GCB HAATSO BRANCH

ANNUAL REPORT 2015

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GCB Bank Limited

Annual Report and Financial Statements for the year 2015

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Daniel Owiredu – Chairman

Mr. Simon Dornoo – Managing (tenure ended 03/03/2016)

Mr. Samuel Sarpong –

(Appointed Ag. Managing Director 01/02/2016)

Mr. Socrates Afram (Appointed 24/03/2016)

Mr. Elliot Gordor

Mr. Moses Aduku Asaga

Ms. Faustina Nelson

Dr. Abdul Baasit Aziz Bamba

Mr. Kofi Worlanyo

Mr. Ernest Kwasi Okoh

Hon. Mrs. Mona Quartey

Ms. Ama Sarpong Bawuah

Mr. John Awuah (Resigned 26/03/2015)

SECRETARY

Mrs. Helen Addo

GCB Bank Building

Thorpe Road, High Street

P. O. Box 134, Accra

AUDITORS

KPMG

Chartered Accountants

13 Yiyiwa Drive,

Abelenkpe

P. O. Box GP 242

Accra

REGISTERED OFFICE

GCB Bank Building

Thorpe Road, High Street

P. O. Box 134

Accra

REGISTRARS

Share Registry

GCB Bank Limited

Head Office,

High Street

Accra

Notice of Annual General Meeting

Mrs. Helen Addo
Company Secretary

Notice is hereby given that the 22nd Annual General Meeting of GCB Bank Limited will be held at the Accra International Conference Centre on Friday, 27th May, 2016 at 10.00 a.m. to transact the following business:

AGENDA

1) To consider and adopt the financial statements of the Company for the year ended December 31, 2015 together with the Reports of the Directors and Auditors thereon.
2) To declare a Dividend for the year ended December 31, 2015.
3) To re-elect Directors retiring by rotation.
   - Ms. Faustina Nelson
   - Mr. Kwasi Okoh
   - Mr. Kofi Worlanyo
4) To ratify the appointment of Mr. Socrates Afram as a Director.
5) To authorize the Directors to determine the fees of the Auditors.

DATED THIS 11TH DAY OF FEBRUARY, 2016

BY ORDER OF THE BOARD

Helen Addo (Mrs.)
Company Secretary

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

Board of Directors

1

Mr. Daniel Owiredu
[Chairman]

2

Mr. Simon Dornoo
[Managing Director] Tenure ended 03/03/2016

3

Mr. Samuel Sarpong
(Appointed Ag. Managing Director 01/02/2016)

4

Mr. Socrates Afram
(Chief Finance Officer]

5

Hon. Mona Quartey
[Non-Executive Director]

6

Mr. Kofi Worlanyo
[Non-Executive Director]

7

Mr. Moses Asaga
[Non-Executive Director]

8

Mr. Ernest Kwasi Okoh
[Non-Executive Director]

9

Ms. Faustina Nelson
[Non-Executive Director]

10

Dr. Abdul Baasit Aziz Bamba
[Non-Executive Director]

11

Ms. Ama Sarpong Bawuah
[Non-Executive Director]

12

Mr. Elliot Gordor
[Non-Executive Director]

Profile of the Directors

1. Mr. Daniel Owiredu

Mr. Daniel Owiredu is an Engineer with over 30 years' experience in the mining sector of which over 20 years is in senior management positions in Africa.

He served as Managing Director for Ashanti Goldfields, Bibiani Mine, Suigiri Mine in Guinea and Obuasi Mine and Chief Operating Officer, West Africa for AngloGold Ashanti. He is currently the Executive Vice President and Chief Operating Officer of the Golden Star Resources Ltd. and the Council Chairman of the Anglican University College.

Mr. Owiredu holds a BSc. degree in Mechanical Engineering from KNUST, Kumasi and an MBA from Strathclyde Business School in Scotland, UK.

2. Mr. Simon Dornoo

Mr. Simon Dornoo was appointed Managing Director of the Bank on 4th March 2010. Prior to his appointment, he worked with Barclays Plc in London and its subsidiary in Ghana as Finance Director and later as Treasurer. He was the first African to be appointed Finance Director for Barclays Africa and the Indian Ocean with oversight responsibility for 10 countries. Mr. Dornoo started his professional career with KPMG in 1985 and later joined CAL Bank when it was formed in 1990 as Financial Controller of the Bank. He has served on a number of boards both locally and abroad. He is the immediate past President of the Ghana Bankers' Association.

