

Financial Highlights

Table 37(a)

	2005	2004
Profit Before Tax (c'm)	233,714	234,011
Total Assets (c'm)	5,890,201	5,607,047
Stated Capital (c'm)	20,000	20,000
Total Reserves & Income Surplus (c'm)	725,771	602,338
Customers Deposits (c'm)	4,729,940	4,265,733
Total Loans and Advances (c'm)	3,018,285	2,474,505
Number of Branches	133	131
Number of Employees	2,180	2,196
E. P. S. (c)	781.97	1,000.24

Managing Director's Review of Operations



Mr. Lawrence Newton Adu-Mante
Managing Director

Introduction

The year 2005 was a very challenging one for the Bank. The macroeconomic policies pursued by the Government were aimed at stabilizing the economy. These manifested in falling interest rates resulting in dwindling margins.

Your Bank also had to grapple with the intense competition that characterizes the banking industry now.

Despite these, the processes of the Bank continued to be modernized through reconfiguration of branches and increased usage of information technology.

It is in this respect that we view the modest profit made at the end of 2005 as significant.

Performance

As a result of successes achieved in the economy under the stabilization programme, interest rates continued to fall during the year under review. In view of this, increased volume of business under Loans and Advances did not yield a corresponding increase in income. Despite a 21.9 per cent increase in Loans and Advances, Profit before tax decreased slightly from c234.0 billion in 2004 to c233.7 billion in 2005. However, shareholders funds rose to c725.7 billion in 2005 from the previous figure of c602.3 billion representing a rise of c123.4 billion, or 20.4 per cent.

Net Interest Income rose from c598.4 billion in 2004 to c700.8 billion in 2005 recording, an increase of c102.4 billion, or

17.1 per cent.

Operating expenses increased by 44 per cent from c506.4 billion to c729.3 billion in 2005. Provision for bad and doubtful debts decreased by c24.9 billion or 25 per cent to c73.5 billion. The year saw more prudent risk management practices culminating in reduced provision for bad and doubtful debts.

Total Assets increased by c283.2 billion during the year to c5,890.2 billion, a rise of 5 per cent. This was due largely to increased lending to customers. Loans and Advances increased from c2,474.5 billion in 2004 to c3,018.2 billion in 2005 indicating a rise of 21.9 per cent. The energy sector took the largest portion even though support to the Non-Traditional sector and Small and Medium Scale Enterprises increased significantly during the year under review.

Total Deposits grew from c4,265.7 billion in 2004 to c4,729.9 billion in 2005 registering a 10.8 per cent rise.

Information and Communications Technology (ICT)

By the end of December 2005, seventy-seven (77) Branches were linked to the GCB Wide Area Network (WAN) and using the Flexcube System. This figure is expected to reach ninety five (95) by the end of the first quarter in 2006.

Managing Director's Review of Operations

In line with the Bank's Strategic Business Objective, progress of the execution of the processes necessary to implement GCB Internet Banking is far advanced. The Internet Banking facility will deliver Retail and some Corporate Banking services, Electronic On-Line Utility Bills Payment services to customers through ATM, Internet and Branches, and a significantly improved customer friendly Funds Transfer services. It is planned that these services would be available to customers in the course of 2006.

Due to the potential risks to the Bank's Systems and Information Technology environment when the Internet systems become operational, the Bank engaged the services of a consultant to carry out an extensive Systems and Information Technology Environment Security Audit. This resulted in the re-designing and development of a new GCB Web Portal. It also resulted in efforts at implementing the recommendations of the security audit.

The Bank installed four new ATMs at the following Branches during the year, thereby bringing the number of ATMs so far to twenty two (22).

- Dome - Accra
- Aflao
- Harper Road - Kumasi
- Tetteh Quarshie Circle

Arrangements are underway to

install twenty three (23) additional ATMs throughout the Country in 2006.

Product Development

A new product, Royal Banking is at a pilot stage. It is expected that it will be fully patronized in the course of 2006.

Another product, christened, the Inland Money Transfer has been developed. It is designed to serve the needs of customers/non-customers who may want to transfer money to any part of the Country. This new product is in the final stages and will soon be launched for the benefit of the public.

Furthermore, two existing products, namely, Fodem and Kudi Nkosuo would be re-launched in the course of 2006.

Small and Medium Enterprises (SMEs)

Last year, we informed you that your Bank was deepening its involvement in Small and Medium Scale Enterprises financing. A full Division was, therefore, established for this purpose. We are happy to report that the needs of SMEs are now well catered for and it is expected that this sector will soon make a significant impact on the operations of the Bank and the economy.

SMEs' customers are benefiting from relationship banking and



Mr. Roko Frimpong
*Deputy Managing Director
(Operations)*

their requests are being handled professionally as we are now in a better position to understand their needs. Monitoring of facilities is also now more effective.



