# ANNUAL REPORT 2014

GCB

GCB Bank Limited

# Transforming our branch network

# Contents

## GCB Bank Limited

### Annual Report and Financial Statements for the year 2014

# Corporate Information

## BOARD OF DIRECTORS

Mr. Daniel Owiredu – Chairman (Appointed 9/10/14)
Dr. Fritz Augustine Gockel – Chairman (Retired 26/5/14)
Mr. Simon Dornoo (Managing)
Mr. Samuel Sarpong
Mr. Elliot Gordor
Mr. John Awuah
Mr. Moses Aduku Asaga
Ms. Faustina Nelson
Dr. Abdul Baasit Aziz Bamba
Mr. Kofi Worlanyo
Mr. Ernest Kwasi Okoh
Hon. Mrs. Mona Quartey (Appointed 9/10/14)
Ms. Ama Sarpong Bawuah (Appointed 25/11/14)
Mrs. Adelaide Mary Benneh (Retired 26/5/14)
Hon. Kweku Ricketts-Hagan (Resigned 8/10/14)

## SECRETARY

Mrs. Helen Addo
GCB Bank Building
Thorpe Road, High Street
P. O. Box 134
Accra

## AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP 242
Accra

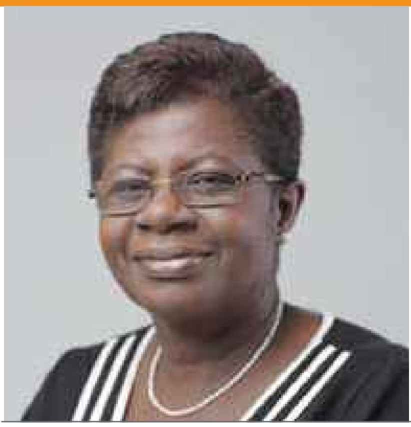
## REGISTERED OFFICE

GCB Bank Building
Thorpe Road, High Street
P. O. Box 134
Accra

## REGISTRARS

Share Registry
GCB Bank Limited
Head Office, High Street
Accra

# Notice of Annual General Meeting



**Mrs. Helen Addo**
*Company Secretary*

Notice is hereby given that the 21st Annual General Meeting of GCB Bank Limited will be held at the Accra International Conference Centre on Friday, 22nd May, 2015 at 10.00 a.m. to transact the following business:-

## AGENDA

1) To consider and adopt the financial statements of the Company for the year ended December 31, 2014 together with the Reports of the Directors and Auditors thereon.
2) To declare a Dividend for the year ended December 31, 2014.
3) To re-elect Directors retiring by rotation.
   - Moses Aduku Asaga (Mr.)
   - Abdul Baasit Aziz Bamba (Dr.)
   - Elliot Gordor (Mr.)
4) To re-elect newly appointed Directors.
   - Daniel Owiredu (Mr.)
   - Mona Helen Quartey (Mrs.)
   - Ama Sarpong Bawuah (Ms.)
5) To authorize the Directors to determine the fees of the Auditors.

DATED THIS 5TH DAY OF MARCH, 2015

By Order of the Board

**HELEN ADDO (MRS.)**

*Company Secretary*

A member entitled to attend and vote at the meeting may appoint a proxy who need not be a member of the Company to vote in his/her stead. A form of proxy for it to be valid for the purposes of the meeting must be completed and deposited at the Share Registry, GCB Bank Ltd., Head Office, High Street, Accra, not less than 48 hours before the meeting.

# Board of Directors

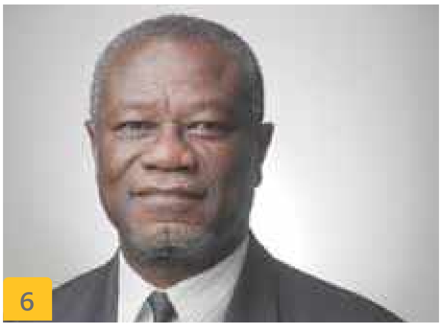

Mr. Daniel Owiredu
*[Chairman]*


Mr. Simon Dornoo
*[Board Member, Managing Director]*


Mr. John Awuah
*[Board Member, Chief Finance Officer]*


Mr. Samuel Sarpong
*[Board Member, Chief Operating Officer]*

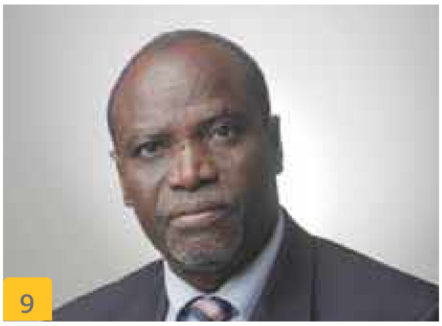

Hon. Mona Quartey
*[Board Member]*




Mr. Kwasi Okoh
*[Board Member]*


Ms. Faustina Nelson
*[Board Member]*


Mr. Kofi Worlanyo
*[Board Member]*




Mr. Moses Asaga
*[Board Member]*


Dr. Abdul Baasit Aziz Bamba
*[Board Member]*


Ms. Ama Sarpong Bawuah
*[Board Member]*


Mr. Elliot Gordor
*[Board Member]*

# Profile of the Directors

## 1. Mr. Daniel Owiredu

Mr. Daniel Owiredu is a distinguished alumnus of Kwame Nkrumah University of Science & Technology (KNUST) who holds a BSc degree in Mechanical Engineering from KNUST, Kumasi and an MBA degree from Strathclyde Business School in Scotland, UK;

He is a Ghanaian engineer with more than thirty (30) years of experience in the mining sector, of which twenty years is in senior management position in Africa. Rising through the ranks from Assistant Mechanical Engineer (upon joining Ashanti Goldfields), Mr Owiredu became the first indigenous Chief Engineer of the underground mining operations at the Obuasi Mine.

He served as Managing Director for Ashanti Goldfields' Bibiani Mine, Suguri Mine in Guinea and Obuasi Mine. He was then appointed the Chief Operating Officer West Africa and subsequently Deputy Chief Operating Officer Africa. He was also instrumental in the design, construction and the commissioning of the Obuasi Mine's BIOX'r' plant, which at the time was the biggest biox plant in the world. This was commissioned two months ahead of schedule and USD 3million under budget on completion.

Mr Owiredu was the leader of the executive taskforce which together with Johnson Harvey consultants crafted the growth strategy for Ashanti Goldfields under the guidance and leadership of Sir Sam Jonah.

In September 2006, Mr Owiredu joined Golden Star Resources Ltd as Vice President-Operations and in January 2013 was appointed Executive Vice-President and Chief Operating Officer. He is the immediate past President of the Ghana Chamber of Mines.

He is also the Council Chairman of the Anglican University College.

## 2. Mr. Simon Dornoo

Simon Dornoo joined GCB on 4th March 2010 from Barclays Bank where he worked in various Senior Management positions form January, 1999 to March, 2010. He worked locally with Barclays Bank of Ghana as Finance Director and Country Treasurer as well as with Barclays PLC, U.K. being the first African to be appointed as Finance Director for Barclays Africa and the Indian Ocean with oversight responsibility for ten countries. Simon began his professional career with KPMG in 1985 where he trained and later worked as an Audit Senior until 1990. As one of the pioneers of CAL Bank in 1990, he was the first Financial Controller and he subsequently held other senior level positions in the Bank until December, 1998. Simon has served on various Boards mainly in the financial services sector. He is a qualified Chartered Accountant (CA Ghana) and has an MBA degree from Manchester Business School, United Kingdom.

Mr. Dornoo currently serves on the Boards of Ghana International Bank plc, GCNet, Development Finance & Holdings Ltd, and Ghana Interbank Payment & Settlement Systems (GhIPSS) and a council member of the Ghana Stock Exchange.

## 3. Mr. John Awuah

John Awuah joined the Board, in March 2013.

Prior to joining Bank, Mr. Awuah was the Group Chief Finance Officer of Ecobank Capital where he exercised leadership over the Finance functions of Ghana, Nigeria, Cote d'Ivoire, Cameroon, Kenya and Zimbabwe.

He was a pioneer member of the Standard Chartered Bank International Accounting Standards project implementation team for Africa that handled the initial conversion of Financial Reporting across Africa from local accounting principles to International Financial Reporting Standards in 2004.

As the Chief Finance Officer of United Bank for Africa Ghana Ltd (UBA) from 2005 to 2008, Mr. Awuah spearheaded the set-up and operations of the Finance function of the bank and led the bank's branch rollout strategy. At Barclays Bank of Ghana, Mr. Awuah as the Financial Controller played a key role in the successful corporate turnaround of the bank; migrating it from a loss making entity in 2008 to the number one bank (in terms of profitability) in 2011. In 2010 he was seconded to Barclays Bank Egypt to assist the business in designing and rolling out its financial controls framework after which he was assigned to the Barclays Africa Regional Office in Dubai as a project lead on a Barclays Africa project on 'Management of Control Issues' in 10 Barclays Africa Countries. He has also had previous work experience with Tractor & Equipment (now Mantrac Ghana) and Western Castings Ltd in various capacities.

Mr. Awuah is a known subject matter expert on financial controls and governance in Ghana and has had many years of progressively responsible work experience in areas including Financial Control, Regulatory Reporting, Credit Control, Taxation, Market Risk Monitoring, Financial Accounting, Business Partnering, Business Analytics, Operational Risk and Corporate Strategy.

He is a Fellow of the Association of Chartered Certified Accountants (UK) and a member of the Institute of Chartered Accounts (Ghana). He Holds Bachelor of Commerce degree from the University of Cape Coast (Ghana) with first class honors and MBA (with merit) from the Oxford Institute of International Finance – Oxford Brookes University (UK).

## 4. Mr. Samuel Sarpong

Mr. Samuel Sarpong joined the Board in March 2008 and holds a degree from University of Guelph, Ontario, Canada (M.Sc. Agric) and Wilfrid Laurier University, Ontario, Canada (MBA). He has also completed many professional courses.

Mr. Sarpong served as Policy Adviser in the Ontario Ministry of Agriculture & Food and Ministry of Economic Development & Trade, Canada from 1990 to 1995. In 1996, he joined the Canadian Imperial Bank of Commerce (CIBC), holding senior roles in credit risk management including Director, Lending Products. During his nine (9) years at CIBC, he worked in the following divisions – Retail & Small Business Lending, BizSmart and CIBC Visa. In 2005, Mr. Sarpong joined General Electric Corporation's (GE), Consumer Lending Business (GE Money Canada) and as Senior Manager in GE, he served as Risk Leader for 3 business units – Credit Cards, Risk Infrastructure & Fraud and Mortgages.

Mr. Sarpong serves on the boards of Development Finance & Holdings Ltd., Vivo Energy Ltd., and Starlife Assurance Company Ltd.

## 5. Hon. Mona Quartey

Hon. Mona Quartey, currently the Deputy Minister of Finance of the Republic of Ghana, is a seasoned finance professional with extensive experience in treasury, risk management and corporate finance with close to twenty five years of Banking and Mining experience. Mona has a unique experience, having served and advised large corporate institutions, small to medium sized enterprises ("SMEs"), government ministries, and state-owned enterprises ("SOEs").

Mona's background involves in-depth experience in equity and debt raisings for sponsors and investors across Africa, Europe and North America. As Group Treasurer, her landmark transaction involved a vital role in the 'Initial Public Offer' of Ashanti Goldfields on the London, Ghana and, subsequently, the New York Stock Exchanges (1994/97).

Mona is a highly effective leader and professional with tested execution and strong management skills. She has worked with Ecobank Gh Ltd., Ashanti Goldfields Company Ltd., Citibank NA and BVM Financial Advisory Services Ltd.

Mona currently serves on the Boards of Golden Star Resources Gh Ltd. (Wassa & Bogoso), Ghana Water Company Ltd., SSNIT, Ghana Investment Promotion Council (GIPC), SIMNET Gh. Ltd., Green Pastures & Still Waters Ltd., BVM Finance Advisory Service Ltd.

Mona holds a Bsc. (Hons) degree in Development Planning from KNUST, Kumasi and a Masters Degree in Business Administration (Finance) from Dalhousie University Canada.

## 6. Mr. Kwasi Okoh

Mr. Kwasi Okoh is by formal profession a Chartered Accountant, a member of the Institute of Chartered Accountants, Ghana; with an MBA from Strathclyde University, Glasgow, Scotland; and a product of the School of Administration, University of Ghana, Legon.

He is currently the Managing Director of Aluworks Limited, the only aluminium cold rolling mill in Ghana, having been the Chief Executive Officer of Dannex Limited, a pharmaceutical manufacturing and marketing company in Ghana; of Unilever Tanzania in East Africa, an FMCG manufacturing and marketing company based in Dar es Salaam; and of West Africa Popular Foods Nigeria, a joint venture company that he jointly set up for Unilever in partnership with Dangote Limited, the commodities giant in Nigeria.

Mr. Okoh considers himself to be of a qualified and proficient general management persuasion, having been thoroughly schooled by Unilever in managerial practice, with whom he worked for over 32 years. His jobs included: Customer Development Manager for Unilever in Africa, the Middle East and in Turkey, a job which took him through the Middle East and particularly to all parts of Africa; and Unilever Internal Audit Manager in Ghana for several years, during which period he participated in several internal audits of other Unilever business in different parts of the world.

In addition to having managed some national sports organisations in his spare time, Mr. Okoh has held Directorships in many companies in Ghana and abroad, and currently is a Director of Aluworks Limited; Research International; Expandable Polystyrene Products and Trading Limited; WT-2 Company Limited and is Chairman of the Board of Governors of Achimota School.

## 7. Ms. Faustina Nelson

Ms. Faustina Nelson is an entrepreneur, known for her expertise in corporate governance matters. She brings on board years of experience acquired from serving on various boards including some institutions in the Banking and Oil sectors such as National Investment Bank and Ghana Oil Company Limited (GOIL).

Ms. Nelson's entrepreneurial and strategic management background contributed in the setting up and running of her businesses.

Described as a mother, she is known for her dedication to philanthropy and advocacy for farmers into organic farming and the prevention of HIV AIDS among the youth and women in Ghana spearheaded by a non-governmental organization she heads.

In a country where women are still cutting their teeth in politics, Ms. Nelson is a leader known for her organizing skills and political activism.

Academically, she is a professional teacher and holds a proficiency certificate in Strategic Management from GIMPA.

## 8. Mr. Kofi Worlanyo

Kofi Worlanyo has been working in the Information Communications Technology industry since 1985. He is a very visible advocate for the ICT industry in Ghana and has been persistent in the marketing of the concept of the positive gains to be derived from the development of Science and Technology Parks in Ghana. As Principal Consultant of CRO Consulting (a Management and Technology Consultancy), he led the team that collaborated with the Ministry of Communications for the development of Ghana's Premier Technology Park situated in Tema.

Kofi Worlanyo is a product of University of London's University College London, where he obtained his Master of Science (MSc) degree in Data Communications Networks and Distributed Systems. He also holds a Bachelor of Science (BSc (Honours)) degree in Computer Science from the Kwame Nkrumah University of Science and Technology, Kumasi.

Mr Worlanyo has undertaken various international Management and Technology Consultancy assignments involving Project Management and business process improvements using ICT. Kofi has worked mainly in the United Kingdom, Ghana, Kenya, Uganda, Liberia and Zimbabwe. His clients include multinational banks, telecom companies and government agencies.

Kofi worked in senior management role at the Non-Performing Assets Recovery Trust (NPART), the institution credited with revitalising the banking sector in Ghana by offloading qualified non-performing loans off the books of banks. This accorded him opportunity to develop an in-depth understanding of the operations and challenges of the banking sector in Ghana.

Kofi has lectured at different times, in the School of Information Studies, University of Ghana, Legon, as well as the School of Technology at the Ghana Institute of Management and Public Administration (GIMPA). Subjects taught include Data Communications, Computer Networks, Operating Systems and Information Systems.

Kofi is married to his affable wife Angie and they are blessed with a son Elom and a daughter Sedinam.

## 9. Mr. Moses Asaga

Mr. Moses Asaga is the CEO of National Petroleum Authority. He holds Bsc. Industrial Chemistry, UST; Msc. Petroleum Engineering. Aberdeen University; MBA Finance from Yonsei University, and MPhil Financial Economics from Durham University, U.K. He worked with Daishin Securities & Investments in Seoul as Industrial Analyst for companies listed on Korea stock exchange.

He returned to Ghana in 1990 and joined Ecobank as Investment Analyst and was head hunted to GNPC in 1993 because of his financial and engineering background and was promoted to Senior Project Finance Officer. In 1997 he won parliamentary election as MP and was appointed Deputy Minister of Finance. From 1998, he served as Non-Executive Director, Bank of Ghana and Alternate Governor, African Development Bank.

He served in parliament for 16 years and was a Member of the Finance Committee for 12 years, and member of Energy & Mines Committee for 16 yrs and became chairman of the committee (2009-2012). He was appointed Minister for Labour in 2011.

He has certificate/diplomas from Harvard University where he completed a course on Global Financial Crises (Emerging Markets, Banks etc.) He was chairman of the board of Ghana Civil Aviation, and currently on the board of PURC and chairman of the Technical Committee, (Utility Pricing and Tariff Review).

## 10. Dr. Abdul Baasit Aziz Bamba

Dr. Abdul Baasit Aziz Bamba, Lecturer, Faculty of Law, University of Ghana, holds LLM and doctoral degrees with a focus on Law and Economic Development from Harvard Law School, USA. He has several publications to his credit in both local and international journals and supervises graduate-level dissertations. He has participated and presented papers at various local and international conferences.

Aziz Bamba is also a lawyer by profession and in that role, he advises several corporate clients on corporate-related matters and preventative lawyering. He has considerable experience in providing legal advisory services and representing corporate clients in court.

With wide-ranging expertise and experience in Agricultural Law, Property and Contract Law, Commercial and Banking Law, Company law, Arbitration, Insolvency, Criminal Law, Public Law as well as policy matters, Aziz Bamba has consulted for organizations such as UK Department for International Development; the World Bank; the Committee of African Studies of Harvard University; the Government of Ghana; the Economic Community of West African States on the harmonization of business laws in West African countries; Ghana's Ministry of Justice and Attorney-General's Department under its continuing legal education for State attorneys in the area of business law education; and the Ghana Parliament. Aziz Bamba has received excellent training to offer customized and pragmatic solutions to legal concerns.

## 11. Ms. Ama Sarpong Bawuah

Ms. Ama Sarpong Bawuah is Head of Public Affairs and Communications (PAC) for the Coca-Cola's North and Equatorial Africa Region (NEAR) with responsibility for 13 countries comprising Ghana, Morocco, Tunisia, Algeria, Mauritania, Liberia, Gambia, Sierra Leone, Guinea Conakry, Equatorial Guinea, Guinea Bissau, Cape Verde, Principe and São Tomé. She is responsible for Stakeholder engagement and Government relations, establishing relationships and working effectively with external stakeholders in order to create opportunities for the facilitation of the company's operations and manages a complexity of PAC functions, communications, corporate and government relations and community relations across Equatorial Africa.

A Strategic Management executive with several years' experience and a comprehensive knowledge of innovative solutions and best practices in the PAC arena and high level stakeholder engagement, her core competencies include management strategy and business development, applied analytics of client relationship metrics, and hands-on deal originations structuring and execution.

Ms. Bawuah was a UNDP Advisor on Aid and Funding Coordination to the Government of Ghana and founder and CEO of Mark 7 Consult, a boutique management consulting firm in Accra, prior to joining Coca-Cola. She has worked in the past as Vice President for Citigroup Corporate and Investment Bank's Global Transaction Services in New York and was the West Africa Director for the Whitaker Group, a Washington DC based management consulting firm. She has also worked with Sun Trust Bank in Atlanta, Georgia as Project Manager in their Product Development Department.

In her work on behalf of US Fortune 500 companies in the Beverage, Agri-business, Consumer Goods and Engineering /Technology industries, Ms. Bawuah has engaged in the resolution of Government/Corporate Affairs issues in West Africa and consistently delivered and executed cutting edge solutions to reduce barriers to business and facilitate business operations in the region.

## 12. Mr. Elliot Gordor

Mr. Elliot Gordor is a seasoned business executive with over twenty-five years' experience and a product of the University of Ghana and University of Mississippi with specialization in Business Administration. He is also the Chief Executive Officer of Gelloq Company (Ghana) Limited, a major player in Ghana's haulage and logistic industry with subsidiaries in Togo and the United States of America (USA).

Mr. Gordor serves on the Boards of Conway & Sons LLC, USA, Millard Solutions LLC, USA, MBG Ghana Limited and the Tema Development Corporation.

# Management Team


Simon Dornoo
*[Managing Director]*


John Awuah
*[Chief Finance Officer]*

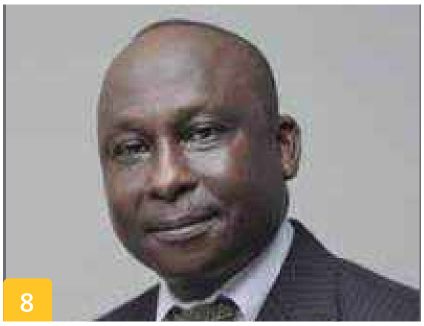

Samuel Sarpong
*[Chief Operating Officer]*


El Farouk Umar
*[[Chief Information Officer]*


Samuel Acquah
*[Chief Risk Officer]*


Samuel Amankwah
*[Chief Internal Auditor]*


Doris Wunu
*[Head, Consumer Banking]*




Anthony K. Asare
*[Treasurer]*


A. Agamu Asokea
*[Head, Legal Services]*


Francis Danyi
*[Head, Human Resources ]*


George Fuachie
*[Head, Corporate Banking]*

# Financial highlights 2014

| At 31 December | The Group 2014 GH¢'000 | The Group 2013 GH¢'000 | The Bank 2014 GH¢'000 | The Bank 2013 GH¢'000 |
|---|---|---|---|---|
| Total assets | **4,259,102** | 3,404,826 | **4,232,819** | 3,391,100 |
| Loans and advances to customers | **1,240,577** | 960,707 | **1,240,577** | 960,707 |
| Customer deposits | **3,074,821** | 2,624,975 | **3,078,071** | 2,630,283 |
| Shareholders' equity | **689,371** | 466,065 | **659,896** | 447,156 |
| Government securities | **1,862,336** | 1,711,957 | **1,857,337** | 1,711,948 |
| | | | | |
| **For the year ended 31 December** | | | | |
| | | | | |
| Profit before tax | **394,981** | 317,059 | **382,436** | 311,223 |
| Profit after tax | **282,148** | 229,199 | **270,057** | 223,508 |
| | | | | |
| Dividend per share (Ghana pesewas): | **32** | 25 | **32** | 25 |
| Earnings per share (Ghana pesewas): | | | | |
| - Basic | **106** | 86 | **102** | 84 |
| - Diluted | **106** | 86 | **102** | 84 |
| | | | | |
| Return on equity (%) | **41** | 49 | **41** | 50 |
| Return on assets (%) | **7** | 7 | **6** | 7 |
| | | | | |
| **At 31 December** | | | | |
| | | | | |
| Number of staff | **1,944** | 2,083 | **1,944** | 2,083 |
| Number of branches | **157** | 157 | **157** | 157 |

# Five year financial summary

## Profit and loss – Group

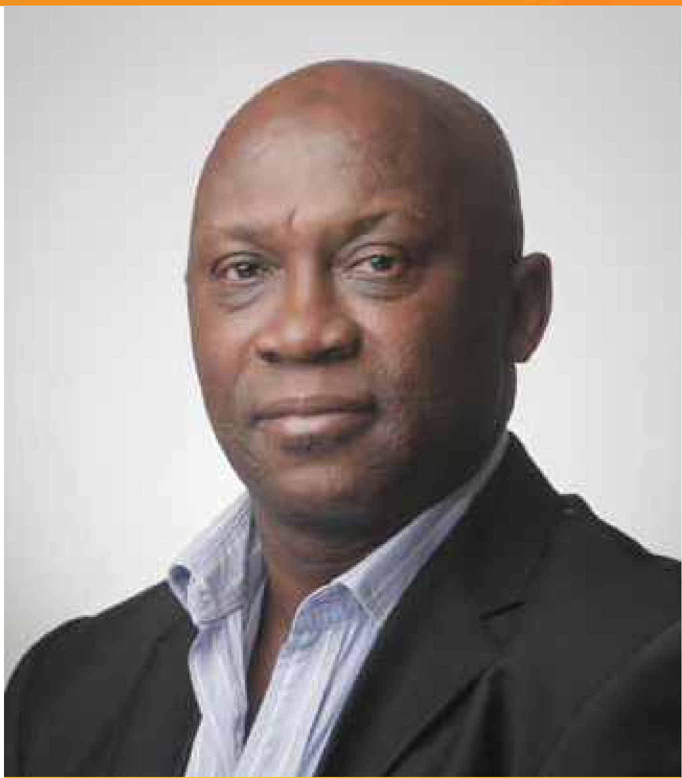
| GH¢'000 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| **Income Statement** | | | | | |
| Interest income | 690,708 | 552,063 | 376,092 | 256,619 | 389,096 |
| Interest expense | (92,982) | (92,104) | (50,917) | (49,735) | (102,812) |
| **Net interest income** | **597,726** | **459,959** | **325,175** | **206,884** | **286,284** |
| Fee and commission income | 114,392 | 88,566 | 76,535 | 67,258 | 48,561 |
| Fee and commission expense | (22,422) | (11,419) | (7,347) | (2,730) | (2,680) |
| **Net fee and commission income** | **91,970** | **77,147** | **69,188** | **64,528** | **45,881** |
| Net trading income | 37,758 | 26,842 | 16,580 | 13,485 | (3,091) |
| Other revenue | 3,739 | 3,297 | 1,931 | 2,105 | 1,552 |
| **Revenue** | **731,193** | **567,245** | **412,874** | **287,002** | **330,626** |
| | | | | | |
| Other income | 100,058 | 944 | 5,250 | 1,547 | 880 |
| Impairment (charge)/release on loans and advances | (23,832) | 10,569 | (10,585) | (10,650) | (70,931) |
| Operating expenses | (428,230) | (270,394) | (221,286) | (251,141) | (192,381) |
| **Operating profit** | **379,189** | **308,364** | **186,253** | **26,758** | **68,194** |
| | | | | | |
| Share of profit of associates net of tax | 15,792 | 8,695 | 6,600 | 4,321 | 3,173 |
| **Profit before tax** | **394,981** | **317,059** | **192,853** | **31,079** | **71,367** |
| Taxation | (93,759) | (80,030) | (49,881) | (11,623) | (17,525) |
| National fiscal stabilization levy | (19,074) | (7,830) | - | (1,484) | (2,962) |
| **Profit for the year** | **282,148** | **229,199** | **142,972** | **17,972** | **50,880** |
| | | | | | |
| **Other Comprehensive Income (OCI)** | | | | | |
| **Items that may be reclassified to profit or loss** | | | | | |
| Available-for-sale financial assets - net changes in fair value | 1,898 | 1,464 | 634 | (1,524) | 409 |
| Related tax | (475) | (366) | (159) | 381 | (102) |
| Share of associate OCI | (1,515) | - | - | - | - |
| **Items that will never be reclassified to profit or loss** | | | | | |
| Actuarial loss on defined benefit liability | (4,134) | (15,033) | (9,675) | (1,519) | 396 |
| Related tax | 1,034 | 3,758 | 2,419 | 380 | (99) |
| Other comprehensive income, net of tax | (3,192) | (10,177) | (6,781) | (2,282) | 604 |
| **Total comprehensive income** | **278,956** | **219,022** | **136,191** | **15,690** | **51,484** |
| | | | | | |
| Basic and diluted earnings per share (in GH¢) | 1.06 | 0.86 | 0.54 | 0.07 | 0.19 |

# Five year financial summary (cont'd)

## Balance sheet – Group

| GH¢'000 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 758,081 | 338,797 | 360,023 | 433,430 | 349,383 |
| Government securities | 1,862,336 | 1,711,957 | 1,553,301 | 1,195,991 | 453,389 |
| Advances to banks | 107,407 | 170,321 | 37,978 | 217,179 | 179,706 |
| Loans and advances to customers | 1,240,577 | 960,707 | 847,872 | 476,211 | 995,356 |
| Investment securities: available-for-sale | 8,611 | 6,660 | 5,196 | 4,562 | 4,161 |
| Investment in subsidiary | - | - | - | - | - |
| Investment in associates | 49,468 | 41,013 | 37,242 | 20,240 | 7,156 |
| Investment in other equity securities | 247 | 247 | 247 | 198 | 863 |
| Deferred tax asset | 26,838 | 15,453 | 11,624 | 11,379 | 4,745 |
| Property and equipment | 123,936 | 81,399 | 73,404 | 53,955 | 54,684 |
| Intangible assets | 12,162 | 3,954 | 4,062 | 1,841 | 789 |
| Other assets | 64,021 | 74,318 | 50,192 | 39,074 | 34,424 |
| Income tax asset | 5,418 | - | - | 6,309 | - |
| **Total assets** | **4,259,102** | **3,404,826** | **2,981,141** | **2,460,369** | **2,084,656** |
| | | | | | |
| **Liabilities** | | | | | |
| Deposits from customers | 3,074,821 | 2,624,975 | 2,330,300 | 2,058,432 | 1,584,055 |
| Other liabilities | 263,805 | 132,702 | 113,797 | 108,375 | 189,542 |
| Borrowings | 163,028 | 108,149 | 177,818 | 79,000 | 73,125 |
| Income tax liabilities | - | 11,258 | 17,195 | - | 23,498 |
| Employee benefit obligations | 68,077 | 61,677 | 46,150 | 36,322 | 33,336 |
| **Total liabilities** | **3,569,731** | **2,938,761** | **2,685,260** | **2,282,129** | **1,903,556** |
| | | | | | |
| **Equity** | | | | | |
| Stated capital | 100,000 | 100,000 | 72,000 | 72,000 | 72,000 |
| Retained earnings | 409,176 | 215,224 | 113,855 | 26,732 | 13,965 |
| Fair value reserve | 1,990 | 2,082 | 984 | 509 | 1,652 |
| Statutory reserve | 179,505 | 145,748 | 89,871 | 55,210 | 51,039 |
| Credit risk reserve | 21,173 | 22,384 | 27,269 | 24,631 | 42,147 |
| Other reserves | (22,473) | (19,373) | (8,098) | (842) | 297 |
| **Total equity** | **689,371** | **466,065** | **295,881** | **178,240** | **181,100** |
| **Total liabilities and equity** | **4,259,102** | **3,404,826** | **2,981,141** | **2,460,369** | **2,084,656** |

# Chairman's Statement



Mr. Daniel Owiredu *[Chairman]*

"The Bank consolidated its position among the top performing banks in Ghana in 2014 following three consecutive years of strong performance"

## Dear Shareholders

I deem it a great honour to welcome you all to the 21st Annual General Meeting of Shareholders of GCB Bank Limited on behalf of the Board of Directors. I also have the added privilege of presenting to you for the first time as Chairman of the Board, the Annual Report and Financial Statements of your Bank for the year ended 31st December 2014.

