



**GHANA
COMMERCIAL
BANK LTD.**

CIRCULAR TO SHAREHOLDERS

**A renounceable rights issue
of 75,000,000 ordinary shares of no par value
at ¢6,000 per share in a ratio of 1 new share
for every 22 existing shares**



SAS

Financial Advisors & Sponsoring Brokers
STRATEGIC AFRICAN SECURITIES LTD.

May 15, 2007



CIRCULAR TO SHAREHOLDERS

A RENOUNCEABLE RIGHTS ISSUE

of

75,000,000 ordinary shares of no par value
at **¢6,000** per share
in a ratio of **1** new share for every **2.2** existing shares

Financial Advisors & Sponsoring Brokers
STRATEGIC AFRICAN SECURITIES LTD

This Document is dated May 15, 2007

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Offering Circular (the “Circular”) has been sent to all GCB shareholders on the registers of members as at April 10, 2007.

If you have sold or otherwise transferred all your shares in GCB, please send this Circular as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

No person is authorised to give any information or to make any representation not contained in this Circular and any information or representation not contained in this Circular must not be relied upon as having been authorised by GCB, Strategic African Securities Ltd or any of GCB's advisors. Neither the delivery of this Circular nor any sale hereunder shall under any circumstances create any impression that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of anytime subsequent to this date. Any material change, relevant to the Offer, in the affairs of the Company during the Offer period will be communicated to the Securities and Exchange Commission (SEC) and the investing public.

Application has been made to the Ghana Stock Exchange (the “GSE”), for the listing of all the additional shares to be issued under this Offer on the First Official List of the GSE. The GSE has given approval for the listing of the said shares. The GSE assumes no responsibility for the correctness of any of the statements made, opinions expressed and reports presented in this Circular.

This Circular has been reviewed and approved by the SEC in accordance with Section 9 of the Securities Industry Law (P.N.D.C. Law 333), as amended. In its review, the SEC examined the contents of the Circular to ensure that adequate disclosures have been made.

The distribution of this Circular and the offering of the shares in certain jurisdictions may be restricted by law. The Company requires persons into whose possession this Circular comes to inform themselves about, and observe, any such restriction. This Circular does not constitute an Offer and may not be used for the purpose of an Offer or solicitation by anyone in any jurisdiction or in any circumstances in which such an Offer or solicitation is not authorised or is unlawful.

Before deciding whether to apply for shares, you should consider whether shares are a suitable investment for you. Their values can go down as well as up. Past performance is not necessarily indicative of future performance. If you need advice, you should consult a suitable professional advisor.

To ascertain the financial soundness or value of this Offer, GCB shareholders and the investing public are advised to consult a dealer, investment advisor or other professional for appropriate advice.

This Document has been seen and approved by the Directors of GCB and we collectively and individually accept full responsibility for the accuracy of the information given and that after making all reasonable inquiries and to the best of our knowledge and belief there are no facts the omission of which would make any statement in the document referred to above misleading.

GHANA COMMERCIAL BANK LIMITED

(Incorporated in Ghana as a limited liability company under the Companies Code, 1963 (Act 179) with registered No. 6415)

CIRCULAR TO SHAREHOLDERS

REGARDING

A RENOUNCEABLE RIGHTS ISSUE OF 75,000,000 NEW ORDINARY SHARES OF NO PAR VALUE AT ₵6,000 PER SHARE

Sponsored by

STRATEGIC AFRICAN SECURITIES LTD

Strategic African Securities Limited (SAS) are acting as financial advisors, managers and sponsoring brokers to GCB for this renounceable rights issue. SAS has relied on information provided by the Company and its advisors and accordingly, SAS does not provide any assurance of the accuracy of the information contained in this Circular. SAS does however confirm that to the best of its knowledge, this Circular constitutes a full and fair disclosure of all material facts about the Company and the Offer.

JLD & MB Legal Consultancy has acted as legal advisors to GCB on this renounceable rights issue. JLD & MB has relied on information provided by the Company. Accordingly, JLD & MB does not provide any assurance of the accuracy of the information contained in this Circular. JLD & MB does however confirm that to the best of its knowledge, this Circular constitutes a full and fair disclosure of all material facts about the Company and the Offer.

Dated: **May 15, 2007**

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KEY MILESTONES AND TIME TABLE

Activity	Date	Time
Ex-Rights Date	Wednesday April 4, 2007	5 : 00 pm
Qualifying Date	Tuesday April 10, 2007	5 : 00 pm
Books Closure Date	Friday April 13, 2007	5 : 00 pm
Commencement of Offer	Tuesday May 15, 2007	9 : 00 am
Commencement of Trading in the Rights	Tuesday May 15, 2007	9 : 00 am
Closure of the Trading in the Rights	Monday June 11, 2007	5 : 00 pm
Deadline for Acceptance of Application Forms	Friday June 15, 2007	5 : 00 pm
End of Offer	Friday June 15, 2007	5 : 00 pm
Allotment Begins	Friday June 29, 2007	9 : 00 am
Allotment Ends, Issue of Share Certificates Starts	Monday July 9, 2007	5 : 00 pm
Results of the Offer Submitted to SEC by	Wednesday July 11, 2007	5 : 00 pm
Final Dispatch of Share Certificates by	Friday July 20, 2007	5 : 00 pm
Commencement of Trading in the Shares by	Monday July 30, 2007	9 : 00 am

All dates provided are subject to change by Strategic African Securities Ltd in consultation with the Directors of the GCB (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time, the time zone of the Republic of Ghana. Any amendment will be published in a national daily newspaper not later than 72 hours after receipt of regulatory approval.

CORPORATE INFORMATION ON GHANA COMMERCIAL BANK LTD

Directors: Kwabena Gyima Osei-Bonsu – *Chairman*
Lawrence Adu-Mante – *Managing Director*
Roko Frimpong
Martin Mensah
Franklin Kwabena Asamoah
Ebenezer Moses Debrah
Joe Ofori
Peter Augustus Ocran
Samuel Nii-Noi Ashong
Kojo Mensah
Cecilia Nyann

Registered Office: Ghana Commercial Bank Limited Building
Thorpe Road
PO Box 134
High Street, Accra

Auditors: Pannell Kerr Forster
Chartered Accountants
Farrar Avenue
PO Box 1219, Accra
Tel/Fax: +233 21 221216, 221266
Contact: Frederick Bruce Tagoe
Email: panel@africaonline.com.gh

Company Secretary: Ghana Commercial Bank Limited
Secretary's Office
Head Office, Accra
Tel: +233 21 664914 – 7, 672859 - 65
Contact: Helen Addo
Email: haddo@gcb.com.gh

Registrar: Ghana Commercial Bank Limited
Registrar Department
High Street, Accra
Tel/Fax: +233 21 664914 – 7, 664887
Contact: Gladys Wuo-Asare
Email: gcbshares@gcb.com.gh

ADVISORS TO THE ISSUE

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& Sponsoring Brokers:**

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edagadu@sas-ghana.com

Legal Advisors:

JLD & MB Legal Consultancy Services
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Reporting Accountants:

Ernst & Young Advisory Services
G15, White Avenue, Airport Residential Area
PO Box KA 16009, Airport, Accra, Ghana
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Contacts: Reginald D. Laryea; Kweku Opoku
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kweku.opoku@mmrsogilvy.com

Registrars:

Ghana Commercial Bank Limited
Registrar Department
High Street, Accra, Ghana
Tel/Fax: +233 21 664914 – 7, 664887
Contact: Gladys Wuo-Asare
Email: gcbshares@gcb.com.gh

Receiving Agent(s):

Strategic African Securities Limited
Ghana International Bank P/c
Ghana Commercial Bank Limited
(See pages 62 to 67 for full contact details)

DEFINITIONS

The following definitions apply in this document, unless the context requires otherwise:

“BoG”	The Bank of Ghana, or Ghana’s central bank and the apex regulator of the banking industry in Ghana.
“Companies Code”	The Ghana Companies Code 1963 (Act 179) as amended
“Circular” or “Document”	This Offering Circular dated May 15, 2007
“GCB” or “ the Bank” or “the Company”	Ghana Commercial Bank Limited
“GCB Board” or “GCB Directors” or “Directors”	The Directors of Ghana Commercial Bank Limited.
“GCB Branches”	All the 133 branches of GCB in Ghana (for qualifying applicants resident in Ghana), which will be acting as receiving agents under this Offer.
“GCB Shares”	Ghana Commercial Bank Limited’s ordinary shares currently in issue.
“Ghana”	The Republic of Ghana
“Ghana International Bank”	Ghana International Bank of United Kingdom, which will be acting as receiving agent for qualifying applicants resident outside of Ghana.
“GSE” or “the Exchange”	The Ghana Stock Exchange
“New Shares”	The 75 million new ordinary shares of GCB to be issued pursuant to the Rights Issue, and the up to 25 million new ordinary shares to be issued in the event of over-subscription, in accordance with the terms of the Offer.
“the Offer” or “ the Rights Issue”	The offer of 75 million new ordinary shares of GCB at a price of ø6,000 in this renounceable Offer to the existing shareholders in a ratio of one (1) new ordinary shares for every two point two (2.2) ordinary shares held as at the qualifying date.
“Qualifying Date”	The date, April 10, 2007, on which persons whose names appear on the register of GCB members qualify for this Offer
“Qualifying Shareholder”	GCB GCB shareholders on the register of shareholders as at the qualifying date, and who have no legal restrictions to partaking in this Offer.
“Qualifying Applicant”	Any natural person who is 18 years or over, or a corporation, partnership or other unincorporated associations who are

	resident/incorporated in Ghana or some other state, or country provided that the offer to and acceptance by such an applicant of this Offer is not in contravention of the laws of either that state or country.
“Receiving Agent” “Receiving Agents”	or GCB, Ghana International Bank, SAS or any other company appointed by GCB who will be receiving applications and payments from qualifying applicants under this Offer. Full contact details of the receiving agents can be found on pages 62 to 67 of this Document.
“Renouncee”	A person in favour of whom a qualifying shareholder has renounced his/her rights.
“Renouncer”	A qualifying GCB shareholder who has renounced some or all of his/her rights in favour of another person(s).
“Rights”	The legal and financial right of qualifying GCB shareholders to partake in this Offer, which right could be traded to other persons for value, in which case the right is traded on the GSE, or which right could be renounced in favour of another person(s).
“SEC”	Securities and Exchange Commission
“SAS”	Strategic African Securities Ltd, who are acting as financial advisors and sponsoring brokers to GCB, as well as managers of this Offer.

LEGAL ADVISORS' COMPLIANCE CERTIFICATE



May 3, 2007

The Director-General
Securities and Exchange Commission
1st Floor, State Enterprises Commission Building
Ministries, Accra

The Managing Director
Ghana Stock Exchange
5th Floor, Cedi House
Accra

Dear Sirs,

Ghana Commercial Bank Ltd Rights Issue

1. Introduction

1.1 *Basis of Instruction*

We have acted as legal advisors to Ghana Commercial Bank Limited ("GCB") in connection with Ghana Commercial Bank's Rights Issue.

1.2 *Documents Seen*

In writing this opinion we have referred to and examined the following documents:

- Regulations of GCB
- Certificate of incorporation of GCB
- Certificate to commence business of GCB
- License to operate the business of banking of GCB
- Register of Directors
- Register of Directors interests
- Register of Secretaries
- Resolution authorising the Rights Issue passed by GCB shareholders at the Extraordinary General Meeting of 26th October 2006

We have also examined such other documents and conducted such searches as are necessary under the laws of Ghana to enable us give this opinion.

1.3 *Scope and Purpose of the Opinion*

This opinion is limited to matters of the laws of the Republic of Ghana as in force and applied at the date of this opinion. We have not investigated the laws of any country other than those of Ghana and we express no opinion on the laws of any other jurisdiction. This opinion is given on the basis of the assumptions set out in the Schedule.

2. Opinion

We are of the opinion that:

2.1 *Incorporation*

GCB is a limited liability company duly incorporated under the Companies Code, 1963 (Act 179) as amended.

2.2 *Authorisation to do business as a bank*

GCB is duly licensed as a universal bank by the Bank of Ghana and has complied with all regulatory requirements necessary or advisable for the conduct of its business.

2.3 *Corporate authorisations*

GCB has obtained all the corporate authorisations necessary or advisable in connection with the Rights Issue and GSE listing.

2.4 *Approvals and consents*

GCB has obtained all the necessary regulatory and statutory approvals and consents that are necessary or advisable in connection with the Rights Issue.

2.5 *Circular to shareholders*

The Circular to shareholders substantially complies with the requirements of the Fifth Schedule of the Securities and Exchange Regulations, 2003 (LI 1728), the Seventh Schedule of the Companies Code, 1963 (Act 179) and the Listing Regulations of the Ghana Stock Exchange (L.I. 1509 as amended)

2.6 *Material contracts*

The material contracts of GCB furnished to and examined by JLD &MB Legal Consultancy were in proper form and enforceable under Ghana law.

2.7 *The Regulations*

2.7.1 GCB's regulations comply with all legal requirements on the contents of the Regulations of a public company.

2.7.2 The proposed Rights Issue does not contravene any provision of the Company's regulations.

2.8 *Contractual obligations*

To the best of our knowledge there are no provisions in the contractual agreements that we have seen and reviewed, preventing GCB from undertaking the Rights Issue.

2.9 *Registrations and filings*

All the statutory or regulatory registration or filing requirements necessary or advisable in relation to or in connection with the Rights Issue have been complied with.

SCHEDULE OF ASSUMPTIONS

We have relied on information and documents obtained from the company and in giving this opinion, we have assumed, and this opinion is given on the basis that:

1. All original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied are complete and conform to the originals;
2. The person or persons who signed the Documents were authorised to do so;
3. The authorising resolution was duly passed at a properly convened meeting of GCB's shareholders and a duly qualified quorum of such shareholders voted in favour of approving the resolutions.

Yours truly,



JLD & MB Legal Consultancy

PART 1 – THE RIGHTS ISSUE

1 Legal Basis for the Rights Issue

On October 26, 2006, shareholders of GCB, at an Extraordinary General Meeting (EGM) of the Bank, passed a resolution authorising Directors to raise new capital through a renounceable rights issue in accordance with the Companies Code 1963 (Act 179), as amended, the Ghana Stock Exchange's (GSE's) Rules and the Regulations of GCB. Proceeds from the rights issue are to enable GCB enhance its working capital and modernise and become more competitive by investing in new systems and processes, branch branding and new products and services, among others.

Shareholders, at the EGM, resolved:

“that the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to issue and allot up to one hundred million new ordinary shares to the members of the Company in proportion as nearly as may be to their respective holdings in the issued capital of the Company and that any shares not taken up be offered to the public as the Directors may determine.”

2 Reasons for the Rights Issue

The Board and Management of GCB recognise that there is the need for the Bank to be abreast with modern trends in banking. Information and communications technology, new entrants and changing customer needs are the main forces driving intense competition within the industry.

The Bank's Board and Management appreciate that GCB's ability to effectively compete in future is severely handicapped by operational issues and challenges, which require immediate attention to ensure the Bank's survival and enhance future profitability.

To address these operational issues and challenges, GCB's Board and Management plan to implement a corporate strategy they are confident will enhance the Bank's capacity to deliver quality services and create value for its shareholders through sustained increases in profits. They have thus identified the following five (5) key areas as critical for success:

Area	Broad Objectives
Working Capital	To enable GCB increase its capital base and play its role as the largest bank in Ghana by taking advantage of new opportunities in the Ghanaian market
Systems & Processes	To standardize all banking operations, automate all branch processes and increase the number of ATM's deployed by GCB
Employees	To ensure that the Bank's staff have the right attitude, skills and knowledge, and improve their dedication, commitment and loyalty to GCB and its customers
Branch Branding	To carve out a unique and consistent identity for GCB
Products & Services	To introduce a wider range of products and services that will make GCB very competitive and responsive to the varied needs of its customers.

The planned corporate strategy envisages investment of about ₵1,100 billion over the next three years in the five key areas identified above. The Board recommended to shareholders, and shareholders of GCB approved the financing of part of this investment through this Rights Issue. If the ₵450 billion the Bank seeks under this Offer is successfully raised, the funds would be applied as follows:

	Amount, ₵Bn
Additional Working Capital	154.37
New Systems & Processes	112.92
Employee Development	98.71
Branch Branding	67.00
New Products & Services	17.00
Total	450.00

Details of the corporate strategy and uses of the funds to be raised under this Offer are provided in Part 4 of this document.

3 Key Terms of the Offer

a) Number of Shares

The Offer comprises a Renounceable Rights Issue of 75 million new ordinary shares at ₵6,000 per share to qualifying shareholders in a ratio of 1 new share for every 2.2 existing ordinary shares held. The shares to be issued under this Offer will rank pari-passu with the ordinary shares of GCB already in issue and listed on the GSE.

b) Fractional Shares

The ratio in which the rights to ordinary shares are allocated to qualifying shareholders may result in fractional entitlements. Fractional entitlements of 0.5 shares and above will be rounded up to one new share, whilst those below 0.5 shares will not be allotted to qualifying shareholders but will be consolidated and allotted by the Directors to qualifying applicants as they deem fit.

c) Pricing of the Shares

The Offer is priced at ₵6,000 per share, representing an 11.6% discount to the market price of GCB of ₵6,784 on April 30, 2007, the last practicable date before the printing of this document. If all the shares on offer are fully subscribed, GCB would raise a total of ₵450 billion.

d) Minimum Amount to Raise Under Offer

The minimum amount to be raised for the Offer to be declared successful is ₵90 billion. Should the Bank not raise all the ₵450 billion it has set out to raise, priority will be given to working capital needs and upgrade of systems and processes in the use of proceeds from the Offer.

e) Oversubscription

Should the Bank receive applications for shares whose value is in excess of the ₵450 billion, GCB would issue up to additional 25 million ordinary shares valued at ₵150 billion to satisfy the extra demand, bringing the total amount raised under the Offer to ₵600 billion and the total number of shares to be issued under the Offer to 100 million ordinary shares. The amounts raised in an oversubscription will be applied towards boosting working capital further.