Mr. Martin Mensah
*Deputy Managing Director
(Finance)*

Managing Director's Review of Operations

As part of its objective of increasing support for Non-Traditional Exports Sector, the Bank's International Trade Finance Department is strongly collaborating with the SMEs Division.

Human Resource Development

A Cultural Change Programme is being pursued with the view to maximizing customer satisfaction. If successfully implemented, it would enhance employee attitude towards efficient and higher performance.

Training is of prime importance in staff development and to this end, the Bank successfully implemented an extensive training programme during the year. It was intended to sharpen the skills of staff to deliver effectively. In addition to a platform being provided to enable staff train on FLEXCUBE, a technical team has also been made available to assist staff in confidence building whenever a branch is put on the Wide Area Network of the Bank.

I am also glad to inform you that your Bank has successfully reached an acceptable out-of-court settlement of the long standing dispute it had with the GCB Pensioners' Association. This line of action was taken due to the need to assure members

of staff of the GCB family bond concept even after retirement. This has restored the cordial relationship between serving and retired staff.

Due to your Bank's policy of transparency and good governance, Management and the Unions continue to enjoy a healthy and congenial industrial relations atmosphere that facilitates the achievement of set targets. Your Bank would continue to maintain a transparent and collaborative working relationship with the Unions based on the spirit of mutual trust between the parties.

Outlook

As most of you might be aware, the banking industry is undergoing some streamlining as a result of the stable macroeconomic environment. Interest rates continue to fall in response to the falling rate of inflation. To mitigate this and put your Bank on a sustainable profit making trajectory, our Corporate objectives for 2006 include:

- Optimizing information Technology application.
- Attaining a fresher Corporate Branding of offices.
- Attaining an appropriate culture of staff.
- Winning the leading companies in the economy as customers.
- Participating strongly in the syndication financing of

cocoa for Cocobod.

Conclusion

On behalf of Management and Staff, I take this opportunity to express my thanks to you shareholders for the support you have given us during the year. My gratitude goes to you for maintaining your investment in the Bank. My thanks also go to the Board of Directors for their direction and support. My sincerest thanks further go to staff, customers and other stakeholders for the various contributions, without which we would not have achieved this level of performance.

Thank you.



L. N. Adu-Mante

Profit and Loss Account for the year ended 31st December

	Notes	THE GROUP		THE BANK	
		2005 €m	2004 €m	2005 €m	2004 €m
INTEREST INCOME	4	841,026	767,512	841,026	767,512
INTEREST EXPENSE	5	(140,157)	(169,096)	(140,157)	(169,096)
NET INTEREST INCOME		700,869	598,416	700,869	598,416
FEE AND COMMISSION INCOME		234,422	179,540	234,422	179,540
OTHER OPERATING INCOME	6	13,058	15,847	6,483	11,865
OPERATING INCOME		948,349	793,803	941,774	789,821
OPERATING EXPENSES	8	(729,373)	(506,429)	(727,475)	(504,654)
PROVISION FOR BAD AND DOUBTFUL DEBTS	10	(73,591)	(98,489)	(73,591)	(98,489)
NET OPERATING PROFIT		145,385	188,885	140,708	186,678
OTHER INCOME	7	88,329	45,126	88,329	45,126
PROFIT BEFORE TAXATION		233,714	234,011	229,037	231,804
NATIONAL RECONSTRUCTION LEVY	11c	(17,295)	(23,290)	(17,178)	(23,180)
TAXATION	11a	(87,394)	(45,681)	(85,241)	(45,315)
PROFIT AFTER TAX TRANSFERRED TO INCOME SURPLUS		129,025	165,040	126,618	163,309

INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

BALANCE AT 1 JANUARY		412,426	329,891	403,943	322,923
Prior Year Adjustment: Proposed Dividend	35b	61,875	0	61,875	0
Balance as at 1 January Re-stated		474,301	329,891	465,818	322,923
Net Profit from Profit and Loss Account		129,025	165,040	126,618	163,309
Transfer to Statutory Reserve Fund		(16,128)	(20,630)	(15,827)	(20,414)
Dividend Paid for 2004 of €375 per Share		(61,875)	0	(61,875)	0
Proposed Dividend for 2004		0	(61,875)	0	(61,875)
BALANCE AT 31 DECEMBER		525,323	412,426	514,734	403,943