Mr. Dornoo is a Chartered Accountant (ICA Ghana) and has an MBA (Finance) from Manchester Business School, UK. He has a Diplôme de langue Français, Diplôme Supérieure Français Des Affaires (CCIP, France) and he is also an alumnus of the Centre D'Etudes, Financières, Economiques et Bancaires (CEFEB) in Marseille, France. He is a certified Financial Markets professional and an associate of ACI, The Financial Markets Association, which is a global network of financial market professionals. Mr. Dornoo's contract with GCB Bank came to end on 3rd March 2016.

3. Mr. Samuel Sarpong

Mr. Sarpong, currently the Ag. Managing Director, joined the Bank in 2008. Prior to this appointment, he was the Chief Operating Officer and also Chief Transformation Officer with oversight responsibility for the rebranding of the Bank. Mr. Sarpong worked as Policy Advisor in the Ontario Ministry of Agriculture and Food and in the Ministry of Economic Development & Trade, Canada. He also worked with the Canadian Imperial Bank of Commerce (CIBC) where he held senior roles in Credit Risk Management and Lending Products. Mr. Sarpong also worked with General Electric Corporation (GE) Consumer Lending Business (GE Money Canada) and as a Senior Manager he served as a risk leader for the Credit Cards, Risk Infrastructure & Fraud and Mortgage Units.

He holds degrees from KNUST, Ghana, University of Guelph, Ontario and Wilfrid Laurier University, Ontario, Canada.

4. Mr. Socrates Afram

Mr. Afram is a Finance Professional with over 15 years' experience in the financial sector. He has a wealth of experience across strategy; business performance and reporting (financial, regulatory and statutory); debt and capital raising; business combination; investment and risk management. Prior to joining GCB in 2016, he was the Finance Director of Fidelity Bank Ghana Ltd. Other positions he held at Fidelity include Head of Research and Head of Business Performance and Financial Control. He worked with UBA (Ghana) as Senior Analyst deputizing for the Financial Controller. He also worked with Export Finance Company Limited as Head of Finance and Administration and General Leasing and Finance Company Limited as Analyst for lease credit applications.

Socrates is a Fellow of the Association of Chartered Certified Accountants (ACCA), having qualified in June 2003. He holds a Master of Business Administration (MBA Finance) degree from the University of Ghana Business School and a Bachelor of Commerce (B.Com) degree from the University of Cape Coast; he is an alumnus of Wharton Executive Education, University of Pennsylvania, USA.

Profile of the Directors (cont'd)

5. Hon. Mona Quartey

Hon. Quartey, currently the deputy Minister of Finance of the Republic of Ghana is a seasoned finance professional with extensive experience in treasury, risk management and corporate finance, with close to 25 years banking and mining experience. Hon. Quartey has unique experience, having served and advised large corporate institutions, small to medium sized enterprises ("SME"), government ministries, and state-owned enterprises ("SOE"). She currently serves on the boards of Golden Star Resources Gh. Ltd. (Wassa & Bogoso), Ghana Water Company Ltd., SSNIT, Ghana Investment Promotion Council (GIPC), Green Pastures and Still Waters Ltd. as well as BVM Finance Advisory Services Ltd.

6. Mr. Kofi Worlanyo

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

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

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

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

7. Mr. Moses Asaga

Mr. Moses Asaga is currently the CEO of the National Petroleum Authority. Mr. Asaga has worked in various institutions including Daishun Securities and Investment, Seoul, Ecobank Ghana and GNPC. He served in parliament for 16 years and was a member of the Finance Committee for Parliament for 12 years and a member of the Energy & Mines committee for 16 years.

Mr. Asaga holds a BSc degree in Industrial Chemistry, KNUST; MSc Petroleum Engineering from Aberdeen University; MBA Finance from Yonsei University and MPhil Financial Economics from Durham University, UK. He has certificate/diplomas from Harvard University in Global Financial Crises (Emerging Markets, Banks etc.)