Significantly, the Report covers a most challenging but successful year during which continued improvements were achieved in reshaping your Bank while maintaining an enviable level of financial performance.

Some of the challenges your Bank encountered in the operating environment during 2014 included a steadily weakening cedi exchange rate regime that fuelled inflation and deepened the challenges of notable energy supply shortfalls. These compelling factors conjoined to slow down national economic activities and output, leading eventually to a lower GDP growth than registered in the previous year.

## Operating Environment

Outside Ghana, world growth in 2014 was 3.3%, just about the same growth rates as the previous two years, that is, 3.3% in 2013 and 3.4% in 2012. Over the past three years, this trend reflected a continuing post-financial crisis pattern of slow recovery.

The world economy was still struggling to gain momentum. For many countries, the crisis legacies were proving tougher to resolve than expected, while for other countries a murkier future negatively affected confidence and lowered potential growth. Furthermore, an interplay of a number of key factors defined the growth pattern of the world economy in 2014. This resulted in divergent trends and uneven growth across regions and countries. Many high-income countries continued to grapple with the legacies of the global financial crisis while emerging economies were less dynamic than in the past.

Among the advanced economies, the United States and the United Kingdom in particular, seemed to be leaving the crisis behind, and indeed gathered momentum as labour markets improved and monetary policy remained relatively more accommodative. Accordingly a decent growth posture emerged even for those two countries, although potential growth was lower than in the pre-crisis period.

The Euro Area and Japan also experienced growth, but residual high public debt from the past and very low potential growth created major macroeconomic and fiscal challenges. This showed that legacies of the financial crisis still lingered, even as they were locked within persistent structural bottlenecks.

Elsewhere in the emerging market economies, lower potential growth was the dominant factor. China planned for and achieved a carefully managed slowdown. However, disappointing growth in other developing countries in 2014 reflected weak external demand, domestic policy tightening, political uncertainties and significant supply-side constraints.

Ghana's economy was not insulated from these challenging developments particularly the effects of the slump in commodity prices in addition to other domestic factors. The economy was marked by energy supply shortfalls, a fast depreciating cedi, and a rising general price level particularly over input costs including finance cost, amid high fiscal deficit and rising public debt, culminating in slower economic growth than the previous year and indeed below the average of the past six-year growth.

Cumulatively, the Cedi depreciated by 31.2% against the US dollar on the interbank market in 2014.

Inflation trended up from the beginning of the year, peaking at 17% in December 2014 from 13.5% in December 2013.

Interest rates on Government instruments equally trended up during the year. The benchmark 91-day Treasury bill increased to 25.8% from 19.2% with consequent impact on lending rates that moved up in tandem.

By the close of 2014, fiscal and current account deficits stood at 7% and 9.2% of GDP respectively.

Economic activities in 2014 were further constrained by energy supply shortfalls leading to a slower and low productivity reflecting in Real Gross Domestic Product (GDP) growth, estimated at 4.2% compared to 7.3% recorded in 2013.

## Financial Performance

It is against such a background that we must set the highlights of your Bank's operational achievements. Ladies and Gentlemen, in 2014, GCB's Basic and Diluted Earnings per share was GH¢1.06, up 23.3% from GH¢0.86 in 2013. This marked three consecutive years of generating EPS growth.

EPS growth was driven by revenue growth of 29% to GH¢731 million. We achieved pre-tax profit of GH¢395.0 million, up 25% over the GH¢317.1 million recorded in 2013 and eventually returned GH¢282.1 million to shareholders, an increase of 23% more than was attributable to shareholders in 2013.

Taking into account this financial performance with the further progress made in reshaping the Bank, responding to changes in the operating environment including regulatory changes, the Board rightly concluded that Management had made good progress during 2014 and in the process strengthened the Bank's long-term competitive position.

The Chief Executive's Review analyses in detail the important benchmarks and highlights of 2014.

## Returns to Shareholders

Your Board is delighted to recall that your Bank, GCB Bank paid to you, our distinguished shareholders, a cash dividend of 14 and 25 Ghana pesewas per share upon satisfactory financial performances in 2012 and in 2013, respectively. The Bank is committed to staying on course in paying shareholders their due. The Bank's capital position remained strong with Capital Adequacy Ratio standing at 23% at the end of the year compared to 18% twelve months earlier.

Based on this capital strength and the Bank's capital generating capabilities, the Board recommends a cash dividend payment of 32 Ghana Pesewas per share for the 2014 financial year. This means a pay out of an amount of GH¢84.8 million which represents an increase of 28% on what was paid to our cherished shareholders in the previous year. It is worth noting that the amount of dividend paid annually has increased from GH¢ 4.5 million in 2010 to GH¢ 84.8 million today.

Ladies and Gentlemen, your Board is particularly proud to note further that the price of a GCB share on the Ghana Stock Exchange (GSE) also maintained its upward momentum in 2014 gaining 13% to outperform the GSE composite index which increased by 5% in a bearish market.

I join the entire Board in whose name I stand before you to salute our hard working Management and Staff and to declare with unalloyed pride that indeed top-level financial performance has been registered to enable us sustain shareholder support as we look forward with calculated optimism.

### Our Strategy

In 2010, we informed you that observable weaknesses in the Bank required transformational changes critical to enable the Bank attain sustainable competitive advantage (reference Chairman's statement in 2010 and 2011 annual reports). Accordingly, the Bank began the transformation journey to address these challenges in order to put the Bank on a firm footing. I am pleased to note that we have made good progress so far.

The Bank consolidated its position among the top performing banks in Ghana in 2014 following three consecutive years of strong performance; this was borne out of focused execution of our strategic priorities. The Bank has continued to make progress in areas of brand development, operational excellence initiatives which have involved a significant investment in IT infrastructure upgrade, business re-organization and restructuring initiatives as we strive to keep costs under control in pursuit of long term sustainable profitability.

In the ongoing transformation of the Bank, and on the basis of the strength and resilience we have infused in our operations, we shall remain faithful to the primary mandate of the founding fathers of the Bank. Accordingly, we will actively support the development and growth of our People and Nation in the areas of our relevance as the true national Bank.

For instance, we intend to exhibit the readiness of GCB Bank Ltd. in funding the infrastructural development of the country through the new Government Investment Infrastructure Fund. In this context, we will endeavour to support relevant Public-Private partnerships to ensure the delivery of the much needed infrastructure for our beloved Nation.

We shall continue to invest in the Bank's risk infrastructure to ensure that the Bank is able to sustain the improving trend in its ratings which is important for enhanced access to money and capital markets. This is the niche that is ours by tradition and national responsibility.

In order to ensure that we achieve these and other critical objectives with the remarkable human resource pool we have painstakingly put together, we remain committed to attracting and retaining senior skilled and empowered executives and management with specific skills that are required within the business.

### Touching Lives - Our Community Engagement

The Bank continued in 2014 to support, collaborate and contribute to our local communities to flourish. Guided by our philosophy of "Touching Lives Wherever We Are", GCB seeks to work more closely with our communities to address issues that impact their well-being. So, in 2014, the Bank spent a total amount of GH¢1.4 million in supporting various activities in Education, Health, Culture, Environment and Sports.

Working directly with the community, we built a new three-classroom block for Bomaa Roman Catholic Junior High School in a village in the Tano North District in the Brong Ahafo region. This is the second community to benefit after Fawoman in the Ahafo-Ano South in the Ashanti Region which received a remodeled five-classroom kindergarten school block in 2013 when "Touching Lives Wherever We Are" began.

The Bank also provided financial support for the construction of the lecture halls and auditorium at the Kwame Nkrumah University of Science and Technology and the University of Ghana, respectively.

In addition, GCB sponsored the publication of a book for Ghana Public Health which is the first to be done in this country, and also sponsored the publication of copies of *Anansesem* (a folktale) to be donated to the Ghana Library Board for distribution to public libraries in the country.

The Bank also supported the training of journalists in economic and financial reporting and provided financial assistance to the National Cardiothoracic Centre at Korle-bu Teaching Hospital in Accra. Other interventions were in sports where the Bank sponsored athletes to train in the USA as well as promoting culture.

### Outlook

There are many other trends and reports that continue to shape our responses to both the expected and the unforeseeable challenges of 2015.

In Ghana, a high deficit, rising debts and persistent energy shortfalls have muted growth prospects in 2015-16 for the domestic economy. GDP growth for 2015 is projected to be lower at 3.9%. We however expect the effective implementation and monitoring of the government's new programme with the IMF in order to mitigate some of the vulnerabilities in the society and restore some measure of confidence in the money and currency markets.

The Banking sector has been operating on very high margins and we are mindful of the effects of a sudden reduction in interest rates on business performance and efficiency ratios, which is the driver of one of our key strategic imperatives to reduce operating costs growth to sustainable levels.

In spite of the challenging outlook, the Board remains committed to the transformational changes needed for the Bank to attain a sustainable competitive position.

## Changes to the Board

At the last Annual General Meeting (AGM), Dr. Fritz A Gockel, the then Board Chairman and Mrs. Adelaide Benneh, a non-executive Board member of the Bank did not seek re-election and consequently retired from the Board.

The Board would like to express its fullest appreciation to Dr. Gockel for his leadership during his tenure as Chairman of the Board. The Board is equally grateful to Mrs. Benneh for her immense contribution to GCB. The Board wishes these distinguished personalities happy and blissful retirement.

Two other appointments to the Board have accompanied my own as Chairman since the last AGM; these are Honourable Mona Helen Quartey and Ms. Ama Bawuah. Mrs. Quartey is a Deputy Minister of Finance and brings extensive experience in Treasury, Risk Management and Corporate Finance of close to 25 years in banking and mining. Ms. Bawuah is the Head of Communications and Public Affairs for Coca Cola Equatorial Africa and brings to GCB Board, comprehensive knowledge in innovative solutions, business development and best practices in public affairs and communications.

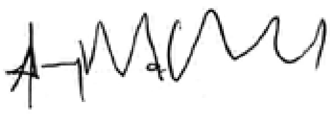
I am a mining executive and currently the Executive Vice President and Chief Operating Officer of the Golden Star Resources, having served earlier as the Managing Director of the then Ashanti Goldfields Bibiani Mine, Siguiri Mine in Guinea and the famous Obuasi Mine. It is 30 years experience in delivering operational efficiency and growth strategy in both the office and in the field.

I believe the three of us bring to the Board, a varied mix of experiences to ensure that with the invaluable input of the other members, increased operational efficiency and effective growth strategy will emerge from our collective endeavours. On my part, I am deeply grateful to the Board for electing me as its Chairman since October 22, 2014. On behalf of the Board, I am also delighted to welcome Honourable Mona Quartey and Ms. Bawuah to our Board. Finally, the Board is grateful to Mr. Elliot Gordor who served as interim chairman after Dr. Gockel exited prior to my election as Chairman in October.

## Conclusion

I am deeply proud of the Bank, the unwavering support of you all, the shareholders, a wonderful team of Board of Directors and a Management determined to accomplish goals with teaming staff that are loyal and hard working. The good results of 2014 were achieved from the collaboration of the unique roles that each group within GCB played successfully. Congratulations to you all and I am grateful for sharing this success of a year.

Thank you colleague Directors, I look forward to your continual support in the ensuing year as we further consolidate the performance of the Bank. I appreciate the efforts of Management and I salute all staff of GCB. On behalf of the Board I thank you the shareholders and customers of GCB Bank. Together, let us look forward to many more successful years.



**Mr. Daniel Owiredu**

*Chairman*

# Managing Director's Review of Operations

Mr. Simon Dornoo *[Managing Director]*

"The Bank continued to make steady progress towards its goals by reporting another set of strong results under challenging trading conditions"

**Dear Shareholders**

I am pleased to present the results of your Bank for the year 2014 which happens to coincide with my 5th anniversary of joining the Bank.

The key themes we shared with you when we began this transformation journey in 2010 have not changed, however, the momentum has been faster wherever possible towards our goal of firmly positioning the Bank among the top performing banks and laying a firm foundation for sustainable growth and profitability. Even though we still have a lot to do in pursuit of our goals, I am particularly delighted with the focused execution of our strategic agenda and the results so far despite significant challenges faced with the implementation of some key transformational change initiatives. These initiatives require a careful balancing of all stakeholder interests (customers, employees, regulators, rating agencies, shareholders, suppliers and the community).

We continue to focus on long term value creation without sacrificing short term profitability. This means we will continue to maintain a disciplined approach to our evaluation of trade-offs and make choices that will sustain this business in an increasingly competitive market environment. To put the results so far into perspective, profits have increased from GH¢18 million to GH¢395 million over 5 years. Consequently, the total valuation of your Bank has increased seven fold from GH¢196 million 5 years ago to GH¢1.4 billion as at close of 2014. We continued to diversify our loan book by increasing lending to retail market which has been successful since the launch of our flagship personal loan product. Our Corporate and Treasury businesses are receiving increased investments to enable them capture the opportunities in these attractive segments. We have also significantly improved operational efficiency reflecting a reduction in headline cost income ratio from a high of 87% to 59% over the same period.

I want to say thank you for the support and guidance of the Board and the hard work of my colleagues for seeing us to this point where I can confidently say the future of our institution looks bright. Before we get into the highlights of your Bank's performance for 2014 I would like to set the context within which we operated in 2014.

### Operating Environment in 2014

The IMF World Economic Outlook (WEO) reported a global growth rate of 3.3% for 2014 which was flat on the previous year. Despite setbacks, an uneven recovery from the financial crises continued. Key issues remained the high private and public sector debt in advanced economies which still cast a shadow over recovery.

Ghana faced significant macro-economic challenges in 2014 with large twin-deficits fueling government debt and inflation, a sharp depreciation of the local currency, the Cedi, and a weaker pace of economic growth.

Real GDP growth rates declined to 4.2% from 7.3% the previous year which was broadly attributed to energy supply constraints and rising input costs. Headline inflation rose steadily during the year to peak at 17% at the end of 2014 compared to 13.5% in 2013 due to adjustments in price of petroleum products and utilities plus rising prices of imported products following depreciation of the Cedi. The fiscal deficit remained high at 7.0% of GDP at the end of the year 2014 compared to 10.1% in 2013 while the total public debt to GDP ratio increased to 67.6% from 55.1% in 2013.

The current account deficit persisted although recording a reduction from 11.9% of GDP in 2013 to 9.2% of GDP in 2014 driven by an improvement in trade balance. The sizeable benefits from lower oil prices on oil import bill was somewhat muted by the recent currency depreciation against the U.S. Dollar. The Cedi depreciated against the US Dollar by 60% over the first three quarters of the year before retracing its step to end the year with a 31% depreciation. The Gross International Reserves of US$5.5 billion (representing 3.2 month import cover) at the end of the 2014 was almost the same as the US$5.6 billion in December 2013.

### Developments in the Banking Sector

2014 was a challenging year due to weakened macroeconomic conditions which affected the business operating environment. Interest rates remained high throughout the year in response to rising inflation, tighter liquidity conditions and higher than anticipated currency depreciation.

Interest rates increased across the yield curve with the benchmark 91 day Treasury bill rate closing the year at 25.8% from 19.2% the previous year. This coupled with the sharp depreciation of the Cedi against the U.S. Dollar resulted in an expected general increase in non-performing assets in the banking industry.

The Bank of Ghana was concerned about the effect of these developments on the economy and the potential risks to the stability of financial system and in response increased cash reserve ratio by 1% to 10% and the policy rate by 300 basis points to 21%. In addition, the Central Bank, reduced the aggregate net open position limits from 20% to 10% and restricted dividend payout to a maximum of 50% of profits after tax.

### Operating Results)

The Bank continued to make steady progress towards its goals by reporting another set of strong results under challenging trading conditions for the twelve months ended 31st December 2014. All businesses performed well and the overall results were characterized by a further improvement in the quality of earnings.

- Profit Before Tax was up 25% to GH¢395 million (2013: GH¢ 317 million) from strong top line growth resulting from a combination of business volume growth and balance sheet management;
- Total income increased by 29% to GH¢731 million driven by volume growth across all business lines (Consumer, Corporate and Treasury businesses) and relatively stable net interest margins.
- Headline Operating Costs were up 58% to GH¢428 million reflecting higher investment costs of business re-organization to achieve the transformation plan, payment against judgment which is being appealed, sharp increase in utility prices as well as the impact of currency depreciation on foreign currency denominated costs partially offset by benefits realized from prior year technology investments and cost containment initiatives. Included in headline operating costs are one-off costs amounting to GH¢95 million.
- Headline cost efficiency ratio therefore increased to 59% compared to 48% same period last year; the underlying efficiency ratio was however lower at 46%.
- Credit impairment charges increased to GH¢24 million due to asset growth and the difficult operating environment; however, the overall cost of risk remains relatively stable following strong recoveries made during the year. During the year the Bank recovered a long overdue amount of GH¢ 100 million which is reported as non-recurring other income.
- Overall, the Bank delivered a Return on Equity (RoE) of 41% (2013: 49%) and a Return on Assets (RoA) of 7% (2013: 7%). Earnings Per Share (EPS) increased 23% to 106 Ghana Pesewas (2013: 86 Ghana Pesewas) resulting in further improvement in the internal valuation of the Bank.

# Managing Director's Review of Operations (cont'd)

## Financial Position Review

The Bank's financial position recorded further improvements reflecting in growth in balance sheet size, the quality earning assets and stability of customer deposits.

- Total assets increased by 25% to GH¢4.3 billion driven by growth in loans and advances and investments in securities.
- Loans and advances to customers increased by 29% to GH¢1.2 billion with strong contribution from Consumer Banking throughout the year while Corporate Banking showed strong growth in the last quarter of the year.
- Customer deposits increased by 17% to GH¢3.1 billion reflecting successful deposit mobilization campaigns despite tight deposit market conditions.
- Total shareholders' equity was up 48% to GH¢689.4 million (2013: GH¢466.1 million)
- Net Asset Value per share increased by 48% to 260 Ghana pesewas (2013: 176 Ghana pesewas).

## Capital Management

The Bank's Capital Adequacy Ratio (CAR) increased to 23% (2013: 18%) due to a GHS 586 million increase in Risk Weighted Assets (RWAs) to GHS 2.61 billion and an increase in Tier 1 Capital of GHS 219 million to GHS 586 million.

The increase in Tier 1 capital was driven entirely by an increase in qualifying reserves partially offset by GHS 55.6 million dividends paid.

The RWA increase was mainly driven by a GHS 467 million increase in loans and advances and other assets to GHS 1.57 billion, a GHS 169.6 million increase in 3 year average gross income to GHS 667.9 million for operational risk add-ons, offset by a GHS 49.6 million reduction in market risk (net open position) add-ons to GHS 30.2 million.

## Funding and Liquidity

The Bank maintained strong liquidity buffers to meet its operational and regulatory liquidity requirements leveraging its extensive branch network. Liquid Assets represent 66% of Total Liabilities (2013: 59%) and Loan to Deposit ratio increased to 40% (2013: 37%). The Bank's funding profile continues to be stable; customer deposits remain the main source of funding with wholesale funding representing 5% (2013: 4 %) of the total funding.

## Legal Matters

The long pending legal case involving 511 ex-staff pension claims against the Bank is now closed. The Supreme Court determined the case in the Bank's favour as against 502 of the plaintiffs but held that 9 of them qualified for pension under the abrogated pension scheme. The Bank had a non-contributory pension scheme for staff which was formally abrogated on 18th December, 1990. 511 retired staff sued the Bank for a declaration that the abrogation of the pension scheme was null and void and that they were entitled to pension. The total accrued arrears payable to the 9 plaintiffs in whose favour the declaration was made is GH¢ 0.4 million.

## Prospects

Although there are a range of uncertainties and challenges with the macroeconomic prospects for 2015 most of which are outside our control, the conclusion of the agreement with the IMF on the economic policy choices to bring the economy back on track over the next few years of the program should restore some measure of confidence in the markets.

The business remains in a good position and structurally improving, to benefit from broader market trends especially as we continue to take steps to deliver a sustainable cost run rate in anticipation of operating in a lower interest rate regime over the medium term. There are still legacy issues to be resolved and we will continue to make progress in 2015 while at the same time forge ahead with execution of our plans to:

- embed a customer service and performance culture;
- grow the business and continue to diversify the revenue base
- continue to implement new standards in risk management to align with our strategic objectives
- continue to streamline processes through standardization, centralization and integration initiatives in order to improve operational efficiency and enhance customer experience
- deliver an improved cost run rate consistent with our target operating model and the anticipated lower interest rate scenarios.
- continue to build competencies and capabilities needed to deliver our growth and performance agenda.

Last year we launched our new visual identity and brand mark which, from feedback, have been well received by our customers and other stakeholders, however, we recognize that this exercise of revamping the Bank's image will not be fully achieved without completing our service culture change and branch network modernization and optimization programs. We are making progress on these initiatives and hope to rollout our newly refurbished branches starting the last quarter 2015.

### Community Initiatives

We recognize the interdependent relationship between the Bank and the community so we continue to invest in communities and provide support to make society a better place for all. Following the successful completion of the Fawoman school project in 2013 the Bank built another school block for Bomaa Roman Catholic Junior High School pupils in Brong-Ahafo region in 2014 and provided financial assistance in a number of education, health, environment and sports initiatives during the year. We are particularly proud of these initiatives that have made a positive impact on the lives of many deprived people.

### Recognition and Awards

The Bank again received 3 awards in 2014. Among these were the Best Bank award by Global Banking Finance, Brand Performance Award from Ghana Brand Excellence Awards and Citi Performance Excellence Awards for straight through processing of international payment transactions. We thank all those that nominated the Bank for these awards and dedicate them to all our customers and stakeholders for their continued support.

### Acknowledgement

I would like to once again thank our customers for their continued support and our employees for the dedication and hard work during this successful period. I would also like to express my appreciation to the Board of Directors for their encouragement and guidance and to my fellow Executive Management for their support and partnership.

**Mr. Simon Dornoo**

*Managing Director*

# Report of the Directors
## to the members of GCB Bank Limited

The Directors present their report and the financial statements of the Bank and its subsidiary ("the Group") for the year ended 31 December 2014.

### Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in a 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) 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.

The Directors have made an assessment of the ability of the Bank and its subsidiary to continue as going concerns and have no reason to believe any of the entities will not be a going concern in the year ahead.

### Principal Activities

The Group's principal activities comprise consumer and corporate banking and treasury activities. It also engages in equity investments through its subsidiary. There was no change in the nature of the Group's business during the year.

### Shareholding Structure

The Bank's shareholding structure at the end of the year was as follows:

| Shareholder | Percentage Holding |
|---|---|
| Social Security and National Insurance Trust (SSNIT) | 29.81% |
| The Government of Ghana | 21.36% |
| Institutions and individuals | 48.83% |

### Subsidiary And Associates

Development Finance & Holdings Limited, a company incorporated in Ghana to engage in investment activities, is a wholly owned subsidiary of the Bank.

The Bank holds 40% interest in Activity Venture Finance Company, a company incorporated in Ghana, which provides credit and equity financing to eligible small and medium scale enterprises (SMEs).

The Bank holds 20% interest in Ghana International Bank Plc, a company incorporated in the United Kingdom to provide universal banking services.

### Financial Statements And Dividend

The Bank's results for the year are set out in the attached financial statements, highlights of which are as follows:

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| Profit for the year (attributable to equity holders) was | 270,057 | 223,508 |
| to which is added the balance brought forward on retained earnings of | 197,280 | 101,602 |
| | 467,337 | 325,110 |
| out of which is transferred to the statutory reserve fund, in accordance with the Banking Act, an amount of | (33,757) | (55,877) |

| | 2014<br>GH¢'000 | 2013<br>GH¢'000 |
|---|---|---|
| and transfers from credit risk reserve of | **1,211** | 4,885 |
| transfer to stated capital of | **-** | (29,138) |
| and prior year dividend paid of | **(55,650)** | (47,700) |
| | **(88,196)** | (127,830) |
| leaving a balance to be carried forward on retained earnings of | **379,141** | 197,280 |

In accordance with section 29 (b) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢33,757,000 (2013: GH¢55,877,000) was transferred to the statutory reserve fund from retained earnings bringing the cumulative balance on the statutory reserve fund at the year end to GH¢179,505,000 (2013: GH¢145,748,000).

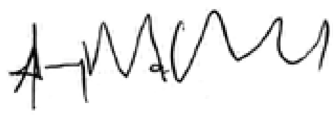
The Directors recommend the payment of dividend of GHp32 (2013: GHp25) per share amounting to GH¢84,800,000 (2013: GH¢66,250,000).

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with applicable laws and the Bank's financial reporting framework, give a true and fair view of the Bank's financial position, performance and cash flows; and
- the state of the Group's affairs is satisfactory.

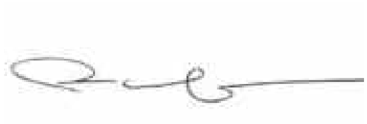
### Approval Of The Financial Statements

The financial statements were approved by the Board of Directors on 27 February 2015 and signed on their behalf by:



**Mr. Daniel Owiredu**

*Chairman*



**Mr. Simon Dornoo**

*Managing Director*

# Corporate Governance

The Bank is committed to strong corporate governance practices that allocate rights and responsibilities among the Bank's shareholders, the Board and Executive Management to provide for effective oversight and management of the Bank in a manner that enhances shareholder value.

The Bank's corporate governance principles are contained in a number of corporate documents including the Bank's Regulations, the Board of Directors Charter, Staff Service Rules and other policies issued from time to time.

### The Board of Directors

The Board oversees the conduct of the Bank's business and is primarily responsible for providing effective governance over the Bank's key affairs, including the appointment of Executive Management, approval of business strategies, evaluation of performance and assessment of major risks facing the Bank.

In discharging its obligations, the Board exercises judgment in the best interest of the Bank and relies on the Bank's Executive Management to implement approved business strategies, resolve day-to-day operational issues, keep the Board informed, and maintain and promote high ethical standards. The Board delegates authority in management matters to the Bank's Executive Management subject to clear instructions in relation to such delegation of authority and the circumstances in which Executive Management shall be required to obtain Board approval prior to taking a decision on behalf of the Bank.

The Board is a unitary Board which is made up of majority of Non-Executive Directors.

At 31 December 2014, the Board had its full complement of twelve (12) members, made up of nine (9) Non-Executive Directors and three (3) Executive Directors with Mr. Daniel Owiredu, a Non-Executive Director as Chairman of the Board. The Board has delegated various aspects of its work to the Audit and Compliance Committee, Large Credit Exposures/Non-Executive Committee, Nomination Committee, Human Resource and Remuneration Committee and Risk and Capital Management Committee.

Board committee members are appointed by the Board. Each Board committee has its own written terms of reference, duties and authorities as determined by the Board.

### Audit and Compliance Committee

The Audit and Compliance Committee is chaired by Mr. Kwasi Okoh, a Non-Executive Director and made up of four (4) other Non-Executive Directors.

The Committee carries out the duties set out below for the Bank, giving full consideration to relevant laws, regulations and best practices in discharging its responsibilities:

- Monitoring and reviewing the integrity of the financial statements including annual and quarterly reports;
- Approving Internal Audit plans, monitoring and reviewing the effectiveness of the Bank's internal controls and Internal Audit function;
- Recommending the appointment of External Auditors and overseeing the external audit process;
- Reviewing the expertise, resources and experience of the Bank's finance function;
- Overseeing the compliance function to ensure adherence to applicable laws and operating standards, including Anti-Money Laundering regulations.
- Reviewing the adequacy and security of the Bank's arrangements for its employees and contractors to raise concerns, in confidence about possible wrongdoing in financial reporting or other matters.

### Large Credit Exposure/ Non-Executive Committee

This Committee is chaired by Mr. Daniel Owiredu, a Non-Executive Director. This committee also has Four (4) other Non-Executive Directors as members. The roles of the Committee include:

- Approving new lending in excess of delegated limits of the Executive Credit Committee of management.
- Reviewing sector, single name and product/asset class concentration exposure reports
- Determining if additional management action is required to manage or mitigate large credit exposure risks
- Reviewing and where necessary, update at least annually, the Large Credit Exposure Policy, for recommendation to the Board for approval.

### Human Resource & Remuneration Committee

The Human Resource and Remuneration Committee is chaired by Dr. A. B. Aziz Bamba, a Non-Executive Director and has four (4) other Non-Executive Directors as members. The purpose of the Human Resources Committee is to ensure statutory compliance with employment laws and oversee compliance with Board-approved employment policies and practices.