Balance Sheet as at 31st December

	Notes	THE GROUP		THE BANK	
		2005 cm	2004 cm	2005 cm	2004 cm
ASSETS					
Cash and Balances with Bank of Ghana	12	747,390	687,350	736,661	678,896
Government Securities	13	1,813,535	1,970,586	1,811,518	1,968,790
Due from Other Banks and Financial Institutions	14	367,566	594,106	367,566	594,106
Investment in Other Securities	18	46,465	52,108	31,811	31,136
Loans and Advances to Customers	15	2,561,574	2,095,061	2,561,574	2,095,061
Investment in Subsidiary	19	0	0	1	1
Other Assets	20	161,086	89,064	161,036	88,994
Taxation	11a	31,027	0	32,993	0
Fixed Assets	21	161,558	118,772	161,553	118,758
TOTAL ASSETS		5,890,201	5,607,047	5,864,713	5,575,742
LIABILITIES					
Customers Deposits	22	4,729,940	4,265,733	4,729,940	4,265,733
Due to Other Banks and Financial Institutions	24	8,452	10,433	8,452	10,433
Borrowings	25	20,000	45,000	20,000	45,000
Interest Payable and Other Liabilities	26	406,038	662,067	405,379	659,227
Taxation	11a	0	21,476	0	21,025
TOTAL LIABILITIES		5,164,430	5,004,709	5,163,771	5,001,418
SHAREHOLDERS' FUND					
Stated Capital	27	20,000	20,000	20,000	20,000
Share Deals	33	1,000	1,000	1,000	1,000
Capital Surplus	32	16,706	22,298	4,075	4,075
Income Surplus		525,323	412,426	514,734	403,943
Statutory Reserve Fund	31	162,742	146,614	161,133	145,306
SHAREHOLDERS' FUND		725,771	602,338	700,942	574,324
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		5,890,201	5,607,047	5,864,713	5,575,742

Approved by the Board on 16th February, 2006



DIRECTOR



DIRECTOR

Cash Flow Statement for the year ended 31st December

	THE GROUP		THE BANK	
	2005 cm	2004 cm	2005 cm	2004 cm
Cash flows from operating activities				
Net profit before tax	233,714	234,011	229,037	231,804
Dividend received	(9,031)	(5,598)	(2,456)	(1,616)
Depreciation charge	32,714	25,542	32,705	25,527
Provision for bad and doubtful debts	73,591	98,489	73,591	98,489
Profit on Sale of Fixed Assets	(1,865)	(665)	(1,865)	(665)
Operating profit before working capital changes	329,123	351,779	331,012	353,539
Decrease/(Increase) in investments	157,051	(54,613)	157,272	(54,613)
(Increase) in Loans and Advances to Customers	(543,780)	(416,584)	(543,780)	(416,584)
(Increase)/Decrease in other assets accounts	(72,022)	225,739	(72,042)	215,657
Increase in Customers Deposits	464,207	1,081,903	464,207	1,081,903
(Decrease) in Interest Payable and Other Liabilities	(182,244)	(729,443)	(179,847)	(736,220)
(Decrease)/Increase in Borrowings	(25,000)	45,000	(25,000)	45,000
(Decrease)/Increase in Balance Due to Other Banks	(1,981)	10,433	(1,981)	10,433
Cash generated from operations	125,354	514,214	129,841	499,115
Tax paid	(139,897)	(90,933)	(139,259)	(90,539)
National Reconstruction Levy	(24,236)	(21,440)	(24,156)	(21,410)
Net cash inflow from operating activities	(38,779)	401,841	(33,574)	387,166
Cash flows from investing activities				
Purchase of fixed assets	(75,882)	(43,141)	(75,882)	(43,141)
(Decrease)/Increase in Other Investment Securities	230	(16,403)	(675)	(768)
Proceeds on sale of tangible fixed assets	2,247	665	2,247	665
Dividend received from investments	9,031	5,598	2,456	1,616
Dividends paid	(63,347)	(39,779)	(63,347)	(39,779)
Net cash outflow from investing activities	(127,721)	(93,060)	(135,201)	(81,407)
Financing Activities	0	0	0	0
Net increase in cash and cash equivalents	(166,500)	308,781	(168,775)	305,759
Cash and cash equivalents at beginning of the year	1,281,456	972,675	1,273,002	967,243
Cash and cash equivalents at end of the year	1,114,956	1,281,456	1,104,227	1,273,002
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and Bank balance with Bank of Ghana	747,390	687,350	736,661	678,896
Due from other Banks and Financial Institutions	367,566	594,106	367,566	594,106
	1,114,956	1,281,456	1,104,227	1,273,002

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:

(a) **Basis of accounting**

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

(b) **Consolidation**

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

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

(c) **Foreign Currency**

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

(d) **Re-purchase of own Shares**

In July 1997 the Bank put in place a share re-purchase programme under which it intends to spend 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 account.

The shares purchased are held in treasury until resold.

(e) **Interest Income**

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

(f) **Fee Income**

Loan fees are credited to income.