Any amounts received in excess of the ₵600 billion will be refunded to applicants in line with the refund policy stated below.

4 Additional Offer Details

a) Dealings

The GSE has granted permission to list the additional up to 100 million new ordinary shares to be issued under this Offer on the First Official List of the GSE, alongside the existing 165 million ordinary shares listed. It is expected that dealings in the additional shares will commence alongside the existing shares on the GSE by July 30, 2007.

b) Qualifying Date and Distribution of the Rights Issue Circular

The shares on offer under this Rights Issue will be offered to the shareholders of GCB whose names appear in the Register of Members at the close of business on April 10, 2007.

The Registrars of the Company have sent a copy of this Circular containing the allotment details and Application Form through the post to shareholders on record on the qualifying date. Shareholders who do not receive copies of the Circular by May 29, 2007 may contact the offices of the Registrars, Sponsoring Broker or the receiving agents for a copy of the Circular (subject to availability of extra copies of the Circular).

c) Trading in the Rights

The rights to this Offer (*rights*) may only be traded on the GSE from May 15, 2007 to June 11, 2007. Shareholders who desire to sell all or some (partial renunciation) of their *rights* on the GSE should contact their brokers, or the Sponsoring Broker at the address below:

Strategic African Securities Ltd

2nd Ridge Link, North Ridge Accra

PO Box KA 16446, Accra, Ghana

Tel: +233 21 251546 – 9, 7011770

Fax: +233 21 7011774

E-mail: brokerage@sas-ghana.com

Website: www.sas-ghana.com

5 Application

All applications for shares under this Offer must be in whole numbers and no purported application for fractions of a share will be accepted.

Shareholders and Renouncees

Shareholders wishing to take-up some or all of their rights must complete the appropriate sections of the accompanying Application Form in order to exercise their rights. Shareholders are allowed to apply for shares in excess of their rights (extra shares). This can be done under Section A of the Application Form.

Shareholders are allowed to renounce in part or in full their rights in favour of a third party at their own option by completing Sections A and B of the Application Form. Renouncees should complete Section C of the Application Form and submit it together with Sections A and B completed by the Renouncer to the receiving agents.

Should a shareholder desire to renounce his rights in favour of more than one person, he or she should list the names of the persons, stating the number of shares renounced in favour of each renouncee in Section B of the Application Form. Each renouncee must then complete a copy of Section C of the Application Form and submit same, together with payment for the shares applied for, to the receiving agents.

Non-shareholders

Non-shareholders may also apply for GCB shares under this Offer and may do so by completing Section D of the Application Form. The Directors of GCB have been empowered by shareholders to allot any shares not taken up by shareholders under this Offer as they deem fit, and the Directors may allot such shares to qualifying investors.

6 Escrow Account

All application monies collected will be deposited into Escrow Account number 0000190077004 at Prudential Bank Limited, Ring Road Branch. A copy of the Escrow Account Agreement has been lodged with the Securities and Exchange Commission.

7 Allotment

The allotment of shares to applicants will be:

- a. first to satisfy all duly completed applications from qualifying shareholders and their renouncees as pertains to qualifying shareholders' rights in the Offer; then to
- b. satisfy all duly completed applications from qualifying shareholders and renouncees for extra shares and duly completed applications from non-shareholders for shares, pro-rating where necessary.

To the extent that applications for extra shares received are more than the available number of unsubscribed Rights under the Offer together with any additional shares to be issued in the event of oversubscription, the Directors of the Company, in consultation with the sponsoring brokers, may allocate fewer 'extra shares' than applied for. The Bank and its Advisors will determine an appropriate allotment strategy, which will be communicated to the regulators and to the investing public.

8 Refund

If any application is not accepted or is accepted for a smaller number of shares than applied for, the balance of the amount paid on application will be returned to receiving agents not later than July 11, 2007 for onwards distribution to applicants. GCB will announce such refunds through a national daily newspaper with wide circulation within 72 hours of the making of such refunds.

If GCB does not make refunds of extra application monies to the receiving agents by July 11, 2007 then GCB will pay to investors, interest on the unpaid amounts from July 12, 2007 at the ruling Bank of Ghana prime rate for each day of default until the refund is made to receiving agents.

9 Payment

For applicants resident in Ghana, payment may be made by cash, cheque, postal or money order, which should be presented at the offices of Strategic African Securities Ltd or any GCB Branch where the Application Form is lodged. All cheques, postal or money orders should be crossed **GCB Rights Issue** and endorsed **Commission to Drawer's Account**. This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications, in respect of which cheques are returned unpaid, for any reason whatsoever, or for which funds do not clear for the full amount payable on the application by 5 pm on June 15, 2007 may be treated as invalid.

Qualifying applicants not resident in Ghana must purchase shares under this Offer in foreign currency and for this purpose, GCB allows payment for shares in the United States Dollars (US\$), Great British Pounds (GB£) or Euros (€). The price of a GCB share under this Offer is **US\$0.65** for payment in United States Dollars, **GB£0.31** for payment in Great British Pounds and **€0.47** for payment in Euros. Funds should be remitted for the benefit of **GCB Rights Issue** by bank transfer to the Ghana International Bank, UK as follows:

Currency	Account No.	Bank Name and Address	Swift ID	BIC Code
In US\$	00005907	Ghana International Bank 69 Cheapside, London EC2P 2BB United Kingdom	GHIBGB2L	GHCBGHAC
In GB£	00005906			
In €	00005908			

Any application from a person not resident in Ghana, which is not received in a form which will realise cleared funds for the full amount payable on the application by 5 pm on June 15, 2007 may be treated as invalid. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications, in respect of which cheques are returned unpaid, for any reason whatsoever, will be rejected.

10 Lodgement of Duly Completed Application Forms

All qualifying applicants resident in Ghana must deliver or lodge their duly completed Application Forms at the offices of Strategic African Securities Ltd or any of the GCB branches named on pages 62 to 67 by 5 pm on June 15, 2007.

Qualifying applicants not resident in Ghana must deliver or lodge their duly completed Application Forms with Ghana International Bank, UK, whose contact details are provided on this page and on page 62 of this document.

Applicants who choose to mail their Application Forms to the receiving agents are advised to use registered mail services. However, all documents mailed to the receiving agents by applicants will be at the applicant's own risk, and GCB may treat applications not received by 5 pm on June 15, 2007 as invalid.

Applicants are to note that Application Forms must be lodged at the same receiving agent office where payment is made for the shares applied for. The receiving agent will acknowledge receipt of application forms and funds from applicants.

11 Cost of the Offering

The total cost of the offering is not anticipated to exceed 4.00% of the amount raised. GCB will pay all fees out of the proceeds of the Issue. Below are the summarised details of the cost of the offering:

Item	Amount ₵'m	% of Amt to be Raised
Professional and Advisory Fees (legal due diligence, accounting due diligence, financial advisory, management advisory, media advisory, etc.)	2,554	0.57%
Commissions and Success Fees	7,875	1.75%
Regulatory Fees (GSE, SEC and Registrar General)	3,014	0.67%
Direct Publicity, Administration, Taxes and Logistics (Media publicity, marketing, printing, logistics, VAT etc)	4,539	1.01%
Total Estimated Cost	17,982	4.00%

12 Offer Statistics and Timetable

a) Summary Details of the Offer

Key details of the Offer are:

Authorised Shares	1,500,000,000
Issued Shares	165,000,000
Price per Share (₵)	6,000
Ordinary Shares on Offer Under Rights Issue	75,000,000
<i>Maximum Number of Additional Shares to be Issued on Oversubscription</i>	<i>25,000,000</i>
Outstanding Shares After Offer	240,000,000
<i>Maximum Outstanding Shares after Offer on Oversubscription</i>	<i>265,000,000</i>
Expected Proceeds from the Offer (₵)	450,000,000,000
<i>Maximum Expected Proceeds from Offer on Oversubscription (₵)</i>	<i>600,000,000,000</i>

b) Offer Time Table

Activity	Date	Time
Ex-Rights Date	Wednesday April 4, 2007	5 : 00 pm
Qualifying Date	Tuesday April 10, 2007	5 : 00 pm
Books Closure Date	Friday April 13, 2007	5 : 00 pm
Commencement of Offer	Tuesday May 15, 2007	9 : 00 am
Commencement of Trading in the Rights	Tuesday May 15, 2007	9 : 00 am
Closure of the Trading in the Rights	Monday June 11, 2007	5 : 00 pm
Deadline for Acceptance of Application Forms	Friday June 15, 2007	5 : 00 pm
End of Offer	Friday June 15, 2007	5 : 00 pm
Allotment Begins	Friday June 29, 2007	9 : 00 am
Allotment Ends, Issue of Share Certificates Starts	Monday July 9, 2007	5 : 00 pm
Results of the Offer Submitted to SEC by	Wednesday July 11, 2007	5 : 00 pm
Final Dispatch of Share Certificates by	Friday July 20, 2007	5 : 00 pm
Commencement of Trading in the Shares by	Monday July 30, 2007	9 : 00 am

All dates provided are subject to change by Strategic African Securities Ltd in consultation with the Directors of the GCB (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time, the time zone of the Republic of Ghana. Any amendment will be published in a national daily newspaper not later than 72 hours after receipt of regulatory approval.

Part 2 - THE GHANAIAN BANKING INDUSTRY

1 Introduction and History of Banking in Ghana

The banking sector is the largest and most competitive segment of Ghana's financial sector. Commercial banking in Ghana dates back to 1894 when Bank of British West Africa (now Standard Chartered Bank Ghana) was established. Barclays Bank was set up in 1917 followed by the Bank of the Gold Coast (now Ghana Commercial Bank Limited) in 1953. After independence in 1957, government established various commercial and development banks to meet the country's financing needs. Notable among them were National Investment Bank, National Savings and Credit Bank and Agricultural Development Bank.

By the mid 1980's, some Ghanaian banks had become weak, financially distressed and insolvent with significant non-performing loan books. To address this problem and with the assistance of the World Bank, the Government in the late 1980's launched the Financial Sector Adjustment Program (FINSAP) to restructure distressed banks, clean up non-performing assets, restore banks to profitability, reform legislation and the banking supervisory system, allow the entry of new banks and financial institutions and develop the money and capital markets. These efforts led to the liberalisation of Ghana's financial sector, making the banking industry more competitive and attractive to investors. In the past two years, four new banks have been established with three out of the four having majority foreign ownership.

2 Market Participants

The Ghanaian universal banking sector comprises the regulator, Bank of Ghana (Central Bank) and twenty three (23) banks. Five of the banks namely: Ghana Commercial Bank Limited, Standard Chartered Bank Limited, SG-SSB Bank Limited, HFC Bank Limited and the CAL Bank Limited are listed on the GSE. The table below shows banks currently operating in Ghana:

BANKS	FOUNDED	NUMBER OF BRANCHES
Standard Chartered Bank Ltd (SCB)	1894	18
Barclays Bank Ltd (BBG)	1917	32
Ghana Commercial Bank Ltd (GCB)	1953	133
National Investment Bank Ltd (NIB)	1963	23
Agricultural Development Bank Ltd (ADB)	1965	48
Merchant Bank Ghana Ltd (MBG)	1971	10
SG-SSB Bank Ltd (SSB)	1977	36
CAL Bank Ltd (CAL)	1990	7
Ecobank Ghana Ltd (EBG)	1990	21
The Trust Bank Ltd (TTB)	1992	11
Metropolitan & Allied Bank Ltd (MAB)	1996	5
First Atlantic Merchant Bank Ltd (FAMB)	1996	4
Prudential Bank Ltd (PBL)	1996	11

BANKS	FOUNDED	NUMBER OF BRANCHES
International Commercial Bank Ltd (ICB)	1999	9
Stanbic Bank of Ghana Ltd (SBG)	1999	4
Amalgamated Bank Ltd (AMAL)	1999	5
Unibank Ltd (UNI)	2000	5
HFC Bank Ltd (HFC)	2003	7
United Bank of Africa Ltd (UBA)	2004	6
Zenith Bank Ghana Ltd (ZBG)	2005	5
Guarantee Trust Bank (Ghana) Ltd (GTB)	2006	1
Inter-Continental Bank (Ghana) Ltd (IBL)	2006	5
Fidelity Bank Ghana Ltd (FBG)	2006	1
TOTAL	23	407

3 Regulatory Environment

The banking industry is regulated by three key laws, namely:

- The Companies Code 1963 (Act 179) as amended which governs the operations of all companies in Ghana.
- The Banking Act 2004 (Act 673)
- The Foreign Exchange Control Act, 2006 (Act 723)

4 Role of the Central Bank

Following independence in 1957, Ghana established the Bank of Ghana (BoG) as an independent central bank with primary functions being:

- issuing currency,
- serving as banker and fiscal agent of Government,
- regulating the financial system, and
- setting the framework for independent monetary management to achieve monetary stability.

The BoG, through its Banking Supervision Department (BSD) has overall supervisory authority in all matters relating to the business of banking in Ghana. The BSD examines the affairs of every bank at least once a year, placing particular emphasis on capital adequacy, solvency, asset quality and management. Other areas also examined include the soundness of borrowing and lending operations, and the funding of long-term commitments.

The Banking Act 2004 (Act 673) is intended to strengthen the independence of BoG in the execution of monetary policy. The financial services industry, and banking in particular, is set to become more competitive as the macroeconomic environment continues to improve and customers increasingly become more discerning.

5 Performance of the Banking Industry

Six (6) banks namely, Ghana Commercial Bank Limited (GCB), Standard Chartered Bank Limited (SCB), Barclays Bank Ghana Limited (BBG), Agricultural Development Bank Limited (ADB), Ecobank Ghana Limited (EBG) and SG-SSB Bank Limited (SG-SSB) continue to dominate the banking industry in Ghana. While as at the end of 2000 these banks controlled 85.5% and 85.1%% of the industry's total assets and total deposits respectively, they accounted for 70.3% and 71.7% respectively as at December 31, 2005 due to increasing competition from other banks as well as new entrants to the sector.

Total operating income for the industry rose 157% from ₵1,923 billion in 2000 to ₵4,970 billion in 2005. The largest six (6) banks contributed 75% of the industry's net interest income in 2005 compared with 84% in 2000. Operating expenses for the industry rose from ₵697 billion in 2000 to ₵2,886 billion in 2005, while profit after tax for the industry rose by 63% from ₵705 billion in 2000 to ₵1,150 billion in 2005. The contribution of the six (6) largest banks to the industry's profits however fell from 86% in 2000 to 80% in 2005 due to increasing competition from other banks as well as new entrants to the sector.

All indications point to another good year for the banking industry. According to the BoG Monetary Policy Committee report issued in December 2006, total assets of the banking industry as at October 2006 was ₵48,353 billion representing an annual growth rate of 35% over the previous year. This compares favourably with the 16% growth rate in 2005 over 2004. The report also highlights the significant improvement in the quality of banks' loan portfolio, with bad loans provisions declining from 14.2% in October 2005 to 11.0% by the end of October 2006.

6 Key Developments and Outlook for the Banking Industry

Ghana's banking industry is fast evolving and becoming increasingly competitive. It is BoG's desire to make Ghana the financial centre of West Africa and Government is therefore pursuing policies that will facilitate the attainment of these goals. Key developments in the industry include:

i. Introduction of New Legislation & Regulation

A Credit Reporting Bill, which will ensure that credit ratings are assigned to institutions and individuals, has been passed into law. It is expected that this will enrich the lending process for banks and improve the quality of bank loans.

The BoG is also re-examining the Know-Your-Customer (KYC) process in order to introduce new guidelines to ensure its conformity with the prevailing environment while making sure they are consistent with anti-money laundering procedures.

The Institute of Chartered Accountants Ghana (ICAG), in collaboration with regulatory bodies such as the BoG and the Securities and Exchange Commission, introduced new financial reporting standards, International Financial Reporting Standards (IFRS), with effect from January 1, 2007 for banks, listed companies and other large companies in Ghana.

ii. Expanding Customer Base

There is a growing presence of foreign nationals in the Ghanaian business environment leading to increased foreign direct investment. Additionally, greater numbers of Ghanaians are requiring and gaining access to banking services. There is also the huge untapped informal sector, which controls significant funds. Government also estimates that significant amounts of

money remain outside the banking system. These present huge opportunities for the growth of the entire industry.

iii. Innovative Products & Services

The stiff competition in Ghana's banking sector has made it imperative for banks to focus on product development and quality services delivery as the main channels for effective competition. Banks are introducing new products aimed at satisfying the unique needs and taste of their customers. Personal loan products have become very attractive due to the declining interest rates and so is private banking and electronic banking services.

iv. Re-denomination of the Cedi

The BoG has announced that the cedi would be redenominated with effect from July 2007. Ten thousand cedis (¢10,000) will be equivalent to one new Ghanaian cedi (GH¢1) under this exercise. This new development, although presenting initial costs, will provide banks with efficiency gains in transaction processing which will eventually improve their profitability.