8. Mr. Ernest Kwesi Okoh

Mr. Okoh, a Chartered Accountant is the Managing Director of Aluworks Ltd. Prior to this appointment, Mr. Okoh was the CEO of Dannex Ltd, a pharmaceutical company in Ghana. Mr. Okoh worked with Unilever for 32 years in senior management positions. He is a member of the Institute of Chartered Accountants, Ghana; with an MBA from Strathclyde University, Glasgow, Scotland and a product of the School of Administration, University of Ghana, Legon. He is also a director of Research International; Expandable Polystyrene Products and Trading Limited; WT-2 Company Limited and Chairman of the Board of Governors of Achimota School

9. Ms. Faustina Nelson

Ms. Nelson is a renowned entrepreneur with expertise in corporate governance. Ms. Nelson's entrepreneurial and strategic management background contributed in the setting up and running of her businesses. She is a well-known philanthropist and an advocate for farmers into organic farming and HIV AIDS prevention among the youth and women in Ghana.

Ms. Nelson is a professional educationist and holds a proficiency Certificate in Strategic Management from GIMPA. Ms. Nelson serves on the Board of GOIL.

Profile of the Directors (cont'd)

10. Dr. Abdul Baasit Aziz Bamba

Dr. Aziz Bamba is a private legal practitioner and the Head of Chambers of AB&M Legal Consult, a law firm in Accra. He is also a lecturer at the School of Law, University of Ghana and has published in both local and international journals.

He has consulted for organisations such as the UK Department for International Development; the World Bank; the Committee of African Studies of Harvard University; Government of Ghana; ECOWAS; Ministry of Justice and Attorney General's Department; and the Parliament of Ghana. He was one of the Researchers/ Consultants to the Economic Community of West Africa States on the harmonization of business laws in West Africa for non-OHADA countries.

He holds an LLM and doctoral degrees from Harvard Law School,USA.

11. Ms. Ama Sarpong Bawuah

Ms. Bawuah is currently the Senior Director for Government Relations for Newmont Mining Corporation's Africa Region. Prior to this appointment Ms. Bawuah was the Head of Public Affairs and Communications (PAC) for the Coca-Cola's North and Equatorial Africa Region. Ms. Bawuah is a Strategic Management Executive with several years' experience and comprehensive knowledge of innovative solutions and best practices in the PAC arena and high level stakeholder engagement. Her core competencies include management strategy relationship metrics and hands-on deal originations, structuring and execution. She has worked in the past as Vice President for Citigroup Corporate and Investment Bank's Global Transaction Services in New York and was the West Africa Director for the Whitaker Group, a Washington DC based Management consulting firm. She has worked with Sun Trust Bank in Atlanta, Georgia, as a Project Manager in their Product Development Department.

Ms. Bawuah holds degrees from the University of Ghana and Emory University, Atlanta, USA.

12. Mr. Elliot Gordor

Mr. Gordor is a seasoned Business Executive with over 25 years' experience. He is the CEO of Gelloq Company Ltd, Ghana. He serves on the Boards of Conway & Sons LLC, USA; Millard Solutions LLC, USA; MBG Ghana Ltd and Tema Development Corporation.

Mr. Gordor is a Graduate of the University of Ghana and University of Mississippi.

Management Team

1

Simon Dornoo
[Managing Director] Tenure ended 03/03/2016

2

Samuel Sarpong
(Appointed Ag. Managing Director 01/02/2016)

3

Mr. Socrates Afram
[Chief Finance Officer]

4

El Farouk Umar
[Chief Information Officer]

5

Samuel Acquah
[Chief Risk Officer]

6

Samuel Amankwah
[Chief Internal Auditor]

7

Doris Wunu
[Head, Consumer Banking]

8

Anthony K. Asare
[Treasurer]

9

Jessie Jacintho
[Head, Legal Services]

10

Francis Danyi
[Head, Human Resources]

11

George Fuachie
[Head, Corporate Banking]

Financial Highlights 2015

At 31 December	The Group 2015 GH¢'000	The Group 2014 GH¢'000	The Bank 2015 GH¢'000	The Bank 2014 GH¢'000
Total assets	**4,659,181**	4,259,102	**4,629,588**	4,232,819
Loans and advances to customers	**1,493,230**	1,240,577	**1,492,623**	1,240,577
Customer deposits	**3,360,596**	3,074,821	**3,368,406**	3,078,071
Shareholders' equity	**853,972**	689,371	**816,617**	659,896
Government securities	**2,042,542**	1,862,336	**2,037,543**	1,857,337
For the year ended 31 December				
Profit before tax	**360,801**	394,981	**350,276**	382,436
Profit after tax	**254,642**	282,148	**244,735**	270,057
Dividend per share (Ghana pesewas):	**33**	32	**33**	32
Earnings per share (Ghana pesewas):				
-**Basic**	**96**	106	**92**	102
-**Diluted**	**96**	106	**92**	102
Return on equity (%)	**30**	41	**30**	41
Return on assets (%)	**5**	7	**5**	6
At 31 December				
Number of staff	**1,904**	1,944	**1,904**	1,944
Number of branches	**157**	157	**157**	157