(g) **Investments**

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

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

(h) **Advances**

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

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Notes to the Financial Statements

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

(i) Provisions for bad and doubtful debts

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

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

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

(j) Fixed Assets

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

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

(k) Taxation

- (i) The Bank provides for income taxes at current rates on its taxable profits.
- (ii) Provision is made for deferred taxation only to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

(l) Provident Fund

There is a defined contribution Provident Fund Scheme for all employees who have completed a full year's service with the Bank. Employees contribute 10% of their basic salary to the fund whilst the Bank contributes 12.5%.

(j) Dividend

Dividend declared are treated as an appropriation of profits in the year of approval, whilst dividend proposed are disclosed as a note to the financial statements.

Notes to the Financial Statements

2. PERCENTAGE OF GROSS NON-PERFORMING LOANS TO TOTAL CREDIT PORTFOLIO

Percentage of Gross Non-Performing Loans (Substandard to Loss) to Total Credit Portfolio is 15% (2004 : 17%)

3. SOCIAL RESPONSIBILITY OBLIGATIONS

Amount spent on fulfilling social responsibility obligations was c2,607 million (2004: c2,934 million)

	THE GROUP		THE BANK	
	2005 cm	2004 cm	2005 cm	2004 cm
4. INTEREST INCOME				
Cash and Short Term Funds	24,087	30,062	24,087	30,062
Investment Securities	409,421	364,301	409,421	364,301
Loans and advances	407,518	373,149	407,518	373,149
	841,026	767,512	841,026	767,512
5. INTEREST EXPENSE				
Current Accounts	46,050	73,739	46,050	73,739
Time and Other Deposits	90,127	89,584	90,127	89,584
Overnight and Call Accounts	3,980	5,773	3,980	5,773
	140,157	169,096	140,157	169,096
6. OTHER OPERATING INCOME				
Gain on Exchange	2,108	8,183	2,108	8,183
Dividends from Investments	9,031	5,598	2,456	1,616
Rent Receivable	1,919	2,066	1,919	2,066
	13,058	15,847	6,483	11,865
7. OTHER INCOME				
Revaluation of GGILB (7a)	32,307	0	32,307	0
Profit on Disposal of Fixed Assets	1,865	665	1,865	665
Recoveries from Bad Debts Written off	54,157	44,461	54,157	44,461
	88,329	45,126	88,329	45,126

7a. This relates to the revaluation of Ghana Government index Linked Bonds (GGILB) by Bank of Ghana.

8. OPERATING EXPENSES

Staff Cost (note 9)	436,259	324,340	435,197	323,482
Advertising and Marketing	5,234	1,117	5,234	1,117
Administrative Expenses	149,249	77,195	149,249	77,195
Training	2,767	2,615	2,698	2,550
Depreciation	32,714	25,539	32,705	25,524
Directors' Emoluments	3,568	3,097	3,568	3,097
Auditors' Remuneration	496	370	441	330
Others	99,086	72,156	98,383	71,359
	729,373	506,429	727,475	504,654

Notes to the Financial Statements

	THE GROUP		THE BANK	
	2005 cm	2004 cm	2005 cm	2004 cm
9. STAFF COST				
Salaries	267,054	206,854	266,106	206,117
Social Security Fund contributions	30,118	19,289	30,118	19,289
Provident Fund contributions	26,691	19,291	26,691	19,291
Medical	4,245	3,255	4,200	3,215
Other employee costs	108,151	75,651	108,082	75,570
	<u>436,259</u>	<u>324,340</u>	<u>435,197</u>	<u>323,482</u>
The average number of persons employed by the Bank during the year was 2,180 (2004 - 2,196)				
10. BAD AND DOUBTFUL DEBTS EXPENSES				
Specific credit Risk Provision	68,255	84,641	68,255	84,641
General Provision for Impairment	5,336	13,848	5,336	13,848
	<u>73,591</u>	<u>98,489</u>	<u>73,591</u>	<u>98,489</u>
11. TAXATION				
a. Income Tax				
i) The Bank				
	Balance 1-1-05 cm	Payments During the Year cm	Charge for the year cm	Balance 31-12-05 cm
1994-2004	(29,391)	0	0	(29,391)
2005	0	(139,259)	71,554	(67,705)
Over Provision	0	0	(3,165)	(3,165)
	<u>(29,391)</u>	<u>(139,259)</u>	<u>68,389</u>	<u>(100,261)</u>
Deferred Tax	47,706	0	13,621	61,327
Capital Gains Tax	2,710	0	3,231	5,941
	<u>21,025</u>	<u>(139,259)</u>	<u>85,241</u>	<u>(32,993)</u>
ii) The Group				
1994-2004	(28,940)	0	0	(28,940)
2005	0	(139,897)	72,862	(67,035)
Over Provision	0	0	(3,165)	(3,165)
Deferred Tax 2005	47,706	0	14,466	62,172
Capital Gains Tax	2,710	0	3,231	5,941
	<u>21,476</u>	<u>(139,897)</u>	<u>87,394</u>	<u>(31,027)</u>
b. Dividend Tax				
i) The Bank				
2005	6,188	(6,188)	0	0
ii) The Group				
2005	6,188	(6,188)	0	0
c. National Reconstruction Levy				
i) The Bank				
2005	2,750	(24,156)	17,178	(4,228)
ii) The Group				
2005	3,035	(24,236)	17,295	(3,906)