Key duties include:

- Establishing employment policies to support the Board's approved HR strategy;
- Overseeing the establishment of remuneration policies that promote the achievement of strategic objectives and encourage individual performance.
- Advising on the remuneration of non-executive Directors.
- Overseeing the development and maintenance of the Code of Professional Conduct, and monitoring compliance therewith.

### Risk and Capital Management Committee

This Committee is made up of five (5) Non-Executive Directors and is chaired by Mr. Moses Asaga, a Non-Executive Director. The Committee provides independent oversight into key areas of the Bank including but not limited to advising the Board on Risk and Capital Management related issues. The scope of risks covered by this Committee includes Credit Risk, Market Risk, Liquidity & Funding Risks, and Operational Risk.

Key duties include:

- Establishing, reviewing and recommending the Bank's risk appetite to the Board as well as assessing the appropriateness of the strategy in the context of risk appetites.
- Reviewing and maintaining an adequate Risk Management Framework including Risk Policies in the Bank;
- Monitoring the Bank's risk exposures through reviews of risk reports;
- Providing oversight of risk management activities;
- Monitoring the adequacy of Asset and Liability Management, and Capital Management processes;
- Establishing and maintaining an Internal Capital Adequacy Assessment Process (ICAAP) and an Internal Liquidity Adequacy Assessment (ILAA) process for effective Capital and Liquidity management.

### Nominations Committee

This Committee is made up of five (5) Non-Executive Directors including the chairman, Mr. Elliot Gordor. Its responsibilities include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board compared to its current position and make recommendations to the Board with regard to desirable changes.
- Give full consideration to succession planning for Directors and other senior executives in the course of its work.
- Exercise responsibility for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Evaluate the balance of skills, knowledge, experience and diversity on the Board and where considered relevant, prepare descriptions of roles and capabilities required for particular appointments.
- Propose recommendations to the Board concerning appointments to committees.

### Systems of Internal Control

The Bank generally has systems of internal control through which risks are identified, managed and monitored. These controls are designed to provide reasonable assurance of the appropriateness of controls to adequately address risks faced by the Bank.

The corporate internal audit and compliance function of the Bank plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems. The systems of internal control are implemented and monitored by appropriately trained personnel with clearly defined duties and reporting lines.

# Independent Auditor's Report
## to the members of GCB Bank Limited

### Report on the Financial Statements

We have audited the financial statements of GCB Bank Limited, which comprise the statements of financial position at December 31, 2014, 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 on pages 28 to 101.

*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 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) 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 GCB Bank Limited at December 31, 2014 and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in a 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).

### Report on Other Legal and Regulatory Requirements

*Compliance with the requirements of Section 133 of the Companies Act, 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).

KPMG

**SIGNED BY: NII AMANOR DODOO (ICAG/P/1055)**
FOR AND ON BEHALF OF:
**KPMG: (ICAG/F/2014/038)**
**CHARTERED ACCOUNTANTS**
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

FEBRUARY 27, 2015

# Statements of Comprehensive Income

## for the year ended 31 December 2014

| | | The Group | | The Bank | |
|---|---|---|---|---|---|
| | Note | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Interest income | 9 | **690,708** | 552,063 | **690,708** | 552,063 |
| Interest expense | 10 | **(92,982)** | (92,104) | **(92,982)** | (92,204) |
| **Net interest income** | | **597,726** | 459,959 | **597,726** | 459,859 |
| Fee and commission income | 11 | **114,392** | 88,566 | **114,392** | 88,566 |
| Fee and commission expense | 12 | **(22,422)** | (11,419) | **(22,422)** | (11,419) |
| **Net fee and commission income** | | **91,970** | 77,147 | **91,970** | 77,147 |
| | | | | | |
| Net trading income | 13 | **37,758** | 26,842 | **37,758** | 26,842 |
| Other revenue | 14 | **3,739** | 3,297 | **7,792** | 5,989 |
| | | | | | |
| **Revenue** | | **731,193** | 567,245 | **735,246** | 569,837 |
| | | | | | |
| Other income | 15 | **100,058** | 944 | **99,210** | 1,181 |
| Impairment (charge)/release on loans and advances | 16 | **(23,832)** | 10,569 | **(23,832)** | 10,569 |
| | | | | | |
| Operating expenses | 17 | **(428,230)** | (270,394) | **(428,188)** | (270,364) |
| **Operating profit** | | **379,189** | 308,364 | **382,436** | 311,223 |
| Share of profit of associates, net of tax | 27 | **15,792** | 8,695 | **-** | - |
| **Profit before tax** | | **394,981** | 317,059 | **382,436** | 311,223 |
| | | | | | |
| Income tax expense | 18 | **(112,833)** | (87,860) | **(112,379)** | (87,715) |
| **Profit for the year** | | **282,148** | 229,199 | **270,057** | 223,508 |

The notes on pages 37 to 101 form an integral part of these financial statements.

# Statements of Comprehensive Income (cont'd)

## for the year ended 31 December 2014

| | | The Group | | The Bank | |
|---|---|---|---|---|---|
| | Note | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Profit for the year** | | 282,148 | 229,199 | 270,057 | 223,508 |
| | | | | | |
| **Other comprehensive income (OCI)** | | | | | |
| | | | | | |
| **Items that may be reclassified to profit or loss** | | | | | |
| Available-for-sale financial assets – net changes in fair value | 38 | 1,898 | 1,464 | 1,911 | 1,618 |
| Related tax | 38 | (475) | (366) | (478) | (404) |
| Share of associate OCI | 38 | (1,515) | - | - | - |
| | | | | | |
| **Items that will never be reclassified to profit or loss** | | | | | |
| Actuarial loss on defined benefit liability | 41 | (4,134) | (15,033) | (4,134) | (15,033) |
| Related tax | 41 | 1,034 | 3,758 | 1,034 | 3,758 |
| **Other comprehensive income, net of tax** | | **(3,192)** | (10,177) | **(1,667)** | (10,061) |
| | | | | | |
| **Total comprehensive income** | | **278,956** | 219,022 | **268,390** | 213,447 |
| | | | | | |
| Basic and diluted earnings per share (in GH¢) | 20 | **1.06** | 0.86 | **1.02** | 0.84 |

The notes on pages 37 to 101 form an integral part of these financial statements.

# Statements of Financial Position

## at 31 December 2014

| | Note | The Group | | The Bank | |
|---|---|---|---|---|---|
| | | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Assets** | | | | | |
| Cash and cash equivalents | 21 | 758,081 | 338,797 | 758,081 | 338,797 |
| Government securities | 22 | 1,862,336 | 1,711,957 | 1,857,337 | 1,711,948 |
| Advances to Banks | 23 | 107,407 | 170,321 | 107,407 | 170,321 |
| Loans and advances to customers | 24 | 1,240,577 | 960,707 | 1,240,577 | 960,707 |
| Investment securities: available for-sale | 25 | 8,611 | 6,660 | 6,811 | 4,900 |
| Investment in subsidiary | 26 | - | - | - | - |
| Investment in associates | 27 | 49,468 | 41,013 | 30,126 | 30,126 |
| Investment in other equity securities | 28 | 247 | 247 | 113 | 113 |
| Deferred tax asset | 18 | 26,838 | 15,453 | 26,890 | 15,495 |
| Property and equipment | 29 | 123,936 | 81,399 | 123,936 | 81,399 |
| Intangible assets | 30 | 12,162 | 3,954 | 12,162 | 3,954 |
| Other assets | 31 | 64,021 | 74,318 | 63,601 | 73,340 |
| Income tax asset | 18 | 5,418 | - | 5,778 | - |
| **Total assets** | | **4,259,102** | 3,404,826 | **4,232,819** | 3,391,100 |
| | | | | | |
| **Liabilities** | | | | | |
| Deposits from customers | 31 | 3,074,821 | 2,624,975 | 3,078,071 | 2,630,283 |
| Other liabilities | 32 | 263,805 | 132,702 | 263,747 | 132,674 |
| Borrowings | 33 | 163,028 | 108,149 | 163,028 | 108,149 |
| Income tax liabilities | 18 | - | 11,258 | - | 11,161 |
| Employee benefit obligations | 34 | 68,077 | 61,677 | 68,077 | 61,677 |
| **Total liabilities** | | 3,569,731 | 2,938,761 | 3,572,923 | 2,943,944 |
| | | | | | |
| **Equity** | | | | | |
| Stated capital | 36 | 100,000 | 100,000 | 100,000 | 100,000 |
| Retained earnings | 37 | 409,176 | 215,224 | 379,141 | 197,280 |
| Fair value reserve | 38 | 1,990 | 2,082 | 2,550 | 1,117 |
| Statutory reserve | 39 | 179,505 | 145,748 | 179,505 | 145,748 |
| Credit risk reserve | 40 | 21,173 | 22,384 | 21,173 | 22,384 |
| Other reserves | 41 | (22,473) | (19,373) | (22,473) | (19,373) |
| **Total equity** | | **689,371** | 466,065 | **659,896** | 447,156 |
| **Total liabilities and equity** | | **4,259,102** | 3,404,826 | **4,232,819** | 3,391,100 |

Chairman

Director

The notes on pages 37 to 101 form an integral part of these financial statements.

# Statements of Changes in Equity
## for the year ended 31 December 2014

| The Group | Stated capital GH¢'000 | Retained earnings GH¢'000 | Fair value reserve GH¢'000 | Statutory reserve GH¢'000 | Credit risk reserve GH¢'000 | Other reserves GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2013** | **72,000** | **113,855** | **984** | **89,871** | **27,269** | **(8,098)** | **295,881** |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | 229,199 | - | - | - | - | 229,199 |
| **Other comprehensive income, net of tax** | | | | | | | |
| Available-for-sale - net change in fair value | - | - | 1,098 | - | - | - | 1,098 |
| Actuarial loss on defined benefit liability | - | - | - | - | - | (11,275) | (11,275) |
| **Total comprehensive income** | **-** | **229,199** | **1,098** | **-** | **-** | **(11,275)** | **219,022** |
| **Transactions with equity holders** | | | | | | | |
| Dividends paid | | (47,700) | - | - | - | - | (47,700) |
| Transfer to stated capital | 28,000 | (28,000) | - | - | - | - | - |
| Tax on transfer to stated capital | - | (1,138) | - | - | - | - | (1,138) |
| **Total contributions to equity holders** | **28,000** | **(76,838)** | **-** | **-** | **-** | **-** | **(48,838)** |
| **Regulatory and other reserves** | | | | | | | |
| Transfer to statutory reserve | - | (55,877) | - | 55,877 | - | - | - |
| Transfer from credit risk reserve | - | 4,885 | - | - | (4,885) | - | - |
| **Net transfer to reserves** | - | (50,992) | - | 55,877 | (4,885) | - | - |
| **Balance at 31 December 2013** | **100,000** | **215,224** | **2,082** | **145,748** | **22,384** | **(19,373)** | **466,065** |

The notes on pages 37 to 101 form an integral part of these financial statements.

# Statements of Changes in Equity (cont'd)
## for the year ended 31 December 2014

| The Group | Stated capital GH¢'000 | Retained earnings GH¢'000 | Fair value reserve GH¢'000 | Statutory reserve GH¢'000 | Credit risk reserve GH¢'000 | Other reserves GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2014** | **100,000** | **215,224** | **2,082** | **145,748** | **22,384** | **(19,373)** | **466,065** |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | 282,148 | - | - | - | - | 282,148 |
| **Other comprehensive income, net of tax** | | | | | | | |
| Available-for-sale - net change in fair value | - | - | 1,423 | - | - | - | 1,423 |
| Share of associate OCI | - | - | (1,515) | - | - | - | (1,515) |
| Actuarial loss on defined benefit liability | - | - | - | - | - | (3,100) | (3,100) |
| **Total comprehensive income** | **-** | **282,148** | **(92)** | **-** | **-** | **(3,100)** | **278,956** |
| **Transactions with equity holders** | | | | | | | |
| Dividends paid | - | (55,650) | - | - | - | - | (55,650) |
| **Total contributions to equity holders** | **-** | **(55,650)** | **-** | **-** | **-** | **-** | **(55,650)** |
| **Regulatory and other reserves** | | | | | | | |
| Transfer to statutory reserve | - | (33,757) | - | 33,757 | - | - | - |
| Transfer from credit risk reserve | - | 1,211 | - | - | (1,211) | - | - |
| **Net transfer to reserves** | **-** | **(32,546)** | **-** | **33,757** | **(1,211)** | **-** | **-** |
| **Balance at 31 December 2014** | **100,000** | **409,176** | **1,990** | **179,505** | **21,173** | **(22,473)** | **689,371** |

The notes on pages 37 to 101 form an integral part of these financial statements.

# Statements of Changes in Equity (cont'd)

for the year ended 31 December 2014

| The Bank | Stated capital GH¢'000 | Retained earnings GH¢'000 | Fair value reserve GH¢'000 | Statutory reserve GH¢'000 | Credit risk reserve GH¢'000 | Other reserves GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2013** | **72,000** | **101,602** | **(97)** | **89,871** | **27,269** | **(8,098)** | **282,547** |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | 223,508 | - | - | - | - | 223,508 |
| **Other comprehensive income, net of tax** | | | | | | | |
| Available-for-sale - net change in fair value | - | - | 1,214 | - | - | - | 1,214 |
| Actuarial loss on defined benefit liability | - | - | - | - | - | (11,275) | (11,275) |
| **Total comprehensive income** | **-** | **223,508** | **1,214** | **-** | **-** | **(11,275)** | **213,447** |
| **Transactions with equity holders** | | | | | | | |
| Dividends paid | - | (47,700) | - | - | - | - | (47,700) |
| Transfer to stated capital | 28,000 | (28,000) | - | - | - | - | - |
| Tax on transfer to stated capital | - | (1,138) | - | - | - | - | (1,138) |
| **Total contributions to equity holders** | **28000** | **(76,838)** | **-** | **-** | **-** | **-** | **(48,838)** |
| **Regulatory and other reserves** | | | | | | | |
| Transfer to statutory reserve | - | (55,877) | - | 55,877 | - | - | - |
| Transfer from credit risk reserve | - | 4,885 | - | - | (4,885) | - | - |
| **Net transfer to reserves** | **-** | **(50,992)** | **-** | **55,877** | **(4,885)** | **-** | **-** |
| **Balance at 31 December 2013** | **100,000** | **197,280** | **1,117** | **145,748** | **22,384** | **(19,373)** | **447,156** |

The notes on pages 37 to 101 form an integral part of these financial statements.

# Statements of Changes in Equity (cont'd)

for the year ended 31 December 2014

| The Bank | Stated capital GH¢'000 | Retained earnings GH¢'000 | Fair value reserve GH¢'000 | Statutory reserve GH¢'000 | Credit risk reserve GH¢'000 | Other reserves GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2014** | **100,000** | **197,280** | **1,117** | **145,748** | **22,384** | **(19,373)** | **447,156** |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | 270,057 | - | - | - | - | 270,057 |
| **Other comprehensive income, net of tax** | | | | | | | |
| Available-for-sale - net change in fair value | - | - | 1,433 | - | - | - | 1,433 |
| Actuarial loss on defined benefit liability | - | - | - | - | - | (3,100) | (3,100) |
| **Total comprehensive income** | **-** | **270,057** | **1,433** | **-** | **-** | **(3,100)** | **268,390** |
| **Transactions with equity holders** | | | | | | | |
| Dividends paid | - | (55,650) | - | - | - | - | (55,650) |
| **Total contributions to equity holders** | **-** | **(55,650)** | **-** | **-** | **-** | **-** | **(55,650)** |
| **Regulatory and other reserves** | | | | | | | |
| Transfer to statutory reserve | - | (33,757) | - | 33,757 | - | - | - |
| Transfer from credit risk reserve | - | 1,211 | - | - | (1,211) | - | - |
| **Net transfer to reserves** | **-** | **(32,546)** | **-** | **33,757** | **(1,211)** | **-** | **-** |
| **Balance at 31 December 2014** | **100,000** | **379,141** | **2,550** | **179,505** | **21,173** | **(22,473)** | **659,896** |

The notes on pages 37 to 101 form an integral part of these financial statements.

# Statements of Cash Flows
## for the year ended 31 December 2014

| | | The Group | | The Bank | |
|---|---|---|---|---|---|
| | Note | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Cash flows from operating activities** | | | | | |
| Profit for the year | | 282,148 | 229,199 | 270,057 | 223,508 |
| **Adjustments for:** | | | | | |
| Depreciation and amortization | 29, 30 | 24,091 | 17,994 | 24,091 | 17,994 |
| Impairment charge on loans and advances | 16 | 23,832 | (10,569) | 23,832 | (10,569) |
| Gain on derecognition of renegotiated loans | 15 | (93,346) | - | (93,346) | - |
| Allowance for employee benefit obligations | 35 | 11,027 | 8,930 | 11,027 | 8,930 |
| Share of profit of associates | 27 | (15,792) | (8,695) | - | - |
| Net interest income | 10, 11 | (597,726) | (459,959) | (597,726) | (459,859) |
| Dividend income | 14 | (1,834) | (2,455) | (5,887) | (5,147) |
| Assets written off | 29, 30 | - | (1,350) | - | (1,350) |
| Profit on sale of property and equipment | 29 | (42) | (121) | (42) | (121) |
| Unrealised exchange differences | | (49,435) | (4,797) | (49,435) | (4,797) |
| Tax expense | 18 | 112,833 | 87,860 | 112,379 | 87,715 |
| | | (304,244) | (143,963) | (305,050) | (143,696) |
| **Change in:** | | | | | |
| Loans and advances to customers | 24 | (210,356) | (102,266) | (210,356) | (102,266) |
| Advances to banks | 23 | 73,555 | (132,343) | 73,555 | (132,343) |
| Other assets | 31 | 9,232 | (24,126) | 9,739 | (23,128) |
| Deposits from customers | 32 | 448,308 | 294,675 | 446,250 | 295,675 |
| Borrowings | 34 | - | (80,000) | - | (80,000) |
| Other liabilities | 33 | 131,103 | 18,905 | 131,073 | 18,876 |
| Employee benefits paid | 35 | (8,761) | (8,436) | (8,761) | (8,436) |
| Government securities | 22 | (129,509) | (97,630) | (124,519) | (97,630) |
| | | 9,328 | (275,184) | 11,931 | (272,948) |
| | | | | | |
| Interest received | | 669,838 | 491,037 | 669,838 | 491,037 |
| Dividend received | 14, 27 | 8,686 | 7,379 | 5,887 | 5,147 |
| Interest paid | | (88,422) | (90,474) | (88,422) | (90,574) |
| Income tax paid | 18 | (140,348) | (94,233) | (140,157) | (94,137) |
| **Net cash flow from operating activities** | | **459,082** | 38,525 | **459,077** | 38,525 |
| | | | | | |
| **Cash flows from investing activities** | | | | | |
| Acquisition of property and equipment | 29 | (63,672) | (24,006) | (63,672) | (24,006) |
| Proceeds from sale of property and equipment | 29 | 42 | 121 | 42 | 121 |
| Acquisition of intangible assets | 30 | (11,164) | (3,225) | (11,164) | (3,225) |
| | | | | | |
| **Net cash used in investing activities** | | **(74,794)** | (27,110) | **(74,794)** | (27,110) |

# Statements of Cash Flows (cont'd)
## for the year ended 31 December 2014

| | Note | The Group | | The Bank | |
|---|---|---|---|---|---|
| | | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Cash flow from financing activities** | | | | | |
| Dividend paid | 37 | (55,650) | (47,700) | (55,650) | (47,700) |
| Stamp duty on additional capital | | (5) | - | - | - |
| **Net cash used in financing activities** | | **(55,655)** | (47,700) | **(55,650)** | (47,700) |
| **Net increase/(decrease) in cash and cash equivalents** | | **328,633** | (36,285) | **328,633** | (36,285) |
| | | | | | |
| Cash and cash equivalents at 1 January | 21 | 338,797 | 360,023 | 338,797 | 360,023 |
| Effect of exchange rate fluctuations on cash held | | 90,651 | 15,059 | 90,651 | 15,059 |
| **Cash and cash equivalents at 31 December** | 21 | **758,081** | 338,797 | **758,081** | 338,797 |

The notes on pages 37 to 101 form an integral part of these financial statements.

## 1. REPORTING ENTITY

GCB Bank Limited is a limited liability company incorporated and domiciled in Ghana. The financial statements of the Bank as at and for the year ended 31 December 2014 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 is listed on the Ghana Stock Exchange.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The 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.

### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the following material items:

- available-for-sale financial assets, measured at fair value
- defined benefit obligations measured at the present value of future benefit to employees, net of the fair value of fund assets.

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgments

In preparing the financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the 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 estimates are recognized prospectively.

### 2.4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is set out below. These relate to the impairment of financial instruments and the measurement of defined benefit obligations.

*(i) Impairment of financial instruments*

Assets accounted for at amortized cost are evaluated for impairment on the basis described in Note 3.9.

The individual components of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of cash flows that are expected to be received. In estimating these cash flows, management makes judgments about a debtor's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits and the workout strategy. Estimates of cash flows considered recoverable are independently approved by the Credit Risk Function.

A collective component of the total allowance is established for:

- Groups of homogeneous loans that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired (loss 'incurred but not reported' or IBNR)

The collective allowance for groups of homogeneous loans is established using a formula approach based on historical loss rate experience.

### 2.4.1 Assumptions and estimation uncertainties (cont'd)

IBNR allowance covers credit losses inherent in portfolios of loans and advances, and held-to-maturity investment securities with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired items but the individual impaired items cannot yet be identified.

The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

*(ii) Impairment of available for-sale equity investments*

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share prices.

*(iii) Defined benefit obligation*

Key actuarial assumptions used in the measurement of defined benefit obligations are described under Note 35.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by Group entities.

### 3.1 Basis of consolidation

*(i) Business combinations*

Business combinations are accounted for using the acquisition method at the acquisition date - i.e. when control is transferred to the Group (see 3.1(iii)). The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they relate to the issue of debt or equity securities.

The consideration transferred does not include amounts that relate to the settlement of pre-existing relationships, such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

*(ii) Non-controlling interests*

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*(iii) Subsidiaries*

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Investment in subsidiaries are measured at cost in the separate financial statements of the Bank.

### 3.1 Basis of consolidation (cont'd)

*(iv) Associates*

Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

Investment in associate are measured at cost in the separate financial statements of the Bank.

*(v) Loss of control*

On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in a previous subsidiary, then such interest is measured at fair value at the date when control is lost. Subsequently any retained interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

*(vi) Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses (except foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Foreign currency translation

*(i) Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currency of the Group entities using exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at exchange rates ruling at that date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit or loss.

Foreign exchange gains and losses arising from the translation of items recognized in other comprehensive income are presented in other comprehensive income.

*(ii) Foreign operations*

The assets and liabilities of foreign operations are translated into Ghana Cedis at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into Ghana Cedis at the average exchange rates for the period.

Foreign currency differences arising on the translation of assets and liabilities of foreign operations are recognised in other comprehensive income and presented within equity.

When a foreign operation is disposed of, the related amount is transferred to profit or loss.

### 3.3 Interest income and expense

Interest income and expense are recognized in profit or loss using the effective interest method.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation includes all transaction costs, fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring the impairment loss.

### 3.4 Fee and commission

Fees and commission income and expense that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income and expense are recognized on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognized on a straight line basis over the commitment period. Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

### 3.5 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities and foreign exchange differences.

### 3.6 Dividend income

Dividend income is recognized when the right to receive income is established. Dividends are presented in other revenues.

### 3.7 Tax expense

Tax expense comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

*(a) Current tax*

Current tax is the expected tax payable or receivable on taxable incomes or losses for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

*(b) Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

### 3.8 Financial assets and liabilities

All financial assets and liabilities are recognized in the statement of financial position and measured in accordance with their assigned category.

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

### 3.8.1 Financial assets

The Group classifies its financial assets in the following categories: held to maturity, loans and receivables and available-for-sale. Management determines the classification of its financial assets at initial recognition.

*(a) Held-to-maturity*

The Group classifies investments in Government securities as held-to-maturity.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity and which are not designated at fair value through profit or loss or available-for-sale.

Held to maturity assets are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method.

Any sale or reclassification of a significant amount of held to maturity asset not close to their maturity would result in the reclassification of all held to maturity assets as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. Differences between the carrying amount (amortized cost) and the fair value on the date of the reclassification are recognized in other comprehensive income.

*(b) Loans and receivables*

Loans and receivables comprises cash and cash equivalents, advances to Banks, loans and advances to customers and other assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term.

Loans and receivables are initially recognized at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method less any impairment losses.

*(c) Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices that are not classified as held-to-maturity, at fair value through profit or loss or loans and receivables.

Available-for-sale financial assets comprise investment in equity securities.

Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale financial assets are measured at fair value after initial recognition.

Interest income is recognized in profit or loss using the effective interest method. Dividends on available-for-sale equity instruments are recognized in profit or loss in dividend income when the Group's right to receive payment is established.

Other fair value changes, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

### 3.8.2 Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost include deposits from customers, other liabilities and borrowings for which the fair value option is not applied.

### 3.8.3 Derecognition

*Financial asset*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risk and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial asset that is created or retained by the Group is recognized as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

### 3.8.4 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under applicable accounting standards, or for gains and losses arising from a Group of similar transactions such as in the Groups' trading activity.

### 3.8.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### 3.8.6 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with Bank of Ghana, other bank balances and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

## 3.9 Impairment of financial assets

*(a) Assets carried at amortized cost*

The Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired at each reporting date. A financial asset or a group of financial assets is considered impaired only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria used to determine whether there is objective evidence of an impairment loss include:

(a) significant financial difficulty faced by the issuer or obligor;

(b) a breach in the form of default or delinquency in interest or principal payments;

(c) granting the borrower, as a result of financial difficulty, a concession that the lender would not otherwise consider;

(d) a likely probability that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; and

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since their initial recognition, although the decrease cannot yet be identified with the individual assets in the group.

The Group assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognized in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of estimated future cash flows of a collateralized financial asset reflects cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in groups of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

### 3.9 Impairment of financial assets (cont'd)

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period including property prices, payment status and other factors indicative of changes in the probability of losses and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all necessary procedures have been completed and the amount of loss has been determined. Impairment charges relating to loans and advances are recognized in loan impairment charges whilst impairment charges relating to investment securities (held to maturity and loans and receivables categories) are recognized in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can objectively be related to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

*(b) Assets classified as available-for-sale*

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. In general, the Group considers a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can objectively be related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through other comprehensive income.

*(c) Renegotiated loans*

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset is derecognized and the new financial asset is recognized at fair value. The impairment loss before an expected restructuring is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

### 3.10 Leases

*(i) Lease payments - Lessee*

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

### 3.10 Leases (cont'd)

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*(ii) Lease assets - Lessee*

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

*(iii) Lease assets - Lessor*

Where significant portions of the risks and rewards of ownership or leases are retained by the lessor, such leases are classified as operating leases.

Lease income from operating leases are recognized in other income on a straight-line basis over the period of the lease.

### 3.11 Property and equipment

*(i) Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

*(ii) Subsequent costs*

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*(iii) Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and the useful life of the asset.

The estimated useful lives for the current and comparative periods are as follows:

| | | |
|---|---|---|
| Leasehold land | - | Over the lease term |
| Computers | - | 33.33% |
| Motor vehicles | - | 25% |
| Furniture and equipment | - | 25% - 33.33% |
| Buildings | - | 2% |

*(iii) Depreciation(cont'd)*

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

*(iv) Capital work in progress*

Property and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property and equipment when commissioned and ready for its intended use.

*(v) Dual-use property*

Properties that are part used for own-use activities and part for rental activities are considered dual-use properties. This would result in the property being considered to be classified as part property and equipment and the other part as investment property. If a significant portion of the property is used for own-use and the portion rented out cannot be sold or leased out separately under a finance lease, then the entire property is classified as property and equipment. The Group considers an own-use portion above 95% of the measure as significant.

### 3.12 Intangible assets

*Computer software*

Intangible assets comprise computer software licenses. Software acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software is capitalized only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is three years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analyzed to assess whether their carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount.

### 3.13 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

### 3.14 Financial guarantees and loan commitments

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

### 3.14 Financial guarantees and loan commitments (cont'd)

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially recognized at fair value and amortized over the life of the guarantee or commitment. The liability is subsequently carried at the higher of the amortized amount and the present value of any expected payments to settle the liability, when payment becomes probable. Financial guarantees and commitments to provide a loan at below-market rates are included within other liabilities.

### 3.15 Employment benefits

*(i) Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as personnel expenses in profit or loss in the period during which related services are rendered. The Group has the following defined contribution schemes:

<u>Social Security and National Insurance Trust</u>

Under the national pension scheme, the Bank contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Bank's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

<u>Provident Fund</u>

The Group has a Provident Fund Scheme for all employees who have completed their probation period with the Bank. Employees contribute 10% of their basic salary to the Fund whilst the Bank contributes 12.5%. Obligations under the plan are limited to the relevant contributions which have been recognised in the financial statements and are settled on due dates to the fund manager.

*(ii) Defined benefit plans*

The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a Qualified Actuary using the projected unit credit method. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses is recognised immediately in other comprehensive income.

The Group determines the net interest expense (income) on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability at the period end, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group has the following defined benefit plans:

<u>Long service award</u>

Long service awards accrue to employees based on graduated periods of uninterrupted service. Employees leaving the service of the Bank after twenty (20) years through retirement (both voluntary and compulsory) or resignation become eligible for cash payments equivalent to their current entitlement at the time of retirement or resignation based on their length of service. These awards accrue over the service life of employees.

<u>Post Retirement Medical Care</u>

The Group pays for post retirement medical care of the Bank's staff.