Five Year Financial Summary

Profit and loss – Group

GH¢'000	2015	2014	2013	2012	2011
Income Statement					
Interest income	839,115	690,708	552,063	376,092	256,619
Interest expense	(107,571)	(92,982)	(92,104)	(50,917)	(49,735)
Net interest income	**731,544**	**597,726**	**459,959**	**325,175**	**206,884**
Fee and commission income	132,374	114,392	88,566	76,535	67,258
Fee and commission expense	(24,183)	(22,422)	(11,419)	(7,347)	(2,730)
Net fee and commission income	**108,191**	**91,970**	**77,147**	**69,188**	**64,528**
Net trading income	16,561	37,758	26,842	16,580	13,485
Other revenue	6,995	3,739	3,297	1,931	2,105
Revenue	**863,291**	**731,193**	**567,245**	**412,874**	**287,002**
Other income	2,715	100,058	944	5,250	1,547
Impairment (charge)/release on loans and advances	(93,492)	(23,832)	10,569	(10,585)	(10,650)
Operating expenses	(425,752)	(428,230)	(270,394)	(221,286)	(251,141)
Operating profit	**346,762**	**379,189**	**308,364**	**186,253**	**26,758**
Share of profit of associates net of tax	14,039	15,792	8,695	6,600	4,321
Profit before tax	**360,801**	**394,981**	**317,059**	**192,853**	**31,079**
Taxation	(88,645)	(93,759)	(80,030)	(49,881)	(11,623)
National fiscal stabilization levy	(17,514)	(19,074)	(7,830)	-	(1,484)
Profit for the year	**254,642**	**282,148**	**229,199**	**142,972**	**17,972**
OTHER COMPREHENSIVE INCOME (OCI)					
Items that may be reclassified to profit or loss					
Available-for-sale financial assets - net changes in fair value	(972)	1,898	1,464	634	(1,524)
Related tax	243	(475)	(366)	(159)	381
Share of associate OCI	(1,845)	(1,515)	-	-	-
Prior year movement in fair value	40	-	-	-	-
Items that will never be reclassified to profit or loss					
Actuarial loss on defined benefit liability	(3,610)	(4,134)	(15,033)	(9,675)	(1,519)
Related tax	903	1,034	3,758	2,419	380
Other comprehensive income, net of tax	(5,241)	(3,192)	(10,177)	(6,781)	(2,282)
Total comprehensive income	**249,401**	**278,956**	**219,022**	**136,191**	**15,690**
Basic and diluted earnings per share (in GH¢)	0.96	1.06	0.86	0.54	0.07

Five Year Financial Summary

Balance sheet – Group

GH¢'000	2015	2014	2013	2012	2011
Assets					
Cash and cash equivalents	544,683	758,081	338,797	360,023	433,430
Government securities	2,042,542	1,862,336	1,711,957	1,553,301	1,195,991
Advances to banks	214,875	107,407	170,321	37,978	217,179
Loans and advances to customers	1,493,230	1,240,577	960,707	847,872	476,211
Investment securities: available-for-sale	7,639	8,611	6,660	5,196	4,562
Investment in subsidiary	-	-	-	-	-
Investment in associates	53,135	49,468	41,013	37,242	20,240
Investment in other equity securities	524	247	247	247	198
Deferred tax asset	39,815	26,838	15,453	11,624	11,379
Property and equipment	139,889	123,936	81,399	73,404	53,955
Intangible assets	18,131	12,162	3,954	4,062	1,841
Other assets	98,264	64,021	74,318	50,192	39,074
Income tax asset	6,454	5,418	-	-	6,309
Total assets	**4,659,181**	**4,259,102**	**3,404,826**	**2,981,141**	**2,460,369**
Liabilities					
Deposits from customers	3,360,596	3,074,821	2,624,975	2,330,300	2,058,432
Other liabilities	171,766	263,805	132,702	113,797	108,375
Borrowings	196,990	163,028	108,149	177,818	79,000
Income tax liabilities	-	-	11,258	17,195	-
Employee benefit obligations	75,857	68,077	61,677	46,150	36,322
Total liabilities	**3,805,209**	**3,569,731**	**2,938,761**	**2,685,260**	**2,282,129**
Equity					
Stated capital	100,000	100,000	100,000	72,000	72,000
Retained earnings	545,721	409,176	215,224	113,855	26,732
Fair value reserve	(544)	1,990	2,082	984	509
Statutory reserve	210,097	179,505	145,748	89,871	55,210
Credit risk reserve	23,878	21,173	22,384	27,269	24,631
Other reserves	(25,180)	(22,473)	(19,373)	(8,098)	(842)
Total equity	**853,972**	**689,371**	**466,065**	**295,881**	**178,240**
Total liabilities and equity	**4,659,181**	**4,259,102**	**3,404,826**	**2,981,141**	**2,460,369**