Notes to the Financial Statements

	THE GROUP		THE BANK	
	2005 cm	2004 cm	2005 cm	2004 cm
12. CASH AND BALANCES WITH CENTRAL BANK				
Cash in Hand	105,554	77,684	94,825	69,230
Balances with Bank of Ghana	641,836	609,666	641,836	609,666
	747,390	687,350	736,661	678,896
13. GOVERNMENT SECURITIES				
Stocks and Bonds	378,976	41,409	378,976	41,409
Treasury Bills	487,219	703,124	485,202	701,328
Ghana Government Index Linked Bonds	0	55,000	0	55,000
TOR Bonds	947,340	1,171,053	947,340	1,171,053
	1,813,535	1,970,586	1,811,518	1,968,790
14. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS				
Nostro Account Balances	31,053	222,242	31,053	222,242
Items in Course of Collection	39,400	58,601	39,400	58,601
Placements with other Banks	297,113	313,263	297,113	313,263
	367,566	594,106	367,566	594,106
15. LOANS AND ADVANCES TO CUSTOMERS				
Analysis By Type:				
Overdrafts	2,280,365	1,754,106	2,280,365	1,754,106
Loans	737,920	720,399	737,920	720,399
	3,018,285	2,474,505	3,018,285	2,474,505
Gross Loans and Advances (See notes 16 & 17)				
Less:				
Provisions for bad & doubtful debts	(456,711)	(379,444)	(456,711)	(379,444)
	2,561,574	2,095,061	2,561,574	2,095,061
a. Loans and Advances (Including Credit Bills Negotiated) To Customers and staff	5,306,080	5,142,457	5,306,080	5,142,457
b. Loan Loss Provision Ratio	0.14:1	0.12:1	0.14:1	0.12:1
c. Gross Non-Performing Loans Ratio	0.15:1	0.17:1	0.15:1	0.17:1
d. 50 Largest exposures (Gross Funded Loan and Advances) to Total Exposures	0.51:1	0.43:1	0.51:1	0.43:1

Notes to the Financial Statements

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
16. Analysis by business segments:				
Agriculture, forestry & fishing	14,181	8,191	14,181	8,191
Mining & quarrying	138,264	117,143	138,264	117,143
Manufacturing	208,302	274,316	208,302	274,316
Construction	82,274	98,078	82,274	98,078
Electricity, gas & water	0	297	0	297
Commerce and finance	2,102,375	1,470,469	2,102,375	1,470,469
Transport, storage & communication	158,732	128,052	158,732	128,052
Services	313,540	377,467	313,540	377,467
Miscellaneous	617	492	617	492
	3,018,285	2,474,505	3,018,285	2,474,505
17. Analysis by type of customer:				
Individuals	154,438	179,540	154,438	179,540
Other Private Enterprises	876,619	958,408	876,619	958,408
Joint Private & State Enterprises	0	10,838	0	10,838
Government Departments and Agencies/Public Enterprises	1,987,228	1,325,719	1,987,228	1,325,719
	3,018,285	2,474,505	3,018,285	2,474,505
Movement in the provisions for impairment are as follows:				
Balance at 1st January	379,444	303,624	379,444	303,624
Amount released	0	(8,821)	0	(8,821)
Bad and Doubtful Debts Expense	77,267	84,641	77,267	84,641
Balance at 31st December	456,711	379,444	456,711	379,444
18. INVESTMENT IN OTHER SECURITIES				
Listed Equity Securities	6,627	12,039	0	0
Unlisted Equity Securities	39,838	40,069	31,811	31,136
	46,465	52,108	31,811	31,136
19. INVESTMENT IN SUBSIDIARY				
Investment in subsidiary:	0	0	1	1
	Nature of Business	Country of Incorporation	Percentage Interest	
Development Finance & Holdings Limited	Investments	GHANA	100%	
20. OTHER ASSETS				
Accounts Receivable and Prepayments	104,558	73,954	104,508	73,884
Accrued Income	56,528	15,110	56,528	15,110
	161,086	89,064	161,036	88,994