### 3.15 Employment benefits (cont'd)

Pension Benefits

The Group pays monthly pension benefits to retired employees, under a closed defined benefit pension scheme. Under this scheme, beneficiaries are paid pensions equal to 60% of the net basic salaries of their serving counterparts. The scheme has been discontinued since 1985 and at the reporting date covered a closed group of 417 (2012: 432) persons, who still receive monthly pensions. The monthly pensions are increased annually in line with adjustments to the basic salaries of their serving counterparts.

*(iii) Termination benefits*

The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

*(iv) Short-term Employment benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.16 Stated capital and reserves

Share capital

The Group classifies capital and equity instruments in accordance with the contractual terms of the instrument. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividends on ordinary shares are recognized in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

Statutory reserves

Statutory reserves are based on the requirements of section 29(1) of the Banking Act. Transfers into statutory reserves are made in accordance with the relationship between the Bank's reserve fund and it's paid up capital, which determines the proportion of profits for the period that should be transferred.

(i) Where the reserve fund is less than fifty percent of the stated capital then an amount not less than 50% of net profit for the year is transferred to the reserve fund.

(ii) Where the reserve fund is more than 50% but less than 100% of the stated capital, then an amount not less than 25% of net profit is transferred to the reserve fund.

(iii) Where the reserve is equal to 100% of the stated capital, then an amount not less than 12.5% of the net profit for the year is transferred to the reserve fund.

Credit risk reserves

This is a reserve created to set aside the excess or shortfalls between amounts recognized as impairment loss on loans and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank's prudential guidelines (see Note 5.1).

### 3.17 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and incomes arising thereon are excluded from these financial statements, as they are not assets of the Group.

### 3.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Bank's Basic and diluted EPS are essentially the same.

### 3.19 Segment reporting

Segment results that are reported to the Group's Managing Director (being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Bank's property and equipment), head office expenses and tax assets and liabilities.

The Group has three reportable segments: consumer banking, corporate banking and treasury which are the Group's strategic operations. For each reportable segment, the Group's Managing Director reviews internal management reports on the performance of each segment.

## 4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014; however, the group has not applied these new or amended standards in preparing these financial statements. Those which may be relevant to the Group are set out below. The company does not plan to adopt these standards early.

- **IFRS 9 Financial Instruments**

IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 9. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 15, therefore the impact is currently unknown.

The following new or amended standards are not expected to have a significant impact on the Group's financial statements.

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual Improvements to IFRSs 2010 – 2012 Cycle.
- Annual Improvements to IFRSs 2011 – 2013 Cycle.
- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

- **IFRS 15 Revenue from Contracts with Customers (cont'd)**
  - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
  - Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41).
  - Equity Method in Separate Financial Statements (Amendments to IAS 27).
  - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
  - Annual Improvements to IFRSs 2012 – 2014 Cycle – various standards.

## 5. FINANCIAL RISK MANAGEMENT

Effective risk management is of critical importance and key to the delivery of sustainable returns for shareholders. Risk taking is an inherent part of the Bank's business activities and is defined as the possibility of losing some or all of an original investment. Risk management systems and governance structures are designed to reduce earnings volatility and achieve an appropriate balance between risk and reward and increased profitability.

Current changes to regulations in the banking sector reinforce the Bank's commitment to embed an enhanced risk based culture throughout the Bank. Risk policies and procedures are regularly reviewed to reflect these changes as well as best practices in the market. The Bank has upgraded its risk infrastructure to enhance effective management and also to meet future regulatory demands.

### 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 most important types of risk are credit risk, liquidity risk, market risk and operational risk.

- Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations.
- Market risk, which includes foreign currency risk, interest rate risks and equity price risks, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields.
- Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates.
- Operational risk is the potential loss resulting from inadequate or failed internal processes, systems, people, legal issues, external events and non compliance with regulatory issues.

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.

The Board Risk and Capital Management Committee is responsible for monitoring risk positions which the Bank holds in the normal course of business as well as those risks that the Bank may take in alignment with approved limits and controls. The committee also reviews the adequacy of the risk management framework in relation to risks faced by the Bank on an ongoing basis. The committee is assisted in its functions by a Risk management structure, which ensures consistent assessment of risk management controls and procedures.

The Board Audit Committee is responsible for reviewing the Bank's accounting policies, the contents of financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, overseeing relationships with the Bank's external auditors and providing assurance to the Board that executive management's control assurance process are complete and effective. It also has responsibility for Compliance & Anti-Money Laundering.

The Executive Credit Committee is the highest management level authority on all counterparty risk exposures. It oversees control and management of all policies, processes and procedures relating to the Bank's lending function. The scope of risks covered by this committee includes Credit Risk, Concentration Risk, and Country & Cross Border Risk.

The Operational Risk and Control Committee is an Executive Management committee with responsibility for monitoring and managing the level of operational risk exposures within the Bank as well as overseeing the control and management of all policies, processes and procedures relating to the Bank's Operational Risk function.

Asset and Liability Committee (ALCO) is a management committee which is a decision making body for developing policies relating to all asset and liability management (ALM) matters.

The Risk Management Division (RMD) is responsible for developing and monitoring the Bank's risk management policies and procedures over specified areas on a day-to-day basis. It reports regularly to the Board on its activities through the Executive Management Committee. Policies and procedures have been established to identify and analyze risks faced by the Bank and put appropriate controls in place to monitor adherence to these policies. These are reviewed regularly to reflect changes in market conditions, products and services offered.

Functional units or divisions are accountable for executing specific aspects of the Bank's activities. Authority is delegated to the Head of each functional unit by the CEO. The Head of each function in turn, delegates responsibility to individual staff for carrying out specific tasks in accordance with delegated authorities and within the procedural disciplines of the Bank.

Functions are organized in accordance with the "Three Lines of Defense" governance model. The three lines of defense are constituted as follows:

- The first line of defense consists of functional units that are responsible for actual activities of the business and which are responsible for managing their own risks.
- The second line of defense consists of functional units that are responsible for monitoring activities of the first line of defense and exercising risk control. The second line functions of the Bank are Governance, Risk, Compliance and Control, Product Control and Performance Monitoring.
- The third line of defense consist of functional units that are responsible for reviewing the activities of line 1 and 2 functions at appropriate frequencies, assessing the robustness of control and mandating corrective action or improvement where necessary. Risk Assurance services are provided to the Bank by the Internal Audit function.

## Risk Appetite

Risk appetite is an expression of the amount of risk the Bank is willing to take in pursuit of its strategic objectives, reflecting capacity to sustain losses and continue to meet obligations arising from a range of different stress conditions. This is used to maximize returns without exposing the Bank to levels of risk above its appetite.

In particular, the risk appetite framework assists in protecting financial performance and improves management's responsiveness. It also improves control and co-ordination of risk-taking across business units and identifies unused risk capacity in pursuit of profitable opportunities. The Bank's risk appetite statement is under review by the Board and will form the basis for establishing the risk parameters within which business units must operate, including policies, concentration limits and business mix.

## 5.1 Credit Risk Management

Credit risk is the potential for financial loss due to the failure of counterparties to meet obligations to pay the Bank in accordance with agreed terms. Credit risk is the most important risk for the Bank's business. Management carefully manages its exposure to credit risk. Credit risk is attributed to both on-balance sheet financial instruments such as loans, overdrafts, debt securities and other bills, investments, and acceptances and credit equivalent amounts related to off-balance sheet financial items. The Bank's approach to credit risk management preserves the independence and integrity of risk assessment, while being integrated into business management processes. Credit risk is managed through a framework that sets out policies and procedures covering the identification, measurement and management of credit risk. The goal of credit risk management is to evaluate and manage credit risk in order to further enhance a strong credit culture.

### Concentration Risk

Credit concentration risk is the risk of loss to the Bank arising from excessive concentration of exposure to a single counterparty, industry sector, product or geographic area. Large exposure limits have been established under the Bank's credit policy in order to avoid excessive losses from any single counter-party who is unable to fulfill its payment obligations. These risks are monitored on an ongoing basis and subject to annual or more frequent reviews when considered necessary.

### Credit Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, credit insurance and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in the light of issues such as legal certainty and enforceability, market valuation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types.

### Collateral

In order to proactively respond to credit deterioration, the Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. Collateral is held to mitigate credit risk exposures. Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; property and equipment such as motor vehicles, plant and machinery and bank guarantees.

The risk mitigation policy prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Where appropriate, collateral values are adjusted to reflect current market conditions. Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally unsecured. In addition, in order to minimize credit loss, the Bank seeks additional collateral from counterparties as soon as impairment indicators are noticed for relevant individual loans and advances.

### Credit Related Commitments

Documentary and commercial letters of credit are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions. The primary purpose of these instruments is to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit carry less risk than direct loans. These arrangements are collateralized by the underlying shipments of goods. The likelihood of loss amounts is far less than the entire commitment as most commitments to extend credit of this nature are contingent upon the customer maintaining specific cash in margin accounts. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

### Impairment and Provisioning Policies

*Impairment*

The identification and assessment of impairment is as described under Note 3.9. The estimated period between a loss and its identification in general, vary between three months and twelve months and in exceptional cases, longer periods. In any decision relating to the raising of impairment charges, the Bank attempts to balance economic conditions, local knowledge and experience. Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment charge has been raised, then that amount is written off after obtaining approval from the Board as well as the relevant regulatory authorities.

*Early Alerts*

Corporate Banking, Consumer Banking and Small and Medium Scale Enterprise (SME) accounts are placed on early alert status when they display signs of weakness. Such accounts and portfolios are subject to a dedicated process of oversight involving Senior Risk Officers and Remedial Officers in the Loans Recovery Unit. The approach to Early Alerts monitoring include but not limited to:

- Deterioration of the customer's financial position
- Delays by customers in settling their dues
- Overdraft balances exceeding approved limits
- Clear indications of the customer not being able to settle commitments on due dates

Customer payment plans are re-evaluated and remedial actions agreed and monitored until delinquency situations are resolved. Remedial actions include, but are not limited to, exposure reduction, security enhancement and movement of the account to the Loans Recovery Unit.

*Provisioning*

An account is considered to be in default when payment is not received on due date. Accounts that are overdue by more than 90 days are considered delinquent. These accounts are closely monitored and subjected to a collection process. The process used for provisioning is based on Bank of Ghana guidelines which recognize cash as a credit mitigant. Individual provisions are made for outstanding amounts depending on the number of days past due with full provisions made after 365 days. In certain situations such as bankruptcy, fraud and death, the loss recognition process is accelerated. Loans and advances less than 90 days past due are generally not considered impaired unless other information is available to indicate otherwise.

The Bank of Ghana Guideline is as set out below:

| Grade Description | Number of days | Provision (%) |
|---|---|---|
| Current | Less than 30 days | 1 |
| Other Loans Exceptionally Mentioned (OLEM) | 30 to less than 90 days | 10 |
| Substandard | 90 to less than 180 days | 25 |
| Doubtful | 180 to less than 365 days | 50 |
| Loss | 365 days and above | 100 |

*(i) Analysis of credit quality*

The tables below set out information about the credit quality of financial assets and the allowance for impairment held by the Group against those assets:

### Maximum exposure to credit risk – Group

| | Loans & advances to customers | | Loans & advances to banks | | Government securities | | Cash equivalents | | Commitments & financial guarantees | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2014 GH¢'000** | **2013 GH¢'000** | **2014 GH¢'000** | **2013 GH¢'000** | **2014 GH¢'000** | **2013 GH¢'000** | **2014 GH¢'000** | **2013 GH¢'000** | **2014 GH¢'000** | **2013 GH¢'000** |
| Gross carrying amount | 1,358,947 | 1,095,702 | 107,407 | 170,321 | 1,862,336 | 1,711,957 | 560,640 | 242,993 | - | - |
| Amount committed / guaranteed | - | - | - | - | - | - | - | - | 358,990 | 357,505 |
| | **1,358,947** | 1,095,702 | **107,407** | 170,321 | **1,862,336** | 1,711,957 | **560,640** | 242,993 | **358,990** | 357,505 |
| **At amortised cost** | | | | | | | | | | |
| Grade 1-3: low fair risk – current | 992,425 | 903,406 | 107,407 | 170,321 | 1,862,336 | 1,711,957 | 560,640 | 242,993 | - | - |
| Grade 4-5: watch list – OLEM | 229,444 | 56,691 | - | - | - | - | - | - | - | - |
| Grade 6: substandard | 41,816 | 8,564 | - | - | - | - | - | - | - | - |
| Grade 7: doubtful | 3,465 | 3,374 | - | - | - | - | - | - | - | - |
| Grade 8: loss | 91,797 | 123,667 | - | - | - | - | - | - | - | - |
| **Total gross amount** | **1,358,947** | 1,095,702 | **107,407** | 170,321 | **1,862,336** | 1,711,957 | **560,640** | 242,993 | **-** | - |
| Allowance for impairment | (118,370) | (134,995) | - | - | - | - | - | - | - | - |
| **Net carrying amount** | **1,240,577** | 960,707 | **107,407** | 170,321 | **1,862,336** | 1,711,957 | **560,640** | 242,993 | **-** | - |

## Maximum exposure to credit risk – Group (cont'd)

| | Loans & advances to customers | | Loans & advances to banks | | Government securities | | Cash equivalents | | Lending Commitments & financial guarantees | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Loans with renegotiated terms** | | | | | | | | | | |
| Gross carrying amount | 110,903 | 9,972 | - | - | - | - | - | - | - | - |
| Allowance for impairment | (9,434) | (3,699) | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| **Net carrying amount** | **101,469** | 6,273 | **-** | - | **-** | - | **-** | - | **-** | - |
| | | | | | | | | | | |
| Impaired amount after renegotiation | 12,110 | 4,546 | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| **Off balance sheet Maximum exposure** | | | | | | | | | | |
| | | | | | | | | | | |
| Lending commitments | | | | | | | | | | |
| Grade 1-3: low-fair risk | - | - | - | - | - | - | - | - | 22,190 | 20,448 |
| Financial guarantees | | | | | | | | | | |
| Grade 1-3: low-fair risk | - | - | - | - | - | - | - | - | 336,800 | 335,667 |
| Loss | - | - | - | - | - | - | - | - | - | 1,390 |
| **Total exposure** | - | - | - | - | - | - | - | - | **358,990** | 357,505 |

## Maximum exposure to credit risk – Group (cont'd)

| | Loans & advances to customers | | Loans & advances to banks | | Government securities | | Cash equivalents | | Lending Commitments & financial guarantees | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Neither past due nor impaired** | | | | | | | | | | |
| Grade 1-3: Low-fair risk | 992,234 | 902,494 | 107,407 | 170,321 | 1,862,336 | 1,711,957 | 560,640 | 242,993 | 358,990 | 356,115 |
| | | | | | | | | | | |
| ***Past due but not impaired** | | | | | | | | | | |
| Grade 4–5: Watch list | 220,257 | 31,416 | - | - | - | - | - | - | - | - |
| Grade 6: Substandard | 1,055 | 1,299 | - | - | - | - | - | - | - | - |
| Grade 7: Doubtful | 949 | 20 | - | - | - | - | - | - | - | - |
| Grade 8: Loss | 4,997 | 4,487 | - | - | - | - | - | - | - | - |
| | **227,258** | 37,222 | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| **Individually impaired** | | | | | | | | | | |
| Grade 1–3: Low–fair risk | 191 | 912 | - | - | - | - | - | - | - | - |
| Grade 4–5: Watch list | 9,187 | 25,275 | - | - | - | - | - | - | - | - |
| Grade 6: Substandard | 40,761 | 7,265 | - | - | - | - | - | - | - | - |
| Grade 7: Doubtful | 2,516 | 3,354 | - | - | - | - | - | - | - | - |
| Grade 8: Loss | 86,800 | 119,180 | - | - | - | - | - | - | - | 1,390 |
| | **139,455** | 155,986 | - | - | - | - | - | - | - | 1,390 |
| **Allowance for impairment** | | | | | | | | | | |
| Individual | 103,189 | 123,007 | - | - | - | - | - | - | - | 655 |
| Collective | 15,181 | 11,988 | - | - | - | - | - | - | - | 630 |
| **Total allowance for impairment** | **118,370** | 134,995 | - | - | - | - | - | - | - | 1,285 |

**Past due but not impaired*

These are loans and advances that are past due and have been assessed for impairment. However, these loans and advances are supported by significant collaterals and cashflows from agreed repayment terms. The present value of these estimated cashflows exceed the carrying amounts of the loans and advances.

### Maximum exposure to credit risk – Group (cont'd)

The above represents the maximum exposure to credit risk at 31 December 2014 and 2013, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on the gross carrying amounts reported.

As shown above, 48% of the total maximum exposure is derived from loans and advances to customers and banks (2013: 42%) whiles investments held in investment securities represents 44% (2013: 48%).

Management is confident in its ability to continue controlling and sustaining minimal exposure to credit risk arising from both its loans and advances portfolio and investment securities.

*(a) Financial assets neither past due nor impaired*

### Loans and advances to customers

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired is assessed by reference to an internal rating system adopted by the Bank. Loans graded as current loans are considered as neither past due nor impaired.

### Cash and cash equivalents

Included in the Group's cash and cash equivalents are balances held with the central bank and other financial institutions. None of these balances were impaired at the year end and at 31 December 2013.

### Investment securities

The Group's investments comprise investment in government securities as well as equity securities. None of these investments were impaired at the year end and at 31 December 2013.

### Advances to Banks

These are the Group's overnight placements with other Banks and financial institutions. None of these placements were impaired at the year end and at 31 December 2013.

*(b) Loans and advances past due but not impaired*

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Loans that are aged more than 90 days are tested individually for impairment but may be determined as not impaired due to the values of collaterals held. Such loans are also considered as past due but not impaired.

*(c) Loans and advances renegotiated*

The contractual terms of a loan may be modified for a number of reasons including market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value in accordance with the accounting policy set out under Note 3.9.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default and there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments, modifying and extending payment arrangements and approving external management plans. Corporate loans are subject to forbearance activities.

For the purposes of disclosures in these financial statements, 'loans with renegotiated terms' are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early payment or write-off.

*(c) Loans and advances renegotiated (cont'd)*

Irrespective of whether loans with renegotiated terms have been derecognized, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

*(ii) Concentrations of credit risk – Group*

The Group monitors concentrations of credit risk by industry, product and geographical location. An analysis of concentrations of credit risk from loans and advances, lending commitments, financial guarantees and investment securities is shown below:

| | Loans & advances to customers | | Advances to banks | | Government securities | | Cash equivalents | | Commitments & financial guarantees | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Carrying amount | 1,358,947 | 1,095,702 | 107,407 | 170,321 | 1,862,336 | 1,711,957 | 560,640 | 242,993 | - | - |
| Amount committed / guaranteed | - | - | - | - | - | - | - | - | 358,990 | 357,505 |
| **Concentration by sector:** | | | | | | | | | | |
| • Construction | 8,800 | 8,253 | - | - | - | - | - | - | - | - |
| • Agriculture, forestry and fishing | 12,799 | 9,589 | - | - | - | - | - | - | - | - |
| • Mining and quarrying | 3,723 | 28,747 | - | - | - | - | - | - | - | - |
| •Manufacturing | 41,735 | 26,454 | - | - | - | - | - | - | - | - |
| • Electricity, gas and water | 7,468 | - | - | - | - | - | - | - | - | - |
| • Commerce and finance | 428,565 | 296,201 | 107,407 | 170,321 | - | - | 76,852 | 23,250 | 358,990 | 357,505 |
| • Transport, storage and communication | 26,720 | 28,363 | - | - | - | - | - | - | - | - |
| • Services | 123,807 | 120,463 | - | - | - | - | - | - | - | - |
| • Miscellaneous | 705,330 | 577,632 | - | - | - | - | 172,655 | 113,984 | - | - |
| • Government | - | - | - | - | 1,862,336 | 1,711,957 | 311,133 | 105,759 | - | - |
| | **1,358,947** | 1,095,702 | **107,407** | 170,321 | **1,862,336** | 1,711,957 | **560,640** | 242,993 | **358,990** | 357,505 |
| **Concentration by Product:** | | | | | | | | | | |
| Term loans | 1,145,594 | 776,233 | - | - | - | - | - | - | | - |
| Overdraft | 174,058 | 284,515 | - | - | - | - | - | - | | - |
| Staff loans | 39,295 | 34,954 | - | - | - | - | - | - | | - |
| Bonds and guarantees | - | - | - | - | - | - | - | - | 285,424 | 282,853 |
| Letters of credit | - | - | - | - | - | - | - | - | 51,376 | 54,204 |
| Loan commitments | - | - | - | - | - | - | - | - | 22,190 | 20,448 |
| | **1,358,947** | 1,095,702 | **-** | - | **-** | - | **-** | - | **358,990** | 357,505 |

*(ii) Concentrations of credit risk (cont'd)*

| | Loans & advances to customers | | Advances to banks | | Government securities | | Cash equivalents | | Commitments & financial guarantees | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Concentration by location | | | | | | | | | | |
| Within Ghana | 1,358,947 | 1,095,702 | 77,982 | 151,641 | 1,862,336 | 1,711,957 | 483,788 | 219,743 | 358,990 | 357,505 |
| Outside Ghana | - | - | 29,425 | 18,680 | - | - | 76,852 | 23,250 | - | - |
| | **1,358,947** | 1,095,702 | **107,407** | 170,321 | **1,862,336** | 1,711,957 | **560,640** | 242,993 | **358,990** | 357,505 |

### Key ratio for loans and advances are as follows:

The total impairment charge for the year represents 2% of gross loans at the year end (2013: -1%)

The total amount of allowance for impairment represents 9% of gross loans at the year end (2013: 12%).

Gross non-performing loan ratio was 10% at year end (2013: 14%).

The maximum amount due from staff during the year amounted to GH¢39,358,791.29 (2013: GH¢36,316,654).

*(iii) Collateral held and other credit enhancements, and their financial effect*

The Bank holds collateral and other credit enhancements against certain types of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

### Type of exposure – Group and Bank

| | Percentage of exposure that is subject to collateral requirement | | Principal type of collateral held |
|---|---|---|---|
| | December 2014 | December 2013 | |
| **Loans and advances to customers** | | | |
| Corporate term loans and overdraft | **100%** | 100% | Legal mortgages over commercial and residential properties; debentures |
| Personal loans | **0%** | 0% | |
| Staff loans | **64%** | 63% | |

### Loans and advances to customers

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all assets and other liens and guarantees.

Because of the Group's focus on customers' creditworthiness, the Group does not routinely update the valuation of collateral held against all loans and advances to customers. Valuation of collateral is updated in a three year cycle for loans whose credit risk has deteriorated significantly and are being monitored more closely. For impaired loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement. At 31 December 2014, the net carrying amount of impaired loans and advances to customers amounted to GH¢36,270,000 (2013: GH¢32,980,000) and the value of identifiable collaterals held against those loans and advances amounted to GH¢34,630,000 (2013: GH¢30,990,000).

### Other types of collateral and credit enhancements

In addition to collaterals obtained for loans, the Group also holds other types of collateral and credit enhancements such as second and floating charges for which specific values are not generally available.

### Assets obtained by taking possession of collateral

Repossessed items are expected to be sold within one year of repossession. Repossessed items are not recognized in the Group's books. Proceeds from their sale are used to reduce related outstanding indebtedness.

The Group did not hold any financial and non financial assets resulting from taking possession of collateral held as security against loans and advances at the reporting date.

*(iv) Offsetting financial assets and financial liabilities*

The Group did not hold any financial assets and financial liabilities that are off set in the statement of financial position at the reporting date.

*(v) Impaired loans and advances*

See Note 3.9 for the definition of 'impaired financial asset".

See Notes 16 and 24 for details of impairment allowances for loans and advances to customers.

Set out below is an analysis of the gross and net (of allowance for impairment) amounts of individually impaired loans and advances by risk grade.

### Loans and Advances to Customers – Group and Bank

| | Gross GH¢'000 | Impairment Allowance GH¢'000 | Net GH¢'000 |
|---|---|---|---|
| **December 2014** | | | |
| Grade 1–3: Low–fair risk | 191 | 139 | 52 |
| Grade 4–5: Watch list | 9,187 | 6,226 | 2,961 |
| Grade 6: Substandard | 40,761 | 17,714 | 23,047 |
| Grade 7: Doubtful | 2,516 | 1,997 | 519 |
| Grade 8: Loss | 86,800 | 77,113 | 9,687 |
| | **139,455** | **103,189** | **36,266** |
| | | | |
| **December 2013** | | | |
| Grade 1–3: Low–fair risk | 912 | 906 | 6 |
| Grade 4–5: Watch list | 25,275 | 6,685 | 18,590 |
| Grade 6: Substandard | 7,265 | 7,044 | 221 |
| Grade 7: Doubtful | 3,354 | 2,670 | 684 |
| Grade 8: Loss | 119,180 | 105,702 | 13,478 |
| | 155,986 | 123,007 | 32,979 |

### 5.2 Liquidity Risk Management

Liquidity risk is the risk that the Bank will not be able to meet payment obligations associated with financial liabilities when they fall due and replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. It is the policy of the Bank to maintain adequate liquidity at all times and to be in a position to meet all obligations, repay depositors, fulfill commitments to lend and meet any other commitments as and when they fall due.

The management of liquidity risk is governed by the Bank's liquidity policy. Responsibility for the management of liquidity risk lies with the Bank's Assets and Liability Management Committee (ALCO), which is chaired by an Executive Director. ALCO is responsible for both statutory and prudential liquidity as well as compliance with regulatory requirements.

The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in demand or needs for liquidity created by customer behavior or abnormal market conditions. ALCO emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes.

Liquidity is managed on a short to medium-term basis. In the short term, the focus is on ensuring that cash flow demands can be met as and when required. The focus, in the medium term, is on ensuring that the balance sheet remains structurally sound and aligned to the Bank's strategy.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of surplus funds. Lending is normally funded by liability in the same currency.

The Bank also maintains significant levels of marketable securities to meet compliance with prudential investment of surplus funds. ALCO oversees structural foreign currency and interest rate exposures that arise within the Bank. These responsibilities are coordinated by ALCO during monthly meetings. The Bank places low reliance on interbank funding and foreign markets.

### Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets includes cash and cash equivalents and investment securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows.

| | 2014<br>% | 2013<br>% |
|---|---|---|
| **At 31 December** | 86.03 | 80.58 |
| Average for the period | 78.91 | 80.16 |
| Maximum for the period | 86.03 | 84.01 |
| Minimum for the period | **73.94** | 76.79 |

The table below presents cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date adjusted to reflect the behavioral character of deposits.

### Maturity analysis for financial assets and liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows which include estimated interest payment, whereas the Group manages liquidity risk taking into account the behavioral characteristics of deposits.