Ghana's banking industry presents interesting opportunities ahead as it evolves rapidly and its customers, products and services broaden. Contrary to earlier expectations that profits will come under pressure because of the intense competition, banks continue to record healthy profits judging by financial results released so far in 2006. There is therefore enormous growth potential for players in the industry, however only banks that are "well-prepared" are set to reap these benefits.

Part 3 – GHANA COMMERCIAL BANK LIMITED

1 History and Background

Ghana Commercial Bank Limited (GCB) was established as the Bank of the Gold Coast under an Ordinance passed by the then legislative Assembly in 1952. GCB opened officially for business on May 20, 1953. The Government of Ghana was the sole shareholder of GCB at incorporation and GCB's focus then was to support small Ghanaian traders. The Bank of the Gold Coast was renamed Ghana Commercial Bank after independence. GCB was subsequently converted to a public company under the Statutory Corporations (Conversion to Public Companies) Act 1993 (Act 461).

On September 7, 1994, as part of the pre-divestiture activities, a public company limited by shares, Ghana Commercial Bank Limited, was incorporated under the Companies Code 1963 (Act 179) to acquire and takeover the assets and liabilities and the banking business carried on by Ghana Commercial Bank as it existed under Ghana Commercial Bank Decree, 1972 (NRCD 115). GCB undertook a public floatation and its shares were subsequently listed on the Ghana Stock Exchange on May 17, 1996. The Bank is currently a major player in the banking industry providing financial services to a broad clientele and can boast of the widest branch network in Ghana.

2 Share Issue History

The table below summarises GCB's share issue history as at December 31, 2006:

Financial Year	Description	Shares issued	Cumulative Issued Shares	Stated Capital (¢'000)
1952 to 1990	-	100,000,000	100,000,000	2,000,000
1991	Bonus	25,000,000	125,000,000	2,500,000
1992	Bonus	50,000,000	175,000,000	3,500,000
1993	Bonus	75,000,000	250,000,000	5,000,000
1995	Consolidation	0	165,000,000	20,000,000
2006	Capitalisation	0	165,000,000	120,000,000

3 Shareholders

The table below shows the Top 20 shareholders of GCB as at January 17, 2007:

	Shareholders	No. of Shares	Holdings (%)
1.	Government of Ghana	56,608,613	34.31
2.	Social Security & National Insurance Trust	49,525,620	30.02
3.	Daniel Ofori	10,323,472	6.26
4.	BBGN Epack Investment Fund	2,239,668	1.36
5.	GCB Staff Provident Fund	1,517,942	0.92
6.	Anglogold Ashanti Ltd Provident Fund	1,300,000	0.79
7.	Ghana Reinsurance Co Ltd	1,237,260	0.75

	Shareholders	No. of Shares	Holdings (%)
8.	State Insurance Company Ltd	1,229,733	0.75
9.	Ghana Cocoa Board	1,100,000	0.67
10.	Tema Oil Refinery	1,000,000	0.61
11.	BBGN Unilever Managers Pension Fund	564,985	0.34
12.	Produce Buying Company	500,000	0.30
13.	African Tiger Mutual Fund	400,000	0.24
14.	Alhaji Salia Enterprise Ltd	400,000	0.24
15.	Wienco Ghana Ltd	284,600	0.17
16.	SSNIT SOS Accounts	282,150	0.17
17.	BBGN Unilever Ghana Provident Fund	281,835	0.17
18.	Graphic Corporation	200,000	0.12
19.	KE & Sons Ltd	200,000	0.13
20.	Ziga Investments Ltd	175,100	0.11
	Others	35,629,022	21.59
	Total	165,000,000	100.00

4 Products

GCB offers a wide range of products and services. The following constitutes the core products and services offered by GCB:

Product/Service	Main Features
Retail Banking	GCB provides a range of banking services to serve the needs of individuals and households. These services include personal loans/credit lines, consumer credit schemes, current accounts, savings accounts, Kudi Nkosuo accounts, Flexsave, ATMs, Mondex, etc.
SME Banking	These primarily entail services provided to sole proprietorships, enterprises and limited liability companies categorised by GCB as small or medium scale businesses. Key services include relationship banking and business advisory services.
Corporate Banking	GCB also offers relationship banking services, business support and advisory services to enterprises, limited liability companies, state corporations and institutions it considers large and significant.
Treasury Management	GCB offers a variety of investment products and services at competitive rates aimed at meeting various customer needs. These include fund management, money market securities, special call deposits, etc.
Foreign Banking	GCB offers a variety of foreign-related services and products through a wide corresponding network. Key foreign banking products and services include foreign deposit mobilisation account, fast international money transfer and trade payment/financing.

5 Directors

The GCB Board comprises eleven (11) Directors who assume responsibility for activities of the Bank. Three (3) of the board members are executives while the remaining eight (8) are non-executive Directors. We present below a brief profile of the current board members:

Kwabena Gyima Osei-Bonsu [75 years, Ghanaian] Board Chairman: Kwabena joined the GCB board in September 2001 and was subsequently appointed Chairman of the Board of Directors. He holds a Bachelor of Law Degree LLB (Hons) from the University of Leeds, UK (1960) and is a Barrister at Law, having been called to the British Bar in 1962. He is an experienced private legal practitioner who has served Ghana in several capacities. Kwabena was a Director of GCB from 1966 to 1967, Commissioner for Information in the Government of the National Liberation Council in 1967, Hon. Member of Parliament for Asokwa from 1969 to 1972 and Minister of State for National Security and Chief of State Protocol (1969 to 1972).

Lawrence Adu-Mante [60 years, Ghanaian] Managing Director: Lawrence joined the GCB board in December 2003. He holds a BSc (Hons) in Economics from the University of Ghana and an MBA in Finance and Strategic Management from Cardiff Business School, University of Wales (1999). He joined GCB in 1972 and was appointed Deputy Managing Director responsible for Finance in 2003. Lawrence was appointed Managing Director of GCB on February 11, 2005. Prior to these appointments he was the General Manager of the Planning and Research Division of the Bank. He serves on the Boards of Ghana International Bank plc UK, Mondex Ghana Ltd and Development Finance & Holdings Ltd, and was at various times, a Director of Fidelity Discount House Ltd and a member of the Greater Accra and Ghana Hockey Associations.

Roko Frimpong [54 years, Ghanaian] Deputy Managing Director, Operations: Roko holds a BA in Economics from Brown University, Rhode Island USA (1977) and an MA in Economics from Tufts University, Massachusetts (1979). Before joining GCB, he had held several positions including Vice-President and Senior Credit Officer, Caribbean Division of the First National Bank of Boston. He was also Managing Director of Banque Intercontinentale (Haiti), Risk Management Consultant, on secondment to SSB Bank (now SG-SSB Bank) from West African Enterprise Capital, a subsidiary of Blakeney Management, London (UK). Roko serves on the Boards of GCNet, Mondex Ghana Limited and Development Finance & Holdings Limited.

Martin Mensah [59 years, Ghanaian] Deputy Managing Director, Finance: Martin joined the GCB board in May 2005. He holds a BSc in Mathematics from University of Ghana, Legon (1972) and an MBA in Finance from Gujarat University, India (1985). Martin joined GCB in 1973 rising to become Deputy Managing Director for Finance in May 2005. Prior to his appointment, he was the General Manager of the Treasury (1999 to 2001) and General Manager, Branch Operations (2001 to 2005). He serves on the Boards of Development Finance & Holdings Limited and Shell Ghana Limited.

Franklin Kwabena Asamoah [51 years, Ghanaian] Non-executive Director: Franklin joined the GCB board in March 1999. He has a Bachelor of Law Degree (LLB) from University of Ghana and a Masters Degree in Law (LLM) from the Graduate School of Law, Harvard, USA. He is currently a private legal practitioner and consultant with Asamoah Legal Services, a Kumasi based law firm. He acts as a Consultant/Solicitor for a number of agencies, both local and foreign. Franklin is also a member of the Diocesan Development Committee of the Roman Catholic Diocese of Obuasi.

Ebenezer Moses Debrah [79 years, Ghanaian] Non-executive Director: Ebenezer joined the GCB board in September 2001. He attended the University College of the Gold Coast (1951 to 1954) and was awarded honours degree in History, London University (1954). Ebenezer was also awarded Doctor of Law, Honoris Causa from Benedict College, South Carolina USA (1970). He

has served Ghana in several capacities including High Commissioner of Ghana to the UK, Australia, Malaysia and Papua New Guinea. He also served as the Ambassador of Ghana to Ethiopia and the United States of America. Ebenezer was Secretary to the Cabinet and Head of the Ghana Civil Service from 1973 to 1977. He has also served as a Commonwealth and UNDP consultant in Diplomatic Service Training and Management for a number of countries including Papua New Guinea, Zimbabwe, the Kingdom of Lesotho, Namibia and Liberia.

He has received a number of awards including Member of the Order of Volta (MV), a national award for meritorious service to Ghana and the Ghana Civil Service Certificate of Merit and Badge in 2002. He is currently the Chairman of the Eastern Region Lands Commission, the Chairman of Civil Service Council and the Ghana member of the ECOWAS Council of Elders. Ebenezer is an Honourable Fellow of Legon Hall, University of Ghana.

Joe Ofori [53 years, Ghanaian] Non-executive Director: Joe joined the GCB board in September 2001. He has a Bachelor of Law Degree LLB (Hons) from the University of Ghana (1978) and a Master of Law Degree (LLM) with specialisation in corporate and commercial law from University of London (1991). He was Deputy Registrar (Legal Duties) at the West African Examinations Council (1992 to 1993) and is currently a private legal consultant to a number of companies and firms. Joe is also a Director of Cosmos Forex Bureau.

Peter Augustus Ocran [72 years, Ghanaian] Non-executive Director: Peter joined the GCB board in March 1999. He holds a BSc in Economics from the University of Ghana (1962) and an MA in Economics from University of Delaware USA (1967). He was a Chief Manager of GCB (1981 to 1984) and at different times the Head of Credit Management, Development and Agricultural Finance and Research Departments of the Bank. He also held various positions in other organisations in Ghana and abroad and worked for several years as UNDP Chief Technical Advisor to the Uganda Commercial Bank.

Samuel Nii-Noi Ashong [53 years, Ghanaian] Non-executive Director: Samuel joined the GCB board in September 2001. He has a PhD in Economics from Boston University, Boston Massachusetts, USA. In April 2005, he rejoined the team of Research fellows at the Centre for Policy Analysis where he had previously served from January 1996 to Mid-April 2003. Samuel was a Minister of State responsible for Economic Planning (April 2003 to April 2005). He has held several positions including visiting Professor at the National Urban League in New York, and Lead Analyst/Subject Matter Expert at AT&T Consumer Communications Services in New Jersey. He is also a Director of the National Board for Small-Scale Industries (NBSSI), the Chairman of the Boards of Mondex Ghana Limited and Venture Capital Trust Fund, and a member of the Board of the Capital Group Limited.

Kojo Mensah [76 years, Ghanaian] Non-executive Director: Kojo joined the GCB board in August 2002. He is a Public Relations Practitioner, having graduated at the Regent Street Polytechnic, London. Kojo also studied Public Relations at the Graduate School of Journalism Colombia University, New York in 1963. He, at different times, served as Press Liaison Officer of the President and the Government of Ghana (1961 to 1962) and Assistant Press Secretary to Her Majesty Queen Elizabeth II and His Royal Highness Prince Phillip during their Royal visit to Ghana in 1961. He is presently the Managing Director of Hasnem Enterprise Limited (Public Relations and Business Consultants).

Cecilia Nyann [51 years, Ghanaian] Non-executive Director: Cecilia joined the GCB board in March 2003. She is a Chartered Accountant by profession and a Fellow of the Institute of Taxation. She is currently Managing Partner of Intellisys, a firm of chartered accountants. Before Intellisys, she was for fourteen years, a partner at Deloitte and Touche, a chartered accounting firm she

worked with for twenty-eight years. She served on the Board of Bank of Ghana from 1999 to 2001, and currently is a council member of the Institute of Chartered Accountants (Ghana) and Association of Accountancy Bodies in West Africa.

6 Senior Management

In addition to the Managing Director and the two Deputy Managing Directors, other members of GCB's senior management team are:

Helena Nkansah [56 years, Ghanaian] Advisor, Credit: Helena holds a BSc (General) in Home Science from the University of Ghana (1972) and an MBA in Management from the Henley Management College, UK. She is a member of the Institute of Bankers, London (1980) and a Fellow of the Chartered Institute of Bankers, Ghana (1999). She has been with GCB from 1973 to date. Before her current appointment, she held various key positions such as Executive Head, Administration (2004 to 2005), General Manager, Credit Management Division (1998 to 2003) and Area Manager, Tema Zone (1997 to 1998).

Gladys Brobbey [60 years, Ghanaian] General Manager, Branch Operations: Gladys holds a BSc in Zoology from the University of Ghana (1972). Gladys is responsible for co-ordinating the branch activities of the Bank. She joined GCB after graduating from the University of Ghana and has held positions such as Area Manager, Accra Zone (2004 to 2005), Area Manager, Tema Zone (1998 to 2004), Branch Manager, Liberty House (1997 to 1998) at the Bank. Gladys serves on the Board of the Ghana Ecumenical Loan Fund.

Issifu Issah [56 years, British] General Manager, Systems and Information Technology Division: Issifu holds a Certificate in Business and Data Processing from East Ham College of Technology, UK (1978), Diploma in Business and Management Systems from the University of Hertfordshire, UK (1979) and an MSc in Analysis Design and Management Information Systems from the London School of Economics (1982), UK. Prior to joining GCB, he worked with several institutions including the Commonwealth Secretariat, Islamic Development Bank, Saudi Arabia (1998 to 2003), British Gas (1990 to 1995) and Bank Credit and Commerce International (1984 to 1987).

Victor Boakye-Bonsu [45 years, Ghanaian] General Manager, Accounts Division: Victor holds a BSc Administration from the University of Ghana (1985) and an MBA Finance from Middlesex University, UK (1993). He is a Fellow of the Chartered Certified Accountants and a member of the Institute of Chartered Accountants, Ghana (1993). Prior to joining GCB in 2001, he worked with various companies including Keyse Poulter Stern & Co. (Chartered Accountants) London (1990 to 1994), Ashanti Goldfields Company Limited (1994 to 1998) and Metropolitan Insurance Company Limited (1998 to 2000). He served on the following boards/professional bodies - Research and Technical Committee (ACCA), Spectrum Limited, AGC Share Scheme, AGC Obuasi Farms and BMK Particles Company Limited.

Samuel Noble Bekoe [60 years, Ghanaian] General Manager, Support Services Division: Samuel holds a BSc in Land Economy from the Kwame Nkrumah University of Science and Technology (1973) and is a certified member of the Ghana Institute of Surveyors (1975). Samuel has served GCB from 1972 to date. Until his current appointment, he was the deputy to the General Manager, Support Services Division and Head of the Valuation Department of the Bank (1987 to 2002).

Kwasi Owusu-Appiah [57 years, Ghanaian] General Manager, Risk Management Division: Kwasi holds a BA from the University of Ghana (1972) and has been with GCB from 1974 to date. Until his current appointment, he was at the Credit Management Division of the Bank (2000 to

2004). Whilst there, he served as deputy to the General Manager and later became the substantive General Manager of the Division. He also served at various positions whilst at the Development Finance Unit from 1984 to 2000.

Laud Baddoo [55 years, Ghanaian] General Manager, Corporate Banking Division: Laud holds a Diploma in Computer Science from the Kwame Nkrumah University of Science and Technology (1981), qualified as a member of the Association of Chartered Institute of Bankers from West London College/City Banking College London (1998) and an Executive MBA in Finance from the University of Ghana, Legon (2002). Prior to joining GCB, Laud worked for L'Air Liquide (1981 to 1982), A-Mart Limited (1983 to 1985) and SG-SSB (1986 to 1995).

Emile Yartey [60 years, Ghanaian] General Manager, Treasury Division: Emile holds a Diploma in Public Administration from GIMPA (1971), a BA from the University of Ghana (1971) and an MBA in Finance from Illinois State University (1980). Prior to joining GCB in 1998 he worked for Wells Fargo Bank, Los Angeles, California (1981 to 1996), Private Banker Los Angeles, California (1998).

Seth Dwomoh [57 years, Ghanaian] General Manager, Legal Services Division: Seth holds an LLB from the University of Ghana (1973) and a Barrister at Law from the Ghana School of Law (1975). He joined GCB in 1976 as Assistant Legal Officer and rose through the ranks to become the Chief Legal Officer in 2002.

Kwabena Boakye [60 years, Ghanaian] General Manager, Inspection Division: Kwabena holds a BA in Sociology from the University of Ghana (1973). He joined GCB in 1973 and has served the Bank to date. He previously held key positions such as Area Manager, Tamale Zone (2000 to 2002), Area Manager, Cape Coast Zone (1997 to 2000) and Branch Manager, Tema Industrial Area (1987 to 1997).

Edward Kwapong [52 years, Ghanaian] General Manager, Human Resource Division: Edward holds BA in Geography/Sociology from the University of Ghana (1980), an MPA from the University of Ghana (1984), Post Graduate Certificate in Job Evaluation, Solihull College, UK (1991) and a Barrister at Law from the Ghana Law School (2000). Prior to joining GCB in 2001, Edward worked for the Environmental Protection Agency (1984 to 1985), Volta River Authority (1985 to 1997), Ashanti Goldfields Limited (1997 to 2000), Addae Twum and Co (2000 to 2001), Metropolitan and Allied Bank (2001). He also serves on the following Boards- Ghana Employers Association, Institute for International Research, HR Africa Advisory Board and the Ghana Eye Foundation.