Notes to the Financial Statements

21. FIXED ASSETS

THE BANK	LAND AND BUILDINGS	COMPUTERS	FURNITURE AND EQUIPMENT	MOTOR VEHICLES	ASSETS IN COURSE OF CONST.	TOTAL
	€m	€m	€m	€m	€m	€m
COST OR VALUATION						
Balance at 1-1-2005	76,968	95,318	67,133	8,591	22	248,032
Additions	23,379	32,323	14,322	5,858	0	75,882
Disposals	(332)	0	0	(613)	0	(945)
Balance at 31-12-2005	100,015	127,641	81,455	13,836	22	322,969
DEPRECIATION						
Balance at 1-1-2005	18,342	59,669	47,453	3,810	0	129,274
Charge for the year	4,278	15,849	10,211	2,367	0	32,705
Disposals	(125)	0	0	(438)	0	(563)
Balance at 31-12-2004	22,495	75,518	57,664	5,739	0	161,416
NET BOOK VALUE						
31-12-2005	77,520	52,123	23,791	8,097	22	161,553
31-12-2004	58,626	35,649	19,680	4,781	22	118,758

THE GROUP	LAND AND BUILDINGS	COMPUTERS	FURNITURE AND EQUIPMENT	MOTOR VEHICLES	ASSETS IN COURSE OF CONST.	TOTAL
	€m	€m	€m	€m	€m	€m
COST OR VALUATION						
Balance at 1-1-2005	76,968	95,342	67,133	8,725	22	248,190
Additions	23,379	32,323	14,322	5,858	0	75,882
Disposals	(332)	0	0	(613)	0	(945)
Balance at 31-12-2005	100,015	127,665	81,455	13,970	22	323,127
DEPRECIATION						
Balance at 1-1-2005	18,342	59,718	47,453	3,905	0	129,418
Charge for the year	4,278	15,858	10,211	2,367	0	32,714
Disposals	(125)	0	0	(438)	0	(563)
Balance at 31-12-2005	22,495	75,576	57,664	5,834	0	161,569
NET BOOK VALUE						
31-12-2005	77,520	52,089	23,791	8,136	22	161,558
31-12-2004	58,626	35,624	19,680	4,820	22	118,772

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

Notes to the Financial Statements

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
22 DUE TO CUSTOMERS				
Current Account	2,498,175	2,046,251	2,498,175	2,046,251
Time Deposits	490,199	819,372	490,199	819,372
Saving Accounts	1,686,141	1,360,463	1,686,141	1,360,463
Certificates of Deposit	55,425	39,647	55,425	39,647
	<u>4,729,940</u>	<u>4,265,733</u>	<u>4,729,940</u>	<u>4,265,733</u>
23 ANALYSIS BY TYPE OF DEPOSITORS:				
Financial Institutions	44,017	24,674	44,017	24,674
Individuals and other Private Enterprises	3,226,013	2,785,726	3,226,013	2,785,726
Public Enterprises	1,459,910	1,455,333	1,459,910	1,455,333
	<u>4,729,940</u>	<u>4,265,733</u>	<u>4,729,940</u>	<u>4,265,733</u>
a. Ratio of 20 Largest Depositors to Total Deposits	0.23:1	0.29:1	0.23:1	0.29:1
24. DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS				
Deposits from Other Banks	8,452	10,433	8,452	10,433
	<u>8,452</u>	<u>10,433</u>	<u>8,452</u>	<u>10,433</u>
25. BORROWINGS				
Inter-Bank Market	20,000	45,000	20,000	45,000
	<u>20,000</u>	<u>45,000</u>	<u>20,000</u>	<u>45,000</u>
26. INTEREST PAYABLE AND OTHER LIABILITIES				
Creditors				
Accruals	139,905	258,509	139,905	258,509
Other	17,807	17,090	17,807	17,090
	248,326	386,468	247,667	383,628
	<u>406,038</u>	<u>662,067</u>	<u>405,379</u>	<u>659,227</u>

Notes to the Financial Statements

	2005 Number million	2005 Amount million c	2004 Number million	2004 Amount million c
27. STATED CAPITAL				
a. Authorised Ordinary Shares:				
Number of Ordinary shares of no par value	<u>1,500</u>		<u>1,500</u>	
b. Issued Ordinary Shares				
Issued Ordinary shares for Cash	15.0	301	15.0	301
Transfer from Income Surplus	86.5	3,430	86.5	3,430
Capitalization of Reserves	1.0	19	1.0	19
Transfer from Capital Surplus	62.5	16,250	62.5	16,250
	<u>165.0</u>	<u>20,000</u>	<u>165.0</u>	<u>20,000</u>

Shares in treasury as at 31 December 2005 : 352 (2004 : 352).