### The Group

| At 31 December 2014 | Up to 1 month GH¢'000 | 1-3 months GH¢'000 | 3-12 months GH¢'000 | Over 1 year GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|
| **Financial liabilities by type** | | | | | |
| *Non-derivative liabilities* | | | | | |
| Deposits from customers | 2,957,557 | 46,100 | 71,164 | - | 3,074,821 |
| Borrowings | - | - | - | 163,028 | 163,028 |
| Other liabilities | - | 60,906 | - | - | 60,906 |
| Financial guarantee contracts | 44,435 | 7,505 | 253,952 | 30,908 | 336,800 |
| Unrecognised loan commitments | 22,190 | - | - | - | 22,190 |
| | 3,024,182 | 114,511 | 325,116 | 193,936 | 3,657,745 |
| **Financial assets by type** | | | | | |
| *Non-derivative assets* | | | | | |
| Cash and cash equivalents | 758,081 | - | - | - | 758,081 |
| Advances to Banks | 80,542 | 3,304 | 23,561 | - | 107,407 |
| Government securities | 292,207 | 461,991 | 395,304 | 712,834 | 1,862,336 |
| Loans and advances to customers | 1,257 | 9,150 | 202,213 | 1,027,957 | 1,240,577 |
| Investment securities – AFS | 8,611 | - | - | - | 8,611 |
| Investments in other equity securities | 247 | - | - | - | 247 |
| Other assets | - | 54,313 | - | - | 54,313 |
| Assets held for managing liquidity risk | 1,140,945 | 528,758 | 621,078 | 1,740,791 | 4,031,572 |
| | | | | | |
| **Liquidity gap** | **(1,883,237)** | **414,247** | **295,962** | **1,546,855** | **373,827** |
| | | | | | |
| **At 31 December 2013** | | | | | |
| **Financial liabilities by type** | | | | | |
| *Non-derivative liabilities* | | | | | |
| Deposits from customers | 2,536,288 | 45,855 | 42,832 | - | 2,624,975 |
| Borrowings | - | - | - | 108,149 | 108,149 |
| Other liabilities | - | 108,355 | - | - | 108,355 |
| Financial guarantee contracts | 44,739 | 3,952 | 267,574 | 20,792 | 337,057 |
| Unrecognised loan commitments | 20,448 | - | - | - | 20,448 |
| | 2,601,475 | 158,162 | 310,406 | 128,941 | 3,198,984 |

**Maturity analysis for financial assets and liabilities** (cont'd)

**The Group**

| At 31 December 2013 | Up to 1 month GH¢'000 | 1-3 months GH¢'000 | 3-12 months GH¢'000 | Over 1 year GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|
| **Financial liabilities by type** | | | | | |
| *Non-derivative assets* | | | | | |
| Cash and cash equivalents | 338,797 | - | - | - | 338,797 |
| Advances to Banks | 163,498 | 2,515 | - | 4,308 | 170,321 |
| Government securities | 194,752 | 761,141 | 392,325 | 363,739 | 1,711,957 |
| Loans and advances to customers | 208,265 | 103,594 | 129,208 | 519,640 | 960,707 |
| Investment securities – AFS | 6,660 | - | - | - | 6,660 |
| Investments in other equity securities | - | - | - | 247 | 247 |
| Other Assets | - | 63,898 | - | - | 63,898 |
| Assets held for managing liquidity risk | 911,972 | 931,148 | 521,533 | 887,934 | 3,252,587 |
| | | | | | |
| **Liquidity gap** | **(1,689,503)** | **772,986** | **211,127** | **758,993** | **53,603** |
| | | | | | |
| **The Bank** | | | | | |
| **At 31 December 2014** | | | | | |
| **Financial liabilities by type** | | | | | |
| *Non-derivative liabilities* | | | | | |
| Deposits from customers | 2,960,807 | 46,100 | 71,164 | - | 3,078,071 |
| Borrowings | - | - | - | 163,028 | 163,028 |
| Other liabilities | - | 60,848 | - | - | 60,848 |
| Financial guarantee contracts | 44,435 | 7,505 | 253,952 | 30,908 | 336,800 |
| Unrecognised loan commitments | 22,190 | - | - | - | 22,190 |
| | 3,027,432 | 114,453 | 325,116 | 193,936 | 3,660,937 |
| **Financial assets by type** | | | | | |
| *Non-derivative assets* | | | | | |
| Cash and cash equivalents | 758,081 | - | - | - | 758,081 |
| Advances to Banks | 80,542 | 3,304 | 23,561 | - | 107,407 |
| Government securities | 292,207 | 461,981 | 390,315 | 712,834 | 1,857,337 |
| Loans and advances to customers | 1,257 | 9,150 | 202,213 | 1,027,957 | 1,240,577 |
| Investment securities – AFS | 6,811 | - | - | - | 6,811 |
| Investments in other equity securities | 113 | - | - | - | 113 |
| Other assets | - | 53,893 | - | - | 53,893 |
| Assets held for managing liquidity risk | 1,139,011 | 528,328 | 616,089 | 1,740,791 | 4,024,219 |
| **Liquidity gap** | **(1,888,421)** | **413,875** | **290,973** | **1,546,855** | **363,282** |

## Maturity analysis for financial assets and liabilities (cont'd)

### The Bank

| At 31 December 2013 | Up to 1 month GH¢'000 | 1-3 months GH¢'000 | 3-12 months GH¢'000 | Over 1 year GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|
| **Financial liabilities by type** | | | | | |
| *Non-derivative liabilities* | | | | | |
| Deposits from customers | 2,541,596 | 45,855 | 42,832 | - | 2,630,283 |
| Borrowings | - | - | - | 108,149 | 108,149 |
| Other liabilities | - | 108,327 | - | - | 108,327 |
| Financial guarantee contracts | 44,739 | 3,952 | 267,574 | 20,792 | 337,057 |
| Unrecognised loan commitments | 20,448 | - | - | - | 20,448 |
| | 2,606,783 | 158,134 | 310,406 | 128,941 | 3,204,264 |
| | | | | | |
| **Financial assets by type** | | | | | |
| *Non-derivative assets* | | | | | |
| Cash and cash equivalents | 338,797 | - | - | - | 338,797 |
| Advances to Banks | 163,498 | 2,515 | - | 4,308 | 170,321 |
| Government securities | 194,752 | 761,132 | 392,325 | 363,739 | 1,711,948 |
| Loans and advances to customers | 208,265 | 103,594 | 129,208 | 519,640 | 960,707 |
| Investment securities – AFS | 4,900 | - | - | - | 4,900 |
| Investments in other equity securities | - | - | - | 113 | 113 |
| Other assets | - | 62,920 | - | - | 62,920 |
| Assets held for managing liquidity risk | 910,212 | 930,161 | 521,533 | 887,800 | 3,249,706 |
| **Liquidity gap** | **(1,696,571)** | **772,027** | **211,127** | **758,859** | **45,442** |

### Financial assets pledged as collateral

In the normal course of business, assets are sometimes pledged for specific purposes. The table below sets out the availability of the Group's financial assets to support future funding.

| | | Unencumbered | | |
|---|---|---|---|---|
| **At 31 December 2014** | **Note** | **Available as collateral GH¢'000** | **Other* GH¢'000** | **Total GH¢'000** |
| Cash and cash equivalents | 21 | 758,081 | - | 758,081 |
| Loans and advances to customers | 24 | - | 1,240,577 | 1,240,577 |
| Advances to Banks | 23 | 107,407 | - | 107,407 |
| Government securities | 22 | 1,862,336 | - | 1,862,336 |
| Listed equity investments | 25 | 8,611 | - | 8,611 |
| Other equity investments | 27 | - | 247 | 247 |
| Non-financial assets | | - | 136,098 | 136,098 |
| **Total assets** | | **2,736,435** | **1,376,922** | **4,113,357** |
| **31 December 2013** | | | | |
| Cash and cash equivalents | 21 | 338,797 | - | 338,797 |
| Loans and advances to customers | 24 | - | 960,707 | 960,707 |
| Advances to Banks | 23 | 170,321 | - | 170,321 |
| Government securities | 22 | 1,711,957 | - | 1,711,957 |
| Listed equity investments | 25 | 6,660 | - | 6,660 |
| Other equity investments | 27 | - | 247 | 247 |
| Non-financial assets | | - | 85,353 | 85,353 |
| **Total assets** | | **2,227,735** | **1,046,307** | **3,274,042** |

* Represents assets that are not restricted for use as collateral, but the Group would not consider them as readily available to secure funding in the normal course of business.

In addition, the group has not received collateral that it is permitted to sell or repledge in the absence of default.

## 5.3 Market Risk

### Management of Market Risk

The Group takes on exposure to market risk, which is the risk of potential loss of earnings or economic value due to adverse changes in financial market rates or prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group's exposure to market risk arises principally from customer-driven transactions and pension obligations. The Group does not engage in proprietary trading.

### Foreign Exchange Exposure

Foreign exchange or currency risk is the risk of loss that results from changes in foreign exchange rates. The Bank's exposure to foreign currency risk is limited to non-trading book and is strictly controlled by the Treasury and Risk Management units. The Bank's foreign exchange exposures are principally derived from customer-driven transactions.

The table below summarizes the Group's exposure to foreign exchange risk at 31 December.

### The Group and Bank

| | EUR '000 | USD '000 | GBP '000 |
|---|---|---|---|
| **At 31 December 2014** | | | |
| **Assets** | | | |
| Cash and cash equivalents | 2,927 | 20,788 | 3,788 |
| Advances to Banks | 760 | 6,285 | 1,275 |
| Loans and advances to customers | 3,638 | 67,504 | - |
| **Total** | **7,325** | **94,577** | **5,063** |
| | | | |
| **Liabilities** | | | |
| Deposits due to customers | 5,831 | 70,435 | 4,468 |
| Borrowings | - | 50,000 | - |
| **Total** | **5,831** | **120,435** | **4,468** |
| **Net on balance sheet position** | **1,494** | **(25,858)** | **595** |
| **Credit commitments** | **2,600** | **15,567** | **3,246** |
| | | | |
| **At 31 December 2013** | | | |
| **Assets** | | | |
| Cash and cash equivalents | 3,050 | 4,814 | 5,892 |
| Advances to Banks | 760 | 5,485 | 1,275 |
| Loans and advances to customers | 3,738 | 31,685 | - |
| **Total** | **7,548** | **41,984** | **7,167** |
| | | | |
| **Liabilities** | | | |
| Deposits due to customers | 5,619 | 60,019 | 4,874 |
| Borrowings | - | 50,000 | - |
| **Total** | **5,619** | **110,019** | **4,874** |
| | | | |
| **Net on balance sheet position** | **1,929** | **(68,035)** | **2,293** |
| | | | |
| **Credit commitments** | **5,073** | **45,994** | **7,650** |

## Foreign Exchange Exposure (cont'd)

The following mid inter-bank exchange rates were applied during the year:

| | Average Rate | | Reporting Rate | |
|---|---|---|---|---|
| GH¢ to | 2014 | 2013 | 2014 | 2013 |
| USD 1 | 2.9773 | 1.9984 | 3.2001 | 2.1616 |
| EUR 1 | 4.0121 | 2.6416 | 3.8959 | 2.9861 |
| GBP 1 | 4.9698 | 3.1145 | 4.9791 | 3.5726 |

*Foreign Exchange Sensitivity*

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on profit or loss. This sensitivity analysis indicates the potential impact on profit or loss based on foreign currency exposures recorded at 31 December. (See "currency risk" above).

It does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December would have impacted equity and profit or loss by the amounts shown below:

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

| As of 31 Dec | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| in GH¢'000 | % Change | Profit or loss impact: Strengthening | Equity impact: Strengthening | % Change | Profit or loss impact: Strengthening | Equity impact: Strengthening |
| US$ | ±1 | 828 | 828 | ±1 | (154) | (154) |
| EUR | ±1 | (58) | (58) | ±1 | 58 | 58 |
| GBP | ±1 | (30) | (30) | ±1 | 82 | 82 |

A 1% weakening of the cedi against the above currencies at 31 December would have had an equal but opposite effect.

## Interest Rate Risk

*Interest Rate Exposure*

Interest rate risk is the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on both fair value and cash flow risks. Interest margins may increase as a result of such changes, which may cause losses to be incurred, in the event of unexpected movements.

The Asset and Liability Management ("ALM") process, managed through ALCO, is used to manage interest rate risks associated with the non-trading book. Gap analysis is used in measuring interest rate risk. It compares the values of interest rate sensitive assets and liabilities that mature or are re-priced at various time periods in the future. Subjective judgment/assumptions are made about the behavior of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

Interest rate risk evaluates potential volatility to net interest income caused by changes in market interest rates and represents the most significant market risk exposure to the Group's non-trading book. The management of interest rate risk against interest rate gap limits is supplemented by monitoring sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

*Interest Rate Exposure (cont'd)*

## The Group

| | Up to 1 month GH¢'000 | 1-3 months GH¢'000 | 3-12 months GH¢'000 | Over 1 year GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|
| **At 31 December 2014** | | | | | |
| **Assets** | | | | | |
| Government securities | 292,207 | 461,991 | 395,304 | 712,834 | 1,862,336 |
| Advances to Banks | 80,542 | 3,304 | 23,561 | - | 107,407 |
| Loans and advances to customers | 1,257 | 9,150 | 202,213 | 1,027,957 | 1,240,577 |
| **Total financial assets** | **374,006** | **474,445** | **621,078** | **1,740,791** | **3,210,320** |
| | | | | | |
| **Liabilities** | | | | | |
| Interest bearing deposits | 1,468,933 | 46,100 | 71,163 | - | 1,586,196 |
| Borrowings | - | - | - | 163,028 | 163,028 |
| **Total financial liabilities** | **1,468,933** | **46,100** | **71,163** | **163,028** | **1,749,224** |
| | | | | | |
| **Total interest rate gap** | **(1,094,927)** | **428,345** | **549,915** | **1,577,763** | **1,461,096** |
| | | | | | |
| **At 31 December 2013** | | | | | |
| **Assets** | | | | | |
| Government securities | 194,752 | 761,141 | 392,325 | 363,739 | 1,711,957 |
| Advances to Banks | 163,498 | 2,515 | - | 4,308 | 170,321 |
| Loans and advances to customers | 208,265 | 103,594 | 129,208 | 519,640 | 960,707 |
| **Total financial assets** | **566,515** | **867,250** | **521,533** | **887,687** | **2,842,985** |
| | | | | | |
| **Liabilities** | | | | | |
| Interest bearing deposits | 1,364,404 | 45,855 | 42,832 | - | 1,453,091 |
| Borrowings | - | - | - | 108,149 | 108,149 |
| **Total financial liabilities** | **1,364,404** | **45,855** | **42,832** | **108,149** | **1,561,240** |
| | | | | | |
| **Total interest rate gap** | **(797,889)** | **821,395** | **478,701** | **779,538** | **1,281,745** |

*Interest Rate Exposure (cont'd)*

### The Bank

| | Up to 1 month GH¢'000 | 1-3 months GH¢'000 | 3-12 months GH¢'000 | Over 1 year GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|
| **At 31 December 2014** | | | | | |
| **Assets** | | | | | |
| Government securities | 292,207 | 461,981 | 390,315 | 712,834 | 1,857,337 |
| Advances to Banks | 80,542 | 3,304 | 23,561 | - | 107,407 |
| Loans and advances to customers | 1,257 | 9,150 | 202,213 | 1,027,957 | 1,240,577 |
| **Total financial assets** | **374,006** | **474,435** | **616,089** | **1,740,791** | **3,205,321** |
| | | | | | |
| **Liabilities** | | | | | |
| Interest bearing deposits | 1,468,933 | 46,100 | 71,163 | - | 1,586,196 |
| Borrowings | - | - | - | 163,028 | 163,028 |
| **Total financial liabilities** | **1,468,933** | **46,100** | **71,163** | **163,028** | **1,749,224** |
| | | | | | |
| **Total interest rate gap** | **(1,094,927)** | **428,335** | **544,926** | **1,577,763** | **1,456,097** |
| | | | | | |
| **At 31 December 2013** | | | | | |
| **Assets** | | | | | |
| Government securities | 194,752 | 761,132 | 392,325 | 363,739 | 1,711,948 |
| Advances to Banks | 163,498 | 2,515 | - | 4,308 | 170,321 |
| Loans and advances to customers | 208,265 | 103,594 | 129,208 | 519,640 | 960,707 |
| **Total financial assets** | **566,515** | **867,241** | **521,533** | **887,687** | **2,842,976** |
| | | | | | |
| **Liabilities** | | | | | |
| Interest bearing deposits | 1,365,383 | 45,855 | 42,832 | - | 1,454,070 |
| Borrowings | - | - | - | 108,149 | 108,149 |
| **Total financial liabilities** | **1,365,383** | **45,855** | **42,832** | **108,149** | **1,562,219** |
| | | | | | |
| **Total interest rate gap** | **(798,868)** | **821,386** | **478,701** | **779,538** | **1,280,757** |

*Analysis of Group's sensitivity to market interest*

Standard scenarios that are considered on a monthly basis include a 200 basis point (bp) parallel fall or rise in market interest rates. A change of a 200 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

| Group and Bank | 2014 | | 2013 | |
|---|---|---|---|---|
| | **Increase 200bp GH¢'000** | **Decrease 200bp GH¢'000** | Increase 200bp GH¢'000 | Decrease 200bp GH¢'000 |
| Interest income impact | **13,814** | **(13,814)** | 11,041 | (11,041) |
| Interest expense impact | **(1,860)** | **1,860** | (1,842) | 1,842 |
| Net impact | **11,954** | **11,954** | 9,199 | (9,199) |

### Market Risk Monitoring and Control

The Risk Management Division (RMD) is responsible for monitoring the Bank's exposure to market risk. The analysis of impact of unlikely but plausible events by means of scenario analysis enables management to gain a better understanding of risks that the Group is potentially exposed to under adverse conditions.

### 5.4 Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. Operational risk is inherent in the Group's business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. The Group endeavors to minimize operational losses by ensuring that effective infrastructure, controls, systems and individuals are in place throughout the organization.

### Operational Risk Framework

To monitor, mitigate and control operational risk, the Group maintains a system of policies and has established a framework for assessing and communicating operational risks as well as the overall effectiveness of the internal control environment across business lines. Each major business segment is expected to implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- establish key risk indicators;
- produce comprehensive operational risk reports; and
- prioritize and ensure adequate resources to actively improve the operational risk environment and mitigate emerging risks.

The operational risk standards facilitate the effective communication and mitigation actions both within and across businesses. The Group is committed to continuously enhancing its operational risk framework to encourage a culture of effective accountability and responsibility.

### 5.5 Compliance and Regulatory Risk

Compliance and Regulatory risk includes the risk of non-compliance with regulatory requirements. The Group's Compliance Unit is responsible for establishing and maintaining an appropriate framework of the Group's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers. However, the Compliance Unit monitors and reports on compliance to Executive Management and the Board. The Group generally complied with regulatory requirements.

## 5.6 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor and market confidence and sustain future development of the business. The impact of the level of capital on shareholders' return is also taken into consideration in addition to security afforded by sound capital positions. The Bank complied with the statutory capital requirements throughout the period under review. The subsidiary is not subject to externally imposed capital requirements.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on guidelines developed by the Basel Committee as implemented by Bank of Ghana for supervisory purposes. The required information is filed with Bank of Ghana on a monthly basis. Bank of Ghana requires each bank to:

- Hold a minimum regulatory capital of GH¢60 million; and
- Maintain a ratio of total regulatory capital to risk-weighted assets plus risk weighted off balance sheet assets above a required minimum of 10%.

The Bank generally complied with all externally imposed capital requirements.

The Bank's capital is divided into two tiers:

Tier 1 capital includes ordinary paid up capital and disclosed reserves, excluding the value of assets such as investment in other banks and financial institutions.

Tier 2 capital is made up of reserves such as unrealized gains on equity instruments classified as available for sale.

Non-risk weighted assets are classified as cash on hand, claims on government and claims on the Central Bank. Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The table below summarizes the composition of regulatory capital and ratios of the Bank.

| Bank | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| **Tier 1 Capital** | | |
| Share capital | 100,000 | 100,000 |
| Statutory reserve | 179,505 | 145,748 |
| Retained earnings | 379,141 | 197,280 |
| Credit risk reserve | 21,173 | 22,384 |
| Other reserve | (22,473) | (19,373) |
| Intangibles/other assets | (9,709) | (18,731) |
| Investments in capital of other Banks and financial/other institutions | (37,049) | (35,138) |
| Losses not provided for | (24,276) | (25,537) |
| **Total qualifying tier 1 capital** | **586,312** | 366,633 |

### 5.6 Capital Management (cont'd)

| Bank | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| **Tier 2 Capital** | | |
| Other reserves | **2,550** | 1,117 |
| Total qualifying tier 2 capital | **2,550** | 1,117 |
| **Total regulatory capital** | **588,862** | 367,750 |
| | | |
| **Risk weighted assets** | | |
| On balance sheet | 1,574,908 | 1,108,591 |
| Off balance sheet | 336,800 | 337,057 |
| 50% of net open position | 30,165 | 79,805 |
| 100% of previous 3 years average annual gross income | 667,953 | 498,339 |
| **Total risk weighted assets** | **2,609,826** | 2,023,792 |
| **Capital adequacy ratio** | **22.56%** | 18.17% |

## 6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

*(a) Valuation models*

The Group measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

• Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

• Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

• Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

*(a) Valuation models (cont'd)*

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

*(b) Valuation framework*

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

a) The particular asset or liability that is the subject of measurement (consistently with the unit of account);

b) The principal (or most advantageous) market for the asset or liability;

c) The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Business Performance and Decisions Support function, which is independent of the Financial Reporting function and reports to the Chief Finance Officer that has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to existing models involving both Finance and Risk Management Departments;
- Half yearly calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by Senior Finance and Risk Management personnel.

When third party information, such as broker quotes or pricing services, is used to measure fair value, Business Performance & Decision Support assesses and documents, the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS.

This includes:

- Verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- Where prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- If a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

Significant valuation issues are reported to the Board Audit Committee.

*(c) Financial instruments measured at fair value – fair value hierarchy*

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

| | The Group Level 1 | | The Bank Level 1 | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Investment securities – AFS | **8,611** | 6,660 | **6,811** | 4,900 |

*(d) Level 3 fair value measurements*

At the reporting date, the Group did not have any financial instruments on its statement of financial position whose fair value measurement was included in level 3 of the fair value hierarchy.

*(e) Financial instruments not measured at fair value*

The following table sets out the fair values of financial instruments not measured at fair value in the statement of financial position, analysed by reference to levels in the fair value hierarchy into which each fair value measurement is categorized:

| Group | Level 1 GH¢'000 | Level 2 GH¢'000 | Level 3 GH¢'000 | Total fair value GH¢'000 | Total carrying amount GH¢'000 |
|---|---|---|---|---|---|
| **December 2014** | | | | | |
| **Assets** | | | | | |
| Cash and cash equivalents | - | 758,081 | - | 758,081 | 758,081 |
| Advances to banks | - | 107,407 | - | 107,407 | 107,407 |
| Loans and advances to customers | - | 1,215,540 | - | 1,215,540 | 1,240,577 |
| Government securities | - | 1,828,755 | - | 1,828,755 | 1,857,337 |
| Other assets | - | - | 54,313 | 54,313 | 54,313 |
| | **-** | **3,909,783** | **54,313** | **3,964,096** | **4,017,715** |
| **Liabilities** | | | | | |
| Customer deposits | - | 3,065,805 | - | 3,065,805 | 3,074,821 |
| Other liabilities | - | - | 60,906 | 60,906 | 60,906 |
| Borrowings | - | 163,028 | - | 163,028 | 163,028 |
| | **-** | **3,228,833** | **60,906** | **3,289,739** | **3,013,915** |

*(e) Financial instruments not measured at fair valuen (cont'd)*

| Group | Level 1 GH¢'000 | Level 2 GH¢'000 | Level 3 GH¢'000 | Total fair value GH¢'000 | Total carrying amount GH¢'000 |
|---|---|---|---|---|---|
| **December 2013** | | | | | |
| **Assets** | | | | | |
| Cash and cash equivalents | - | 338,797 | - | 338,797 | 338,797 |
| Advances to banks | - | 170,321 | - | 170,321 | 170,321 |
| Loans and advances to customers | - | 969,266 | - | 969,266 | 960,707 |
| Government securities | - | 1,784,097 | - | 1,784,097 | 1,711,957 |
| Other assets | - | - | 63,898 | 63,898 | 63,898 |
| | **-** | **3,262,481** | **63,898** | **3,326,379** | **3,245,680** |
| **Liabilities** | | | | | |
| Customer deposits | - | 2,610,821 | - | 2,610,821 | 2,624,975 |
| Other liabilities | - | - | 108,355 | 108,355 | 108,355 |
| Borrowings | - | 108,149 | - | 108,149 | 108,149 |
| | **-** | **2,718,970** | **108,355** | **2,827,325** | **2,841,479** |

| Bank | Level 1 GH¢'000 | Level 2 GH¢'000 | Level 3 GH¢'000 | Total fair value GH¢'000 | Total carrying amount GH¢'000 |
|---|---|---|---|---|---|
| **December 2014** | | | | | |
| **Assets** | | | | | |
| Cash and cash equivalents | - | 758,081 | - | 758,081 | 758,081 |
| Advances to banks | - | 107,407 | - | 107,407 | 107,407 |
| Loans and advances to customers | - | 1,215,540 | - | 1,215,540 | 1,240,577 |
| Government securities | - | 1,828,755 | - | 1,828,755 | 1,857,337 |
| Other assets | - | - | 54,313 | 54,313 | 54,313 |
| | **-** | **3,909,783** | **54,313** | **3,964,096** | **4,017,715** |
| **Liabilities** | | | | | |
| Customer deposits | - | 3,065,805 | - | 3,065,805 | 3,074,821 |
| Other liabilities | - | - | 60,906 | 60,906 | 60,906 |
| Borrowings | - | 163,028 | - | 163,028 | 163,028 |
| | **-** | **3,228,833** | **60,906** | **3,289,739** | **3,013,915** |

*(e) Financial instruments not measured at fair valuen (cont'd)*

| Bank | Level 1 GH¢'000 | Level 2 GH¢'000 | Level 3 GH¢'000 | Total fair value GH¢'000 | Total carrying amount GH¢'000 |
|---|---|---|---|---|---|
| **December 2013** | | | | | |
| **Assets** | | | | | |
| Cash and cash equivalents | - | 338,797 | - | 338,797 | 338,797 |
| Advances to banks | - | 170,321 | - | 170,321 | 170,321 |
| Loans and advances to customers | - | 969,266 | - | 969,266 | 960,707 |
| Government securities | - | 1,784,097 | - | 1,784,097 | 1,711,948 |
| Other assets | - | - | 62,920 | 62,920 | 62,920 |
| | **-** | **3,262,481** | **62,920** | **3,325,401** | **3,244,693** |
| **Liabilities** | | | | | |
| Customer deposits | - | 2,610,821 | - | 2,610,821 | 2,630,283 |
| Other liabilities | - | - | 108,327 | 108,327 | 108,327 |
| Borrowings | - | 108,149 | - | 108,149 | 108,149 |
| | **-** | **2,718,970** | **108,327** | **2,827,297** | **2,846,759** |

The fair value of government securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is determined using quoted market prices for securities with similar credit, maturity and yield characteristics.

Where applicable, the fair value of loans and advances to customers is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models such as discounted cash flow techniques which represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

The fair value of advances to and from Banks is based on discounted cash flow techniques applying the rates of similar maturities and terms.

The fair value of term deposits by customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

Fair values of borrowings are estimated using discounted cash flow techniques, applying rates that are offered for borrowings of similar maturities and terms.

No fair value disclosures are provided for investments in other equity securities that are measured at cost less any impairment losses because their fair values cannot be measured reliably. These investments are unquoted equity investments with no observable market data. There is no active market for these investments and the Group does not intend to dispose off these investments in the foreseeable future.

## 7. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below provides reconciliation between the items in the statement of financial position and the categories of financial instrument.

| Group | Note | Held-to-maturity GH¢'000 | Loans and receivables GH¢'000 | Available for sale GH¢'000 | Other financial liabilities GH¢'000 | Total carrying amount GH¢'000 |
|---|---|---|---|---|---|---|
| **31 December 2014** | | | | | | |
| Cash and cash equivalents | 21 | - | 758,081 | - | - | 758,081 |
| Government securities | 22 | 1,862,336 | - | - | - | 1,862,336 |
| Advances to banks | 23 | - | 107,407 | - | - | 107,407 |
| Loans and advances to customers | 24 | - | 1,240,577 | - | - | 1,240,577 |
| Investment securities – AFS | 25 | - | - | 8,611 | - | 8,611 |
| Other equity investments | 27 | - | - | 247 | - | 247 |
| Other assets | 30 | - | 54,313 | - | - | 54,313 |
| **Total assets** | | **1,862,336** | **2,160,378** | **8,858** | **-** | **4,031,572** |
| | | | | | | |
| Deposits from customers | 31 | - | - | - | 3,074,821 | 3,074,821 |
| Other liabilities | 32 | - | - | - | 60,906 | 60,906 |
| Borrowings | 33 | - | - | - | 163,028 | 163,028 |
| **Total liabilities** | | **-** | **-** | **-** | **3,298,755** | **3,298,755** |
| | | | | | | |
| **31 December 2013** | | | | | | |
| Cash and cash equivalents | 21 | - | 338,797 | - | - | 338,797 |
| Government securities | 22 | 1,711,957 | - | - | - | 1,711,957 |
| Loans and advances to banks | 23 | - | 170,321 | - | - | 170,321 |
| Loans and advances to customers | 24 | - | 960,707 | - | - | 960,707 |
| Investment securities – AFS | 25 | - | - | 6,660 | - | 6,660 |
| Other equity investments | 27 | - | - | 247 | - | 247 |
| Other assets | 30 | - | 63,898 | - | - | 63,898 |
| **Total assets** | | **1,711,957** | **1,533,723** | **6,907** | **-** | **3,252,587** |
| | | | | | | |
| Deposits from customers | 31 | - | - | - | 2,624,975 | 2,624,975 |
| Other liabilities | 32 | - | - | - | 108,355 | 108,355 |
| Borrowings | 33 | - | - | - | 108,149 | 108,149 |
| **Total liabilities** | | **-** | **-** | **-** | **2,841,479** | **2,841,479** |

## 7. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

| Bank | Note | Held-to-maturity GH¢'000 | Loans and receivables GH¢'000 | Available for sale GH¢'000 | Other financial liabilities GH¢'000 | Total carrying amount GH¢'000 |
|---|---|---|---|---|---|---|
| **31 December 2014** | | | | | | |
| Cash and cash equivalents | 21 | - | 758,081 | - | - | 758,081 |
| Government securities | 22 | 1,857,337 | - | - | - | 1,857,337 |
| Advances to banks | 23 | - | 107,407 | - | - | 107,407 |
| Loans and advances to customers | 24 | - | 1,240,577 | - | - | 1,240,577 |
| Investment securities – AFS | 25 | - | - | 6,811 | - | 6,811 |
| Other equity investments | 27 | - | - | 113 | - | 113 |
| Other assets | 30 | - | 53,893 | - | - | 53,893 |
| **Total assets** | | **1,857,337** | **2,159,958** | **6,924** | **-** | **4,024,219** |
| | | | | | | |
| Deposits from customers | 31 | - | - | - | 3,078,071 | 3,078,071 |
| Other liabilities | 32 | - | - | - | 60,848 | 60,906 |
| Borrowings | 33 | - | - | - | 163,028 | 163,028 |
| **Total liabilities** | | **-** | **-** | **-** | **3,301,947** | **3,301,947** |
| | | | | | | |
| **31 December 2013** | | | | | | |
| Cash and cash equivalents | 21 | - | 338,797 | - | - | 338,797 |
| Government securities | 22 | 1,711,948 | - | - | - | 1,711,948 |
| Loans and advances to banks | 23 | - | 170,321 | - | - | 170,321 |
| Loans and advances to customers | 24 | - | 960,707 | - | - | 960,707 |
| Investment securities – AFS | 25 | - | - | 4,900 | - | 4,900 |
| Other equity investments | 27 | - | - | 113 | - | 113 |
| Other assets | 30 | - | 62,920 | - | - | 62,920 |
| **Total assets** | | **1,711,948** | **1,532,745** | **5,013** | **-** | **3,249,706** |
| | | | | | | |
| Deposits from customers | 31 | - | - | - | 2,630,283 | 2,630,283 |
| Other liabilities | 32 | - | - | - | 108,327 | 108,327 |
| Borrowings | 33 | - | - | - | 108,149 | 108,149 |
| **Total liabilities** | | **-** | **-** | **-** | **2,846,759** | **2,846,759** |

## 8. OPERATING SEGMENTS

### a. Segment information

For performance management purposes, the Group is organized into 3 core segments based on their products and services. These are:

- Consumer Banking
- Corporate Banking and
- Treasury

The Consumer Banking arm of the business concentrates mainly on individual customers and therefore provides the required platform to enhance service delivery to that segment. The coverage of this Function also extends to sole proprietorships and very small and medium scale enterprises.