7 Succession Planning

In order to ensure continuity and effectiveness of Management and to build capacity for future management of this Bank, the Board has approved a succession plan for the Bank.

Under the plan, at least four members of staff are selected for each Division, based on proven track record and potential to assume higher responsibility. Candidates are earmarked for training, both formal and on-the-job, given their specific background and the potential job they are being groomed for. This way there are ready candidates duly prepared to step into the shoes of Executive/Senior Management as soon as they make an exit through natural attrition or otherwise.

The plan essentially targets the two levels of Management, that is, Executive and Senior management. Staff selected for the succession plan are below 55 years old. When a position falls vacant at the levels selected for the plan, a screening process, including interview is put in place to

select the most suitable from the pool for the position. This is subsequently approved by the Board.

Alongside the succession plan, are other related training programmes aimed at preparing high flyers for fast track promotion to fill middle level management positions for subsequent consideration to senior management positions.

Apart from the succession plan, the practice over the years has been to bring on board outside candidates with expertise that is not readily available from within. This has ensured rejuvenation of the workforce as well as cross-fertilisation of ideas and practices. As a matter of best practice this will be sustained.

8 Corporate Governance and Board Practices

GCB recognises the importance of good corporate governance as a means of controlling and sustaining the long-term viability of the business. In line with its beliefs, GCB has three (3) Board Committees all made of non-executive Directors, twelve (12) Management Committees and other control systems to ensure good corporate governance.

i. Board Committees

Audit and Finance Committee: The Audit and Finance Committee is responsible for reviewing and making recommendations to the Board on policy and operational issues related to the Bank's audit, inspection and financial management processes. Below are the committee's members:

Name	Role
Peter Augustus Ocran	Chairman
Samuel Nii-Noi Ashong	Member
Joe Ofori	Member
Cecilia Nyann	Member
Kwabena Gyima Osei-Bonsu	Member

Remuneration Committee: The Remuneration Committee reviews the remunerations of the Executive and General Managers and makes recommendations to the Board. Below are the Committee's members:

Name	Role
Kwabena Gyima Osei-Bonsu	Chairman
Peter Augustus Ocran	Member
Ebenezer Moses Debrah	Member
Samuel Nii-Noi Ashong	Member
Cecilia Nyann	Member

Legal & Public Relations Committee: The Legal and Public Relations Committee deals with legal matters as well as the media, and makes recommendations to the Board. Below are the Committee's members:

Name	Role
Franklin Kwabena Asamoah	Chairman
Joe Ofori	Member
Ebenezer Moses Debrah	Member
Kojo Mensah	Member

ii. Management Committees

There are twelve Management Committees that deliberate on relevant issues pertaining to the Bank's development. The Management Committees are:

- | | | | |
|---|--|----|-------------------------------|
| 1 | Executive Committee | 7 | Computerisation Committee |
| 2 | Executive Credit Committee | 8 | Archives Disposal Committee |
| 3 | House Finance Committee | 9 | Training & Manpower Committee |
| 4 | Loans Recovery Committee | 10 | Tender Committee |
| 5 | Assets and Liabilities Management Committee (ALCO) | 11 | Staff Housing Loan Committee |
| 6 | Disciplinary Committee | 12 | Product Development Committee |

iii. Control Systems

The oversight role of the Board is complemented by the Inspection Division and Internal Audit Department. Whereas the Inspection Division concentrates on effective compliance with company procedures at branch level, the Internal Audit focuses on compliance at the Head Office. The inspection and procedural reviews by these divisions are complemented by Bank of Ghana inspections and statutory audits by GCB's auditors, Pannell Kerr Forster.

The Bank also has a Risk Management Division (RMD) which provides continuous and independent evaluation of all risks, risk control and general risk administration. The RMD further provides support in the development and effective execution of compliance processes and implementation of on-going monitoring mechanisms related to risks.

9 Employees

The table below shows the breakdown of the average number of people directly employed by GCB over the past three years:

Category	2004	2005	2006
Management	215	217	210
Supervisors	901	912	908
Non-supervisors	1,080	1,051	1,038
Total	2,196	2,180	2,156

10 Investments and Subsidiaries

GCB holds certain of its investments directly and others indirectly through its wholly-owned subsidiary, Development Finance & Holdings Limited (DFHL). The Bank's direct investments are listed in the table below:

Investment	Percentage Held
National Investment Bank Ltd	0.62
Development Finance Holding Ltd	100.00
Consolidated Discount House	8.00
Ecobank Transnational Incorporated	0.320
Ghana Commercial Bank Forex Bureau	100.000
Securities Discount House	5.000
SWIFT	0.001
Fidelity Discount House	1.000
Ghana International Bank Ltd	20.000
Activity Venture Finance Company Ltd	40.000

DFHL's holdings include those in unlisted equities such as Shell Ghana Limited, Ghana Community Network, Vanguard Assurance, Ghana Textiles Manufacturing Limited and Accra Markets Limited, and those in listed securities as spelt out below:

Investment	No of Shares Held
Accra Brewery Ltd	100,000
Aluworks Ltd	450,000
Anglogold Ashanti Ltd	1,069
Cocoa Processing Company Ltd	64,000

11 Branch Offices

As at December 31, 2006, GCB operated one hundred and thirty-three (133) branches nationwide and was present in all the ten regions of Ghana. GCB therefore has the widest network of bank branches in Ghana. All these branches have been networked and operate on one banking software platform. GCB plans to roll out more branches, relocate some of these branches for convenience of its customers and fully computerise all these branches as part of its re-engineering and investment plan.

12 Information and Communication Technology

GCB has made significant strides in developing its information and communication technology systems. By the end of 2006, all one hundred and thirty-three (133) and ten (10) agencies had been connected onto a wide area network and the *Flexcube* software. The Bank has built a major infrastructural capacity to enable it develop new web-based products. Internet banking facilities are already in place and will be launched soon.

Additionally, the bank had installed fifty (50) automated teller machines (ATMs) by the end of 2006 and plans to double this number to a hundred (100) by the end of 2007. GCB plans to migrate its existing ATM platform to a more robust one that enables the Bank share the platform and services with other banks and branded card business partners, as well as with point of sale terminal services.

13 Material Contracts

GCB had the under listed material agreements with third parties at the time of this document:

i. International Money Transfer Agreements

GCB has entered into international money transfer agreements with 6 foreign companies namely, Unity Monetary Services (Amsterdam), Universal Money Transfers (Germany), Unity Link Money Transfer (London), Family Link Money Transfers (Bronx U.S.A.), Speedy Forex Bureau (Alexandria, U.S.A.) and Wise Way Transfer Service (Sweden). These companies use GCB's extensive branch network to effect payments of remittances to Ghana on behalf of their clients.

ii. SwitchGate EFT Services Agreement

GCB has entered into an agreement with SwitchGate International LLC, a Florida based limited liability company. SwitchGate, through its affiliate companies, provides GCB with card issuing and administration services as well as electronic funds transfer, financial transaction acquiring and processing and terminal driving services for GCB's automated teller machines and point of sales terminals.

iii. Outsourced Services

GCB has entered into agreements with several companies covering outsourced services such as security and the various maintenance services.

14 Material Exposure

Tema Oil Refinery Limited (TOR), a company wholly-owned by the Government of Ghana and responsible for crude oil importation and refining in Ghana, is financed by GCB. Of GCB's total advances balance as at December 31, 2006 of ₵3,762 billion, TOR accounted for ₵2,398 billion (representing about 64% of total advances and about 31% of the Bank's net assets), whilst off-balance sheet commitments to TOR amounted to ₵1,484 billion. As at March 15, 2007 these balances had been reduced to ₵2,263 billion and ₵955 billion respectively for advances and off-balance sheet commitments. The size of TOR's collateral for these exposures was ₵177 billion and ₵8 billion as at December 31, 2006 and March 15, 2007 respectively. The advances are serviced with proceeds from the sale of refined crude oil.

TOR's exposure as at December 31, 2006 far exceeds a special dispensation exposure limit of ₵1,118 billion (US\$ 123.50 million) granted by the BoG to GCB in 2000 for TOR. GCB has written to the BoG requesting an increase in the special dispensation granted to GCB for TOR in view of the doubling of oil prices and bigger oil needs of the country since 2000.

Whilst GCB is over-exposed to TOR, the Bank's management does not believe this poses considerable risk to the Bank in view of the Government of Ghana's commitment to support TOR. Additionally, Government has recently taken steps to privatise TOR and is seeking strategic investors to raise capital to expand the refinery and to settle some of TOR's outstanding obligations. Additionally, the Government of Ghana, through the National Petroleum Authority, has

a formula for TOR to achieve full cost recovery to service its obligations.

15 Litigation

The following summarises pending litigation as at January 31, 2007 in matters with a minimum claim value of US\$100,000:

- **Legal Proceedings Filed Against GCB**

- i. **Naos Holdings Inc (Naos) Vs GCB**

Naos brought legal action against GCB to enforce the payment of five (5) promissory notes issued by officials of the Bank totalling (US\$4,147,643) in favour of Eaglet Corporation in the United States of America. The case is currently pending before the Supreme Court of Ghana. GCB has an indemnity for this case issued by the State Insurance Company hence in the unlikely event that the Bank loses the case, it will invoke the indemnity to make good the claims against it.

- ii. **Samson Tawiah and 85 others Vs GCB**

The plaintiffs are seeking a declaration that having worked regularly and continuously as watchmen for the bank for various periods between 1992 to 1998, till the termination of their service in 2000, without break, contrary to terms of their employment letters, they ceased to be temporary watchmen and became regular watchmen. GCB plans for an amicable settlement with the plaintiffs.

- iii. **Benjamin Acheampong Boateng and 71 others Vs GCB**

The plaintiffs, who are ex-employees of the bank, claim payment for pension and of other benefits which according to them accrued by the effluxion of time on the attainment of 15 years in the service of the bank.

- **Legal Proceedings GCB has Filed Against Third Parties**

Cases brought by GCB against third parties usually comprise of debt or loan recoveries from defaulters. Currently, there are over a hundred of such cases pending. GCB makes adequate provisions for loan losses each year in its financial statements in line with Bank of Ghana's requirements.

16 Disclosure of Interests by Directors

As at December 31, 2006, the interests of GCB's Directors and their immediate families in GCB shares were as follows:

Name	Shares Held by	
	Director	Family
Kwabena Gyima Osei-Bonsu	2,000	-
Lawrence Adu-Mante	10,270	
Martin Mensah	12,000	700
Roko Frimpong	1,500	-
Peter Augustus Ocran	8,000	-
Franklin Kwabena Asamoah	500	300

Name	Shares Held by	
	Director	Family
Ebenezer Moses Debrah	1,000	-
Samuel Nii-Noi Ashong	500	300
Cecilia Nyann	500	-
Kojo Mensah	5,000	-
Joe Ofori	500	-
Total	41,770	1,300

17 Disclosure of Interests by Advisors

As at the date of this document, Strategic African Securities (Financial Advisor & Sponsoring Broker) held no GCB shares. No subsidiary, affiliate, employee or principal of any of the firms held or had interest in GCB shares.

As at the date of this document, JLD & MB Legal Consultancy Services (Legal Advisors) did not hold any GCB shares. No employee or principal of the firm or any of its associated persons held or had interest in any GCB shares.

As at the date of this document, Ernst & Young (Reporting Accountants) did not hold any GCB shares. No employee or principal of the firm or any of its associated persons held or had interest in any GCB shares.

As at the date of this document, MMRS Ogilvy (Media Consultants) did not hold any GCB shares. No employee or principal of the firm or any of its associated persons held or had interest in any GCB shares.

18 Other Disclosures

- **Relationships Among Directors** – There are no family relationships among the Directors.
- **Bankruptcy Petitions** – No petition under any bankruptcy law has been filed against any Director, or any partnerships of which such persons were partners, or of any company in which such persons are or were Directors.
- **Criminal Proceedings or Convictions for Fraud or Dishonesty** – No person who is a Director or has been nominated to become a Director has been convicted in a criminal proceeding or is a named subject of any pending criminal proceeding relating to an offence involving fraud or dishonesty.
- **Prohibition against Financial Advisory or Capacity to Hold Office** – No person who is a Director or has been nominated to become a Director has been subject of any judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment advisor, dealer in securities, Director or employee of a corporate body or engaging in any type of business practice or activity or profession.
- **Materiality of Management Interest in the Company's Business and Affairs** – No member

of management or any other persons related to them have any material interest in the company either directly or indirectly.

- **Directors Powers to Borrow and Charge the Company's Assets** – The Directors may exercise all the powers of the company to borrow money and to mortgage or charge its property and undertaking or on any part thereof, and to issue debentures. Such powers can be varied by amending the Company's Regulations.

19 Risk Factors

Investing in the securities of any company entails some investment risks. In considering a purchase of GCB's ordinary shares, investors should carefully consider the following potential risks of an investment in the Bank, including any relevant information contained in this prospectus:

i. Financial Risk

GCB is involved in the management of financial assets and liabilities and is therefore principally exposed to financial risks. These include credit risks, liquidity risks, interest rate risks and foreign exchange risks. GCB has been managing these risks through its well-tested methodologies and procedures over the years. The company's policies and its well-motivated staff will enable the bank to address these perceived risks.

ii. Over-Exposure to Tema Oil Refinery

The Bank is over-exposed to Tema Oil Refinery Ltd (TOR) as disclosed in Paragraph 14 (Material Exposure) above. Whilst GCB's Management does not believe this over-exposure poses a critical risk to the Bank, it is however possible that further increases in crude oil prices, increasing demand for petroleum products following hydro-energy shortage in Ghana and any decision by Government not to pass on the full cost of petroleum products to consumers may worsen TOR's financial position and its ability to service its obligations to GCB.

iii. Liquidity

The additional GCB shares on issue will be listed on the GSE. It is however possible that there could be inadequate liquidity in the Bank's shares on the GSE, meaning that investors may not be able to sell or buy shares in GCB whenever they want to and at their desired price.

iv. Dilution

An investor's holdings in GCB shares may be diluted if that investor does not participate fully in the rights issue.

v. Competition

GCB operates in an increasingly competitive financial services industry which is evolving and broadening. The Company therefore faces challenges in all aspects of its business which can affect its financial performance. GCB has however responded well to these market challenges over the past years.

vi. Fraudulent Practices

Fraudulent practices by employees and customers can adversely affect the operations of the Bank. The Bank is mitigating this risk through efficient reporting systems and the implementation of an effective Know-Your-Customer policy

vii. Computer System Failure

The use of computer systems and other information technologies could pose a risk to the Bank. GCB however employs a comprehensive computer control and monitoring system to enable it to mitigate these risks.

viii. Political

Political upheavals pose a risk to the smooth operation of the Bank. Ghana has been operating a democracy as a means of governance since 1992. The peaceful democratic process prevailing in the country as well as the support by the international community of Ghana's political system gives the assurance the current political stability will continue.

20 Additional Information

- Ernst & Young, reporting accountants, have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their reports in Parts 3 and 5 of this document and the references thereto in the form and context in which they appear.
- Save as disclosed in this circular, there has been no material change in the financial or operating position of GCB other than in the ordinary course of business since December 31, 2006 the date to which the last audited accounts of GCB were prepared.
- Save as disclosed in this circular, GCB has not engaged in any litigation or arbitration of material importance to affect its financial position, and the Directors are not aware of any such litigation or arbitration.

21 Documents Available for Inspection

Copies of the following documents in respect of the business and affairs of GCB and the Rights Issue may be inspected at the registered office of GCB during normal business hours of any working day during the Offer period:

- i. The Board's Resolution dated June 29, 2006 authorising the Bank to undertake a Rights Issue
- ii. The Resolution passed by shareholders at the Extra-Ordinary General Meeting held on October 26, 2006.
- iii. The company's audited annual reports for the past five years
- iv. The Rights Issue Circular
- v. The Escrow Account Agreement

22 Historical Financial Statements

a) Independent Reporting Accountants' Opinion



The Board of Directors
Ghana Commercial Bank Limited
Thorpe Road
High Street, Accra

May 3, 2007

Dear Sirs/Madam,

RIGHTS ISSUE OF GHANA COMMERCIAL BANK LIMITED

We have examined the audited financial statements of Ghana Commercial Bank Limited (the Bank) and its subsidiaries for the five years ended 31 December 2005. The Bank and its subsidiaries are referred to as the "Group" for the five years ended 31 December 2005. Following our examination, the Bank has prepared and has had audited, financial statements for itself and its subsidiaries for the 2006 financial year.

Pannell Kerr Forster, Chartered Accountants of Accra have acted as auditors of the Group throughout the period covered by our examination (2001 to 2005) and for the 2006 financial year, which period has not been covered by our examination. The auditors did not qualify any of the accounts from 2001 to 2006.

The financial information from 2002 to 2005 we set out in the following section has been prepared from the audited financial statements (2002 to 2005) after making such adjustments as we consider necessary. We also present in this section, Pannell Kerr Forster audited 2006 financial statements, which we have not examined and have made no adjustments to.

Our work has been carried out in accordance with the Auditing Guidelines: "Prospectuses and the Reporting Accountant".

In our opinion, the financial statements set out below give a true and fair view of the results of the Group for each of the five years ended 31 December 2005 and of the state of affairs of the Group at the end of each of those years in accordance with Ghana Accounting Standards.