28. NUMBER OF SHAREHOLDERS			NO. OF SHARE- HOLDERS	NO. OF SHARES	PERCENTAGE HOLDINGS
CATEGORIES OF SHAREHOLDERS					
Up to	-	1000 Shares	74,209	16,733,129	10%
1001	-	5000 Shares	4,769	9,957,086	6%
5001	-	10000 Shares	323	2,532,893	2%
Over		10000 Shares	211	135,776,892	82%
			<u>79,512</u>	<u>165,000,000</u>	<u>100%</u>

29. DIRECTORS' SHAREHOLDINGS

DIRECTORS	SHAREHOLDINGS
KWABENA GYIMA OSEI-BONSU	2,000
LAWRENCE NEWTON ADU-MANTE	8,270
MARTIN MENSAH	12,000
ROKO FRIMPONG	1,500
PETER AUGUSTUS OCRAN	8,000
FRANKLIN KWABENA ASAMOAH	500
DR. EBENEZER MOSES DEBRAH	1,000
DR SAMUEL NII-NOI ASHONG	500
CECILIA NYANN (MRS)	500
KOJO MENSAH	5,000
JOE OFORI	500
	<u>39,770</u>

Notes to the Financial Statements

30. TWENTY LARGEST SHAREHOLDERS

NO.	NAME ADDRESS	SHAREHOLDING	PERCENTAGE HOLDING
1.	GH/GV Acting by Min. of Fin. & Eco. Plann.	P.O. Box MB 40 Ministries	56,608,613 34.31%
2.	Social Sec. & Nat. Ins. Trust	P.O. Box MB 149 Ministries	49,525,620 30.02%
3.	Daniel Ofori	c/o P.O. Box KIA 16409 Airport	7,067,609 4.28%
4.	Ghana Cocoa/Cof/Sheanut Far. Association	P.O. Box C729 Cantonments, Accra	4,845,610 2.94%
5.	GCB Staff Provident Fund	P.O. Box GP 134 Accra	1,528,142 0.93%
6.	BBGN Repack INVST FD Ltd	Barclays Bank of Ghana Nom. Ltd.	1,445,768 0.88%
7.	Ghana Reinsurance Co. Ltd.	P.O. Box GP 7509 Accra	1,237,260 0.75%
8.	State Insurance Co. (Gh) Ltd.	P.O. Box GP 2363 Accra	1,229,733 0.75%
9.	A Life Co. Ltd.	P.O. Box 4011, Kumasi	1,200,000 0.73%
10.	Ghana Cocoa Board	P.O. Box GP 933 Accra	1,100,000 0.67%
11.	Tema Oil Refinery Ltd.	P.O. Box 599 Tema	1,000,000 0.61%
12.	Produce Buying Co. Ltd	PMB Accra	500,000 0.30%
13.	BBGN Unilever Ghana Managers Pension Fund	Barclays Bank Ghana Nom. Ltd.	444,985 0.27%
14.	African Tiger Mutual FD Ltd	47 Ind. Ave. Accra	400,000 0.24%
15.	Alhaji Salia Ent. Ltd.	P.O. Box KIA 9175 Airport-Accra	400,000 0.24%
16.	SDCB ITF Nana Yaw Oduro	P.O. Box GP 14198, Accra	300,000 0.18%
17.	Wienco Ghana Limited	P.O. Box 7593, Accra, North	284,600 0.17%
18.	SSNIT SOS Accounts	P. O. Box MB 149, Accra	282,150 0.17%
19.	KE & Sons Ltd	P.O. Box 190, Agona Swedru	210,000 0.13%
20.	Graphic Corporation Ltd	P.O. Box GP 742, Accra	200,000 0.12%
TOTALS			129,810,090 78.69%

Notes to the Financial Statements

	THE GROUP		THE BANK	
	2005 cm	2004 cm	2005 cm	2004 cm
31. STATUTORY RESERVE FUND				
Balance at 1st January	146,614	125,984	145,306	124,892
Additions	16,128	20,630	15,827	20,414
Balance at 31st December	<u>162,742</u>	<u>146,614</u>	<u>161,133</u>	<u>145,306</u>
32. CAPITAL SURPLUS				
Balance at 1st January	22,298	18,281	4,075	4,075
Additions	0	4,017	0	0
Diminution in value of shares	(5,592)	0	0	0
Balance at 31st December	<u>16,706</u>	<u>22,298</u>	<u>4,075</u>	<u>4,075</u>

The Capital Surplus arose as a result of the revaluation of the fixed assets at open market value after a physical inspection of the assets in Ghana between the dates 15 December 1993 and 10 January 1994.

It also includes the revaluation of both listed and unlisted securities based on year end market values and premium on sales of own shares.

