1 per cent the previous year to 31.1 per cent whereas that of advances increased from 35.3 per cent to 44.9 per cent. In the end investments and advances increased to c706.0 billion and c1,020.1 billion in 2000 respectively.

The steep depreciation of the Cedi had a disturbing impact on businesses in Ghana, including those of our numerous customers. Our Bank had to face and deal with apparent loan loss due to this exchange risk and other risks. It is to cushion your Bank from loan loss as well as to ameliorate its peculiar financial burden that a considerable provision was made.

During the period under review, the Bank generated Fifty-Three Million Dollars (\$53 million) from our Fast Funds International money Transfer.





## **Technology & Product Development**

We continued in year 2000 with our efforts to provide the Bank with the right technology in order to deliver excellent services.

To date, seventy-two (72) out of 134 branches have been computerised. Of the 72, twenty-five (25) are networked. Your Bank has thus networked at least one branch in all the regional capitals in the country as I stated in last year's annual report.

A number of business processes have also been automated. These include credit appraisal and reporting, reconciliation of cheque clearing and the global transfer of foreign exchange.

The Bank aims to optimise the use of technology to ensure timely delivery of excellent services. Customers continue to receive improved and faster service delivery. We have put in place appropriate structures including the establishment of a full-fledged Marketing Department to monitor customer services delivery for effectiveness and efficiency.

Again we did report at last year's meeting, that ATMs at the Bank's branches at High Street, Liberty House, Obuasi and Osu will go live for use by the public. Truly these were delivered and the product the Ready Cash - has since been receiving increasing patronage from our customers.

Another product COMMERNET has been developed and is being piloted with some selected customers. COMMERNET, when successfully introduced, will enable customers access their accounts from the comfort of their offices and homes using dial-up lines.

## **Business Development**

Repair and refurbishment of the Bank's properties, particularly the branches, continued. This is to ensure proper maintenance of these assets and also provide customers with the congenial atmosphere for the conduct of banking business.

We also continued with our efforts at keeping the right size of branches and at the right location. In this connection Five (5) branches have so far been closed. Other closures will be looked at not only from profitable angle but also from both economic and social angles. We are proud with our national base and we intend to remain so.

## **Human Resources Development**

There were very eventful changes in human resources during the period under review. Being a major area in the strategic plan and as indicated in 1999 Annual Report, the staff strength of the Bank was reduced in a special staff rationalisation exercise. The affected staff, 1,072 in all, were very appreciative of the package given them. Besides this figure, 97 others left the service of the Bank through natural attrition. By the end of the year, staff strength stood at 2,032 indicating a reduction of about a third, from the previous end-year level of 3,201.

Staff training was intensified to better equip and up-grade the knowledge of staff as well as sharpen their skills to be able to meet the challenges brought about as a result of the sharp drop in staff numbers.

## **Awards**

The Bank received two major awards during the year under review. The first was the Bank of the Year 2000 for Ghana awarded by "The Banker", the international banking magazine of the Financial Times Group of United Kingdom.



The financial performance, the use of technology, particular achievements and the overall strategy of the Bank were the hallmarks based on which this award was won.

The second award received was Millennium Award 2000, which was given by the European Market Research Centre.

### Outlook

For year 2001, we shall continue with the transformation exercise as dictated by the strategy and complete the execution of the Corporate Plan 2000-2001. The focus on shareholder value and the customer remains absolute.

Specifically, we shall continue to focus and complete the following:

- Network key branches and head office
- Rationalise existing services and branch network to achieve improved service delivery through technology and
- Develop new products and services based on customer needs.

Five (5) additional ATMs shall be made operational this year to increase the total to nine (9). A new savings product FLEXSAVE shall be launched. FLEXSAVE has competitive interest rates, encourages savings and ensures growth of customers' deposits. The association of FLEXSAVE with ATM makes this product flexible and tailor-fit for customers.

Our Mondex Project Implementation has taken a more realistic stature. The product MONDEX E-CASH is in its final stage whereby 5000 mondex cards are to be tested by staff of the two participating banks - GCB and ADB-, their families and selected retailers and service providers.

This would be followed by the launching of the product later this year and would mark the first time in the banking industry in Ghana where competing banks will jointly roll out a product to ensure wider product availability and convenient customer service for mutual benefits.

The depreciating Cedi, the high interest rates, the over-riding need to increase fuel prices and inflationary pressures are the challenges the economy faces. Our banking industry will have to bear its toll. Commitment from Management and Staff is what is needed to sail the Bank through. We have, by last year's performance, exemplified that commitment which should give all of us the hope for even better performance in 2001.