Yours faithfully

Ernst & Young

b) Historical Profit and Loss Account for the year ended December 31

	Notes	Ernst & Young Adjusted Historical Figures				Unadjusted
		2002	2003	2004	2005	2006
		¢'m	¢'m	¢'m	¢'m	¢'m
Interest Income	2	628,587	756,735	767,512	841,026	1,024,054
Interest Expense	3	(118,714)	(181,429)	(169,096)	(140,157)	(149,863)
Net Interest Income		509,873	575,306	598,416	700,869	874,191
Fee & Commission Income		127,815	144,767	179,540	234,422	313,706
Other Operating Income	4	57,400	39,495	15,168	14,509	26,571
Operating Income		695,088	759,568	793,124	949,800	1,214,468
Operating Expenses	5	(291,746)	(436,234)	(506,429)	(757,440)	(818,623)
Charge for Bad & Doubtful Debt	6	(133,061)	(112,666)	(148,504)	(88,391)	(16,590)
Operating Profit		270,281	210,668	138,191	103,969	379,255
Other Income	7	11,627	4,836	45,126	88,329	12,892
Profit Before Tax		281,908	215,504	183,317	192,298	392,147
National Reconstruction Levy		(28,027)	(21,544)	(23,290)	(17,295)	(12,607)
Taxation	8	(79,509)	(100,409)	(45,681)	(87,394)	(119,393)
Profit after Tax Transferred to Income Surplus		174,372	93,551	114,346	87,609	260,147
Balance as of 1 Jan		219,094	289,169	329,760	412,524	525,323
Prior Year Adjustments for Tax		-	-	50,923	61,875	-
		219,094	289,169	380,683	474,399	525,323
Transferred from Profit & Loss		174,372	93,551	114,346	87,609	260,147
Transfer to Stat Reserve Fund		(21,797)	(11,710)	(20,630)	(16,128)	(32,518)
Transfer to Stated Capital		-	-	-	-	(100,000)
Dividend		(82,500)	(41,250)	(61,875)	(61,875)	(66,000))
Balance as of 31 December		289,169	329,760	412,524	484,005	586,952

c) Historical Balance Sheet as at December 31

	Notes	Ernst & Young Adjusted Historical Figures				Unadjusted
		2002	2003	2004	2005	2006
		¢'m	¢'m	¢'m	¢'m	¢'m
Assets						
Cash Balance with BoG	9	492,209	471,267	659,974	748,568	738,374
Government Securities	10	2,455,887	1,915,973	1,970,586	1,813,535	2,162,180
Due from Banks and Fin Inst	11	397,161	474,711	594,106	367,566	843,745
Investment in Other Securities	12	34,787	35,705	52,108	54,056	62,713
Loans and Advances	13	955,310	1,754,297	2,045,486	2,546,774	3,645,385
Investment in Subsidiary	14	-	-	-	-	-
Other Assets	17	202,644	341,220	116,120	127,212	107,792
Taxation	8	-	-	29,447	31,027	-
National Reconstruction Levy		-	-	-	5,209	
Fixed Assets	18	103,713	101,230	118,772	161,558	231,827
Total Assets		4,641,711	5,094,403	5,586,599	5,855,505	7,792,016
Liabilities						
Customer Deposits	19	2,408,609	3,183,830	4,265,733	4,729,940	6,345,727
Due to Banks and Other Fin Inst.	20	61,568	-	10,433	8,452	6,405
Borrowings	21	204,500	-	45,000	20,000	-
Interest Payable & Other Liabilities	22	1,491,247	1,348,820	662,997	412,758	429,947
Taxation		38,580	66,728	-	-	27,933
Total Liabilities		4,204,504	4,599,378	4,984,163	5,171,150	6,873,012
Shareholders' Funds						
Stated Capital	23	20,000	20,000	20,000	20,000	120,000
Share Deals Account	24	1,000	1,000	1,000	1,000	1,000
Capital Surplus Account	25	12,764	18,281	22,298	16,706	15,792
Income Surplus Account		289,169	329,760	412,524	484,005	586,952
Statutory Reserve	26	114,274	125,984	146,614	162,742	195,260
Total Shareholders' Funds		437,207	495,025	602,436	684,453	919,004
Total Liabilities & Shareholders' Fund		4,641,711	5,094,403	5,586,599	5,855,505	7,792,016

d) Historical Cash Flow Statement for year ended December 31

	Ernst & Young Adjusted Historical Figures				Unadjusted
	2002	2003	2004	2005	2006
	¢'m	¢'m	¢'m	¢'m	¢'m
Operating Activities					
Operating Profit before Taxation	281,908	215,504	183,317	187,524	392,147
Adjustment For:					
Depreciation	22,916	25,683	25,542	32,714	45,697
Dividend from Investments	(4,410)	(2,987)	(5,598)	(9,031)	(12,460)
Profit on Sale of Property & Equipment	(1,508)	(824)	(665)	(1,865)	(567)
Provision for Bad and Doubtful Debts	133,061	112,666	98,489	73,591	16,590
Op Profit before Wkg Capital Changes	431,967	350,042	301,085	282,933	441,407
(Increase)/Decrease in Investments	(1,458,089)	539,914	(54,613)	157,051	(348,645)
(Increase)/Decrease in Loans and Advance	927,645	(901,094)	(416,584)	(543,780)	(1,094,593)
Increase in Customer Deposits	688,190	775,221	1,081,903	464,207	1,615,787
Increase/(Decrease) in Other Assets	(80,244)	(138,576)	225,100	(11,092)	53,294
(Decrease)/Increase in Interest Payable	(129,316)	(142,427)	(685,823)	(250,239)	71,529
Increase/(Decrease) in Borrowings	204,500	(204,500)	45,000	(25,000)	(20,000)
Increase/(Decrease) in Balance Due to	(142,432)	(61,568)	10,433	(1,981)	(2,047)
Cash From Operations	442,221	217,012	506,501	94,283	716,732
Tax Paid	(90,622)	(72,261)	(90,933)	(139,897)	(60,433)
National Reconstruction Levy Paid	(32,668)	(24,274)	(21,440)	(24,236)	(1,800)
Net Cash Flow from Operating Activities	318,911	120,477	394,128	(69,850)	654,499
Investing Activities					
Purchase of Property, Plant and Equipment	(59,742)	(23,338)	(43,141)	(75,882)	(116,111)
Proceeds from Sale of Property & Equip	2,056	963	665	2,247	712
Other Investment in Securities	(3,251))	(918)	(16,403)	12,531	(18,397)
Dividend Received	4,410	2,987	5,598	9,031	12,460
Dividend Paid	(74,056)	(57,750)	(39,779)	(63,347)	(66,000)
Net Cash Used in Investing Activities	(130,583)	(78,056)	(93,060)	(115,420)	(187,336)
Financing Activities					
Purchase of Own Shares	(394)	-	-	-	-
Sale of Own Shares	1,571	-	-	-	-
Net Cash From Financing Activities	1,177	-	-	-	-
Net Change in Cash & Cash Equivalents	189,505	42,421	301,068	(185,270)	467,163
Cash & Cash Equivalents as of 1 Jan	791,997	981,502	1,023,923	1,324,991	1,114,956
Cash & Cash Equivalents as of 31 Dec	981,502	1,023,923	1,324,991	1,139,721	1,582,119

e) Notes to the Financial Statements

1. Accounting Policies

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

i. Basis of Accounting

The bank and its subsidiary ("the Group") prepared their financial statements under historical cost convention as modified by the revaluation of fixed assets.

ii. Consolidation

The consolidated financial statement of the group comprises the financial statements of Ghana Commercial Bank Ltd and its subsidiary. The Group accounts for its subsidiary by consolidating fully its assets and liabilities and results for the period. However, this report is not consolidated.

iii. Foreign Currency

Assets and Liabilities denominated in foreign currency are translated into cedis at the exchange rate ruling at the end of the period. Gains and losses resulting from foreign currency translation or exchange are included in profit and loss for the period except those relating to non-performing foreign currency denominated advances. In this case, gains and losses are transferred to the exchange suspense account.

iv. Re-purchase of Own Shares

In July 1997, the Bank put in place a share re-purchase program under which it intended to spend a maximum of one billion cedis to purchase its own shares. All transactions relating to the purchase and resale of own shares are dealt with through the share deals accounts. The shares are held in treasury until resold. As at December 31, 2006, the Bank held 352 shares in treasury.

v. Interest Income

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

vi. Fee Income

Loans fees are credited to income.

vii. Investment

Investments are held for the purposes of both trading and investment. Investments are included in the balance sheet at lower of cost and net realisable value. Gains and losses on the sale of investments securities are shown in other operating income or expenses where applicable.

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

viii. Advances

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

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

ix. Provision for Bad and Doubtful Debt

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

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

x. Fixed Assets

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

Asset Category	Rate (%)
Office and Residential Buildings	5.0
Printing Machines	20.0
Safe and Strong Room Doors	20.0
Computers	25.0
Furniture and Fittings	33.3
Other Motor Vehicles	33.3
Bullion Vans	25.0

f) Statements of Adjustments to the Accounts

The independent reporting accountants, Ernst & Young, have made the following adjustments to the 2001 to 2005 audited financial statements of GCB and its subsidiaries:

Period: Jan 1-Dec. 31, 2005

Adjustments & Reclassifications

Number	Accounts details/ Explanations	Dr ¢m	Cr ¢m
1	Investment in stock and bonds Other Assets- Rediscounted bills To reclassify investment in stocks and bonds wrongly posted to other assets.	19,890.69	19,890.69
2	Other Miscellaneous Income Recoveries from bad debt written off To reclassify other miscellaneous income wrongly posted to Recoveries from bad debt written off.	108.56	108.56
3	Dividend received from Ecobank for 2003 & 2004 Recoveries from bad debt written off To reclassify other dividend income wrongly posted to Recoveries from bad debt written off.	287.96	287.96
4	Stocks: NCCTC A/c Printing Stationery Account Equipment Computer hardware spares Accounts receivable: NCCTC A/c Printing Stationery Account Equipment Computer hardware spares To reclassify other stocks wrongly posted to Accounts receivable	4.73 4,067.03 381.65 2,615.70	4.73 4,067.03 381.65 2,615.70
5	Accounts receivable: Forex trading Stamp duty Suppliers Control Account Accounts Payable: Forex trading Stamp duty Suppliers Control Account To reclassify accounts payable in accounts receivable	863.79 59.52 587.46	863.79 59.52 587.46

Period: Jan 1-Dec. 31, 2005

Adjustments & Reclassifications

Number	Accounts details/ Explanations	Dr ¢m	Cr ¢m
6	Accounts receivable- National Reconstruction Levy Other liabilities- National Reconstruction Levy Being National Reconstruction Levy receivable wrongly among other liabilities	5,208.97	5,208.97
7	Cash in Hand- ATM balances Miscellaneous income Being credit balances on non existing ATMs recorded among end of year ATM balances	227.87	227.87
8	Cash in Hand - Head Office Miscellaneous income Being under statement of cash in hand now corrected	1,223.28	1,223.28
9	Operating expenses Investment on short notice Being an error on transformation from Sun system to Flexcube programme wrongly classified as investment on short notice (2002-2005).	12,300.00	12,300.00
10	Provision for Bad debt (Expenses) Provision for Bad Debt (Loans & Advances) Additional provision required {2005}	14,800.00	14,800.00
11	Provision for Bad debt (Expenses) Placement with banks Being complete write off placement with Ghana Commercial Bank -Togo which had been liquidated over ten years ago	-	-
12	Bank Charges (Operating Expenses) Balance with BoG To record BoG charges levied on GCB on Overdue \$3m	273.00	273.00
13	Operating expenses Suspense Account (other Assets) Being a complete write off of suspense accounts wrongly booked to accounts receivable	15,494.00	15,494.00

Period: Jan 2001-Dec. 2004

Schedule

: **Adjustments & Reclassifications**

Number	Accounts details/ Explanations	Dr ¢m	Cr ¢m
1	Other Assets (Suppliers Suspense) {2004} Other Liabilities {2004} To reclassify credit balance on Suppliers balance wrongly posted to other assets.	639.23	639.23
2	Provision for Bad debt (Expenses) Provision for Bad Debt (Loans & Advances) Additional provision required {2004}	37,969.00	37,969.00
3	Dec-03 Exchange Gain (Other Operating Income) Balance with BoG To reverse exchange gain wrongly booked on revaluation of balance with BoG and taken to income	16.00	16.00
4	Dec-03 Bank Charges (Operating Expenses) Balance with BoG To record BoG charges levied on GCB on Overdue \$3m	264.17	264.17
5	Dec-03 Suspense Account (other Assets) Balance with BoG To transfer \$3m reconciling balance to Suspense Account for further investigation.	26,416.50	26,416.50
6	Provision for Contingencies (AP) Profit & Loss Account (2003) To reverse over provision resulting from double counting EDIF Fund	149.00	149.00
7	Dec-04 Income Surplus Balance with BoG Adjustment to restate 2003 adjustments	280.17	280.17
8	Dec-04 Exchange Gain (Other Operating Income) Balance with BoG To reverse exchange gain recorded on non-existing balance with BoG	679.00	679.00
9	Loans & Advances {Farmers Service Limited} 2004 Accounts Payable-COFACE Guarantee To accrue for Crystallized COFACE Guarantee	558.00	558.00

Period: Jan 2001-Dec. 2004

Schedule

: Adjustments & Reclassifications

Number	Accounts details/ Explanations	Dr ¢m	Cr ¢m
10	Provision for Contingencies (AP) Profit & Loss Account (2004) To reverse over provision resulting from double counting EDIF Fund	118.00	118.00
11	Provision for Bad debts expenses Provision for Bad debts-Provision(2004) Additional Provision required for Ghana Airways Facilities	12,164.00	12,164.00
12	IRS Income Surplus 2004 To adjust for cumulative excess tax following IRS tax audit (1999-2003)	50,923.00	50,923.00
		130,176.06	130,176.06

PART 4 – USE OF FUNDS AND BUSINESS OUTLOOK

1 Introduction

The relatively stable macroeconomic environment coupled with the promotion of a liberal and competitive financial services industry by the Bank of Ghana has engendered fierce competition within the banking sector. Government's vision to make Ghana the financial centre of the West African sub-region has further heightened competition in the financial sector.

The quality of service delivery, innovative and tailor-made products are the main mediums that will enable banks to survive the intense competition and above all remain profitable. State-of-the-art information technology infrastructure is central to enhanced service delivery and product innovation. Banks that have explored information technology are clearly ahead in the industry.

The Board and Management of GCB believe that these new developments in the banking industry present both opportunities and challenges. The Board and Management believe that for GCB to fully realise its vision to be a customer-oriented and technology-driven Bank with focus on shareholder value creation through sustained profits, there is the urgent need to increase operational efficiency and strategically position the Bank.

2 Broad Objectives

The key objectives of GCB's strategic plan are to:

- strengthen the bank's capacity to lead in the financing of major and financially rewarding businesses in key sectors of the economy such as cocoa, mining, petroleum and natural gas;
- increase business generation through aggressive but cost-effective deposit mobilisation, quality loans and advances, money transfer and financing of import and export trade activities;
- build the widest networked bank, deploying modern technology and systems to provide an integrated back and front office operation that enhances service delivery to the Bank's clients;
- provide convenient, accessible and comfortable banking environment for quality service delivery;
- attract, train and retain staff with right attitudes who are responsive to customer needs and are loyal to the Bank;
- develop appropriate mix of products and services that will be responsive to changing customer demands and requirements; and
- continuously enhance profits through increased revenues, and effective control and cost management systems.

3 Planned Capital Expenditure

Based on the broad objectives outlined above, GCB has outlined an investment plan to be implemented over the next three (3) years. The investment plan targets five (5) key areas that the Board and Management believe will expand the Bank's capacity to deliver quality services and create value for its shareholders. These key areas are:

- i. Working Capital
- ii. Systems & Processes
- iii. Employees
- iv. Branch Branding
- v. Products and Services

i. Working Capital

GCB requires additional working capital to enable it to regain its role as a major player in cocoa syndication. The Bank also plans to explore opportunities in the petroleum and gas sectors that have arisen because of deregulation. GCB would like to increase its level of financing to businesses engaged in gas production and distribution as well as crude oil importation and refining. Additionally, financing small and medium scale enterprises (SMEs) has become a very important area of banking in Ghana and the Bank intends to increase its operational funds for this segment of the market.

The Bank's strategy is to leverage declining interest rates to take advantage of the growing demand for loans by corporate and individuals to grow its loans portfolio aggressively in order to derive the maximum benefits from earning assets.

ii. Systems and Processes

The Bank's use of information and communication technology is not at its optimum and it is less competitive in relation to other banks, which have achieved full automation of their processes. The Bank began the process of modernising its information technology infrastructure as part of its corporate plan (2005-2007) and so far, its key achievements include:

- Currently GCB branches operate one banking operating system, namely the *flexcube*, compared to two different banking operating systems a year ago.
- All of GCB's branches have been connected through a Wide Area Network (WAN) and *flexcube*
- Additional twenty-eight ATMs have been installed bringing the total number of ATMs operated by the Bank to fifty as at December 2006
- Clustering of some key activities began in respect of salary and pension processing, printing of statements etc.

To derive the full benefits from automating its systems and processes, GCB needs to further build on the solid infrastructure platform it has laid. Communication must be enhanced and complete computerisation of all its processes is a necessity. GCB financed its initial infrastructure upgrade program through internally generated funds. However, it recognises the urgent need for external financing to complete the planned program. Below are some of the areas identified for further development in the Bank's investment plan:

- Upgrading of the *flexcube* banking software, replacement of branch databases, clustering and enhancing the security on the Bank's software;
- Upgrading the Bank's communication platforms to facilitate communication among branches and services like internet banking;
- automating all branch processes and back office activities as well as Head Office support functions through clustering, the acquisition and implementation of appropriate hardware and functionally integrated software, coupled with the replacement of existing computers and accessories, etc; and
- Increasing the number of ATMs from fifty to one hundred by end of December 2007.

iii. Employees

Currently, there is the need to improve upon staff commitment, dedication and loyalty. There is also the need to ensure that staff has the right attitude, skills and knowledge.