Corporate Banking is responsible for the Business Banking customer profile. The Function is sub categorized into Multi-national Corporate, Large Local Corporate, Development Organizations, Public Sector and Small and Medium Scale Enterprises. Depending on customer profiling, clients of this function are mostly relationship managed with a few of its clients managed on a portfolio basis.

The Treasury Function provides the expertise and platform for the centralized management of the Group's market risk exposures. The function manages the funding requirements and ensures that the bank is well capitalized to boost investor confidence and sustain future development of the business.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and for assessing performance. Segment performance is evaluated based on operating profit or loss together with the underlying balance sheet position for the reporting period. To be able to assess each of the three businesses in a fairer and consistent manner, common corporate operating expenses are allocated to segments based on an established cost-sharing policy that permits a reasonable and consistent allocation of central management expenses

### b. Information about reportable segments

**December 2014**

| | Consumer GH¢'000 | Corporate GH¢'000 | Treasury GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|
| *External Revenue* | | | | |
| Net interest income | 124,067 | 73,026 | 400,633 | 597,726 |
| Inter-segment revenue | 156,190 | 74,128 | (230,318) | - |
| Net fees and commission income | 41,718 | 49,320 | 932 | 91,970 |
| Net trading income | - | 9,214 | 28,544 | 37,758 |
| Other income | 2,313 | 97,564 | 7,125 | 107,002 |
| **Total segment revenue** | **324,288** | **303,252** | **206,916** | **834,456** |
| Operating expenses | (261,311) | (118,582) | (48,295) | (428,188) |
| | | | | |
| *Other material non-cash items:* | | | | |
| Impairment loss on loans and advances | (2,321) | (21,511) | - | 23,832 |
| **Reportable segmental profit before tax** | **60,656** | **163,159** | **158,621** | **382,436** |
| Reportable segment assets | 677,048 | 563,529 | 2,041,597 | 3,282,174 |
| Reportable segment liabilities | 1,738,044 | 1,340,027 | 163,028 | 3,241,099 |

### b. Information about reportable segments (cont'd)

| December 2013 | Consumer GH¢'000 | Corporate GH¢'000 | Treasury GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|
| *External Revenue* | | | | |
| Net interest income | 74,457 | 67,731 | 317,671 | 459,859 |
| Inter-segment revenue | 138,871 | 40,534 | (179,405) | - |
| Net fees and commission income | 45,707 | 30,820 | 620 | 77,147 |
| Net trading income | - | - | 26,842 | 26,842 |
| Other income | 184 | 2,728 | 4,258 | 7,170 |
| **Total segment revenue** | **259,219** | **141,813** | **169,986** | **571,018** |
| Operating expenses | (162,300) | (76,523) | (31,541) | (270,364) |
| | | | | |
| *Other material non-cash items:* | | | | |
| Impairment loss on loans and advances | (8,559) | 19,128 | - | 10,569 |
| **Reportable segmental profit before tax** | **88,360** | **84,418** | **138,445** | **311,223** |
| Reportable segment assets | 533,248 | 427,459 | 1,855,419 | 2,816,126 |
| Reportable segment liabilities | 1,514,513 | 1,115,770 | 108,149 | 2,738,432 |

### c. Reconciliations of information on reportable segment

#### December 2014

*i. Assets*

| | GH¢'000 |
|---|---|
| Total assets for reportable entities | 3,282,174 |
| Unallocated amounts | 950,645 |
| Consolidated total assets | 4,232,819 |

#### December 2014

*ii. Liabilities*

| | GH¢'000 |
|---|---|
| Total liabilities for reportable entities | 3,241,099 |
| Unallocated amounts | 331,824 |
| Consolidated total liabilities | 3,572,923 |

### d. Geographic information

| GH¢'000 | In Ghana | Outside Ghana | GH¢'000 |
|---|---|---|---|
| Revenues | 834,457 | - | 834,457 |

## 9. INTEREST INCOME

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| *Financial assets measured at amortised cost* | | | | |
| Cash and short term funds | 28,053 | 11,778 | 28,053 | 11,778 |
| Investment securities | 380,368 | 315,946 | 380,368 | 315,946 |
| Loans and advances | 282,287 | 224,339 | 282,287 | 224,339 |
| | **690,708** | 552,063 | **690,708** | 552,063 |

## 10. INTEREST EXPENSE

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| *Financial liabilities measured at amortised cost* | | | | |
| Current and savings accounts | 47,612 | 42,971 | 47,612 | 42,971 |
| Time and other deposits | 38,420 | 40,014 | 38,420 | 40,114 |
| Borrowings | 6,950 | 9,119 | 6,950 | 9,119 |
| | **92,982** | 92,104 | **92,982** | 92,204 |

## 11. FEE AND COMMISSION INCOME

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| *Financial assets measured at amortised cost* | | | | |
| Commission on letters of credit and guarantees | 4,885 | 2,925 | 4,885 | 2,925 |
| Commission on foreign services | 5,516 | 3,435 | 5,516 | 3,435 |
| Commission on turnover | 47,224 | 38,136 | 47,224 | 38,136 |
| Processing and facility fees | 10,728 | 6,776 | 10,728 | 6,776 |
| Other fees and commissions | 46,039 | 37,294 | 46,039 | 37,294 |
| | **114,392** | 88,566 | **114,392** | 88,566 |

## 12. FEE AND COMMISSION EXPENSE

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| *Financial liabilities measured at amortised cost* | | | | |
| Fees and commission expense | 22,422 | 11,419 | 22,422 | 11,419 |

## 13. NET TRADING INCOME

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Foreign currency trading | 37,758 | 26,842 | 37,758 | 26,842 |

## 14. OTHER REVENUE

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Dividend income | 1,834 | 2,455 | 5,887 | 5,147 |
| Bad debt recoveries | 1,905 | 842 | 1,905 | 842 |
| | **3,739** | 3,297 | **7,792** | 5,989 |

## 15. OTHER INCOME

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Profit on sale of property and equipment | 42 | 121 | 42 | 121 |
| Rental income | 824 | 416 | 824 | 416 |
| Gain on derecognition of renegotiated loans | 93,346 | - | 93,346 | - |
| Other income | 5,846 | 407 | 4,998 | 644 |
| | **100,058** | 944 | **99,210** | 1,181 |

## 16. IMPAIRMENT (RELEASE)/CHARGE ON LOANS AND ADVANCES

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Impairment charge/ (release) on loans and advances | 23,832 | (10,569) | 23,832 | (10,569) |
| | | | | |
| *Analysis of impairment charge/ (release)* | | | | |
| Specific impairment | 20,639 | (9,622) | 20,639 | (9,622) |
| Collective impairment | 3,193 | (947) | 3,193 | (947) |
| | **23,832** | (10,569) | **23,832** | (10,569) |

## 17. OPERATING EXPENSES

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Staff expenses (Note 17(a)) | 259,868 | 169,996 | 259,868 | 169,996 |
| Technology and communication | 32,496 | 21,771 | 32,496 | 21,771 |
| Advertising and marketing | 8,681 | 1,510 | 8,681 | 1,510 |
| Training | 4,353 | 1,495 | 4,353 | 1,495 |
| Audit fees | 602 | 579 | 571 | 551 |
| Directors fees | 1,891 | 1,301 | 1,891 | 1,299 |
| Depreciation of property and equipment | 21,135 | 15,971 | 21,135 | 15,971 |
| Amortization of software | 2,956 | 2,023 | 2,956 | 2,023 |
| Donations (Note 43) | 1,384 | 644 | 1,384 | 644 |
| Other administrative expenses | 94,864 | 55,104 | 94,853 | 55,104 |
| | **428,230** | 270,394 | **428,188** | 270,364 |
| | | | | |
| **(a) Staff expenses** | | | | |
| Staff expenses comprise: | | | | |
| Wages and salaries | 76,416 | 71,239 | 76,416 | 71,239 |
| Staff allowances | 48,329 | 43,298 | 48,329 | 43,298 |
| Performance award | 17,948 | 13,747 | 17,948 | 13,747 |
| Social security fund contributions | 9,664 | 9,141 | 9,664 | 9,141 |
| Provident fund contributions | 9,263 | 8,727 | 9,263 | 8,727 |
| Retirement benefit obligations | 11,027 | 8,930 | 11,027 | 8,930 |
| Restructuring costs | 76,041 | 6,966 | 76,041 | 6,966 |
| Other staff costs | 11,180 | 7,948 | 11,180 | 7,948 |
| | **259,868** | 169,996 | **259,868** | 169,996 |

The number of persons employed by the Bank at the year-end was 1,944 (2013: 2,083).

## 18. INCOME TAX

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Current income tax | 104,598 | 80,466 | 104,096 | 80,370 |
| National fiscal stabilization levy | 19,074 | 7,830 | 19,122 | 7,781 |
| Deferred tax | (10,839) | (436) | (10,839) | (436) |
| | **112,833** | 87,860 | **112,379** | 87,715 |

The tax charge on the Group and Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Profit before tax | 394,981 | 317,059 | 382,436 | 311,223 |
| | | | | |
| Corporate tax rate at 25% (2013: 25%) | | | | |
| Tax calculated at corporate tax rate | 98,745 | 79,265 | 95,609 | 77,806 |
| Non-deductible expense | 1,764 | 8,617 | 1,687 | 8,617 |
| Tax exempt income | (6,846) | (5,216) | (3,994) | (3,579) |
| Tax incentive | (45) | (5,106) | (45) | (5,106) |
| Income subject to tax at different rate | 141 | 590 | - | 412 |
| National fiscal stabilization levy | 19,074 | 7,926 | 19,122 | 7,781 |
| Recognition of previously unrecognised tax losses | - | 1,784 | - | 1,784 |
| Income tax expense | **112,833** | 87,860 | **112,379** | 87,715 |
| | | | | |
| Effective tax rates | **29%** | 28% | **29%** | 28% |

The movement on the income tax account was as follows:

| The Group | Balance at 1 January GH¢'000 | Charge for the year GH¢'000 | Payment GH¢'000 | Balance at 31 December GH¢'000 |
|---|---|---|---|---|
| Year of assessment | | | | |
| Up to 2012 | (79) | - | - | (79) |
| 2013 | 10,289 | - | (10,211) | 78 |
| 2014 | - | 104,598 | (107,768) | (3,170) |
| | 10,210 | 104,598 | (117,979) | (3,171) |
| National stabilization levy | 1,048 | 19,074 | (22,369) | (2,247) |
| | **11,258** | **123,672** | **(140,348)** | **(5,418)** |

The movement on the income tax account was as follows (cont'd):

| | Balance at 1 January GH¢'000 | Charge for the year GH¢'000 | Payment GH¢'000 | Balance at 31 December GH¢'000 |
|---|---|---|---|---|
| **The Bank** | | | | |
| Year of assessment | | | | |
| Up to 2012 | (79) | - | - | (79) |
| 2013 | 10,289 | - | (10,211) | 78 |
| 2014 | - | 104,096 | (107,626) | (3,530) |
| | 10,210 | 104,096 | (117,837) | (3,531) |
| National stabilization levy | 951 | 19,122 | (22,320) | (2,247) |
| | **11,161** | **123,218** | **(140,157)** | **(5,778)** |

The tax position up to the 2012 year of assessment have been agreed with the tax authorities. Liabilities arising have been partly settled as of 31 December 2014. The tax position for the 2013 and 2014 years of assessment is yet to be agreed with the tax authorities.

**Deferred tax**

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| **2014** | **Balance at 1/1 GH¢'oo** | **Movement during the year GH¢'000** | **Balance at 31/12 GH¢'000** | **Balance at 1/1 GH¢'000** | **Movement during the year GH¢'000** | **Balance at 31/12 GH¢'000** |
| **Recognised in profit and loss** | | | | | | |
| Accelerated depreciation | 5,297 | 2,749 | 8,046 | 5,297 | 2,749 | 8,046 |
| Impairment on loans and advances | (3,155) | (640) | (3,795) | (3,155) | (640) | (3,795) |
| Unutilised capital allowances | - | (8,623) | (8,623) | - | (8,623) | (8,623) |
| Employee benefit obligations | (11,661) | (4,325) | (15,986) | (11,661) | (4,325) | (15,986) |
| | **(9,519)** | **(10,839)** | **(20,358)** | **(9,519)** | **(10,839)** | **(20,358)** |
| | | | | | | |
| **Recognised in OCI** | | | | | | |
| Employee benefit | (6,459) | (1,034) | (7,493) | (6,459) | (1,034) | (7,493) |
| Available for sale investments | 525 | 475 | 1,000 | 483 | 478 | 961 |
| Deferred tax on prior year | | | | | | |
| Changes in fair value | - | 13 | 13 | - | - | - |
| | **(5,934)** | **(546)** | **(6,480)** | **(5,976)** | **(556)** | **(6,532)** |
| **Net asset** | **(15,453)** | **(11,385)** | **(26,838)** | **(15,495)** | **(11,395)** | **(26,890)** |

Deferred tax (cont'd)

| 2013 | The Group Balance at 1/1 GH¢'oo | Movement during the year GH¢'000 | Balance at 31/12 GH¢'000 | The Bank Balance at 1/1 GH¢'000 | Movement during the year GH¢'000 | Balance at 31/12 GH¢'000 |
|---|---|---|---|---|---|---|
| **Recognised in profit and loss** | | | | | | |
| Accelerated depreciation | 5,689 | (392) | 5,297 | 5,689 | (392) | 5,297 |
| Provision for loan impairment | (3,234) | 79 | (3,155) | (3,234) | 79 | (3,155) |
| Employee benefit obligations | (11,537) | (124) | (11,661) | (11,537) | (124) | (11,661) |
| | **(9,082)** | **(436)** | **(9,519)** | **(9,082)** | **(437)** | **(9,519)** |
| | | | | | | |
| **Recognised in OCI** | | | | | | |
| Employee benefit obligations | (2,701) | (3,758) | (6,459) | (2,701) | (3,758) | (6,459) |
| Fair value gains on available for sale investments | 159 | 366 | 525 | 79 | 404 | 483 |
| | **(2,542)** | **(3,392)** | **(5,934)** | **(2,622)** | **(3,354)** | **(5,976)** |
| **Net asset** | **(11,624)** | **(3,829)** | **(15,453)** | **(11,704)** | **(3,791)** | **(15,495)** |

## 19. NATIONAL FISCAL STABILISATION LEVY

The National Fiscal Stabilisation Levy Act, 2013 (862) was introduced in 2013 and is effective prospectively from July 2013 with an eighteen (18) months tenure. On 31 December 2014, Act (862) was amended by Act (882) to extend the date of expiration of the national fiscal stabilization levy and to provide for related matters. Under the amendment Act, the levy is payable in respect of profit before tax for the 2013, 2014, 2015, 2016 and 2017 years of assessment.

Under the Act, an additional 5% levy, which is payable quarterly, is charged on profit before tax of selected entities, including Banks.

## 20. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

| | The Group 2014 GH¢'000 | 2013 GH¢'000 | The Bank 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|---|---|
| Profit attributable to equity holders | 282,148 | 229,199 | 270,057 | 223,508 |
| | | | | |
| Weighted average number of ordinary shares | 265,000 | 265,000 | 265,000 | 265,000 |
| Basic earnings per share (expressed in Ghana pesewas per share) | 106 | 86 | 102 | 84 |
| | | | | |
| Diluted earnings per share (expressed in Ghana pesewas per share) | **106** | 86 | **102** | 84 |

## 21. CASH AND CASH EQUIVALENTS

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Cash on hand | 197,441 | 95,804 | 197,441 | 95,804 |
| Balance with Bank of Ghana | 311,133 | 105,759 | 311,133 | 105,759 |
| Items in the course of collection | 172,655 | 113,984 | 172,655 | 113,984 |
| Accounts with other Banks | 76,852 | 23,250 | 76,852 | 23,250 |
| | **758,081** | 338,797 | **758,081** | 338,797 |

Cash and cash equivalents include cash reserves of GH¢44,000,000 (2013: GH¢106,000,000) maintained as part of the cash reserve requirements of the Central Bank.

## 22. GOVERNMENT SECURITIES

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| At 1 January | 1,711,957 | 1,553,301 | 1,711,948 | 1,553,292 |
| Additions | 1,809,827 | 1,680,051 | 1,804,799 | 1,680,014 |
| Redeemed on maturity | (1,741,344) | (1,582,421) | (1,741,306) | (1,582,384) |
| Accrued income | 81,896 | 61,026 | 81,896 | 61,026 |
| At 31 December | 1,862,336 | 1,711,957 | 1,857,337 | 1,711,948 |
| | | | | |
| Maturing within 90 days of acquisition | 79,075 | 59,784 | 79,065 | 59,775 |
| Maturing after 90 days but within 182 days | 229,403 | 229,403 | 439,966 | 229,403 |
| Maturing after 182 days of acquisition | 69,216 | 124,602 | 69,216 | 124,602 |
| Maturing after 1 year of acquisition | 1,484,642 | 1,298,168 | 1,269,090 | 1,298,168 |
| | **1,862,336** | 1,711,957 | **1,857,337** | 1,711,948 |

There was no indication of impairment of government securities held at the year end.

## 23. ADVANCES TO BANKS

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Placements with Bank of Ghana | - | 50,000 | - | 50,000 |
| Placements with other Banks | 107,407 | 120,321 | 107,407 | 120,321 |
| | 107,407 | 170,321 | 107,407 | 170,321 |
| | | | | |
| Current | 107,407 | 120,321 | 107,407 | 120,321 |
| Non-current | - | 50,000 | - | 50,000 |

## 24. LOANS AND ADVANCES TO CUSTOMERS

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Term Loans | 1,145,594 | 776,233 | 1,145,594 | 776,233 |
| Overdraft | 174,058 | 284,515 | 174,058 | 284,515 |
| Staff loans | 39,295 | 34,954 | 39,295 | 34,954 |
| **Gross loans and advances to customers** | **1,358,947** | 1,095,702 | **1,358,947** | 1,095,702 |
| Allowance for impairment | (118,370) | (134,995) | (118,370) | (134,995) |
| Net loans and advances to customers | **1,240,577** | 960,707 | **1,240,577** | 960,707 |
| | | | | |
| Current | 212,620 | 433,004 | 212,620 | 433,004 |
| Non-current | 1,027,957 | 527,703 | 1,027,957 | 527,703 |
| | | | | |
| **Analysis of allowance for impairment** | | | | |
| Loan impairment | 118,370 | 134,995 | 118,370 | 134,995 |
| | | | | |
| *Analysis of impairment allowance* | | | | |
| Specific impairment | 103,189 | 123,007 | 103,189 | 123,007 |
| Collective impairment | 15,181 | 11,988 | 15,181 | 11,988 |
| | **118,370** | 134,995 | **118,370** | 134,995 |
| | | | | |
| **Specific allowance for impairment** | | | | |
| Balance at 1 January | 123,007 | 132,629 | 123,007 | 132,629 |
| Charge/(release) for the year (Note 16) | 20,639 | (9,622) | 20,639 | (9,622) |
| Reversals on derecognition | (40,457) | - | (40,457) | - |
| Balance at 31 December | **103,189** | 123,007 | 103,189 | 123,007 |
| | | | | |
| **Collective allowance for impairment** | | | | |
| Balance at 1 January | 11,988 | 12,935 | 11,988 | 12,935 |
| Charge/(release) for the year (Note 16) | 3,193 | (947) | 3,193 | (947) |
| Balance at 31 December | **15,181** | 11,988 | **15,181** | 11,988 |
| Total allowance for impairment | **118,370** | 134,995 | **118,370** | 134,995 |

## 25. INVESTMENT SECURITIES – AVAILABLE FOR SALE

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| At 1 January | 6,660 | 5,196 | 4,900 | 3,282 |
| Changes in fair value (Note 38) | 1,898 | 1,464 | 1,911 | 1,618 |
| Change in fair value (prior year adjustment) | 53 | - | - | - |
| At 31 December | 8,611 | 6,660 | 6,811 | 4,900 |

This represents investments in the ordinary shares of a number of listed companies.

## 26. INVESTMENT IN SUBSIDIARY

### a. Significant subsidiaries

Development Finance & Holdings Limited, an entity incorporated in Ghana that engages in equity investments is the only subsidiary of the Bank.

The Bank's holding in this entity is as set out below:

| | | The Bank | |
|---|---|---|---|
| | % Ordinary shares | 2014 GH¢'000 | 2013 GH¢'000 |
| Development Finance & Holdings Limited | 100 | 0.02 | 0.02 |

### b. Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities.

## 27. INVESTMENT IN ASSOCIATES

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| At 1 January | 41,013 | 37,242 | 30,126 | 30,126 |
| Share of associate profit | 15,792 | 8,695 | - | - |
| Share of associate OCI | (1,515) | - | - | - |
| Dividend received | (5,822) | (4,924) | - | - |
| At 31 December | **49,468** | 41,013 | **30,126** | 30,126 |

The Group has two associates that are material to the Group, both of which are equity accounted for. They are Ghana International Bank (GIB) and Activity Venture Finance Company (AVF).

| | Ghana International Bank | Activity Venture Finance Co |
|---|---|---|
| The relationship with the Group | Strategic investment that facilitates the Group's international trade | No direct relationship to the Group's operations |
| Principal place of business/country of incorporation | London, United Kingdom | Accra, Ghana |
| Ownership interest/voting rights | 20% (2012: 20%) | 40% (2012: 40%) |
| Fair value of ownership interest (if listed) | N/A | N/A |

### Financial Statements Extract of Associates

| | G I B | | A V F | | Total | |
|---|---|---|---|---|---|---|
| | 2014 GH¢'00 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Revenue** | **139,318** | 54,522 | **86** | 128 | **139,404** | 54,650 |
| | | | | | | |
| Profit from continuing operations | 79,960 | 43,032 | (500) | (518) | 79,460 | 42,514 |
| Other comprehensive income | (7,577) | 1,480 | - | - | (7,577) | 1,480 |
| **Total comprehensive income** | 72,383 | 44,512 | (500) | (518) | 71,883 | 43,994 |
| | | | | | | |
| **Attributable to investee's shareholders** | **72,383** | 44,512 | **(500)** | (518) | **71,883** | 43,994 |
| | | | | | | |
| Total assets | 3,506,909 | 2,444,805 | 3,226 | 3,927 | 3,510,135 | 2,448,732 |
| Total liabilities | (2,786,742) | (2,026,462) | (18) | (214) | (2,786,760) | (2,026,676) |
| **Net assets** | **720,167** | 418,343 | **3,208** | 3,713 | **723,375** | 422,056 |
| **Attributable to investee's shareholders** | **720,167** | 418,343 | **(3,208)** | 3,713 | **723,375** | 422,056 |
| | | | | | | |
| Group's interest in net assets at 1 January | 39,563 | 35,585 | 1,450 | 1,657 | 41,013 | 37,242 |
| Total comprehensive income to the Group | 14,477 | 8,902 | (200) | (207) | 14,277 | 8,695 |
| Dividends received during the year | (5,822) | (4,924) | - | - | (5,822) | (4,924) |
| **Group's interest at 31 December** | **48,218** | 39,563 | **1,250** | 1,450 | **49,468** | 41,013 |

## 28. INVESTMENT IN OTHER EQUITY SECURITIES

| | The Group | | | The Bank | | |
|---|---|---|---|---|---|---|
| | Ordinary shares % | 2014 GH¢'000 | 2013 GH¢'000 | Ordinary shares % | 2014 GH¢'000 | 2013 GH¢'000 |
| National Investment Bank | 2.5 | 29 | 29 | 2.5 | 29 | 29 |
| CDH Financial Holdings | 7.1 | 6 | 6 | 7.1 | 6 | 6 |
| Securities Discount Company | 1.1 | 16 | 16 | 1.1 | 16 | 16 |
| Fidelity Bank | 0.6 | 62 | 62 | 0.6 | 62 | 62 |
| Vacuum Salt Project Limited | 10 | 1 | 1 | - | - | - |
| Accra Markets Limited | 25 | 25 | 25 | - | - | - |
| Ghana Community Network | 10 | 108 | 108 | - | - | - |
| | | **247** | 247 | | **113** | 113 |

## 29. PROPERTY AND EQUIPMENT

### The Group

| 2014 | Leasehold land & buildings GH¢'00 | Furniture & equipment GH¢'000 | Computers GH¢'00 | Motor vehicles GH¢'000 | Capital work in progress GH¢'000 | Total GH¢'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2014 | 50,857 | 69,356 | 38,578 | 5,107 | 1,229 | 165,127 |
| Additions | 970 | 22,800 | 25,900 | - | 14,002 | 63,672 |
| Disposals | - | (99) | - | (44) | - | (143) |
| At 31 December 2014 | 51,827 | 92,057 | 64,478 | 5,063 | 15,231 | 228,656 |
| | | | | | | |
| **Depreciation** | | | | | | |
| At 1 January 2014 | 9,244 | 42,127 | 29,346 | 3,011 | - | 83,728 |
| Charge for the year | 1,047 | 12,406 | 6,853 | 829 | - | 21,135 |
| Released on disposals | - | (99) | - | (44) | - | (143) |
| At 31 December 2014 | 10,291 | 54,434 | 36,199 | 3,796 | - | 104,720 |
| | | | | | | |
| **Net book value** | | | | | | |
| At 31 December 2014 | **41,536** | **37,623** | **28,279** | **1,267** | **15,231** | **123,936** |

## 29. PROPERTY AND EQUIPMENT (cont'd)

### The Bank

| 2013 | Leasehold land & buildings GH¢'oo | Furniture & equipment GH¢'ooo | Computers GH¢'oo | Motor vehicles GH¢'ooo | Capital work in progress GH¢'ooo | Total GH¢'ooo |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2013 | 49,247 | 56,774 | 30,819 | 4,516 | 2 | 141,358 |
| Additions | 1,613 | 12,646 | 7,805 | 715 | 1,227 | 24,006 |
| Disposals | (1) | (64) | - | (124) | - | (189) |
| Write-off | (2) | - | (46) | - | - | (48) |
| At 31 December 2013 | 50,857 | 69,356 | 38,578 | 5,107 | 1,229 | 165,127 |
| | | | | | | |
| **Depreciation** | | | | | | |
| At 1 January 2013 | 8,205 | 31,788 | 25,559 | 2,402 | - | 67,954 |
| Charge for the year | 1,040 | 10,403 | 3,795 | 733 | - | 15,971 |
| Released on disposals | (1) | (64) | - | (124) | - | (189) |
| Released on write-off | - | - | (8) | - | - | (8) |
| At 31 December 2013 | 9,244 | 42,127 | 29,346 | 3,011 | - | 83,728 |
| | | | | | | |
| **Net book value** | | | | | | |
| At 31 December 2013 | **41,613** | **27,229** | **9,232** | **2,096** | **1,229** | **81,399** |

There was no indication of impairment of property and equipment held by the Group at 31 December 2014 (2013: nil). None of the property and equipment of the Group had been pledged as securities for liabilities and there were no restrictions on the title of any of the Group's property and equipment at the reporting date and at the end of the previous year.

### Contractual commitment for the acquisition of property and equipment

Contractual commitments for the acquisition of property and equipment not provided for in the financial statements as at 31 December 2014 was GH¢710,385 (2013: GH¢376,742).

### Disposal of property and equipment

| | 2014 GH¢'ooo | 2013 GH¢'ooo |
|---|---|---|
| Cost | 143 | 189 |
| Accumulated depreciation | (143) | (189) |
| Net book value | - | - |
| Sales proceeds | 42 | 121 |
| Profit on disposal | **42** | 121 |

## 30. INTANGIBLE ASSETS

### The Group and The Bank

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| **Cost** | | |
| At 1 January | 13,077 | 11,239 |
| Acquisitions | 11,164 | 3,225 |
| Write-off | - | (1,387) |
| At 31 December | 24,241 | 13,077 |
| | | |
| **Accumulated amortisation** | | |
| At 1 January | 9,123 | 7,177 |
| Charge for the year | 2,956 | 2,023 |
| Release on write-off | - | (77) |
| At 31 December | 12,079 | 9,123 |
| **Net book value** | **12,162** | 3,954 |

Intangible assets represent licenses for computer software. There was no indication of impairment of intangible assets held by the Group at the reporting date and at the end of the previous year.

## 31. OTHER ASSETS

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Account receivables | 54,313 | 63,898 | 53,893 | 62,920 |
| Prepayments | 9,708 | 10,420 | 9,708 | 10,420 |
| | **64,021** | 74,318 | **63,601** | 73,340 |
| | | | | |
| Current | 27,828 | 43,556 | 27,408 | 42,578 |
| Non-current | 36,193 | 30,762 | 36,193 | 30,762 |

## 32. DEPOSITS FROM CUSTOMERS

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Current accounts | 1,488,625 | 1,171,884 | 1,491,875 | 1,176,213 |
| Savings accounts | 1,321,929 | 1,170,726 | 1,321,929 | 1,170,726 |
| Time deposits | 264,267 | 282,365 | 264,267 | 283,344 |
| | **3,074,821** | 2,624,975 | **3,078,071** | 2,630,283 |
| | | | | |
| Current | 3,074,821 | 2,624,975 | 3,078,071 | 2,630,283 |

The twenty largest depositors made up 14% of total deposits at the year end (2013: 24%).