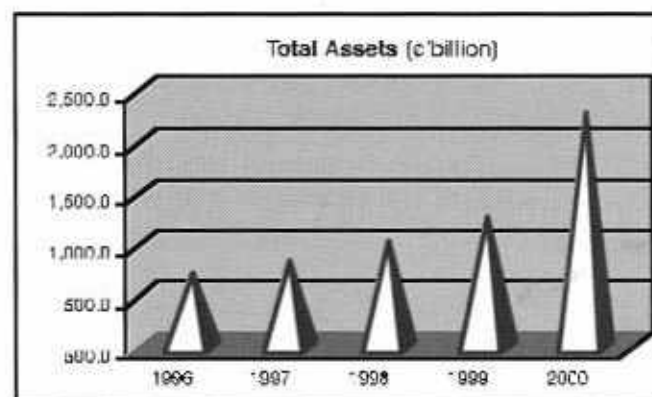
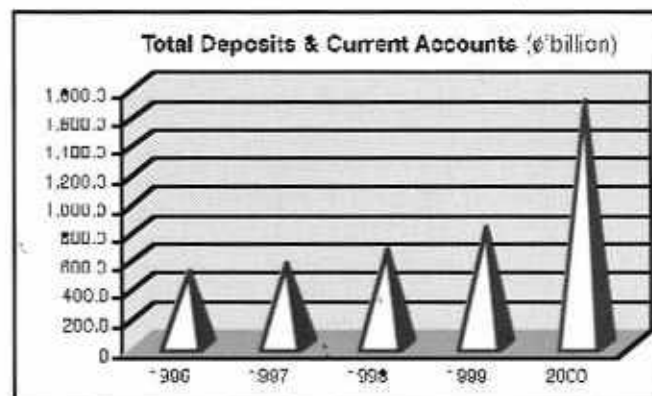
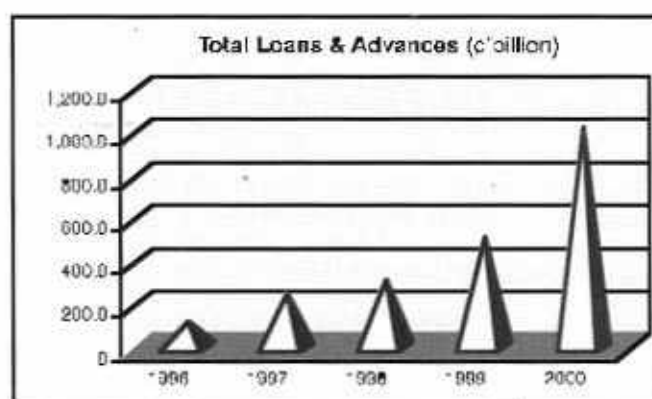
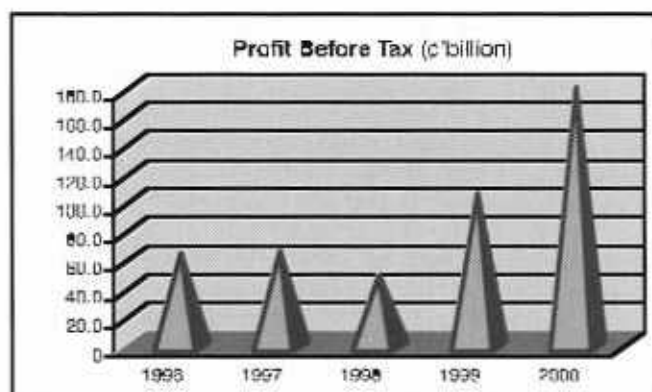
I cannot conclude without thanking you the shareholders and our numerous customers for your continued confidence and reliance on the Bank. To the staff, I salute you all for your commitment and your forbearance exhibited in a rather turbulent and eventful year of 2000. I commend you for your hard work that produced such a satisfactory performance.

Finally to the Chairman and members of the Board, I say thank you for your guidance, support and co-operation.



W. P. BRAY

## Performance at a glance



# Report of the Directors

The Directors in submitting to the shareholders the Consolidated Financial Statements of the Bank and its subsidiaries for the year ended 31st December, 2000 report as follows:

	<b>c Million</b>
Profit for the year ended 31st December, 2000	179,537
From which is deducted taxation of	39,284
Giving a profit for the year after taxation of	140,253
From which dividend of c250.00 per share is proposed	41,230
Leaving a retained profit of	99,023
Less: Transfer to Statutory Reserve	17,532
Giving Profit for the year after taxation, dividend and transfer to Statutory Reserve of	81,491

## **Nature of Business and Corporate Status**

There has been no change in the nature of business of the Bank. On 7th September, 1994, the Bank was incorporated as a public limited liability company under the Companies Code, 1963. The Bank is listed on the Ghana Stock Exchange. 53.2% of its shares are currently held by the public whilst the Government owns 46.8% of the Company's shares.