Employees are crucial to the success of the re-engineering programme. Therefore, the Bank will undertake staff rationalisation over a two-year period. There will also be extensive training programmes to equip staff with requisite skills and knowledge. In addition, culture-change programmes to re-orient the mindset and attitudes of staff towards raising their level of loyalty, commitment and dedication will be undertaken.

iv. Branch Branding

GCB began major work on its branches as part of the implementation of its corporate plan (2005 to 2007). So far, construction works on Takoradi Branch and Osu Royal Banking have begun with the latter near completion. The following branches have also been relocated and or reconfigured:

- | | | |
|------------------|-------------------|-----------|
| • Ministries | • Mampong Ashanti | • Abor |
| • Duayaw Nkwanta | • Navrongo | • Aburi |
| • Bogoso | • Juaso | • Kadjebi |
| • Drobo | • Nsawam | |

Many more GCB branches need to be relocated or reconfigured to improve access and convenience for its valued customers. Moreover, there is an urgent need to respond to new business opportunities and extend the Bank's services to targeted customers at new locations including Kasoa and Spintex Road. Some of the branches targeted for immediate refurbishment are:

- | | | |
|----------------------------|-------------------|------------------|
| • Korle-Bu | • Kaneshie Market | • Mankessim |
| • Tema Market | • New Tafo | • Winneba |
| • Tema Fishing Harbour | • Sekondi | • Republic House |
| • Derby Avenue | • Hohoe | • Akim Oda |
| • Kaneshie Industrial Area | • Ho | • Agona Swedru |

v. Products and Services

GCB will become more competitive if it has a wider range of products. The existing products need to be repackaged in response to the changing business environment, customer demands and competition. Currently the Bank has introduced its Royal Banking services on a pilot basis and has started preparations to introduce its utility bill payment services.

GCB needs to introduce new products in order to be ahead of the competition. Key goals under its product and service development program include:

- Widen or spread Royal Banking services to all main branches in all the regional capitals in Ghana;
- Fully implement internet banking services including electronic bill payment systems, e-remit, e-retail, etc;
- Capture the collection of fees of major tertiary educational institutions; and
- Repackage some existing products e.g. Kudi Nkosuo

4 Proposed Use of Funds

GCB envisages that over the next three years it will need about ₵1,100 billion to support the entire investment and restructuring program. GCB plans to raise ₵450 billion of this amount under this Offer to implement the necessary programs and to re-engineer sustainable growth and profitability.

The Bank will consider appropriate financing options ranging from the use of internally generated funds to accessing the capital markets in the implementation of the rest of its programme. The financing decisions of the Bank will continue to be guided by the need for shareholder value maximisation given the macro-economic environment, capital market conditions, the specific circumstances of the Bank, the need for financial flexibility and the cost effectiveness of each financing option.

The table below shows how GCB plans to finance its investment plan:

Use of Funds	Estimated Costs (₵'m)		
	Rights Issue	Other Funds	Total
Working Capital	154.37	396.00	550.37
Systems & Processes	112.92	63.93	176.85
Employees	98.71	0.00	98.71
Branch Branding	67.00	108.47	175.47
Products & Services	17.00	0.00	17.00
Others	-	101.34	101.34
Total	450.00	669.74	1,119.74

In the event that the offer is fully subscribed, GCB will apply the proceeds from the Rights Issue as outlined in the table above. In the event of an oversubscription, GCB will issue additional 25 million shares at ₵6,000 per share to meet the extra demand. The additional proceeds from oversubscription, expected not to exceed ₵150 billion, will be used to further support the bank's working capital needs.

PART 5 – FINANCIAL FORECASTS

1 Reporting Accountants' Report on Projections



The Board of Directors
Ghana Commercial Bank Limited
Thorpe Road
High Street, Accra

May 3, 2007

Dear Sirs/Madams,

REPORTING ACCOUNTANTS' REPORT ON PROJECTIONS

We have examined the accounting policies and calculations for the profit projections for the three year period of 2007 to 2009 as set out in Pages 44 to 46 of this document in accordance with the Listing Rules of the Ghana Stock Exchange (GSE), the Company's Code, Act 179 as amended and L.I. 1728 of the Securities and Exchange Commission applicable to the examination of prospective financial information. The Directors are responsible for the forecast and projections, including the assumptions set out on Pages 44 to 52 on which it is based.

The projections have been prepared for inclusion in this Circular to shareholders for the purpose of the planned Rights Issue. These forecasts and projections have been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, readers are cautioned that these assumptions may not be appropriate for purposes other than those described above.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projections. In our opinion, the forecast financial statements, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors of the Company, and are presented on a basis consistent with the accounting policies normally adopted by the Company.

We do not express an opinion as to whether the actual results for the forecast period will approximate the forecast because events and circumstances do not frequently occur as expected, and those differences may be material.

Yours faithfully

Ernst & Young

2 Assumptions Underlying Projections, 2007 to 2009

GCB's corporate plan and financial projections have been developed on the premise that Government's monetary and fiscal policy will continue to be geared towards increased revenue generation, disciplined government spending and GDP growth. We present below the key assumptions underlying GCB's financial projections for the planned period:

i. *Projected Indicators*

	2007	2008	2009
Real GDP Growth (%)	6.5	6.6	6.8
Inflation Rate (%)	9.0	8.0	7.0
Depreciation ¢ to US\$ (%)	1.5	1.5	1.5
BoG Prime Rate (%)	11.0	10.0	9.0
Treasury Bill Rate (%)	10.0	9.0	8.5
GCB's Base Rate (%)	17.0	16.0	15.0

Economic Growth

The Ghanaian economy is forecast to grow at not less than 6.5% in 2007 compared to 6.2% in 2006. We expect GDP will continue to inch up to 6.6% in 2008 and 6.8 per cent in 2009.

Inflation Rate

Inflation rate, measured by year-on-year changes in the consumer price index, is expected to continue its declining trend from 10.5% attained in December 2006 to 9.0% by December 2007 and thereafter decline by 100 basis points in 2008 and 2009.

Cedi Depreciation

The cedi is expected to remain fairly stable to the US dollar, depreciating marginally by 1.5% per annum throughout the planned period.

Bank of Ghana Prime Rate

The BoG prime rate is expected to decline in line with declining inflation expectations. The prime rate is therefore expected to be 11.0% by year-end 2007 and decline further to 10.0% by year-end 2008. The prime rate is forecast to be 9.0% by year-end 2009.

ii. *GCB's Base Rate*

GCB's base rate is forecast to be 600 basis points above the prevailing BoG prime rate over the projected period.

iii. *Deposits*

In forecasting deposits, the following were considered – anticipated growth in economic activities, growth in broad money supply, growth of deposits of the banking industry and GCB's large number of customers' accounts.

As the economy expands, GCB anticipates an increase in demand for banking services. Moreover, the Bank anticipates increased usage of its services by existing customers because of the efficient systems and process it will adopt following the implementation of its

investment plan. Based on these factors, total deposits have been projected to grow at 19%, 21% and 22% in 2007, 2008, and 2009 respectively, as shown in the table below:

	2007	2008	2009
Amount (¢'m)	7,560,811	9,179,632	11,213,511
Growth (%)	19.1	21.4	22.1

iv. **Advances**

Management recognizes that interest rates on investments are declining therefore loans and advances will be increased significantly so that income from the credit portfolio compensates for declining income on investments. The table below shows forecast growth in advances:

	2007	2008	2009
Loans & Advances (¢'m)	5,310,034	7,067,642	9,375,712
Growth (%)	45.7	33.1	32.7

v. **Interest Income**

Interest income is forecast to grow by 2.8% in 2007, 12.0% in 2008 and 13.0% in 2009 as shown in the table below:

	2007	2008	2009
Interest Income (¢'m)	1,052,629	1,178,944	1,332,207
Growth (%)	2.8	12.0	13.0

vi. **Interest Expense**

Interest expense is projected to grow at the rates shown below:

	2007	2008	2009
Interest Expense (¢'m)	186,074	241,896	307,208
Growth (%)	24.2	30.0	27.0

vii. **Operating Expenses**

It is anticipated that declining inflation expectations will facilitate the Bank's efforts at expense management, which aim at slower growth in expenditure. Operating expenses are forecast to grow as follows:

	2007	2008	2009
Operating Expenses (¢'m)	923,009	1,046,024	1,157,076
Growth (%)	13.1	13.3	10.6
<u>Breakdown:</u>			
Staff Cost	27.7	12.0	10.0
Advert & Marketing	14.3	15.0	20.0
Administrative Expenses	10.7	10.6	18.6
Staff Rationalization & Training	471.0	137.7	(78.2)

Director's Emoluments	15.0	12.0	10.0
Auditors' Remuneration	59.2	12.0	10.0
Others	(54.7)	34.9	161.0

Operating expenses are forecast to decline mainly as a result of automation. The Bank also expects some savings following the implementation of the staff rationalisation programme outlined earlier in this document.

viii. *Fee & Commission Income*

GCB's fee and commission income is projected as follows:

	2007	2008	2009
Fee & Commission Income (¢'m)	502,853	653,709	862,896
Growth (%)	60.3	30.0	32.0

Fee and commission income is expected to grow mainly because of the growth in the bank's customer base resulting from the network of all the 133 branches, the investment in new branches, introduction of new products and enhanced service delivery that will result from implementing the investment plan.

ix. *Provision for Bad & Doubtful Debt*

A key part of the Bank's investment plan is the improvement in systems and processes. This is expected to facilitate relationship banking and improve risk management practices. Consequently, charge for bad debts is forecast to decline from 2008 as follows.

	2007	2008	2009
Charge for Bad & Doubtful Debt (¢'m)	51,000	43,650	37,337
Growth in Bad & Doubtful Debt (%)	207.4	(14.4)	(14.5)

x. *Capital Expenditure (Fixed Assets)*

Fixed Assets will increase significantly in 2007 following the implementation of the investment plan. The acquisition of equipment to facilitate the systems and technology plan and branch branding are the major drivers of growth in capital expenditure. Capital expenditure is envisioned to grow as follows.

	2007	2008	2009
Fixed Assets (¢'m)	460,258	527,102	552,335
Growth in Fixed Assets (%)	96.0	15.0	5.0

xi. *Other Significant Underlying Assumptions*

- The Bank of Ghana will maintain the primary reserve ratio of 9.0% over the projected period.
- GCB will maintain a cash ratio of 1.0% of deposits over the projected period.
- Corporate tax will remain at 25.0% of profit before tax over the projected period while the National Reconstruction Levy is abolished beginning 2007 financial year.
- GCB plans to pay a minimum of 30.0% of profit after tax as dividend. All dividends will be declared and paid in cedis.

3 Projected Profit and Loss Account for the Year Ending December 31

	Notes	2007 ¢'m	2008 ¢'m	2009 ¢'m
Interest Income	2	1,052,629	1,178,944	1,332,207
Interest Expense	3	(186,074)	(241,896)	(307,208)
Net Interest Income		866,555	937,048	1,024,999
Fee & Commission Income		502,853	653,709	862,896
Other Operating Income	4	19,438	20,610	21,867
Operating Income		1,388,846	1,611,367	1,909,762
Operating Expenses	5	(923,009)	(1,046,024)	(1,157,076)
Charge for Bad & Doubtful Debt	6	(51,000)	(43,650)	(37,337)
Operating Profit		414,837	521,693	715,349
Other Income	7	1,760	1,848	1,996
Profit Before Tax		416,597	523,541	717,345
National Reconstruction Levy		0	0	0
Taxation		(104,149)	(130,885)	(179,336)
Profit after Tax Transferred to Income Surplus		312,448	392,656	538,009
Balance as of 1 Jan		572,214	752,872	978,649
Net Profit for the Year		312,448	392,656	538,009
Transfer from Share Deals Account		1,000	0	0
Transfer to Stated Capital		0	0	0
Transfer to Statutory Reserve Fund		(39,056)	(49,082)	(67,251)
Dividend		(93,734)	(117,797)	(161,403)
Balance as of 31 December		752,872	978,649	1,288,004

4 Projected Balance Sheet as at December 31

	Notes	2007 ¢'m	2008 ¢'m	2009 ¢'m
Assets				
Cash Balance with BoG	8	842,807	927,143	1,121,351
Government Securities	9	2,361,442	2,041,221	1,888,395
Due from Other Banks and Fin Inst	10	728,438	881,886	1,102,647
Loans and Advances to Customers	11	5,310,034	7,067,642	9,375,712
Investment in Other Securities	12	50,208	49,778	49,778
Investment in Subsidiary	13	1	1	1
Other Assets	14	196,165	215,624	98,130
Fixed Assets	15	460,258	527,102	552,335
Total Assets		9,949,353	11,710,397	14,188,349
Liabilities				
Customer Deposits	16	7,560,811	9,179,632	11,213,511
Due to Banks and Other Fin Inst.	17	12,442	12,442	15,442
Borrowings		117,333	125,333	141,333
Interest Payable & Other Liabilities		680,592	544,337	587,069
Taxation		19,114	14,733	20,467
Total Liabilities		8,390,292	9,876,477	11,977,822
Shareholders' Funds				
Stated Capital	18	570,000	570,000	570,000
Share Deals Account		0	0	0
Capital Surplus Account		4,075	4,075	4,075
Income Surplus Account		752,872	978,649	1,288,004
Statutory Reserve		232,115	281,196	348,448
Total Shareholders' Funds		1,559,061	1,833,920	2,210,527
Total Liabilities& Shareholders' Fund		9,949,353	11,710,397	14,188,349

5 Projected Cash Flow Statement for the Year Ending December 31

	2007	2008	2009
	¢'m	¢'m	¢'m
Cash Flow from Operating Activities			
Operating Profit before Taxation	416,597	523,541	717,344
Dividend Received	(4,972)	(5,469)	(6,016)
Depreciation Charge	50,000	59,900	61,250
Profit on Sale of Fixed Assets	(1,760)	(1,848)	(1,996)
Provision for Bad Debts	51,000	43,650	37,337
Operating Profit Before Working Capital	510,865	619,774	807,919
(Increase)/Decrease in Investment	(205,488)	320,222	152,826
(Increase)/Decrease in Advances	(2,108,266)	(1,801,258)	(2,345,407)
(Increase)/Decrease in Other Assets A/C	(88,560)	(19,459)	117,494
Increase/(Decrease) in Deposit & Current A/C	1,215,084	1,618,821	2,033,879
Borrowings	117,333	8,000	16,000
Increase/(Decrease) in Bal Due Other Banks	6,037	0	3,000
Increase/(Decrease) in Creditors and Accruals	533,330	(145,473)	38,350
	(530,530)	(19,147)	16,142
Cash Generated from Operations	(19,665)	600,627	824,061
Taxation			
Tax Paid	(107,810)	(124,201)	(167,223)
Net Cash Inflow from Operating Activities	(127,475)	476,426	656,838
Cash Flow from Investing Activities			
Purchase of Property, Plant & Equipment	(233,891)	(126,744)	(86,483)
(Decrease)/Increase in Other Investment	0	430	0
Proceeds from Sale of Fixed Assets	2,425	0	0
Dividend Received from Investments	4,972	5,469	6,016
Dividend Paid	(93,734)	(117,797)	(161,402)
Net Cash Flow from Investing Activities	(320,228)	(238,642)	(241,869)
Financing Activities			
Issue of Ordinary Shares	450,000	0	0
Net Cash Flow from Financing Activities	450,000	0	0
Net Increase in Cash and Cash Equivalents	2,297	237,784	414,969
Cash and Cash Equivalent Jan 1	1,568,948	1,571,245	1,809,029
Cash and Cash Equivalent Dec 31	1,571,245	1,809,029	2,223,997

6 Notes to the Financial Statements 2007 to 2009

	2007	2008	2009
	¢'m	¢'m	¢'m
2. Interest Income			
Cash & Short term Funds	19,602	66,348	79,834
Investment Securities	302,223	212,480	187,049
Loans & Advances	730,804	900,116	1,065,324
Total	1,052,629	1,178,944	1,332,207
3. Interest Expense			
Current Accounts	83,203	112,393	149,136
Time & Other Deposits	89,665	101,691	122,726
Borrowings	13,206	27,812	35,346
Total	186,074	241,896	307,208
4. Other Operating Income			
Gain on Exchange	12,871	13,386	13,921
Dividends from Investments	4,972	5,469	6,016
Rent Receivable	1,595	1,755	1,930
Total	19,438	20,610	21,867
5. Operating Expenses			
Staff Cost	605,708	678,393	746,232
Staff Rationalisation and Training	30,375	72,207	15,765
Advertising & Marketing	8,767	10,082	12,098
Administrative Expenses	162,466	179,675	213,024
Depreciation	50,000	59,900	61,250
Directors' Emoluments	5,403	6,051	6,656
Auditors' Remuneration	955	1,070	1,177
Others	59,335	38,646	100,874
Total	923,009	1,046,024	1,157,076
6. Charge for Bad & Doubtful Debts			
Specific Credit Risk Provision	40,655	21,050	17,307
General Provision for Impairment	10,345	22,600	20,030
Total	51,000	43,650	37,337