## 33. OTHER LIABILITIES

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| Creditors | 45,139 | 91,304 | 45,139 | 91,304 |
| Accruals | 15,767 | 17,051 | 15,709 | 17,023 |
| Other liabilities | 202,899 | 24,347 | 202,899 | 24,347 |
| | **263,805** | 132,702 | **263,747** | 132,674 |
| | | | | |
| Current | 184,229 | 127,590 | 184,171 | 127,562 |
| Non-current | 79,576 | 5,112 | 79,576 | 5,112 |

Included in other liabilities is a provision of GH¢69,184,733 made in respect of staff rationalisation. The Board and management had approved and commenced the process for staff rationalization programme as at 31 December 2014.

## 34. BORROWINGS

| | At 1/1/14 GH¢'00 | Repayment of Principal GH¢'000 | Exchange differences GH¢'00 | Accrued interest GH¢'000 | At 31/12/14 GH¢'000 |
|---|---|---|---|---|---|
| Government of Ghana | 108,149 | - | 51,857 | 3,022 | 163,028 |

A loan of US$50 million was made available to the Bank by Bank of Ghana (BOG) on 19 February 2009. This loan was advanced by BOG to enable the Bank meet maturing obligations in respect of letters of credit established on behalf of Tema Oil Refinery (TOR). The loan attracts interest at a rate of 2.234% per annum, which is payable quarterly. In 2013, the amount due to Bank of Ghana was taken over by the Government of Ghana through the Ministry of Finance and Economic Planning, therefore the Bank is no longer indebted to Bank of Ghana at 31 December 2014.

## 35. EMPLOYEE BENEFIT OBLIGATIONS

### Post-employment and long-term benefit plan

Apart from the legally required social security scheme, the Bank contributes to the following post-employment defined benefit plans.

- Plan A - long service awards accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees leaving the service of the Bank after twenty (20) years through retirement (both voluntary and compulsory) or resignation become eligible for cash payments equivalent to their current entitlement at the time of retirement or resignation based on their length of service.
- Plan B - The Bank pays monthly pension benefits to retired employees, under a closed defined benefit pension scheme. Under this scheme, beneficiaries are paid pensions equal to 60% of the net basic salaries of their serving counterparts.
- Plan C - The Bank also pays post retirement medical care of its staff.

These defined benefit plans expose the Bank to Actuarial risks, such as longevity risk, interest rate risk and market (investment risk).

### Movement in defined benefit liability

The following table shows a reconciliation of the opening and closing balances of the net defined benefit liability and its components.

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| Balance at 1 January | 61,677 | 46,150 |
| **Included in profit and loss** | | |
| Current service costs | 443 | 453 |
| Interest costs | 10,584 | 8,477 |
| | **11,027** | 8,930 |
| | | |
| **Included in other comprehensive income** | | |
| Re-measurement of loss (gain) | | |
| - Actuarial loss (gain) arising from: | | |
| - Financial assumptions | 3,631 | 7,953 |
| - Experience | 503 | 7,080 |
| | **4,134** | 15,033 |
| **Other** | | |
| Benefit paid | (8,761) | (8,436) |
| **Balance at 31 December** | 68,077 | 61,677 |
| | | |
| **Represented by:** | | |
| Net defined benefit liability (Plan A) | 1,073 | 1,293 |
| Net defined benefit liability (Plan B) | 52,636 | 47,320 |
| Net defined benefit liability (Plan C) | 14,368 | 13,064 |
| | **68,077** | 61,677 |

### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

| | 2014 % | 2013 % |
|---|---|---|
| Discount rate | 21.00 | 18.33 |
| Future salary growth | 13.00 | 15.00 |
| Future pension growth | 10.00 | 10.00 |
| Medical inflation | 10.00 | 10.00 |

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions shown below, holding other assumptions constant, would have affected the defined benefit obligation by the following amounts shown below.

| | 31 December 2014 | | 31 December 2013 | |
|---|---|---|---|---|
| | Increase GH¢'000 | Decrease GH¢'000 | Increase GH¢'000 | Decrease GH¢'000 |
| Discount rate (2% movement) | (7,732) | 10,349 | (5,908) | 11,257 |
| Future pension growth (2% movement) | 5,869 | (5,869) | 5,470 | (5,470) |
| Medical inflation (2% movement) | **9,209** | **(9,209)** | 13,337 | (13,337) |

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

## 36. STATED CAPITAL

| | No. of shares | | Proceeds | |
|---|---|---|---|---|
| **Bank** | **2014 '000** | **2013 '000** | **2014 '000** | **2013 '000** |
| *Authorized:* | | | | |
| Ordinary shares of no par value | 1,500,000 | 1,500,000 | - | - |
| | | | | |
| *Issued:* | | | | |
| Issued for cash | 115,000 | 115,000 | 60,030 | 60,030 |
| Transfer from retained earnings | 86,500 | 86,500 | 343 | 343 |
| Transfer from retained earnings | - | - | 10,000 | 10,000 |
| Capitalization of reserves | 1,000 | 1,000 | 2 | 2 |
| Transfer from capital surplus | 62,500 | 62,500 | 1,625 | 1,625 |
| Transfer from retained earnings | - | - | 28,000 | 28,000 |
| **At 31 December** | **265,000** | 265,000 | **100,000** | 100,000 |

There is no unpaid liability and no call or installment unpaid on any share. There is no share in treasury.

## 37. RETAINED EARNINGS

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| At 1 January | 215,224 | 113,855 | 197,280 | 101,602 |
| Profit for the year | 282,148 | 229,199 | 270,057 | 223,508 |
| Dividend paid | (55,650) | (47,700) | (55,650) | (47,700) |
| Transfer to statutory reserve (Note 39) | (33,757) | (55,877) | (33,757) | (55,877) |
| Transfer from credit risk reserve (Note 40) | 1,211 | 4,885 | 1,211 | 4,885 |
| Transfer to stated capital | - | (28,000) | - | (28,000) |
| Tax on transfer to stated capital | - | (1,138) | - | (1,138) |
| **At 31 December** | **409,176** | 215,224 | **379,141** | 197,280 |

## 38. FAIR VALUE RESERVE

*Available for sale instruments*

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| At 1 January | 2,082 | 984 | 1,117 | (97) |
| Changes in fair value of investment securities (Note 25) | 1,898 | 1,464 | 1,911 | 1,618 |
| Share of associate OCI | (1,515) | - | - | - |
| Deferred tax | (475) | (366) | (478) | (404) |
| **At 31 December** | **1,990** | 2,082 | **2,550** | 1,117 |

## 39. STATUTORY RESERVE

Statutory reserve represents cumulative amounts set aside from annual profits after tax required under the Banking Act. The proportion of net profits transferred to reserves ranges from 12.5% to 50% of net profit after tax, depending on the relationship that the balance on statutory reserves bears to paid up capital.

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| At 1 January | 145,748 | 89,871 | 145,748 | 89,871 |
| Transfer from retained earnings | 33,757 | 55,877 | 33,757 | 55,877 |
| **At 31 December** | **179,505** | 145,748 | **179,505** | 145,748 |

## 40. CREDIT RISK RESERVE

Credit risk reserve represents the cumulative balance of amounts transferred from/to retained earnings to meet gaps in impairment allowances based on Bank of Ghana's provisioning guidelines and IFRS.

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014<br>GH¢'000 | 2013<br>GH¢'000 | 2014<br>GH¢'000 | 2013<br>GH¢'000 |
| At 1 January | 22,384 | 27,269 | 22,384 | 27,269 |
| Transfer to retained earnings | (1,211) | (4,885) | (1,211) | (4,885) |
| **At 31 December** | **21,173** | 22,384 | **21,173** | 22,384 |

## 41. OTHER RESERVES

Other reserves represent actuarial gains and losses on pension obligations recognized through other comprehensive income.

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014<br>GH¢'000 | 2013<br>GH¢'000 | 2014<br>GH¢'000 | 2013<br>GH¢'000 |
| At 1 January | (19,373) | (8,098) | (19,373) | (8,098) |
| Actuarial loss | (4,134) | (15,033) | (4,134) | (15,033) |
| Deferred tax | 1,034 | 3,758 | 1,034 | 3,758 |
| **At 31 December** | **(22,473)** | (19,373) | **(22,473)** | (19,373) |

## 42. CONTINGENT LIABILITIES AND COMMITMENTS

### Off balance sheet items

As with other banks, the Bank engages in business activities involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties, the nominal amounts of which are not reflected in the statements of financial position.

### Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Other contingent liabilities include transaction related customs and performance bonds and are generally short-term commitments to third parties.

Commitments to lend to a customer in the future are made subject to certain conditions. Such commitments are either made for a fixed period or agreed maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Bank to make payments to third parties on the production of documents, which are usually reimbursed immediately by customers. Customers are required to deposit cash in a margin account in respect of documentary and commercial letters of credit.

### Nature of instruments (cont'd)

The following summarize the nominal principal amounts of contingent liabilities and commitments with off-balance sheet risks.

| | The Group | | The Bank | |
|---|---|---|---|---|
| | 2014 GH¢'000 | 2013 GH¢'000 | 2014 GH¢'000 | 2013 GH¢'000 |
| **Contingent liabilities** | | | | |
| Guarantees and indemnities | 285,424 | 282,853 | 285,424 | 282,853 |
| Documentary and commercial letters of credit | 51,376 | 54,204 | 51,376 | 54,204 |
| | 336,800 | 337,057 | 336,800 | 337,057 |
| **Commitments** | | | | |
| Loan commitments | 22,190 | 20,448 | 22,190 | 20,448 |
| | **358,990** | 357,505 | **358,990** | 357,505 |

### Legal proceedings

There were a number of legal proceedings pending against the Bank at 31 December 2014 and 2013. Some of these cases have been brought against the Bank by former employees, customers and others. Potential liabilities have been estimated at GH¢3,102,744 (2013: GH¢3,152,990).

The Bank made a payment of GH¢20,126,873 in a legal settlement, the final outcome of which is yet to be established in the law courts of Ghana. When final judgment is determined and the Bank is successful, the charge to Profit & Loss in 2014 shall be released in the period of the determination and made receivable from the other parties to the suit together with all other reliefs the Bank is pursuing in the said legal suit.

## 43. SOCIAL RESPONSIBILITY COST

A total of GH¢1,384,000 (2013: GH¢644,327) was spent under the Group's social responsibility programme.

## 44. RELATED PARTY TRANSACTIONS

*a. Transactions with executive directors and key management personnel*

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group (directly or indirectly) and comprise the Directors and Senior Management of GCB Bank Limited.

There were no material transactions with companies in which a Director or other members of key management personnel (or any connected person) is related.

No provisions have been made in respect of loans to Directors or other members of key management personnel (or any connected person).

Remuneration of Executive Directors and other key management personnel.

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| Salaries and other short-term benefits | 4,936 | 4,021 |
| Post-employment benefits | 46 | - |
| | **4,982** | 4,021 |

## 44. RELATED PARTY TRANSACTIONS (cont'd)

*a. Transactions with executive directors and key management personnel (cont'd)*

Details of transactions and balances between the Bank and Executive Directors and other key management personnel are as follows:

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| **Loans** | | |
| Loans outstanding at 1 January | 581 | 533 |
| Net movement | (69) | 48 |
| Loans outstanding at 31 December | **512** | 581 |
| | | |
| Interest income | 11 | 33 |
| | | |
| **Deposits** | | |
| Deposits at 1 January | 225 | 374 |
| Net movement during the year | 39 | (149) |
| Deposits at 31 December | **264** | 225 |
| | | |
| Interest expense | **37** | 23 |

Loans to Executive Directors and key management personnel include housing, car and other personal loans which are given under terms that are no more favourable than those given to other staff. No impairment has been recognized in respect of loans granted to Executive Directors and key management personnel at 31 December 2014 and 2013. The housing and car loans are secured by the underlying assets. All other loans are unsecured.

*b. Transactions with non-executive directors*

No loans were advanced to non-executive Directors during the year. There were no balances outstanding on account of loans due from non-executive Directors at the year end.

Fees and allowances paid to non-executive Directors during the year amounted to GH¢958,568 (2013: GH¢282,350).

*c. Transactions and balances with subsidiary*

Development Finance & Holdings Limited

Fixed deposit investments are placed with the Bank. The subsidiary's current account is held with the Bank. Interest accrues on these placements at normal commercial rates.

*c. Transactions and balances with subsidiary (cont'd)*

Balances due to/from the subsidiary at the year end were as follows:

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| *Other Assets* | | |
| Amounts due from subsidiary in respect of unpaid expenses | 28 | 20 |
| | | |
| *Other Liabilities* | | |
| Interest payable on investments placed | - | 60 |

The Bank entered into the following transactions with the subsidiary:

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| Interest paid on investments | 63 | 39 |
| Investments redeemed during the year | 919 | - |

*d. Transactions and balances with associates*

Balances due to/from associates at year end were as follows:

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| Overnight placements (Foreign) | 26,866 | 18,680 |
| Current account balances (Foreign) | 70,801 | 24,826 |
| *Current account balances (Local)* | 89 | 89 |

The Group entered into the following transactions with its associates:

| | 2014 GH¢'000 | 2013 GH¢'000 |
|---|---|---|
| Dividend received | 5,822 | 4,924 |
| Interest received on current account balances (foreign) | 15 | 61 |

*e. Government of Ghana*

The Government of Ghana directly holds 21.36% shares in GCB Bank Limited and 51.17% indirectly through its shareholding in SSNIT.

In 2013, the amount due to Bank of Ghana of GH¢163,028,000 was taken over by the Government of Ghana through the Ministry of Finance and Economic Planning, therefore the Bank is no longer indebted to Bank of Ghana.

## 45. DIVIDEND PER SHARE

The Directors wish to propose a final dividend of GHp32 (2013: GHp25) per share amounting to GH¢84,800,000 (2013: GH¢66,250,000) at the forthcoming annual general meeting.

## 46. SUBSEQUENT EVENTS

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

# Appendix 1

## Shareholders' Information

### Number of shareholders

The Bank had 94,241 ordinary shareholders at 31 December 2014 distributed as follows:

| Category | No. of holders | No of shares | % of shares held |
|---|---|---|---|
| 1-1,000 | 86,787 | 19,137,578 | 7.22 |
| 1,001-5,000 | 6,460 | 14,185,105 | 5.35 |
| 5,001-10,000 | 585 | 4,358,803 | 1.65 |
| Above 10,000 | 409 | 227,318,514 | 85.78 |
| **Total** | **94,241** | **265,000,000** | **100** |

### Directors' Shareholders

The Directors named below held the following number of shares in the Bank at 31 December 2014:

| | No of shares | % Holding |
|---|---|---|
| Simon Dornoo | 100,164 | 0.0378 |
| Daniel Owiredu | 3,000 | 0.0011 |
| John Awuah | 6,000 | 0.0023 |
| Samuel Sarpong | 1,000 | 0.0003 |
| Moses Asaga | 400 | 0.0002 |
| Ernest K. Okoh | 4,000 | 0.0015 |
| | **114,564** | **0.0432** |

# Appendix 1 (cont'd)

## 20 Largest Shareholders

| | Share Holding | Percentage Holding |
|---|---|---|
| Social Security and National Insurance Trust | 79,000,000 | 29.81 |
| GH/GV Act. By Ministry of Finance & Economic Planning | 56,608,613 | 21.36 |
| SCBN/Northern Trust Global Services Limited | 18,001,604 | 6.79 |
| Daniel Ofori | 10,095,736 | 3.81 |
| SCBN/PICTET Africa Non Tax 6275J | 5,566,090 | 2.10 |
| SCBN/SSB& TAS Custodian Re SQM Frontier Africa Master FD, Limited FD-SQM1 | 3,983,878 | 1.50 |
| SCBN/Northern Trust co AVFC 6314B | 3,725,949 | 1.41 |
| GCB Staff Provident Fund | 2,996,695 | 1.13 |
| SCGN/JPMC Re Duet Africa Opportunities Master Fund c/o SCB GH. Ltd | 2,008,867 | 0.76 |
| Ghana Reinsurance Company Limited | 1,799,651 | 0.68 |
| SCBN/SSB Teacher Retirement Systems of Texas FD | 1,790,000 | 0.68 |
| SCGN/CITIBANK London OP- Africa Fund (Non-UCITS) | 1,657,174 | 0.63 |
| Ghana Cocoa Board | 1,600,000 | 0.60 |
| SCBN/SSB Eaton Vance Structure Emerging Mkt. Fund | 1,554,441 | 0.59 |
| SCBN/Epack Investment Fund Limited - Transaction Account | 1,521,000 | 0.57 |
| SCBN/SSB Eaton Vance Tax-Managed Emerging Mkt. Fund | 1,384,370 | 0.52 |
| SCBN/CITIBank NY Eaton Vance International (Ireland) FDS Plc-Eaton Vance Int (IRE) PPA Emer Mkts EQT FD | 1,245,700 | 0.47 |
| SCGN/DZ Private Bank S.A Re Silk-African Lions Fund C/O Standard Chartered Bank Ghana Limited | 1,242,317 | 0.47 |
| STD NOMS (TVL) Pty/BNYM SANV/Advanced Series Trust-AST Parametrics emerging markets equity portfolio | 1,190,800 | 0.45 |
| SCGN/SSB and Trust AS Custodian for Wasatch Frontier Emerging Small Countries Fund | 1,126,700 | 0.43 |
| | **198,099,585** | **74.76** |
| Others | 66,900,415 | 25.24 |
| | **265,000,000** | **100.00** |

*Control rights: Each share is entitled to the same voting rights.*

Changes in shareholding: For the financial year ended 31 December 2014, there were no material changes to the shareholding structure of the Bank.

# List of Branches

| | | |
|---|---|---|
| **Accra High Street** | P.O. Box 2971, Accra<br>highstreetmgr@gcb.com.gh | Mgr:0302- 662337<br>Fax: 0302-673496<br>Ops. Mgr: 0302-672857<br>Cables Dept.: 0302-673493<br>Current/savings Dept: 0302-662508<br>Foreign Desk: 0302-662434 |
| **Kotoka International Airport** (Agency) | c/o P.O. BOX 2971, Accra | |
| **Kotoka Int Airport** (Aviance Agency) | -do- | |
| **Diamond House** PMMC (Agency) | P.O. Box 2971, Accra | Dir.Line : 0302-662094<br>0302-664931(Ext. 147) |

## ACCRA ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box NT 96<br>Accra New Town<br>areaaccra@gcb.com.gh | 0302-222641, 225928<br>Mgr: 0302-249772<br>Fax: 0302-236671 |
| **Accra New Town** | accranewtownmgr@gcb.com.gh | Mgr/Fax: 0302-236935,<br>Office: 0302- 222641 |
| **Zonal Legal Officer** | -do- | 0302-249773<br>Fax: 258448 |
| **Kwame Nkrumah Circle Branch** | P.O. Box AN 5709, Accra-North<br>circlemgr@gcb.com.gh | 0302-246008-15<br>Mgr: 257616<br>Fax: 246035 |
| **Liberty House** | P.O. Box 4443, Accra<br>libertymgr@gcb.com.gh | 0302-666631-7<br>Mgr: 0302-663556<br>Fax: 0302-663556 |
| **Republic House** | P.O. Box 5550, Accra-North<br>republicmgr@gcb.com.gh | 0302-680355, 681810, 681862<br>Fax: 0302-681812 |
| **Dome Branch** | P. O box Kw247,<br>Kwabenya-Atomic<br>domemgr@gcb.com.gh | 0302-420039/420041,<br>Fax: 0302-420040 |
| **Ring Road West** | P. O. Box ST 498,<br>Kaneshie, Accra<br>rrwmgr@gcb.com.gh | 0302-224703, 225605<br>Fax: 0302-225270 |
| **Kaneshie Market** | P.O. Box 171, Kaneshie<br>kanmktmgr@gcb.com.gh | 0302- 229005/227568<br>Fax: 0302-227568 |
| **Kaneshie Industrial Area** | P. O. Box 12513, Accra North<br>kanindmgr@gcb.com.gh | 0302-220551/220591<br>Fax: 0302-220591 |
| **Derby Avenue** | P.O. Box GP4832, Accra<br>derbymgr@gcb.com.gh | 0302-664191/2<br>Fax: 0302-665847 |
| **Boundary Road** | P.O. Box 819, Accra<br>boundaryroadmgr@gcb.com.gh | Fax: 0302-672402<br>Tel:0302-682992/3 |
| **Osu** | P.O. Box 0212, Osu, Accra<br>osumgr@gcb.com.gh | Fax: 0302-774456,<br>Mgr: 020-2011912<br>0302-782712,782798/9 |

# List of Branches

| | | |
|---|---|---|
| **Ministries** | P.O. Box M.88, Accra<br>ministriesmgr@gcb.com.gh | 0302-673950<br>Fax: 0302-674150 |
| **Korle-Bu** | P.O. Box 3852, Accra<br>korlebumgr@gcb.com.gh | 0302-666521<br>Mgr: 0302- 666524<br>Fax:0302-666522 |
| **Trade Fair Site** | P.O. Box 198, Trade Fair Centre, La<br>tradefairmgr@gcb.com.gh | 0302-778274, 774270<br>Fax: 0302-778275 |
| **Burma Camp** | P.O Box B.C. 268<br>Burma Camp, Accra<br>burmacampmgr@gcb.com.gh | 0302-784182/0289546175<br>Fax: 0302-770341 |
| **Makola Market Branch** | P.O. Box 4832, Accra<br>makolamgr@gcb.com.gh | Tel/Fax: 0302-682278 |
| **Kasoa Main** | P. O. Box KS 557, Kasoa<br>kasoamainmgr@gcb.com.gh | 0302-862429/862431<br>Fax: 0302-862430 |
| **Kasoa Market** | P. O. Box KS 557, Kasoa<br>kasoamgr@gcb.com.gh | Mgr: 0302-862881<br>Fax: 0302-862880 |
| **Kisseiman** | P. O. Box AT 1946<br>Achimota<br>kisseimanmgr@gcb.com.gh | Mgr:0302-410444/028795508<br>Fax: 0302-410724 |
| **Tantra Hill** | PMB, Achimota Market Post Office<br>tantrahillmgr@gcb.com.gh | Tel: 0302-413094, 412817<br>Tel/Fax: 0302-412822 |
| **Nima** | P.O. Box, AN 5288<br>Accra-North<br>nimamgr@gcb.com.gh | Mgr: 0302-222439/222441<br>Fax: 0302-222445 |
| **Dansoman** | PMB 17,<br>Dansoman Estates<br>dansomanmgr@gcb.com.gh | Tel: 0302-301410,0241701526<br>Fax: 0302-301454 |
| **Accra North** | P.O.Box 5205<br>Accra-North<br>accranorthmgr@gcb.com.gh | Mgr: 0302-253055<br>Office:0302-223645<br>Fax: 0302-250245 |
| **Abelenkpe** | PMB, Achimota School<br>Accra<br>abelenkpemgr@gcb.com.gh | Mgr:0302-769142<br>Office:0302-769135<br>Fax: 0302-769137 |

# List of Branches

## TEMA ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box 152, Tema<br>areatema@gcb.com.gh | Area Mgr/Fax: 0303-204824<br>0303-410724/202768/9/10 |
| **Zonal Legal Office** | -do- | 0303-212037<br>Fax:0303-212037 |
| **Tema Main** | P.O. Box 152, Tema<br>temamainmgr@gcb.com.gh | Office/Fax- 0303-204346<br>Mgr:0303-202760,202768/9 |
| **Tema Agency(Long Rm.)** | -do- | 0303-204768 |
| **Tema Agency (Golden Jubilee)** | | 0289104444 |
| **Tema Market** | P.O. Box CO173, Tema<br>temamktmgr@gcb.com.gh | Mgr./Fax: 0303-204763<br>Office: 0303-201422/202861 |
| **Evergreen Agency** | | 0303-202094 |
| **Tema Ind. Area** | P.O. Box 8202,<br>Tema Ind Area<br>temaindmgr@gcb.com.gh | Mgr/Fax.-0303-306082<br>Main Line: 0303-302818/300575 |
| **Tema Fishing Harbour** | P.O. Box 281,<br>Fishing Hbr.<br>temahrbmgr@gcb.com.gh | Office: 0303-202413<br>Tel/Fax: 0303-202344 |
| **Tema Safe Bond** | P. O. Box CO 1737<br>Tema<br>safebondmgr@gcb.com.gh | Mgr.: 0303-215588<br>Office: 0303-215576<br>Fax: 0303-215591 |
| **Ashaiman** | P.O. Box AS 199,<br>Ashaitradefairmgr@gcb.com.gh | Mgr/Fax: 0303-306606<br>Office: 0303-307691<br>ashaimanmgr@gcb.com.gh |
| **Legon** | P.O. Box LG 17, Legon<br>legonmgr@gcb.com.gh | Mgr-0302-513131<br>Office: 0302-500644<br>Fax: 0302-500854 |
| **Madina** | P.O. Box 431, Madina<br>madinamgr@gcb.com.gh | Mgr-0302-501240<br>Office: 501241<br>Fax: 0302-500570 |
| **Aburi** | P.O. Box 98, Aburi<br>aburimgr@gcb.com.gh | Office: 03428-22043<br>Fax: 03428-22045, |
| **Mampong-Akwapim** | P.O. Box 54, Mampong-Akwapim<br>makwapimmgr@gcb.com.gh | Tel:03421-95872<br>Mgr:03421-99650<br>Fax:03421-99651 |
| **Akropong Akwapim** | P.O. Box 83, Akropong Akwapim<br>akropongmgr@gcb.com.gh | Office:028-9534865/0277811192<br>Fax:0278787059 |
| **Somanya** | P.O. Box 78, Somanya<br>somanyamgr@gcb.com.gh | Office: 03420-91421/03420-91428<br>Fax: 027-8787060 |
| **Akosombo** | P.O. Box 24, Akosombo<br>akosombomgr@gcb.com.gh | Mgr: 03430-21142<br>Office: 03430-20472<br>Fax: 03430-20530 |

# List of Branches

| | | |
|---|---|---|
| **Akuse** | P. O. Box 40, Akuse<br>akusemgr@gcb.com.gh | Office: 03420-91311<br>Fax: 0377900013 |
| **Tetteh Quarshie Circle** | Private Mail Bag, LG14, Legon<br>ttqmgr@gcb.com.gh | Mgr: 0302- 506221/024-4284764<br>Office: 0302-506198/9<br>Fax: 0302-506223 |
| **Ada** | P. O. Box AF55, Ada Foah<br>adamgr@gcb.com.gh | Mgr: 0303-910412<br>Office: 0303-910411/3 |
| **Spintex Road** | P.O.Box 152 , Spintex<br>spintexroadmgr@gcb.com.gh | Mgr: 0302-816967<br>Office: 0302-816966<br>Fax: 0302-816968 |
| **Nungua** | P.O. Box TN 30, Nungua<br>nunguamgr@gcb.com.gh | Office: 0302-715351/715365<br>Fax: 0302-715366<br>Mgr: 0302-715352 |
| **Adenta Shopping Centre** | P. O. Box AF 2070, Adenta<br>adentashpcntmgr@gcb.com.gh | Mgr: 0302-522541<br>Office: 0302-522543<br>Fax: 0302-522542 |

## KOFORIDUA ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box KF 286, Koforidua<br>areakoforidua@gcb.com.gh | Mgr: 03420-26790<br>26791,23059,23060<br>Fax: 03420-23042 |
| **Koforidua** | -do-<br>koforiduamgr@gcb.com.gh | 03420-23069, 23059<br>03420-26832<br>Fax: 03420-22525 |
| **New Tafo** | P.O. Box 42, New Tafo<br>newtafomgr@gcb.com.gh | Tel:03420-24278, 0244329645<br>Fax:03420-24772 |
| **Suhum** | P.O. Box SU 155, Suhum<br>suhummgr@gcb.com.gh | 03425- 22370<br>Fax: 03425-22121 |
| **Asamankese** | P.O. Box 167, Asamankese<br>asamankesemgr@gcb.com.gh | Mgr: 03420-91135,<br>Ops Mgr: 03420-91011 |
| **Akim Oda** | P.O. Box 364, Akim Oda<br>akimodamgr@gcb.com.gh | Mgr/fax: 03429-22698<br>03429-22124, 22869 |
| **Kade** | P.O. Box 62, Kade<br>kademgr@gcb.com.gh | 0244342494,0277804092<br>Fax: 0278787016 |
| **Nsawam** | P.O. Box 280, Nsawam<br>nsawammgr@gcb.com.gh | 03421-22062,<br>Tel/Fax:03421-22560 |
| **Kibi** | P.O. Box 97, Kibi<br>kibimgr@gcb.com.gh | Tel:03420-96337/8<br>Fax:03420-24112 |
| **Anyinam** | P.O. Box AY46, Anyinam<br>anyinammgr@gcb.com.gh | Mgr:0208179856<br>Ops Mgr: 0244614613<br>Office:03420-96697/03421-90607/8<br>Fax:0278787063 |
| **Nkawkaw** | P.O. Box 272, Nkawkaw<br>nkawkawmgr@gcb.com.gh | Tel:03431-22222<br>Fax:03431-22126 |

# List of Branches

| | | |
|---|---|---|
| **Mpraeso** | P.O. Box 56, Mpraeso<br>mpraesomgr@gcb.com.gh | 03420-99684, 0277605349<br>Fax:0577900071 |
| **Donkorkrom** | P.O. Box 11, Donkorkrom<br>donkorkrommgr@gcb.com.gh. | Mgr.:03424- 22039/03420- 91941<br>Office/Fax: 0577900045 |
| **Konongo** | P.O. Box 137, Konongo<br>konongomgr@gcb.com.gh | Mgr: 03221-24336, 25866,<br>Tel: 03221-24276,<br>Fax: 03221-24209 |
| **Agogo** | P.O. Box AG74, Agogo<br>agogomgr@gcb.com.gh | 03220-92184 |
| **Juaso** | P.O. Box 51, Juaso<br>juasomgr@gcb.com.gh | 03220-94834<br>Fax:0577900072 |