## **Subsidiaries**

Banque Commerciale du Ghana, Lome, Togo has now been fully liquidated whilst Development Finance & Holdings Ltd. is a wholly owned subsidiary of the bank.

## **Divestiture**

The sale of the remaining Government shares in Ghana Commercial Bank Ltd., being a World Bank conditionality, the Government is currently engaged in discussions with the World Bank with a view to arriving at a decision acceptable to both sides.

## **Technology**

As at 31st December, 2000 seventy-two (72) branches had been computerised out of which twenty-five (25) are on Wide Area Network. Four Automated Teller Machines (ATMs) installed since 1996 became operational.

## **Retirement and Re-Election of Directors**

Messrs. John Sey, Eric Okai and Augustine Kwame Addo who will be retiring by rotation at the AGM will not offer themselves for re-election.

## **Auditors**

Pannell Kerr Forster will continue in office as Auditors of the Bank in accordance with Section 134(5) of the Companies Code 1963 (Act 179).



**Acknowledgements**

The Board of Directors will like to express its sincere thanks to the customers of the Bank for their loyalty, shareholders for your support and to Management and Staff for their dedicated service in 2000.

Dated 20th February, 2001

By Order of the Board



**Chairman**



**Director**



# Statement of Directors' Responsibilities

The Companies Code 1963, (Act 179) and the Banking Law 1989 (PNDCL 225) require the Directors to cause to be prepared financial statements for each financial period which give a true and fair view of the state of affairs of the Bank and the Group and of the Profit and Loss of the Group for that period. In preparing those financial statements the Directors are required to:

- \* select suitable accounting policies and apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* to ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Bank and Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and the Group which enable them to ensure that the financial statements comply with the Companies Code 1963, (Act .179) and the Banking Law 1989,(PNDCL 225). They are also responsible for safeguarding the assets of the Bank and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above statement which should be read in conjunction with statement of the Auditors responsibilities set out on page 20 is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and the Auditors in relation to the financial statements.



# Report of the Auditors

We have audited the financial statements on pages 21 to 34 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 24 to 26.

## **Respective responsibilities of directors and auditors**

The financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an independent opinion on these financial statements based on our audit.

## **Basis of opinion**

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

The Bank and its subsidiary have kept proper books of accounts with which the financial statements are in agreement. The Bank's transactions were within its powers and it has complied with minimum paid up capital required under the Banking Law, 1989 (PNDCL 225).

In our opinion the financial statements give a true and fair view of the state of affairs of the Bank and its subsidiary as at 31 December 2000 and of the Profit of the Group and cashflows for the year then ended and comply with the Companies Code, 1963 (Act 179) and the Banking Law 1989, (PNDCL 225).



FARRAR AVENUE  
ACCRA

*Pannell Kerr Forster*  
PANNELL KERR FORSTER  
CHARTERED ACCOUNTANTS

February 20, 2001

# Profit and Loss Account

	Notes	THE GROUP		THE BANK	
		2000 cm	1999 cm	2000 cm	1999 cm
INTEREST INCOME	2	362,073	168,776	361,138	168,198
INTEREST EXPENSE	3	(128,813)	(49,000)	(128,813)	(49,000)
NET INTEREST INCOME		233,260	119,776	232,325	119,198
COMMISSIONS AND FEES		129,046	43,417	129,046	43,417
OTHER OPERATING INCOME	4	110,537	55,776	109,437	55,115
TOTAL INCOME		472,843	218,969	470,808	217,730
PROVISION FOR BAD AND DOUBTFUL DEBTS		(96,884)	(13,220)	(96,884)	(13,220)
PROVISION FOR CONTINGENT LIABILITIES		(13,729)	(2,587)	(13,729)	(2,587)
OPERATING EXPENSES	5	(143,980)	(94,397)	(143,856)	(94,317)
NET OPERATING PROFIT		216,250	108,765	214,337	107,606
OTHER INCOME	6	17,343	5,510	17,343	5,510
PROFIT BEFORE EXTRAORDINARY ITEM		233,593	114,275	231,680	113,116
EXTRAORDINARY ITEM	7	(54,056)	(8,500)	(54,056)	(8,500)
PROFIT BEFORE TAXATION		179,537	105,775	177,624	104,616
TAXATION	8	(39,284)	(43,183)	(39,000)	(42,778)
PROFIT AFTER TAXATION		140,253	62,592	138,624	61,838
DIVIDEND	9	(41,230)	(28,704)	(41,230)	(28,704)
TRANSFER TO STATUTORY RESERVE FUND	22	(17,532)	(7,824)	(17,328)	(7,730)
TRANSFER TO INCOME SURPLUS	22	81,491	26,064	80,066	25,404