Chairman's Statement

Mr. Daniel Owiredu *[Chairman]*

"The Bank continued to pursue its transformational agenda of becoming the top performing bank in Ghana"

Dear Shareholders,

It is my pleasure to present to you, the Annual Report and Financial Statements of your Bank for the year ended December 31, 2015.

The Bank continued to pursue its transformational agenda of becoming the top performing bank in Ghana. To this end, our resolve to deliver superior returns to shareholders through purposeful and mutually satisfying customer experience has been relentless.

In 2015, we succeeded in creating a conducive environment for delivering growth in core revenues, albeit below expectations, given the increasingly challenging macro-economic environment.

Operating Environment

Global economic growth remained weak, estimated at 3.1% compared to the 3.4% recorded in 2014 according to the International Monetary Fund (IMF). The advanced economies recorded modest recovery from 1.8% in 2014 to 1.9% in 2015. Growth in emerging markets and developing economies declined from 4.6% in 2014 to 4.0% in 2015, but still accounted for over 70% of global growth. Lower commodity prices, global financial tightening and geopolitical tensions continued to plague growth in emerging and developing economies.

On the domestic front, provisional figures from the Ghana Statistical Service put economic growth at 4.1%, just about the same rate recorded in 2014. Severe energy supply bottlenecks, rising inflation, a depreciating Cedi especially in the first half of the year, current account and fiscal deficits fundamentally stretched out a slow growth trend.

Meanwhile, inflation remained high during the year and ended the year at 17.7% relative to 17% in 2014. Increased utility and petroleum product prices and a faster depreciation of the Cedi in the first half pushed inflation up.

The Cedi returned to relative stability in the second half of the year after depreciating by about 25% by the end of June 2015. Cumulatively the cedi depreciated by about 15% in 2015. Interest rates remained high until

the last two months of the year when declines were seen in the rates on short-dated government securities.

An Extended Credit Facility (ECF) arrangement with (IMF) and fiscal consolidation efforts produced notable trends in the last quarter of 2015. These include declining rates on treasury instruments in the last two months of the year, a slower growth of fiscal deficits year on year, and relatively stable Cedi. Investor confidence is gradually returning. In addition, the Cedi stability was aided by the Euro Bond proceeds and Cocoa Syndication Loan that beefed up external reserves.

Financial Performance

It is against this dour and challenging operating economic environment that our results should be seen. Your Bank delivered strong financial performance and maintained its position as one of the top performing Banks in the country.

Operating revenue was GH¢863 million in 2015, up 18% or GH¢132 million more than the GH¢731 million recorded in 2014. Significantly, Cost was kept under control, as operating expense of GH¢426 million was incurred in 2015, 1% less than the GH¢428 million spent in 2014, pointing to benefits derived from operational excellence initiatives.

However, an industry-wide credit deterioration in the year under review affected your Bank, necessitating an increase in a charge for loan loss of GH¢93 million compared to GH¢24 million in 2014. This led to a Pre-tax Profit of GH¢361 million, 9% less than was achieved in 2014. Profit after Tax was GH¢255 million 10% lower than was achieved in 2014.

Consequently, Basic and Diluted Earnings Per Share (EPS) dipped 9% from GH¢1.06 in 2014 to GH¢0.96 in 2015.