## HO ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box 164, Ho<br>areaho@gcb.com.gh | 03620-28251, 26543<br>Fax: 03620-27598 |
| **Ho Branch** | P.O. Box 164, Ho<br>homgr@gcb.com.gh | 03620 -26436<br>28395, 27597, 27067<br>Mgr:03620-28905<br>Fax: 03620-28396 |
| **Ho Market Branch** | P. O. Box HP 841<br>Ho Market<br>homktmgr@gcb.com.gh | Mgr. /Fax: 03620-26491<br>03620-26459 |
| **Ho Polytechnic** | P. O. Box 164, Ho<br>hopolymgr@gcb.com.gh | Mgr: 03620-27472<br>03620-27451, 27441<br>Fax: 03620-27446 |
| **Hohoe** | P.O. Box 178, Hohoe<br>hohoemgr@gcb.com.gh | 03627-22986/03620-95068<br>Mgr: 03627-22070<br>Fax: 03627-22432 |
| **Dzodze** | P.O. Box DJ88, Dzodze<br>dzodzemgr@gcb.com.gh | 03620-91227/0277811363<br>Fax:0278787045 |
| **Aflao** | P.O. Box AF12, Aflao<br>aflaomgr@gcb.com.gh | Mgr: 03625-31311<br>GCNET: 03625-31119<br>Fax: 03625-30451<br>03625-30207 |
| **Abor** | P. O. Box 48, Abor<br>abormgr@gcb.com.gh | 024-4313679<br>027-7811175<br>Fax: 027-8787054 |
| **Keta** | P.O. Box KW133, Keta<br>ketamgr@gcb.com.gh | Mgr: 03626-42663<br>Fax: 03626-43053<br>Office: 03626-42664 |
| **Akatsi** | P.O. Box 39, Akatsi<br>akatsimgr@gcb.com.gh | Mgr: 03626-44401,<br>Office: 03626-44754<br>Fax: 03626-44499 |

# List of Branches

| | | |
|---|---|---|
| **Dzodze** | P.O. Box DJ88, Dzodze<br>dzodzemgr@gcb.com.gh | 03620-91227/0277811363<br>Fax:0278787045 |
| **Aflao** | P.O. Box AF12, Aflao<br>aflaomgr@gcb.com.gh | Mgr: 03625-31311<br>GCNET: 03625-31119<br>Fax: 03625-30451<br>03625-30207 |
| **Abor** | P. O. Box 48, Abor<br>abormgr@gcb.com.gh | 024-4313679<br>027-7811175<br>Fax: 027-8787054 |
| **Keta** | P.O. Box KW133, Keta<br>ketamgr@gcb.com.gh | Mgr: 03626-42663<br>Fax: 03626-43053<br>Office: 03626-42664 |
| **Akatsi** | P.O. Box 39, Akatsi<br>akatsimgr@gcb.com.gh | Mgr: 03626-44401,<br>Office: 03626-44754<br>Fax: 03626-44499 |
| **Sogakope** | P.O. Box 8, Sogakope<br>sogakopemgr@gcb.com.gh. | Mgr: 027-7811195,<br>Fax: 027-8787062 |
| **Kpando** | P.O. Box 70, Kpando<br>kpandomgr@gcb.com.gh | 03623-50203,<br>Mgr/Fax:03623-50984 |
| **Peki** | P.O. Box 12, Peki<br>pekimgr@gcb.com.gh | Mgr: 0244313094<br>Fax: 0577900044 |
| **Jasikan** | P.O. Box 85, Jasikan<br>jasikanmgr@gcb.com.gh | Mgr: 05425-98548<br>Fax: 027-8787010 |
| **Kadjebi** | P.O. Box 27, Kadjebi<br>kadjebimgr@gcb.com.gh | Mgr: 0249332765,0244168178<br>Fax: 0243361530 |
| **Nkwanta** | P. O Box 56<br>Nkwanta<br>nkwantamgr@gcb.com.gh | Mgr: 0200608464, 0244334835<br>0277808121<br>Fax: 0277878051 |
| **Dambai** | P. O. Box DM38, Dambai<br>Volta Region<br>dambaimgr@gcb.com.gh | Mgr: 0242-214388<br>0272802633,0274528256/024<br>Fax: 027-8787009 |

## KUMASI ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | c/o P.O. Box SE 1212<br>Suame, Kumasi<br>areakumasi@gcb.com.gh | 03220-31604,<br>Fax: 03220-23512 |
| **Area Manager's Secretariat** | -do-<br>areaofficekumasi@gcb.com.gh | 03220-29001, 82812 |
| **GCNet** | | 03220-32525 |
| **Valuation** | P. O Box SE 1212,Suame,Kumasi | Tel/Fax: 03220-26468 |
| **Legal** | P. O Box SE 1212,Suame,Kumasi | 03220-27587 |
| **Corporate Office** | P. O. Box KS 14751, Kumasi | 03220-81884/81888<br>Fax: 03220-81885 |

# List of Branches

| | | |
|---|---|---|
| **GCNet** | | 03220-32525 |
| **Valuation** | P. O Box SE 1212,Suame,Kumasi | Tel/Fax: 03220-26468 |
| **Legal** | P. O Box SE 1212,Suame,Kumasi | 03220-27587 |
| **Corporate Office** | P. O. Box KS 14751, Kumasi | 03220-81884/81888<br>Fax: 03220-81885 |
| **SMEs Office** | -do- | 03220-81886, 0244514611,<br>0244104467 |
| **Kumasi Main** | P.O. Box 852, Kumasi<br>kumasimainmgr@gcb.com.gh | 03220-25291-3<br>Mgr: 03220-37303<br>Fax: 03220-24569 |
| **Ahinsan** | P.O. Box 8818, Ahinsan, Kumasi<br>ahinsanmgr@gcb.com.gh | 03220-28255/33452/37192<br>Mgr: 03220-31964<br>Fax: 03220-24129 |
| **Kejetia** | P.O. Box 1630, Kumasi<br>kejetiamgr@gcb.com.gh | 03220-31446<br>Mgr: 03220-44660<br>Fax: 03220-22692 |
| **Asafo Market** | P.O. Box 3696, Kumasi<br>asafomgr@gcb.com.gh | 03220-23514, 45252<br>Mgr: 03220-45251<br>Fax: 03220-36721 |
| **Harper Road** | P. O. Box KS 14751, Kumasi<br>harperroadmgr@gcb.com.gh | 03220-81880<br>Mgr: 03220-81881<br>Fax: 03220-81882 |
| **Jubilee House** | P.O. Box SE 1212,<br>Suame Kumasi<br>jubileemgr@gcb.com.gh | 03220-30819<br>Mgr: 03220-26366<br>Fax: 03220-25070 |
| **Kwame Nkrumah Univ.of Sci. & Tech.** | Private Post Bag,<br>Kumasi<br>knustmgr@gcb.com.gh | 03220-60153, 62135<br>Mgr: 03220-62136<br>Fax: 03220-62137 |
| **Ejura** | P.O Box 24, Ejura<br>ejuramgr@gcb.com.gh | Tel: 03220-97147 |
| **Yeji** | P.O. Box 29, Yeji<br>yejimgr@gcb.com.gh | Tel/Fax:03527-22008,0244586834<br>Ops Mgr:0243374533 |
| **Obuasi** | P.O. Box 290, Obuasi<br>obuasimgr@gcb.com.gh | Fax:03225-40255<br>Tel:03225-42669 |
| **Bekwai Ashanti** | P.O. Box 127, Bekwai Ash.<br>bekwai-ashantimgr@gcb.com.gh | 03224-20143<br>Mgr:03224-20204<br>Fax: 03224-20144 |
| **Dunkwa-On-Offin** | P.O. Box 228<br>Dunkwa-On-Offin<br>dunkwamgr@gcb.com.gh | Tel:03322-28236,<br>Fax: 03322-28673 |
| **New Edubiase** | P.O. Box 42, New Edubiase<br>edubiasemgr@gcb.com.gh | 03220-94702,0577604851<br>Fax:0577900038 |

# List of Branches

| | | |
|---|---|---|
| **Bekwai Ashanti** | P.O. Box 127, Bekwai Ash.<br>bekwai-ashantimgr@gcb.com.gh | 03224-20143<br>Mgr:03224-20204<br>Fax: 03224-20144 |
| **Dunkwa-On-Offin** | P.O. Box 228<br>Dunkwa-On-Offin<br>dunkwamgr@gcb.com.gh | Tel:03322-28236,<br>Fax: 03322-28673 |
| **New Edubiase** | P.O. Box 42, New Edubiase<br>edubiasemgr@gcb.com.gh | 03220-94702,0577604851<br>Fax:0577900038 |
| **New Offinso** | P.O. Box 60, New Offinso<br>offinsomgr@gcb.com.gh | 03220-91590 |
| **Nkawie** | P.O Box 69, Nkawie<br>nkawiemgr@gcb.com.gh | 03220-92192 |
| **Mampong Ashanti** | P.O. Box 94, Mampong- Ashanti<br>mampongashantimgr@gcb.com.gh | 03222-22329<br>Fax: 03222-22327 |
| **Effiduase Ashanti** | P.O. Box 10, Effiduase<br>effiduasemgr@gcb.com.gh | 03220-92173<br>Fax: 03220-92173 |
| **Ejisu** | P.O. Box 49, Ejisu<br>ejisumgr@gcb.com.gh | 03220- 92480, 99449<br>Fax – 03220-20183 |
| **Agona Ashanti** | P.O. Box 16, Agona Ashanti<br>ashantiagonamgr@gcb.com.gh | 03220-91820 |
| **Sefwi-Wiawso** | P.O. Box 59, Sefwi-Wiawso<br>sefwiwiawsomgr@gcb.com.gh | 03120- 94488<br>Mgr: 0577605358<br>Fax:057900079 |
| **Tech Junction** | P. O. Box UP1151, KNUST, Kumasi<br>techjunctionmgr@gcb.com.gh | Mgr: 03220-64830,<br>Office: 03220-64800<br>Fax: 03220-64831 |
| **Bantama** | P. O. Box PT 80, Kumasi<br>bantamamgr@gcb.com.gh | Mgr: 03220-48820<br>Office/ Fax: 48823 |
| **Assistant Security** | P. O Box SE1212 Suame, Kumai03220-81883 | |

## TAMALE ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box 228, Tamale<br>areatamale@gcb.com.gh | 03720-26415,25715,22999<br>Fax:03720-22765 |
| **Zonal Valuation Office** | P. O. Box 228, Tamale | 03720-27276 |
| **Tamale Main** | P.O. Box 228, Tamale<br>tamalemainmgr@gcb.com.gh | Mgr: 03720-22827<br>Fax: 03720-22455<br>Office: 03720-26400, 26406,<br>22755, 25745 |
| **Tamale Market** | P.O. Box 766, Tamale<br>tamalemktmgr@gcb.com.gh | 03720-22608<br>Tel/Fax: 03720-22608 |

# List of Branches

| | | |
|---|---|---|
| **Tamale Hospital Road** | P. O.Box TL. 2240, Tamale<br>thospitalroadmgr@gcb.com.gh | Mgr/Fax: 03720-27279<br>Office:03720-27278 |
| **Bolgatanga** | P.O. Box 12, Bolgatanga<br>bolgamgr@gcb.com.gh | Mgr:03820- 23462<br>Fax: 03820-23446<br>Office: 03820-24961 |
| **Bawku** | P.O. Box 36, Bawku<br>bawkumgr@gcb.com.gh | Mgr: 027-7809679<br>Office: 03720-91689<br>Fax: 027-8787870 |
| **Navrongo** | P.O. Box 28, Navrongo<br>navrongomgr@gcb.com.gh | Mgr/Fax; 03821-22318<br>Office: 03821-22390, 027-7809697,<br>027-8787029 |
| **Tumu** | P.O. Box 2, Tumu<br>tumumgr@gcb.com.gh | 03920-21214, 91509<br>Fax: 03920-22420 |
| **Lawra** | P.O. Box 92, Lawra<br>lawramgr@gcb,com.gh | 03920-24791<br>03920-21079 |
| **Wa** | P.O. Box 66, Wa<br>wamgr@gcb.com.gh | Office: 03920-22025,<br>Mgr/Fax: 03920-22039 |
| **Bole** | P.O. Box 24, Bole<br>bolemgr@gcb.com.gh | Mgr/Fax: 03725-22006<br>Office: 03920 -93342<br>0277809704 |
| **Damongo** | P.O. Box DM 40, Damongo<br>damongomgr@gcb.com.gh | 020-6815099<br>Mgr: 03720-95230<br>Office:03920-93486,03920-93342 |
| **Yendi** | P.O. Box 32, Yendi<br>yendimgr@gcb.com.gh | Mgr/Fax: 03720-95242<br>Office: 03720- 95241 |
| **Salaga** | P.O. Box SL 7, Salaga<br>salagamgr@gcb.com.gh | Office: 03720-95192 |
| **Kete-Krachi** | P.O. Box 13, Kete Krachi<br>kete-krachimgr@gcb.com.gh | 03620-99680<br>Fax:03620-93061 |
| **Bimbilla** | P.O. Box 27, Bimbilla<br>bimbillamgr@gcb.com.gh | Mgr.:03720-94356<br>Office: 03720-24379, 03720-91739<br>Fax: 03720-23434 |
| **Walewale** | P. O Box 91, Walewale<br>walewalemgr@gcb.com.gh | Office:03820-94326<br>Fax:027-8787021 |

## SUNYANI ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box 34, Sunyani<br>sunyaniareamgr@gcb.com.gh | Area Mgr: 03520-25957<br>03520-25958, 24084<br>Fax: 03520-27162 |
| **Sunyani Main** | -do-<br>sunyanimgr@gcb.com.gh | 03520- 27157<br>Mgr: 03520-27716<br>0205881994<br>Fax: 03520-27087 |

# List of Branches

| | | |
|---|---|---|
| **Bechem** | P.O. Box 69, Bechem<br>bechemmgr@gcb.com.gh | 03520-92007,22302<br>03520-92690 |
| **Akumadan** | P.O. Box 33 Akumadan, Ash.<br>akumadanmgr@gcb.com.gh | Tel:0244313714<br>Fax: 027-8787013 |
| **Tepa** | P.O. Box 103, Tepa, Ash<br>tepamgr@gcb.com.gh | Tel:03220-20900<br>Fax: 03220- 47100 |
| **Hwidiem** | P.O. Box 11, Hwidiem<br>hwidiemmgr@gcb.com.gh | 03220-97615 |
| **Goaso** | P.O. Box 83, Goaso<br>goasomgr@gcb.com.gh | 03520-91815,0277808111<br>Fax: 027-8787014 |
| **Mim** | P.O. Box 33, Mim<br>mimmgr@gcb.com.gh | 03520 -99800<br>Fax: 027-8787006 |
| **Sankore** | Private Post Bag, Sankore<br>sankoremgr@gcb.com.gh | Office: 0244313638<br>Mgr:0244877052,0274726336 |
| **Sampa** | P. O. Box 90, Sampa, B/A<br>sampamgr@gcb.com.gh | Mgr:0271-497602,0244-737467<br>Ops Mgr:0244434071<br>Office: 0244341751<br>Fax:0277900162 |
| **Drobo** | P. O. Box 27, Japekrom<br>drobomgr@gcb.com.gh | Tel:0244334836,0277804112<br>Fax: 027-7900161 |

## TAKORADI ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box 475, Takoradi<br>tadiareamgr@gcb.com.gh | Tel:03120-23072, 22355<br>Area Mgr: 03120-24948<br>Fax: 03120-25226 |
| **SME** | -do- | 03120-33994 |
| **Corporate Banking** | -do- | 03120-26700,<br>Fax: 03120-25226 |
| **Zonal Legal Office** | -do- | 03120 -29340 |
| **Takoradi Main** | -do-<br>tadimainmgr@gcb.com.gh | Tel:03120-22351- 4<br>Mgr: 03120-23102<br>Fax: 031 20-23540 |
| **GCNET** | | 03120-29103 |
| **Takoradi Harbour** | P.O. Box 707, Takoradi<br>tadihbrmgr@gcb.com.gh | Mgr: 03120-22731<br>Office: 03120-22534,<br>Fax: 03120-27309 |
| **Takoradi Market Circle** | P.O. Box 098, Takoradi<br>tadimktmgr@gcb.com.gh | Office: 03120-23569,<br>Mgr/ Fax: 03120-25370 |
| **Sekondi** | P.O. Box 101, Sekondi<br>sekondimgr@gcb.com.gh | Fax: 03120-46746<br>Office: 03120-46511<br>Mobile: 0244187545<br>Mgr:03120-94974 |

# List of Branches

| | | |
|---|---|---|
| **Takoradi Harbour** | P.O. Box 707, Takoradi<br>tadihbrmgr@gcb.com.gh | Mgr: 03120-22731<br>Office: 03120-22534,<br>Fax: 03120-27309 |
| **Takoradi Market Circle** | P.O. Box 098, Takoradi<br>tadimktmgr@gcb.com.gh | Office: 03120-23569,<br>Mgr/ Fax: 03120-25370 |
| **Sekondi** | P.O. Box 101, Sekondi<br>sekondimgr@gcb.com.gh | Fax: 03120-46746<br>Office: 03120-46511<br>Mobile: 0244187545<br>Mgr:03120-94974 |
| **Tarkwa** | P. O. Box 90, Tarkwa<br>tarkwamgr@gcb.com.gh | Tel:03123-20394, 024-7817921<br>Fax: 03123-20374 |
| **Axim** | P.O. Box 55, Axim<br>aximmgr@gcb.com.gh | Fax: 03121-22408,<br>Office: 03121-98734<br>Mgr:03121:98735 |
| **Half-Assini** | P.O. Box 54, Half-Assini<br>half-assinimgr@gcb.com.gh | Tel:03121-90159<br>Mgr:0277851206<br>Fax:0278787068 |
| **Dadieso** | Private Mail Bag, Dadieso<br>dadiesomgr@gcb.com.gh | Mgr: 0244335687<br>0277801177<br>Fax: 027900136 |
| **Elubo** | P. O. Box 134, Elubo<br>elubomgr@gcb.com.gh | Mgr: 03122-22545<br>Office: 03122-22544<br>Fax: 03122-22546 |
| **GCNET Elubo** | -do- | 03122-22547 |
| **Enchi** | P.O. Box 15, Enchi<br>enchimgr@gcb.com.gh | Mgr:03121-93988<br>Tel:03120-90193,0277804095<br>Fax:0277900149 |
| **Samreboi** | P.O. Box 40, Samreboi<br>samreboimgr@gcb.com.gh | Tel:03120-97520<br>Mgr:0277811205<br>Fax:0278787066 |
| **Prestea** | P.O. Box 102, Prestea<br>presteamgr@gcb.com.gh | Mgr: 03120-92670<br>Office: 0244313089, 027-7801254<br>Fax: 0277900138 |
| **Bogoso** | P.O. Box 42, Bogoso<br>bogosomgr@gcb.com.gh | Office: 0277801256<br>Mgr: 03120-92655<br>Fax: 0277900137 |

## CAPE COAST ZONE

| | | |
|---|---|---|
| **Area Manager's Office** | P.O. Box 65, Cape Coast<br>areacapecoast@gcb.com.gh | Mgr: 03321-30440<br>Fax: 03321-32625<br>Office: 03321-37887 |
| **Cape Coast Main** | P.O. Box 65, Cape Coast<br>capecoastmgr@gcb.com.gh | Tel:03321-32812/3<br>Ops Mgr:03321-32354<br>Mgr: 03321-34253<br>Fax: 03321-32549 |

# List of Branches

| | | |
|---|---|---|
| **Cape Coast University** | P.O. Box 046, Cape Coast<br>capecoastunimgr@gcb.com.gh | Tel:03321-32287, 34020<br>Mgr:03321- 30069<br>Fax: 03321-36377 |
| **Agona Swedru** | P.O. Box 186, Agona Swedru<br>agonaswedrumgr@gcb.com.gh | Mgr:03320-20291<br>Fax: 03320-20414,<br>Office:03320-21071 |
| **Assin Fosu** | P.O. Box AF 76, Assin Fosu<br>assinfosumgr@gcb.com.gh | Mobile:027-6793122<br>Mgr: 03321-91141<br>Fax: 0277811191 |
| **Mankessim** | P.O. Box 78, Mankessim<br>mankessimmgr@gcb.com.gh | Mgr:03321-94026<br>Ops Mgr:03321-91435<br>Mobile:020-2011620<br>Fax:0277-900113 |
| **Winneba** | P.O. Box 128, Winneba<br>winnebamgr@gcb.com.gh | Tel:03323-21064,22364<br>Mgr/Fax:03323-22133 |
| **Twifu Praso** | P.O. Box TW 84, Twifu Praso<br>twifuprasomgr@gcb.com.gh | 03120-99030<br>Mgr:027-7776775 / 0244314810<br>Fax: 027 7900 124 |
| **Breman Asikuma** | P.O. Box 60,<br>Breman-Asikuma<br>bremanmgr@gcb.com.gh | Mgr:0246-339255<br>0277777655<br>Fax:0277900128 |
| **Saltpond** | P.O. Box SP. 096, Saltpond<br>saltpondmgr@gcb.com.gh | Office: 03321-92003<br>Mgr: 0277777652<br>Fax: 0277900089 |
| **Abura Dunkwa** | P.O. Box 29, Abura Dunkwa<br>aburadunkwamgr@gcb.com.gh | Tel:03321-91964<br>Mgr: 027-7777654<br>Fax: 0277900127 |
| **Elmina** | P. O. Box EL 113 Elmina<br>elminamgr@gcb.com.gh | Mgr: 03321-40381,<br>Office: 03321-40383<br>Fax: 03321-40382 |

# List of Branches

| | | |
|---|---|---|
| **Accra** | P.O. Box K.96<br>Accra New Town<br>areaaccra@gcb.com.gh | 0302-225928, 222641<br>Fax: 0302-236671<br>Area Mgr: 0302-249772. |
| **Tema** | P.O. Box 152, Tema<br>areatema@gcb.com.gh | 0303-202768/9/10, 0303410724<br>Fax: 0303-204824 |
| **Koforidua** | P.O. Box KF286, Koforidua<br>areakoforidua@gcb.com.gh | 03420-26790-1/23059/23069<br>Fax:03420-23042/23049 |
| **Ho** | P.O. Box 164, Ho<br>areaho@gcb.com.gh | 03620-28251/26543/28395-6<br>Fax:03620-27598/27597/26436 |
| **Kumasi** | P.O. Box SE 1212<br>Suame, Kumasi<br>areakumasi@gcb.com.gh | 03220-31604/29001<br>Fax: 03220-23512 |
| **Tamale** | P.O. Box 228, Tamale<br>areatamale@gcb.com.gh | 03720-26415/25715/22999<br>Fax: 03720-22765 |
| **Sunyani** | P.O. Box 34, Sunyani<br>sunyaniareamgr@gcb.com.gh | 03520-25957/8, 24084<br>Fax: 03520-27162 |
| **Takoradi** | P.O. Box 475, Takoradi<br>tadiareamgr@gcb.com.gh | 03120-23072, 22355, 24948<br>Fax: 03120-25226 |
| **Cape Coast** | P.O. Box 65, Cape Coast<br>areacapecoast@gcb.com.gh | Tel:03321-32625/37887<br>Fax: 03321-32625 |

# Invitation and Form of Proxy

## For use at Annual General Meeting

To be held at 10.00am on Friday, May 22, 2015 at the Accra International Conference Centre

Dear Member(s)

You are hereby cordially invited to the 21st Annual General Meeting of GCB Bank Limited, for which the details are as given above. If you will be attending in person, please bring along to the meeting this invitation or the counterfoil printed below, to facilitate registration, which will begin at 7:00 a.m.

If you are unable to attend the meeting, you may use the Form below to exercise your vote by filling in the appropriate sections; then fold the Form as instructed overleaf and return it to GCB Share Registry at least 48 hours before the meeting. Alternatively you may appoint a Proxy (who need not be a Member of the Company) to attend and vote in your stead.

PROXY FORM

| Resolution | For | Against |
|---|---|---|
| 1. To consider and adopt the Financial Statements of the Company for the year ended 31st December, 2014 together with the Reports of the Directors and Auditors thereon. | | |
| 2. To declare a Dividend for the year ended 31st December 2014. | | |
| 3. To re-elect the following Directors retiring by rotation | | |
| **i. Moses Aduku Asaga (Mr)** | | |
| **ii. Abdul Baasit Aziz Bamba (Dr)** | | |
| **iii. Elliot Gordor (Mr)** | | |
| 4. To re-elect the following Directors: | | |
| **i. Daniel Owiredu (Mr)** | | |
| **ii. Mona Helen Quartey (Mrs)** | | |
| **iii. Ama Sarpong Bawuah (Ms)** | | |
| 5. To authorize Directors to determine the fees of the Auditors. | | |

Notes

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The proxy form at the left has been prepared to enable you to exercise your vote if you cannot attend personally.
2. Provision has been made for the Chairman of the Meeting to act as your proxy, but you may wish to name any person to attend the meeting and vote on your behalf.
3. In case of joint holders, each holder should sign
4. If executed by a Company/ Corporation, the admission card should bear the Common Seal or be signed on its behalf by a Director.
5. For a postal proxy, please sign and post it so as to reach the GCB Share Registry not later than 10a.m on Wednesday, May 20, 2015.

| Shareholder Details | Folio No. | All Signatories to Sign Below |
|---|---|---|
| | | |

Please use this Counterfoil to indicate whom (if any) you might wish to act as your Proxy

| | |
|---|---|
| ***FORM OF PROXY FOR USE AT AGM***<br>*I/We ...........................................................................................................a member/members(*) of GCB*<br>*Hereby appoint ..........................................................................................or failing whom, the Chairman of meeting as my/our(*) proxy to vote for me/us on my/our(*) behalf at theAnnual Meeting of the Company to be held at 10am on May 22, 2015 and at any adjournment therefore.* | Date<br><br>........................................ 2015 |

*(*) Delete whichever is not applicable*

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# Debit Cards
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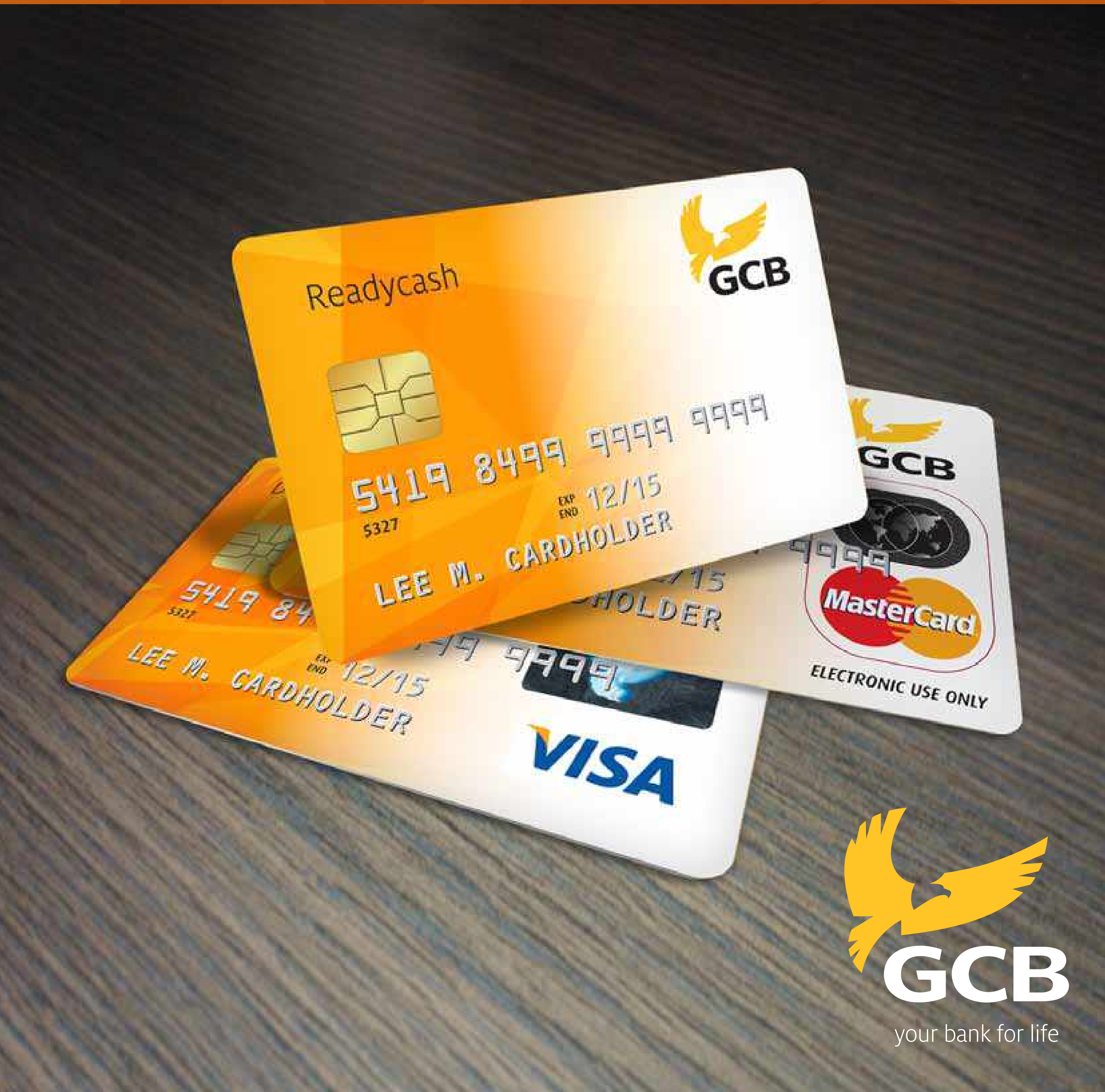


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