# Balance Sheet

	Notes	THE GROUP		THE BANK	
		2000 cm	1999 cm	2000 cm	1999 cm
<b>ASSETS</b>					
Cash & Short Term Funds	10	438,730	219,779	438,709	219,651
Investments	11	706,007	524,075	692,816	512,591
Advances	12	1,020,169	439,433	1,020,169	439,433
Other Assets Accounts		50,067	23,187	50,035	23,139
		2,214,973	1,206,474	2,201,729	1,194,814
Investments in Subsidiary	13	0	0	1	1
Fixed Assets	14	54,540	37,805	54,540	37,805
<b>TOTAL ASSETS</b>		<b>2,269,513</b>	<b>1,244,279</b>	<b>2,256,270</b>	<b>1,232,620</b>
<b>LIABILITIES AND SHAREHOLDERS FUNDS</b>					
Deposits & Current Accounts		1,693,283	821,574	1,693,283	821,574
Creditors & Accruals	15	280,941	118,031	280,770	117,868
Proposed Dividend		41,230	28,704	41,230	28,704
Taxation	8	13,748	17,546	13,822	16,962
Borrowings		0	115,239	0	115,239
<b>TOTAL LIABILITIES</b>		<b>2,029,202</b>	<b>1,101,094</b>	<b>2,029,105</b>	<b>1,100,347</b>
Stated Capital	16	20,000	20,000	20,000	20,000
Capital Surplus	20	11,975	11,370	3,731	3,731
Share Deals	21	111	47	111	47
Income Surplus	22	208,225	111,768	203,323	108,495
<b>SHAREHOLDERS' FUNDS</b>		<b>240,311</b>	<b>143,185</b>	<b>227,165</b>	<b>132,273</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>2,269,513</b>	<b>1,244,279</b>	<b>2,256,270</b>	<b>1,232,620</b>

Approved by the Board on February 20, 2001

  
DIRECTOR

  
DIRECTOR

# Cash Flow Statement

	THE GROUP		THE BANK	
	2000 cm	1999 cm	2000 cm	1999 cm
<b>Cash flows from operating activities</b>				
Net profit before tax	179,537	105,775	177,624	104,616
Dividend received	(1,935)	(730)	(835)	(69)
Depreciation charge	10,379	9,921	10,379	9,921
Provision for bad and doubtful debts	98,884	13,220	98,884	13,220
Profit on sale of fixed assets	(1,926)	(5,265)	(1,926)	(5,265)
Provision for contingent liabilities	13,729	2,587	13,729	2,587
<b>Operating profit before working capital changes</b>				
	298,668	125,508	297,855	125,010
(Increase) in investments	(181,932)	(118,626)	(180,225)	(122,641)
(Increase) in advances	(680,451)	(198,349)	(680,451)	(198,349)
(Increase)/Decrease in other assets accounts	(26,880)	42,638	(26,896)	42,566
Increase in deposits & current accounts	871,709	161,373	871,709	159,562
Increase/(Decrease) in Creditors and Accruals	146,247	(68,232)	145,634	(62,048)
Increase/(Decrease) in Borrowings	(115,239)	102,239	(115,239)	102,239
Cash generated from operations	312,122	46,551	312,387	46,339
Tax paid	(43,082)	(15,543)	(42,140)	(15,543)
Contingent liability credit/paid	0	15	0	15
<b>Net cash flow from operating activities</b>	<b>269,040</b>	<b>31,023</b>	<b>270,247</b>	<b>30,811</b>
<b>Cash flows from investing activities</b>				
Purchase of fixed assets	(27,280)	(10,978)	(27,280)	(10,978)
Proceeds of sale of tangible fixed assets	1,926	5,265	1,926	5,265
Dividends received from investments	1,935	797	835	59
Dividends paid	(26,734)	(33,209)	(26,734)	(33,209)
Net cash flow from investing activities	(50,153)	(38,125)	(51,253)	(38,863)
<b>Financing Activities</b>				
Sale of own shares	312	0	312	0
Purchase of own shares	(248)	(949)	(248)	(949)
Net cashflow from financing activities	64	(949)	64	(949)
Net increase in cash and cash equivalents	218,951	(8,051)	219,058	(9,001)
Cash and cash equivalent at beginning of the year	219,779	227,830	219,651	228,652
Cash and cash equivalent at end of the year	438,730	219,779	438,709	219,651

# Notes to the Financial Statements

## ACCOUNTING POLICIES

The significant accounting policies adopted by the Bank and which have been used in preparing these financial statements are as follows:

### (a) Basis of accounting

The Bank and its subsidiaries ("The Group") prepare the financial statements under the historical cost convention as modified by the revaluation of fixed assets.