Returns to Shareholders

Dear Shareholders, despite the dip in earnings the the Board recommends a cash dividend payment of 33 Ghana Pesewas per share representing a total payout of an amount of GH¢87 million for the 2015 financial year. By this recommendation, we are paying 3% more than the 32 Ghana Pesewas per share or the total payout of an amount of GH¢85 million paid in 2014.

This is consistent with our payout culture and expresses a clear intent of satisfying the expectations of shareholders even in a year in which the general economic environment was less supportive as evidenced by the significant valuation losses on the Ghana Stock Exchange indexes.

Our Strategy

Modernity, market share growth and enhancing shareholder value remain our priority. Our quest to make your bank modern and offer superior experience to our customers continues unabated. Refurbishment of branches is ongoing and in select cases, existing structures are demolished to make way for modern and more cost efficient branches. We continue to invest in our IT infrastructure to offer cutting-edge technology services to our clients. These technology platforms are designed to offer convenience to our customers and also form the fulcrum of our deposit drive.

Staff training and retention have been given renewed impetus to ensure that your bank operates with the best available human capital in the industry. We are moving away from an operations based banking institution to a sales and service institution. We appreciate this is a journey but we are convinced on the evidence seen so far that, we are getting there.

Corporate Governance

We shall continue to upgrade the risk management systems of the Bank to ensure that the Bank is resilient to both specific and systemic shocks. The Board works with the Risk & Capital Management and Audit & Compliance Sub-Committees to ensure that risk awareness, ethics and compliance with appropriate rules and regulations are embedded in all areas of the bank's work. Through periodic reviews of policies and procedures, the Board is satisfied that there are adequate controls in place to manage the risks inherent in the bank's business. Essentially, your bank remains a viable business entity.

Our Community Engagement

GCB continued to support and intervene in social needs and circumstances as part of our Corporate Social

Responsibility. On the theme, "Touching Lives," the Bank continues to invest in people and communities with the view of ensuring a better and a more sustainable life in our communities.

The Bank directly responded to the plight of the victims of the June 3, 2015 flood and fire disaster in Accra by distributing critically needed relief items. GCB also purchased medical supplies and drugs which were donated to the Korle-Bu Teaching Hospital, 37 Military Hospital, Ridge Hospital and Police Hospital, the four major hospitals in Accra. This vital input from your Bank, went a long way to cater for the immediate medical needs of the victims. GCB spent a total of GH¢300,000.00 on this alone.

On another level, GCB donated computers, cash, equipment and books to the Ghana Armed Forces Command and Staff College (GAFCSC), Police Depot Clinic at Tesano and the Ghana Library Authority.

Again GCB supported GRAFT Foundation to undertake corrective surgery for the needy and also sponsored Community Uplift Ghana to undertake free eye screening for the public.

Changes to the Board

On 3rd March, 2016, the Managing Director of your Bank, Mr. Simon Dornoo, ended his tenure after six years of dedicated service to the Bank. On behalf of the Board and Management of the Bank, I would like to express my appreciation to Mr. Dornoo for his contribution to the transformation and repositioning of the Bank. We wish him well in his future endeavours. The Board has begun the processes to find his successor

Earlier in the year, Mr. John Awuah, the Chief Finance Officer, resigned from the Bank and thus exited from the Board. Dear Shareholders, I am pleased to announce that the Bank has appointed Mr. Socrates Afram as the Chief Finance Officer and recommend the ratification of his appointment as Executive Director. Mr. Afram is a Fellow of ACCA, UK, and until his appointment was the Director of Finance of Fidelity Bank, Ghana. He joins GCB with over a decade and half's experience in Ghana's financial sector and a proven success of driving corporate performance.

Conclusion and Outlook

Looking into 2016, we expect that low commodity prices, the strengthening US dollar, and difficult conditions in international bond markets would slow growth in emerging markets and developing economies, dragging down overall global growth. This would exert unfavorable pressure on the Ghanaian economy. Should this happen further adjustments in fiscal and external imbalances may be required. The improved energy supply is expected to be sustained in order to prop up industrial output. The expected production of oil from the TEN fields would boost growth.

The Board remains focused on the transformational agenda and would place your Bank in the right shape to be able to deal even more effectively with the challenges currently facing the national economy and the financial industry and how they impact on our operations.

Finally, I would like to take this opportunity to thank my fellow Directors for their dedication and commitment over the past twelve months, and also to thank all the staff of the Bank without whose efforts, we would not have been successful in our joint endeavours. Sincere thanks to everyone.