In the current year no revaluation has been carried out for the unlisted securities.

	2005 cm	2004 cm	2005 cm	2004 cm
33. SHARE DEALS				
Transfer from Income Surplus	167	167	167	167
Purchase of Own Shares	(394)	(394)	(394)	(394)
Sale of Own shares	1,571	1,571	1,571	1,571
Transfer to Capital Surplus	(344)	(344)	(344)	(344)
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The movement on the Share Deals Account is the net result of sums expended and received by the Bank on the purchase and sale of Shares in Compliance with section 63(2) of the Ghana Companies Code 1963, (Act 179).

34. CONTINGENCIES AND COMMITMENTS

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

	2005 cm	2004 cm	2005 cm	2004 cm
Letters of credit	2,287,795	2,667,952	2,287,795	2,667,952
Guarantees and Indemnities	669,105	603,088	669,105	603,088
	<u>2,956,900</u>	<u>3,271,040</u>	<u>2,956,900</u>	<u>3,271,040</u>

Notes to the Financial Statements

35a	DIVIDEND	THE GROUP		THE BANK	
		2005 cm	2004 cm	2005 cm	2004 cm
	Balance at 1st January	63,347	41,250	63,347	41,250
	Prior Year Adjustment (Note 35b.)	(61,875)	0	(61,875)	0
	Dividend 2004	61,875	0	61,875	0
	Payments during the Year	(63,347)	(39,778)	(63,347)	(39,778)
	Proposed for the Year	0	61,875	0	61,875
	Balance at 31st December	0	63,347	0	63,347

The Directors have recommended a dividend of ¢400 per share (2004 : ¢375 per share) amounting to ¢66,000 million (2004 : ¢61,875 million).

35b. Prior Year Adjustment

This represents the effect of a change in accounting policy during the year in relation to post balance sheet events (proposed dividend). Previously dividend was treated as an appropriation from the income surplus account and shown as a liability in the balance sheet.

The cumulative effect of this transaction was an increment in Income Surplus by the same amount. Comparative financial information has not been re-stated. The impact of this transaction on reported Income Surplus account has been shown under note 35c.

35c. Change in Accounting Policy

Post Balance Sheet events : Proposed Dividend

The company adopted a policy to disclose proposed dividend as a note in the financial statements during the year. The effect of this has been stated under Notes 35a and 35b.

36. CURRENCY EXPOSURE AT YEAR-END IN CEDI EQUIVALENTS OF THE FOLLOWING MAJOR CURRENCIES

	USD cm	GBP cm	EURO cm	OTHERS cm
ASSETS				
Cash and balances with Central Bank	56,486	22,122	27,650	19
Investment in other securities	20,347	0	0	0
Due from other banks	158,788	19,702	27,830	7,432
Loans and advances to customers	425,974	19,632	36,609	0
Investment in subsidiary	0	0	0	0
Property and Equipment	0	0	0	0
Other Assets	0	0	0	0
Total Assets	661,595	61,456	92,089	7,451
LIABILITIES				
Due to customers	467,645	74,337	94,398	1,566
Due to other banks	0	0	0	0
Other liabilities	2,491	0	656	0
Tax	0	0	0	0
Total Liabilities	470,136	74,337	95,054	1,566
Net On Balance Sheet Position	191,459	(12,881)	(2,965)	5,885
Off-Balance Sheet Credit Commitments	664,644	9,313	2,924	6,952

Notes to the Financial Statements

37. MATURITIES OF ASSETS AND LIABILITIES (BANK)

	TOTAL €m	0-3 Months €m	3-6 Months €m	6-12 Months €m	Over 12 Months €m
ASSETS					
Balances with Central Bank	736,661	736,661	0	0	0
Government Securities	1,811,518	338,831	157,427	506,688	808,572
Due from other banks	367,566	347,219	0	0	20,347
Loans and advances to customers	2,561,574	887,127	279,390	701,187	693,870
Investment in Other Securities	31,811	0	0	0	31,811
Investment in subsidiary	1	0	0	0	1
Property and Equipment	161,553	0	0	0	161,553
Other Assets	161,036	92,595	38,112	19,966	10,363
Tax	32,993	32,993	0	0	0
Total Assets	5,864,713	2,435,426	474,929	1,227,841	1,726,517
LIABILITIES					
Due to customers	4,729,940	1,722,071	717,995	1,162,192	1,127,682
Due to other banks	8,452	8,452	0	0	0
Other liabilities	405,379	237,264	120,247	31,510	16,358
Borrowings	20,000	0	0	20,000	0
Total Liabilities	5,163,771	1,967,787	838,242	1,213,702	1,144,040
Net liquidity gap	700,942	467,639	(363,313)	14,139	582,477