### (b) Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Ghana Commercial Bank Ltd and its subsidiaries.

The Group accounts for its subsidiaries by consolidating fully their assets, liabilities and results for the period.

### (c) Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into cedis at exchange rates ruling at the end of the period. Gains and losses resulting from foreign currency translation or exchange are included in the profit for the period.

The exchange gains derived from the translation of overseas investment have been included in the Profit and Loss Account subject to Note 1(j).

### (d) Re-purchase of own shares

In July 1997 the Bank put in place a share re-purchase programme under which it intends to spend maximum of one billion cedis to purchase its own shares.

All transactions relating to the purchase and resale of own shares are dealt with through the Share Deals account.

The shares purchased are held in treasury until resold.

### (e) Interest Income

The recognition of interest income ceases when the payment of interest or principal is in doubt, and does so automatically if principal or interest payment are 90 or more days late. Any interest previously accrued but not received on a loan placed on non-accrual basis is reversed. Interest is included in income thereafter only when it is received. Loans are returned to the accrual basis only when doubt about collectability is removed and when the outstanding arrears of interest and principal are received.

### (f) Fee Income

Loan fees are credited to income.



**(g) Investments**

Investments are held for purposes of trading.

Trading investments are included in the balance sheet at the lower of cost and market value. Unrealised gains and losses and unrealised valuation adjustment are effected in the Capital Surplus accounts.

Other investments are included in the balance sheet at the lower of cost and market value. Gains and losses on the sale of investment securities are shown separately in other operating income or expenses.

Bills discounted and securities with a fixed redemption date which are purchased with the intention of being held to maturity are stated at amortised cost. The premium of discount is amortised over the period to redemption and disclosed separately in interest income.

**(h) Advances**

Advances are stated in the balance sheet at the amount of principal and interest outstanding less any provision for bad and doubtful debts and interest held in suspense.

Advances are analysed between the total amount outstanding and provision in a note to the financial statements.

**(i) Provisions for bad and doubtful debts**

Provisions for bad and doubtful debts are made, having regard to both specific and general risks.

The specific element of the provisions relates to those loans that have been individually reviewed and specifically identified as bad or doubtful. The general element of the provisions relates to those existing losses that, although not yet specifically identified, are known from experience to be present at any year-end in the Bank's portfolio of loans and advances. In determining the level of the provisions required, management considers numerous factors including, but not limited to domestic economic conditions, the compositions of the loan portfolio and prior bad debts experience.

Provisions made during the year (less amounts released and recoveries of loans previously written off) are charged as separate amount in the profit and loss account. Loans are written off when the extent of the loss has been confirmed.

**(j) Investment in associated companies and trade investments**

Investments in associated companies are accounted for under the equity method. These are included in the Banks balance sheet at its share of book value of the associates net worth.

**(k) Fixed Assets**

These are stated at cost or valuation less accumulated depreciation. Depreciation is computed using the straight-line method so as to write off the cost or valuation over the estimated useful lives at the following rates:

Office & Residential Buildings	5%
Printing Machines	20%
Safes & Strong Room Doors	20%
Computers	25%
Furniture and equipment	33.3%
Other Motor Vehicles	33.3%
Bullion Vans	25%



Fixed assets costing less than 500,000 cedis are written off in the year of purchase.

Maintenance and repairs are charges to the profit and loss account when incurred and improvements are capitalised.

(l) **Taxation**

The Bank provides for income taxes at the current rates on its taxable profits.

(m) **Retirement Benefits**

The Bank has a non-contributory defined pension scheme for those employees with 15 years service and above.

The Bank's non-contributory pension scheme ceased to apply to members who qualify for pension but did not retire from the service of the Bank on or before 31 December 1990.

There is a defined contributory provident fund scheme for all employees who have completed a full year's service with the Bank. The contribution of the employee is 10% of his basic salary while the Bank's contribution is 12.5%.

(n) **Investments**

The valuation of listed securities is based on year-end market values whilst that of unlisted securities is based on realistic estimate of net worth.