	2007	2008	2009
	¢'m	¢'m	¢'m
7 Other Income			
Disposal of Property. Plant & Equipment	1,760	1,848	1,996
Total	1,760	1,848	1,996
8. Cash & Balances with Central Bank			
Cash in Hand	162,334	100,976	112,135
Balances with BoG	680,473	826,167	1,009,216
Total	842,807	927,143	1,121,351
9. Government Securities			
Stocks and Bonds	765,731	888,490	1,798,871
Treasury Bills	495,711	52,731	89,524
TOR Bonds (New)	1,100,000	1,100,000	0
Total	2,361,442	2,041,221	1,888,395
10. Due From Other Banks			
Nostro Account Balances	17,805	14,244	11,395
Items in Course of Collection	54,702	38,291	26,804
Placements with Other Banks	655,931	829,351	1,064,448
Total	728,438	881,886	1,102,647
11. Loans & Advances to Customers			
Overdrafts	4,148,616	5,262,298	6,766,184
Term Loans	1,721,506	2,409,081	3,250,602
Gross Advances	5,870,122	7,671,379	10,016,786
Less. Prov for Bad and Doubtful Debts	(560,088)	(603,738)	(641,074)
Net Loans & Advances	5,310,034	7,067,642	9,375,712
12. Investment in Equity Securities	50,208	49,778	49,778
13. Investment in Devt Fin & Holdings Ltd	200	200	200

	2007 ¢'m	2008 ¢'m	2009 ¢'m
14. Other Asset: Accrued Income	196,165	215,624	98,130
15. Property Plant & Equipment			
Fixed Assets	325,319	482,122	552,335
Fixed Assets Acquisition	134,939	44,980	0
Total	460,258	527,102	552,335
16. Due to Customers			
Current Accounts	4,252,553	5,119,675	6,206,782
Time Deposits	604,777	734,004	893,062
Savings Accounts	2,608,901	3,211,265	3,974,126
Certificate of Deposits	94,580	114,688	139,541
Total	7,560,811	9,179,632	11,213,511
17. Due to Other Banks			
Deposit from Other Banks	12,442	12,442	15,442
Total	12,442	12,442	15,442
18. Stated Capital			
Stated Capital	120,000	120,000	120,000
Floatation Funds	450,000	450,000	450,000
Total	570,000	570,000	570,000

RATIOS

Return on Equity (%)	20.04	21.41	24.34
Return on Total Assets (%)	4.19	4.47	5.06
Cost to Income Ratio (%)	70.04	67.55	62.48
Operating Income to Staff (¢'m)	667.71	801.67	950.13
Equity to Total Assets	15.67	15.66	15.58

PART 6 – OVERVIEW OF THE GHANA STOCK EXCHANGE

1 Overview

The Ghana Stock Exchange (GSE) was incorporated in July 1989 as a company limited by guarantee. It is a non-governmental organisation, governed by a thirteen (13) member council. The GSE has sixteen (16) Licensed Dealing Members (brokerage firms) and forty-one (41) Associate Members. The Exchange is regulated by the Securities and Exchange Commission (SEC) under the Securities Industry Law, PNDCL 333 of 1993, as amended by the Securities Industry (Amendment) Act, 2000, Act 590.

2 Developments & Trends

Trading on the GSE began on November 12, 1990 with eleven (11) listed companies. As at March 31, 2007 there were 34 equities and 2 corporate bonds listed on the GSE. Recently listed on the GSE are Government of Ghana two-year, three-year and five-year fixed rate bonds issued since January 2006. To deepen the growth and broaden the base of the Exchange, the GSE is encouraging SMEs to list on the stock market through a provisional listing approach.

The GSE's current manual trading and settlement arrangement will be upgraded as part of the ongoing modernisation programme to automate trading and settlement. The Central Securities Depository (CSD) currently accepts only money market transactions. It is expected that equities, including those listed on the GSE, would be settled through the CSD by the end of 2007 following the implementation of the CSD Act. The GSE also introduced a new and updated Rule Book covering among others, listing, trading and membership rules, with effect from February 2007.

3 Performance

Although the bear market experienced in 2005 had a spill-over effect in the first quarter of 2006, the rest of 2006 was marked by slow market recovery. At the end of the year the SAS Index (SASI) stood at 726.79 points representing a year-to-date gain of 5.72% compared to a year-to-date loss of 31.25% recorded for the same period in 2005. The first quarter in 2007 was also marked by slow market recovery. As at March 31, 2007, the SASI stood at 739.24 points representing a year-to-date gain of 1.71% compared to a loss of 0.11% recorded for the same period in 2006.

In 2006, the size of the equities component of the Ghanaian market increased by 22.47%, resulting in a total market capitalisation of ₵112,493.38 billion. The increase in equities capitalisation is largely attributable to new listings from Ecobank Transnational Incorporated, Ecobank Ghana Limited, Transaction Solutions Limited and additional listing of Total Petroleum Ghana Limited's shares following Total Outre Mer's take-over of Mobil Oil Ghana Limited.

4 Trading Volumes and Values

During the first quarter of 2007, a total of 52.89 million shares worth ₵191.73 billion (US\$20.73 million) exchange hands compared to 22.15 million shares worth ₵76.42 billion (US\$8.39 million) traded for the same period in 2006. The banking sector dominated transactions accounting for about 72% and 75% respectively of all volumes and value traded during the period.

5 Statistics on Listed Companies

The following is a summary of the listed equities detailing their issued number of shares, market capitalisation, price/earning ratios, among others as at March 31, 2007:

SUMMARY OF LISTED EQUITIES ON THE GHANA STOCK EXCHANGE, as at March 31, 2007								
Company	Ticker	Sector	Issued Shares (m)	Mkt Cap (¢'b)	Price (¢)	YTD Chg (%)	P/E	% Of Total Mkt Cap
Accra Brewery Ltd	ABL	Brewery	249.45	286.86	1,150	-	64	0.25
AngloGold Ashanti Ltd	AGA	Mining	274.27	82,281.22	300,000	-	nm	72.81
AngloGold Ashanti Ghanaian Dep.	AADs	Mining	0.98	324.01	3,310	6.74	nm	0.29
Aluworks Ltd	ALW	Aluminium	41.68	311.04	7,463	2.92	15	0.28
Ayrton Drug Manufacturing Ltd	AYRTN	Pharmaceuticals	215	209.84	976	-	20	0.19
British American Tobacco Ghana Ltd	BAT	Tobacco	69.13	228.14	3,300	-	nm	0.20
Benso Oil Palm Plantation	BOPP	Processing	34.8	191.40	5,500	-	37	0.17
CAL Bank Ltd	CAL	Banking	157.10	366.20	2,331	5.71	8	0.32
CFAO Ghana Ltd	CFAO	Trading	224	78.40	350	(12.28)	10	0.07
Clydestone Ghana Ltd	CLYD	IT Solutions	34	27.20	800	-	29	0.02
Camelot Ghana Ltd	CMLT	Printing	6.54	11.12	1,700	-	40	0.01
Cocoa Processing Company Ltd	CPC	Processing	1,100.84	592.25	538	-	59	0.52
Ecobank Ghana Ltd	EBG	Banking	161.23	2,273.27	14,100	3.80	14	2.01
Enterprise Insurance Company Ltd	EIC	Insurance	25.57	227.62	8,903	0.96	13	0.20
Ecobank Transnational Inc Ltd	ETI	Banking	1,222.01	13,869.78	11,350	-	9	12.27
Fan Milk Ltd	FML	Dairy Products	19.78	377.88	19,100	6.10	12	0.33
Ghana Commercial Bank Ltd	GCB	Banking	165	1,105.50	6,700	8.94	4	0.98
Guinness Ghana Breweries Ltd	GGBL	Brewery	164.67	1,540.34	9,354	1.15	10	1.36
Golden Web Ltd	GWEB	Manufacturing	29.97	16.48	550	-	49	0.01
HFC Bank Ghana Ltd	HFC	Banking	100.16	540.85	5,400	-	42	0.48
Mechanical Lloyd Company Ltd	MLC	Automobile	50.1	105.20	2,100	-	14	0.09
Pioneer Kitchenware Ltd	PKL	Aluminium	16.49	13.19	800	-	nm	0.01
Produce Buying Company Ltd	PBC	Produce Buying	480	1,248.00	2,600	-	22	1.10
PZ Cussons Ghana Ltd	PZ	Conglomerate	28	198.97	7,106	6.70	6	0.18
Standard Chartered Bank Ghana Ltd	SCB	Banking	17.6	2,956.42	168,016	6.34	11	2.62
Starwin Products Ltd	SPL	Pharmaceuticals	74.08	40.74	550	-	29	0.04
Super Paper Products Company Ltd	SPPC	Paper Products	19.44	4.37	225	-	nm	0.00
SG-SSB Bank Ltd	SG-SSB	Banking	142.5	900.74	6,321	5.35	9	0.80
Sam-Woode Ltd	SWL	Publishing	21.83	5.78	265	-	3	0.01
Trust Bank Limited (The Gambia) Ltd	TBL	Banking	60	795.00	13,250	-	10	0.70
Total Petroleum Ghana Ltd	TOTAL	Petroleum	13.98	758.69	54,253	0.41	18	0.67
Transaction Solutions Ghana Ltd	TRANSOL	IT Solutions	80	96.00	1,200	20.00	13	0.08
Unilever Ghana Ltd	UNIL	Conglomerate	62.5	937.50	15,000	-	11	0.83
Standard Chartered Bank Gh Ltd Pref s	SCB-P	Banking	17.48	90.90	5,200	-	-	0.08
Total				113,010.91				

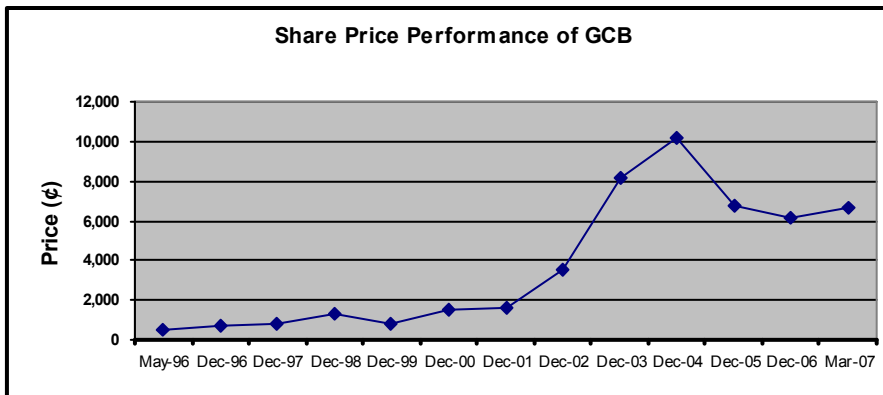
6 Other Information

Trading Days:	Monday-Friday; starting at 09.00 to 12.00 GMT
Trading Method:	Carried on the floor under the Continuous Auction Trading system. Trading is done in lots of 100 shares.
Settlement Period:	Trading day plus 3 business days (T+3)
Receipt of Certificate:	Within two (2) months according to Section 53(1) of the Companies Code 1963 Act 179 (as amended)
Access to Trade and General Information on the GSE	Through Reuters, internet, official trading results, local newspapers, SAS Newsletters, GSE handbook, SAS website - www.sas-ghana.com , etc

7 GCB's Performance on the GSE

GCB listed on the GSE on May 17, 2006 after a hugely successful Initial Public Offer (IPO). The IPO was for 99,000,000 ordinary shares at ₵500 per share resulted in Government of Ghana divesting part of its shareholding in the Bank to investors. Over the 10-year period as a publicly traded company, GCB has been one of the most active stocks on the GSE. The Bank has paid out on average 41.9% of its net profits out to shareholders during this period.

GCB's share price reached its all time high of ₵18,200 on May 19 2004, while the minimum price (post-listing) of ₵510 was recorded on July 16, 1997. The graph below shows GCB's share price from May 17, 1996 to March 31, 2007:



8 Outlook for the GSE

The year 2007 should be a memorable one for the GSE. It plans to automate its trading platform to enable brokers trade from either their offices or the floor of the Exchange. Government is also planning to divest four state-owned enterprises namely State Insurance Company Ltd, Ghana Telecom Ltd, Western Telesystems Ltd and Ghana Oil Company Ltd through the GSE, thereby increasing the depth of the market.

Finally, the market for fixed income securities is expected to gradually rise to the challenge of presenting investors and companies seeking capital with the right platform to meet their needs.

PART 7 – ADDITIONAL TERMS AND INFORMATION ON THE OFFER

1 Application

A qualifying applicant to this Offer is either a qualifying GCB shareholder or a qualifying non-GCB shareholder interested in acquiring GCB shares under the terms of this Offer.

Qualifying Shareholders

Qualifying shareholders are entitled to subscribe for one (1) new ordinary shares for every two point two (2.2) ordinary shares registered in their name as at the close of business on April 10, 2007 under this Offer. The Guide to Completing the Application Form, Letter of Allotment and Application Form, which will be completed by qualifying shareholders, is enclosed in this document. Qualifying shareholders may take any one of the following actions under this Offer:

- a) **Fully subscribe for their rights under this Offer:** This is where qualifying shareholders complete the Application Form and pay only for their entire allocation under this Offer, returning same to the receiving agents not later than 5 pm on June 15, 2007.

Qualifying shareholders exercising this option must complete Section A of the Application Form, in accordance with the instructions set out under the enclosed Guide to Completing the Application.

- b) **Fully subscribe for their rights AND apply for additional shares outside of what they are entitled to under the Offer:** In addition to 1a above, qualifying shareholders may apply to subscribe for additional shares (extra shares above what they are entitled to under this Offer) and pay for such additional shares, returning the duly completed Application Form and payment covering both their rights and additional shares applied for to the receiving agents not later than 5 pm on June 15, 2007.

Qualifying shareholders choosing this option must complete Section A of the Application Form, in accordance with the instructions set out under the enclosed Guide to Completing the Application.

- c) **Partially subscribe for their rights only:** Qualifying shareholders may apply for only part of the shares they are entitled to under this Offer and return the duly completed Application Form together with payment to the receiving agents not later than 5 pm on June 15, 2007. Qualifying shareholders may take no further action on their remaining rights under the Offer and empower the Directors of the Bank to allot such unsubscribed portion of their rights as the Directors deem fit.

Qualifying shareholders must complete Sections A and B of the Application Form, in accordance with the instructions set out under the Guide to Completing the Application Form.

- d) **Partially subscribe for their rights under the Offer and renounce their unsubscribed rights in favour of qualifying third parties, who may or may not be shareholders of GCB (renouncees):** Qualifying shareholders may apply for only part of the shares they are entitled to under this Offer, renouncing the remainder of their rights in favour of qualifying third parties who now have to apply for and pay for those shares. The Application Form

completed by both the qualifying shareholder and the renouncee, together with payment for the shares must be returned to the receiving agents not later than 5 pm on June 15, 2007.

Qualifying shareholders choosing this option must complete Sections A and B, whilst each named renouncee must complete a copy of Section C of the Application Form in accordance with the instructions set out under the Guide to Completing the Application.

Should qualifying shareholders desire to renounce the remainder of their rights in favour of more than one person, they should state the number of shares to be allotted to each renouncee on a separate row in Section B of the Application Form. The completed Sections A, B and C of the Application Form together with payment for all shares applied for should then be lodged with the receiving agents not later than 5 pm on June 15, 2007.

- e) **Renounce all their rights in favour of qualifying third parties, who may or may not be shareholders of GCB:** Qualifying shareholders may decide not to partake in the Offer and may renounce all their rights under this Offer in favour of qualifying renouncees who may or may not be shareholders of GCB. The renouncees must complete and return the Application Form together with payment for the shares being applied for to the receiving agents not later than 5 pm on June 15, 2007.

Qualifying shareholders choosing this option must complete Sections A and B, whilst each named renouncee under Section B must complete a copy of Section C of the Application Form in accordance with the instructions set out under the Guide to Completing the Application Form.

Should qualifying shareholders want to renounce their rights in favour of more than one person, they should state the number of shares to be allotted to each renouncee on a separate row in Section B of the Application Form.

- f) **Take no action:** Qualifying shareholders who choose not to apply for shares under this Offer, or who fail to make payment for the shares they have applied for under this Offer, or who fail to meet the deadline of 5 pm on June 15, 2007 for returning the Application Form and making payment to the receiving agents, may be deemed to have not taken any action under this Offer. Qualifying shareholders who take no action under these terms empower the Directors of the Bank to allot such unsubscribed rights as the Directors deem fit.

Other Applicants

If you are neither a qualifying shareholder nor a renouncee but wish to apply for shares under the Offer, you may complete Section D of the Application Form and return it, together with payment for the shares applied for to any of the receiving agents not later than 5 pm on June 15, 2007.

2 Offer to Purchase Shares

- a) As an applicant, you offer to subscribe for the number of shares indicated on your Application Form on the terms and conditions of this Offer and on the basis of the information set out in this Document and subject to the Regulations of GCB.
- b) You agree that your application to acquire shares cannot be revoked after June 15, 2007 or such later date as the Directors and Advisors may agree, and promise that any cheque, banker's draft or money or postal order will be honoured on first presentation and that this paragraph constitutes an agreement between you and GCB. It becomes binding

when your application is posted, or in the case of delivery by hand, received by the receiving agents. However, the Bank will not be held liable if you use a wrong address in posting. You must pay all bank commissions, transfers and other bank charges related to your application.