# Notes to the Financial Statements

	THE GROUP		THE BANK	
	2000 cm	1999 cm	2000 cm	1999 cm
<b>2. INTEREST INCOME</b>				
Investments	190,878	100,994	189,943	100,416
Advances	149,218	58,902	149,218	58,902
Short Term Funds	21,977	8,880	21,977	8,880
	<u>362,073</u>	<u>168,776</u>	<u>361,138</u>	<u>168,198</u>
<b>3. INTEREST EXPENSE</b>				
Savings accounts	24,627	13,192	24,627	13,192
Borrowings	104,186	35,808	104,186	35,808
	<u>128,813</u>	<u>49,000</u>	<u>128,813</u>	<u>49,000</u>
<b>4. OTHER OPERATING INCOME</b>				
Profits on exchange (net)	106,319	53,610	106,319	53,610
Dividends from Investments	1,935	730	835	69
Rent receivable	337	322	337	322
Others	1,946	1,114	1,946	1,114
	<u>110,537</u>	<u>55,776</u>	<u>109,437</u>	<u>55,115</u>
<b>5. OPERATING EXPENSES</b>				
Operating Expenses include:				
Directors Emoluments	497	228	497	228
Donations	184	85	184	85
Auditors Remuneration	126	81	115	75
Depreciation	10,379	9,921	10,379	9,921

# Notes to the Financial Statements

	THE GROUP		THE BANK	
	2000 €m	1999 €m	2000 €m	1999 €m
<b>6. OTHER INCOME</b>				
Disposal of Fixed Assets	1,926	5,265	1,926	5,265
Debt Recovery	15,316	0	15,316	0
Other	101	245	101	245
	<b>17,343</b>	<b>5,510</b>	<b>17,343</b>	<b>5,510</b>

## 7. EXTRAORDINARY ITEM

This represents amount paid for staff rationalisation.

## 8. TAXATION

	Balance 01:01:2000 €m	Payments During the Year €m	Charge for the year €m	Balance 31:12:2000 €m
<b>1) The Bank</b>				
1994	(4,476)	0	0	(4,476)
1995	8,571	0	0	8,571
1996	(8,231)	0	0	(8,231)
1997	511	0	0	511
1998	(5,932)	0	0	(5,932)
1999	26,519	0	0	26,519
2000	0	(42,140)	39,000	(3,140)
	<b>16,962</b>	<b>(42,140)</b>	<b>39,000</b>	<b>13,822</b>
Capital Gain Tax	716	0	0	716
			<b>39,000</b>	
<b>ii) The Group</b>				
2000	17,546	(43,082)	39,284	13,748
Capital Gain Tax	716	0	0	716
			<b>39,284</b>	

## 9. DIVIDEND

Dividend of €250.00(1999 - €175.00) per share on 164,920,426(1999 - 164,020,170) ordinary shares amounting to €41,230,106,500 (1999 -€28,703,529,750) .

# Notes to the Financial Statements

	THE GROUP		THE BANK	
	2000 cm	1999 cm	2000 cm	1999 cm
<b>6. OTHER INCOME</b>				
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			<b>39,000</b>	
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# Notes to the Financial Statements

10.	CASH AND SHORT TERM FUNDS	THE GROUP		THE BANK	
		2000 €m	1999 €m	2000 €m	1999 €m
	Cash on Hand	28,112	18,020	28,091	17,892
	Balances with BOG	23,447	77,722	23,447	77,722
	Balances with other banks	387,171	124,037	387,171	124,037
		438,730	219,779	438,709	219,651

Balances with other banks include current accounts and loans at call maturing on the next banking day.

11.	INVESTMENTS	THE GROUP		THE BANK	
		2000 €m	1999 €m	2000 €m	1999 €m
	Government Securities	674,142	494,549	671,142	491,606
	Unlisted Securities	29,901	27,907	21,674	20,985
	Listed Securities	1,964	1,619	0	0
		706,007	524,075	692,816	512,591

12.	ADVANCES	2000 €m	1999 €m	2000 €m	1999 €m
	Advances	1,186,506	506,055	1,186,506	506,055
	Provisions for bad & doubtful debts	(115,041)	(58,829)	(115,041)	(58,829)
	Interest suspense	(51,296)	(7,793)	(51,296)	(7,793)
		1,020,169	439,433	1,020,169	439,433

13.	INVESTMENTS IN SUBSIDIARIES	2000 €m	1999 €m	2000 €m	1999 €m
	Investment in subsidiaries	0	0	1	1

The principal subsidiaries are:

	Nature of Business	Country of Incorporation	Percentage Interest
Development Finance & Holdings Limited	Investments	GHANA	100%

Banque Commercial du Ghana a subsidiary has been liquidated.

# Notes to the Financial Statements

## 14. FIXED ASSETS

THE BANK	LAND AND BUILDINGS	COMPUTERS	FURNITURE AND EQUIPMENT	MOTOR VEHICLES	ASSETS IN COURSE OF CONST.	TOTAL
COST OR VALUATION	cm	cm	cm	cm	cm	cm
Balance at 1-1-2000	31,517	20,866	16,918	7,557	2	76,860
Additions/Adjustments	4,256	10,910	7,639	4,475	0	27,280
Disposals	(301)	0	(89)	(227)	0	(617)
Balance at 31-12-2000	35,472	31,776	24,468	11,805	2	103,523

### DEPRECIATION

Balance at 1-1-2000	8,281	11,314	12,213	7,247	0	39,055
Charge for the year	1,108	4,671	3,400	1,200	0	10,379
Disposals	(139)	0	(85)	(227)	0	(451)
Balance at 31-12-2000	9,250	15,985	15,528	8,220	0	48,983

### NET BOOK VALUE

31-12-2000	26,222	15,791	8,940	3,585	2	54,540
31-12-99	23,236	9,552	4,705	310	2	37,805

THE GROUP	LAND AND BUILDINGS	COMPUTERS	FURNITURE AND EQUIPMENT	MOTOR VEHICLES	ASSETS IN COURSE OF CONST.	TOTAL
COST OR VALUATION	cm	cm	cm	cm	cm	cm
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### NET BOOK VALUE

31-12-2000	26,222	15,791	8,940	3,585	2	54,540
31-12-99	23,236	9,552	4,705	310	2	37,805

The fixed assets were revalued at open market value after a physical inspection of the assets in Ghana between the dates 15 December 1993 and 10 January 1994 by a consortium of Valuers, Surveyors and Appraisers led by Owusu Adjapong and Company.

# Notes to the Financial Statements

	2000 cm	1999 cm	2000 cm	1999 cm
<b>15. CREDITORS AND ACCRUALS</b>				
Accrued interest not yet credited	25,640	3,809	25,640	3,809
Items in the course of collection	103,158	38,899	103,158	38,899
Other Creditors	152,143	75,323	151,972	75,160
	280,941	118,031	280,770	117,868

	2000 Number million	2000 Amount million	1999 Number million	1999 Amount million
<b>16. STATED CAPITAL</b>				
a. Authorized shares:				
a. Number of Ordinary shares of no par value	1,500	1,500	1,500	1,500
b. Issued Ordinary Shares				
Issued for Cash	15.0	301	15.0	301
Transfer from Income Surplus	86.5	3,430	86.5	3,430
Capitalization of Reserves	1.0	19	1.0	19
Transfer from Capital Surplus	62.5	16,250	62.5	16,250
	165.0	20,000	165.0	20,000

Shares in treasury as at 31 December 2000 79,574(1999 979,830).

17. NUMBER OF SHAREHOLDERS	NO. OF SHARE- HOLDERS	NO. OF SHARES	PERCENTAGE HOLDINGS
<b>CATEGORIES OF SHAREHOLDERS</b>			
1 - 1000	74,849	17,787,884	11%
1001 - 5000	5,032	10,735,559	6%
5001 - 10000	319	2,691,180	2%
10001 - OVER	163	133,785,377	81%
	80,363	165,000,000	100%

## 18. DIRECTORS' SHAREHOLDINGS

DIRECTORS	SHAREHOLDINGS
JOHN SEY	4,300
WILLIAM PANFORD BRAY	15,000
MATILDA OBENG-ANSONG (MRS)	12,560
KWABENA DAPAAH-SIAKWAN	12,000
ERIC OKAI	34,000
ESI SUTHERLAND-ADDY	1,000
GEORGE VICTOR OKOH	5,000
PETER AUGUSTUS OCRAN	4,000
FELIX NTRAKWAH	500
FRANKLIN KWABENA ASAMOAH	500
AUGUSTINE KWAME ADDO	-
DINTIE SULEMAN MAHAMA	200
	89,060