- c) A thumb print on an Application Form will be accepted instead of a signature thereon only if it is duly certified in accordance with the Laws of Ghana.
- d) If your Application Form is not completed correctly or is amended, or if any cheque, banker's draft, money or postal order is found to be less than the amount stated on your Application Form, it may still be treated as valid. In such case, the Bank's decision as to whether to treat the application as valid, and how to construe, amend or complete it shall be final. You will not, however, be treated as having applied to purchase a number of shares which, when multiplied by the offer price, gives a value greater than the amount remitted.
- e) An application may be rejected in whole or in part at the discretion of the Advisors and Management of GCB if the application is incomplete or illegible, or if it is determined that the applicant is not eligible to participate in this offer.

3 Acceptance of the Offer

- a) Acceptance of your offer will be made (if your application is received, valid, processed and not rejected) by notifying the SEC and GSE of the basis of allocation and by notifying acceptance to the receiving agents.
- b) Acceptance of your offer may be of the whole or any part thereof.
- c) If your application to purchase shares is accepted (in whole or in part), there will be a binding contract under which you will be required to purchase the shares in respect of which your application has been accepted.

4 Payment for Shares

- a) You undertake to pay the purchase price of the shares in respect of which your application is accepted. The cheque or banker's draft or other remittances may be presented for payment before acceptance of your application, but this will not constitute acceptance of your application, either in whole or in part.
- b) In the case of excess applications, if your application is invalid, rejected or not accepted in full, or if the amount of the application divided by the offer price does not result in a whole number of shares, the proceeds of the cheque or other remittances or the unused balance of those proceeds (as the case may be) will be refunded to you without interest.
- c) If the remittances are not honoured on first presentation, then at any time until the Bank has received cleared funds in respect of your application, the Advisors, on behalf of GCB may terminate the agreement to purchase that share. The termination will be effected by notifying the receiving agent whom you submitted your application to.

5 Renunciation

- a) The right to subscribe for the Rights Issue shares may be renounced in whole or in part only by completing the Application Form in accordance with the instructions therein, or by taking no action.
- b) Qualifying shareholders who wish to purchase some of their Rights and to renounce the remainder in favour of a different person or persons, may complete Sections A and B of the Application Form in accordance with the instructions provided in the Guide to Completing the Application Form.

The Application Form must then be lodged with any of the receiving agents, together with payment for the shares to be received not later than 5 pm on June 15, 2007.

6 Procedure in Respect of Rights not Taken up or Renounced

If a properly completed Application Form and payment in full is not received by 5 pm on June 15, 2007, the Rights will be deemed to have been declined by the shareholders. These shares will then be available to shareholders applying for extra shares and non-shareholders applying for shares under the Offer, and allotted by the Directors of GCB as they deem fit.

7 Warranties

You warrant that:

- a) You are qualified to apply;
- b) The applicant on whose behalf you are applying is qualified to apply;
- c) You will submit a complete application including all supporting documents required under the terms of this offer;
- d) In making your application you are not relying on any information or representation concerning the Bank not contained in this document. You agree that no person responsible for this document or any part of it will have liability for any such other information or representation;
- e) If any person signing, or making a thumb print on the Application Form is not the applicant, that person warrants that he/she has authority to do so on behalf of the applicant and that this authority is vested in him or her;
- f) If the applicant is other than a natural person, the person signing the Application Form warrants that he/she has authority to do so on behalf of the applicant.

8 Supply and Disclosure of Information

The Bank, Directors, Advisors and their agents shall have full access to all information relating to, or deriving from, the cheque or banker's draft or other remittance accompanying your application and its processing. If the Directors or their agents request any information about your application you must promptly disclose it to them.

9 Listing of New Ordinary Shares

The GSE has granted permission to list the additional up to 100 million new GCB shares to be issued under the Rights Issue on the First Official List of the GSE, alongside the existing 165,000,000 ordinary shares listed. It is expected that dealings in the additional shares will commence alongside the existing shares on the GSE by July 30, 2007.

10 Share Certificates

Share certificates in respect of the new ordinary shares to be issued pursuant to the Rights Issue will be posted to the applicant by July 20, 2007.

11 Exchange Controls

Exchange control is currently governed by the Foreign Exchange Act 2006, Act 723. This repeals the Exchange Control Act of 1961, Act 71. The new Act legalises payments in foreign currency to and from Ghana between residents and non-residents and between non-residents made through banks. Furthermore, under BoG Notice BG/GOV/SEC/2007/3 there are no restrictions on the purchase of capital market instruments by non-residents except for the banking sector where the acquisition or disposal of a stake of 10% or more is governed by the Banking Act of 2004 and which requires the prior approval of the Bank of Ghana.

12 Restrictions on Ownership in Banks

The Bank of Ghana has regulatory oversight of the banking industry. The Banking Act provides that a direct or indirect acquisition or disposal of shareholdings amounting to 10% or more of the capital or voting rights of a bank or resulting in the exercise of a significant influence over the management of a bank may not be effected without the prior notification and approval of the Bank of Ghana.

13 Taxation

a) Withholding Tax on Dividend

Under current Ghanaian tax law, all dividend payments are subject to a dividend withholding tax of 8%. No further tax is payable on dividends received.

b) Capital Gains

The securities of a company listed on the GSE are currently exempt from capital gains tax in Ghana until 2010. No capital gains tax would therefore be payable on any realisation of capital gain from the sale of shares in GCB after 2010.

c) Gift Tax

Liability to gift tax may arise by gift of shares in the Bank if the open market value of the shares at the time of the gift exceeds ₵500,000.00 (subject to certain exemptions). The tax is payable by the recipient of the gift. The applicable statutory rate varies as follows:

- a. Up to ₵500,000.00 – Nil
- b. More than ₵500,000.00 – 10% of excess over ₵500,000.00

d) Stamp Duty

Under the Stamp Duty Act, 2005 (Act 689), transfer of listed shares is exempt from stamp duty.

e) Corporate Tax

The Internal Revenue Act 2000, Act 592, prescribes a corporate income tax of 25% for all listed companies.

PART 8 – RECEIVING AGENTS’ CONTACT DETAILS

A. FOR QUALIFYING APPLICANTS RESIDENT OUTSIDE GHANA ONLY

Ghana International Bank

Physical Address: 69 Cheapside, London EC2P 2BB, United Kingdom
Telephone Nos: +44 (0)20 7248 2384/0191
Facsimile Nos: +44 (0)20 7489 9058
Email: customer.services@ghanabank.co.uk
Website: www.ghibank.com

B. FOR QUALIFYING APPLICANTS RESIDENT IN GHANA

Strategic African Securities Ltd

Physical Address: 2nd Ridge Link, North Ridge [Near the Alisa Hotel, North Ridge]
Postal Address: PO Box, KA 16446, Accra, Ghana
Telephone Nos: +233 21 251546 – 9, 7011770
Facsimile Nos: +233 21 7011774
Emails: info@sas-ghana.com; brokerage@sas-ghana.com
Website: www.sas-ghana.com

Ghana Commercial Bank Ltd

Ashanti Region

Branch	Address	Phone number(s)
Agogo	Private Post Bag, Agogo	051-20207
Agona Ashanti	Private Post Bag, Agona Ashanti	051-20288
Ahinsan	Private Post Bag, Kumasi	051-28255, 31964, 33452, 37192, 24129
Asafo Market	P O Box 3696	051-45252, 23514, 45251, 36721
Akumadan	P O Box 33, Akumadan	0244-313714
Bekwai	P O Box 127, Bekwai	0572-20204, 20143, 20144
Effiduase	P O Box 42, Effiduase	051-20245
Ejisu	P O Box 49, Ejisu	051-20183
Ejura	Private Mail Bag, Ejura	051-2200-9
Harper Road	Private Mail Bag, Adum Kumasi	0565-22006
Juaso Branch	P O Box 51, Juaso	0803-610149
Jubilee House	C/o P O Box 852, Kumasi	051-25070, 26366, 30819
Kejetia	P O Box 1630, Kejetia, Kumasi	051-22692, 31446
Konongo	P O Box 137, Konongo	0531-24336, 24276

Branch	Address	Phone number(s)
Kumasi Main	P O Box 852, Kumasi	051-25291-3, 37303-4, 24569
KNUST	Private Post Bag, University Post Office, Kumasi	051-60153, 62135, 62136
Mampong-Ashanti	P O Box 94, Mampong-Ashanti	0561-22329, 22327
New Edubiase	P O Box 42, New Edubiase	0572-20969
Offinso	P O Box 60, Offinso	051-20328
Nkawie	Private Post Bag, Nkawie	051-20132
Obuasi	P O Box 290, Obuasi	0582-40255, 42669
Tepa	P O Box 103, Tepa	051-20900
Yeji	P O Box 29, Yeji	0568-22008

Brong-Ahafo Region

Branch	Address	Phone number(s)
Bechem	P O Box 69, Bechem	0632-22302
Berekum	P O Box 155, Berekum	0642-22042, 22193
Dormaa-Ahenkro	Private Post Bag, Dormaa Ahenkro	0648-22033, 22047
Duayaw-Nkwanta	P O Box 66, Duayaw-Nkwanta	061-28605
Drobo	Private Mail Bag, Drobo	024-4334836
Goaso	P O Box 83, Goaso	061-24097
Hwidiem	P O Box 11, Hwidiem	061-26528
Kintampo	P O Box 31, Kintampo	061-27306
Mim	Private Post Bag, Mim	061-24102
Nkoranza	P O Box 44, Nkoranza	061-27305
Sankore	Private Post Bag, Sankore	0244-313638
Sunyani	P O Box 34, Sunyani	061-27324, 27087, 27255, 27162, 27157
Techiman	P O Box 196, Techiman	0653-22048, 22369
Wenchi	P O Box 49, Wenchi	0651-22233

Central Region

Branch	Address	Phone number(s)
Abura-Dunkwa	P O Box 29, Abura-Dunkwa	042-33787
Agona Swedru	P O Box 186, Agona Swedru	041-20414, 20291, 21071
Assin Fosu	P O Box 76, Assin Fosu	042-36708, 020-36708, 0372-28859
Breman Asikuma	P O Box 60, Breman Asikuma	041-20193
Cape Coast Main	P O Box 55, Cape Coast	042-32812, 32813, 32354, 32549
Dunkwa-On-Offin	P O Box 228, Dunkwa-On-Offin	0372-28236
Mankessim	P O Box 78, Mankessim	042-33718

Branch	Address	Phone number(s)
Saltpond	P O Box 96, Saltpond	042-33718
Twifo Praso	Private Mail Bag, Twifo Praso	0372-28992
Univ of Cape Coast	P O Box 046, Cape Coast	042-32287, 36377
Winneba	P O Box 128, Winneba	0432-22133, 22364

Eastern Region

Branch	Address	Phone number(s)
Aburi	Private Post bag, Aburi	0876-22045
Akosombo	P O Box 24, Akosombo	0251-20472, 20530, 21142
Akuse	Private Post Bag, Akuse	0243-244351, 0244-4313094
Anyinam	P O Box 46, Anyinam	081-24113, 24027
Akim Oda	P O Box 364, Akim Oda	0882-2124, 2697
Asamankese	P O Box 167, Asamankese	081-24392, 91011
Akropong-Akwapim	P O Box 54, Akropong-Akwapim	081-24264, 24261
Donkorkrom	Private Post Bag, Donkorkrom	0848-22040, 22039
Kade	P O Box 62, Kade	027-522154, 0804710213
Kibi	P O Box 97, Kibi	0812-4112
Koforidua	P O Box 286, Koforidua	081-23049, 23059, 23069, 22258
Mampong-Akwapim	P O Box 54, Mampong-Akwapim	0872-22049, 24261
Mpraeso	P O Box 56, Mpraeso	0846-22057, 22040
New Tafo	P O Box 42, New Tafo	081-24772
Nkawkaw	P O Box 272, Nkawkaw	0842-22126, 22105
Nsawam	P O Box NW 280, Nsawam	0832-22560, 20262, 024-4312757
Somanya	P O Box 78, Somanya	081-91421, 081-91428
Suhum	P O Box 155, Suhum	0858-22121, 22370

Greater Accra Region

Branch	Address	Phone number(s)
High Street	P O Box 2971, Accra	021-672857, 673493, 664911-9, 662337
Accra New Town	P O Box NT 96, Accra New Town	021-254390, 236935, 225928, 222641
Ada Foah	P O Box 55, Ada Foah	0968-22222
Ashaiman	Private Post Bag	022-306606
Boundary Road	P O Box 891, Accra	021-682992 – 3, 680667
Burma Camp	Priv Mail Bag, Burma Camp, Accra	021-775462, 770341, 0277-406205
Kwame Nkrumah Circle	P O Box AN 5709, Accra-North	021-246008-17, 257616, 0277-540416
Derby Avenue	P O Box 4832, Accra	021-664191-4, 665847

Branch	Address	Phone number(s)
Dome Branch	C/o P O Box 5550, Accra - North	021-412817, 412822, 413094
Kaneshie Industrial Area	Private Mail Bag, Accra-North	021-220551, 220591
Kaneshie Market	P O Box 171, Kaneshie	021-229005, 2275668
Korle Bu	P O Box 3852, Accra	021-666521, 666524
Kotoka Intl Airport (SB)	C/o P O Box 2971, Accra	021-776171, Ext. 1318
Legon	P O Box 17, Legon	021-513131, 500644,
Liberty House	P O Box 4443, Accra	021-66631-7, 663556, 666339
Madina	C/o P O Box 17, Legon	021-501240, 501241
Ministries	P O Box M8, Accra	021-673950, 662170, 674150
Osu	P O Box 9291, Osu, Accra	021-774456, 774124, 774125, 020204768
Republic House	P O Box 5550, Accra-North	021-683112, 681862, 681810, 681812
Ring Road West	P O Box 171, Kaneshie, Accra	021-224703, 225270, 225605
Tema Customs (SB)	C/o P O Box 152, Tema	022-204768
Tema Industrial Area	C/o P O Box 173, Tema	022-306082, 302818, 300575
Tema Fishing Harbour	C/o P O Box 152, Tema	022-202413, 202344
Tema Market	PO Box 173, Tema	022-204763, 202861
Tema Main	P O Box 152, Tema	022-204346, 022202760-9, 022212039
Trade Fair Site	Private Post Bag, Trade Fair, Accra	021-778274, 778275, 774270
Diamond House (SB)	C/o P O Box 2971, Accra	021-664931, 662094, Ext. 147
Makola	C/o P O Box 4832, Accra	021-660370, 680667
Tetteh Quarshie Circle	Private Mail Bag, Legon	021-506204, 506221, 506198-9, 506223

SB – Sub-Branch

Northern Region

Branch	Address	Phone number(s)
Bimbilla	P O Box 27, Bimbilla	071-23434
Bole	P O Box 24, Bole	0746-22006
Damongo	P O Box 40, Damongo	0717-22020
Salaga	P O Box 7, Salaga	0752-22021, 22091
Tamale Main	P O Box 228, Tamale	071-22765, 22455, 22755, 22999, 22827
Tamale Market	P O Box 43(ER) Tamale	071-22608
Yendi	P O Box 32, Yendi	0744-22192, 22382
Kete-Krachie	Private Post Bag, Kete-Krachie	0953-22034, 22035

Upper East Region

Branch	Address	Phone number(s)
Bawku	P O Box 38, Bawku	0743-22225, 22346
Bolgatanga	P O Box 12, Bolgatanga	072-22445, 23455, 23462
Navrongo	P O Box 28, Navrongo	0742-22318, 22039

Upper West Region

Branch	Address	Phone number(s)
Lawra	P O Box 92, Lawra	0756-22409
Tumu Branch	P O Box 2, Tumu	0756-22420
Wa	P O Box 66, Wa	0756-22025, 22039

Volta Region

Branch	Address	Phone number(s)
Abor	P O Box 48, Abor	0244-313679
Aflao	P O Box 12, Aflao	0966-44712, 44901
Akatsi	Private Post Bag, Akatsi	0966-44401, 44754
Ho	P O Box 178, Ho	091-26436, 27067, 28396, 28395, 27597
Hohoe	P O Box 178, Hohoe	0935-22986, 22133, 22070
Jasikan	P O Box 85, Jasikan	0935-20492
Kadjebi	P O Box 27, Kadjebi	0935-20491
Keta	P O Box 133, Keta	0960-42663, 44712
Kpando	P O Box 70, Kpando	0935-50203
Krachi Nkwanta	Private Post Bag, Nkwanta	0244-334835
Peki	P O Box 12, Peki	0243-242810, 483290
Sogakope	P O Box 8, Sogakope	0966-44712

Western Region

Branch	Address	Phone number(s)
Axim	P O Box 55, Axim	0342-22256, 224088
Bogoso	Private Post Bag, Bogoso	0244-313088
Dadieso	Private Post Bag, Dadieso	[None Available]
Elubo	P O Box EL 134, Elubo	0342-522544-6
Enchi	P O Box 15, Enchi	0395-22020, 22093
Half-Assini	P O Box 54, Half Assini	031-20253

Branch	Address	Phone number(s)
Prestea	P O Box 102, Prestea	0244-313089
Samreboi	P O Box 40, Samreboi	0395-22008, 22049
Sefwi-Wiawso	P O Box 59, Sefwi-Wiawso	0244313135
Sekondi	P O Box 101, Sekondi	0314-6511, 6726
Takoradi Main	P O Box 475, Takoradi	031-22351-3, 23102, 23540
Takoradi Harbour	C/o P.O Box 707, Takoradi	031-22536, 22351-4, 22731
Takoradi Market Circle	Private Post Bag, Takoradi	0312-3569, 25370
Tarkwa	P O Box 90, Tarkwa	0362-20374, 20394