# Notes to the Financial Statements

## 19. TWENTY LARGEST SHAREHOLDERS

NO.	NAME	ADDRESS	SHARE-HOLDING	PERCENTAGE HOLDING
1	GH/GV Act. by Min. of Fin. & Eco. Plann.	P.O. Box M40 Ministries	77,233,613	46.8%
2	SSNIT	P.O. Box M.149, Ministries	28,381,665	17.2%
3	Gh. Cocoa/Cof/Sheanut Far. Association.	P.O. Box C729 Cantoments	6,000,000	3.6%
4	Barclays Bank Gh.Noms. Ltd/ Morgan Stanley Trust Co.	Barclays Bank Ghana Nom.Ltd.	5,394,580	3.3%
5	GCB Staff Provident Fund.	P.O. Box 134 Accra	1,528,142	0.9%
6	Ghana Reinsurance Co. Ltd.	P.O. Box 7509 Accra	1,237,260	0.7%
7	State Ins. Corp. Gh.	P.O. Box 2363 Accra	1,229,733	0.7%
8	Ghana Cocoa Board	P.O. Box 933 Accra	1,100,000	0.7%
9	Tema Oil Refinery Ltd.	P.O. Box 599 Tema	1,000,000	0.6%
10	Kasap Ltd.	P.O. Box 8948 Accra	800,000	0.5%
11	Rothschild a/c Croesus Emg. Mkt.	Private Mail Bag, Ministries	700,000	0.4%
12	Sterling Sec Limited	No.2 Rangoon Link Box C293	590,705	0.4%
13	Ghana Libya Arab Hold. Co.	P.O. Box 7281 Accra	580,000	0.4%
14	Produce Buying Co. Ltd.	PM.B. Acc-North	500,000	0.3%
15	African Tiger Mut Fd. Ltd.	47 Ind. Ave. Accra	400,000	0.2%
16	Alhaji Salia Ent. Ltd.	P.O. Box 9175 Airport Accra	400,000	0.2%
17	CDH SEC LTD. N/C/A	P.O. Box 14911 Accra-North	351,765	0.2%
18	1st African GRP Limited	P.O. Box 11337,Accra-North	300,000	0.2%
19	Wienco Ghana Limited	P.O. Box 7593 ,Accra	282,600	0.2%
20	Joe Armah & Partners	P.O. Box 8948 ,Accra Gh.	276,000	0.2%
TOTALS			128,286,063	77.4%

# Notes to the Financial Statements

20. CAPITAL SURPLUS	THE GROUP		THE BANK	
	2000 c'm	1999 c'm	2000 c'm	1999 c'm
Balance at 1-1-2000	11,370	18,209	3,731	3,731
Additions/Revaluation	605	0	0	0
	11,975	18,209	3,731	3,731
Deductions	0	(6,839)	0	0
Balance at 31-12-2000	11,975	11,370	3,731	3,731

The Capital Surplus arose as a result of the revaluation of the fixed assets at open market value after a physical inspection of the assets in Ghana between the dates 15 December 1993 and 10 January 1994. It also includes the revaluation of both listed and unlisted securities based on year end market values. In the current year no revaluation has been carried out for the unlisted securities.

21. SHARE DEALS				
Transfer from Income Surplus	47	996	47	996
Purchase of Own Shares	(248)	(949)	(248)	(949)
Sale of Own shares	312	0	312	0
	111	47	111	47

The movement on the share deals account is the net result of sums expended and received by the Bank on the purchase and sale of shares in compliance with Section 63 (2) of the Ghana Companies Code 1963, (Act 179).

22. INCOME SURPLUS			2000 Total c'm	1999 Total c'm
	Income Surplus c'm	Reserve Fund c'm		
<b>THE BANK</b>				
Balance at 1-1-2000	55,211	53,284	108,495	91,672
Prior year adjustment (Note 24)	(2,566)	0	(2,566)	(16,311)
Retained Profit	80,066	17,328	97,394	33,134
Balance at 31-12-2000	132,711	70,612	203,323	108,495
<b>THE GROUP</b>				
Balance at 1-1-200	57,991	53,777	111,768	94,191
Prior year adjustment (Note 24)	(2,566)	0	(2,566)	(16,311)
Retained Profit	81,491	17,532	99,023	33,888
Balance at 31-12-2000	136,916	71,309	208,225	111,768

# Notes to the Financial Statements

## 19. TWENTY LARGEST SHAREHOLDERS

NO.	NAME	ADDRESS	SHARE-HOLDING	PERCENTAGE HOLDING
1	GH/GV Act. by Min. of Fin. & Eco. Plann.	P.O. Box M40 Ministries	77,233,613	46.8%
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20	Joe Armah & Partners	P.O. Box 8948 ,Accra Gh.	276,000	0.2%
TOTALS			128,286,063	77.4%

# Notes to the Financial Statements

## 23. PRIOR YEAR ADJUSTMENT

This represents various adjustments affecting previous years.

## 24. CONTINGENCIES AND COMMITMENTS

The Bank entered into various commitments in the normal course of banking business which are reflected in the accompanying balance sheet.

	THE GROUP		THE BANK	
	2000 cm	1999 cm	2000 cm	1999 cm
Letters of credit	751,818	214,036	751,818	214,036
Guarantees and Indemnities	243,733	209,116	243,733	209,116
	995,551	423,152	995,551	423,152

Commitments for capital expenditure at the balance sheet date not provided for in the account amounted to €20.59 billion (1999 €6.8 million).

## 25. RELATED PARTY TRANSACTIONS

Advances included the following amounts lent to related parties:

	THE GROUP		THE BANK	
	2000 cm	1999 cm	2000 cm	1999 cm
Employees and Officers	18,835	13,304	18,835	13,304