Mr. Daniel Owiredu

Chairman

Managing Director's Review of Operations

Mr. Samuel Sarpong *[Ag. Managing Director]*

"Your Bank performed remarkably well in a very challenging financial year against a backdrop of increased non-performing loans and difficult macroeconomic environment".

Introduction

Dear Shareholders, I am delighted to present to you the Bank's performance for the 2015 financial year. Your Bank performed remarkably well in a very challenging financial year against a backdrop of increased non-performing loans and difficult macroeconomic environment.

Economic Review

Global growth was slower at 3.1% relative to the 3.4% achieved in 2014. The low rate of growth was attributed mainly to a setback to economic activity in the first quarter of 2015 in North America as a result of severe weather conditions and decline in housing starts. Also, decline in economic activity in China leading to lower commodity prices impacted growth. In the case of countries that export commodities and operate a flexible foreign exchange rate regime, weakening commodity prices led to a sizable squeeze in export inflows and currency depreciation.

The developments in the world economy impacted the Ghanaian economy. Decline in commodity prices contributed to weakening of the economic fundamentals. Consequently, Ghana's growth prospects, terms of trade and foreign exchange rate did not see significant improvement. Ghana also suffered from energy supply shortfalls throughout the year 2015.

In view of the expected effect of these factors, economic growth rate forecast was revised to 4.1% for 2015.

Headline inflation ended the year at 17.7%, 70 basis points higher than the 17.0% recorded in 2014 on the back of increased utility and petroleum product prices.

The Cedi depreciated by 14.5% against the US dollar on the interbank market during the year under review despite a steeper depreciation in the first half of the year. The stringent measures introduced by the Bank of Ghana helped manage the volatility and speculative pressure on the cedi.

Interest rates remained largely high for greater part of the year.

Developments in the Banking Sector

The banking industry had its fair share of challenges. Non-performing loans increased from 11% in 2014

to 14.7% following the energy supply challenges and delays in loan repayment especially from the oil sector. Banks made various levels of provisions to accommodate the increased non-performing loans. Rising input cost also posed challenges to cost of banking operations.

Operating Results

Notwithstanding the challenges mentioned above, your bank performed well during the period under review.

Profit before Tax (PBT) was GH¢361 million compared to GH¢395 million recorded in 2014 and represented a decline in profit of 9% due largely to impairment increase and shortfall in trading income.

Total Income increased from GH¢731 million in 2014 to GH¢863 million in 2015. The increase which was 18% over the 2014 performance was on account of increases in Net Interest Income and Fees & Commission Income. Net Interest Income increased from GH¢598 million to GH¢732 million in 2015 representing 22% over the 2014 level.

Net Fees & Commission increased by GH¢16 million to GH¢108 million in 2015 representing 18% rise.

Net Trading Income was GH¢17 million in 2015 from GH¢38 million representing a 56% drop mainly due to exchange rate volatility and dwindling trade volumes.

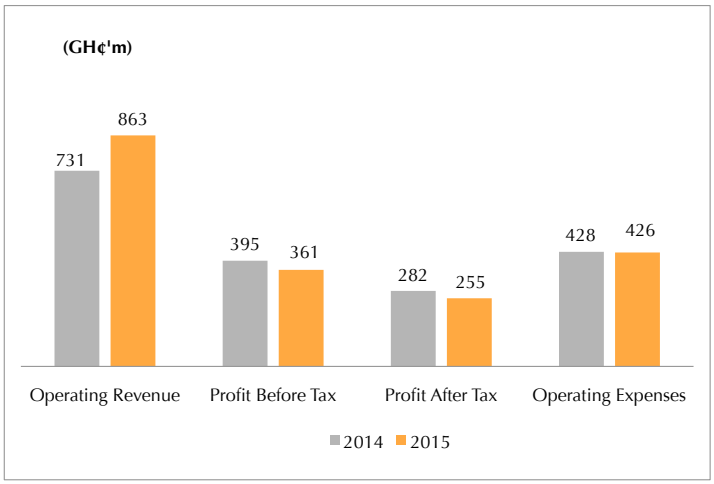
Impairment charge for loans and advances was GH¢93 million compared to GH¢24 million charged for 2014, representing an increase of 292%. This was due primarily to a charge on a specific transaction.

Total Operating Expenses was GH¢426 million in 2015 compared to GH¢428 million expended in 2014. The drop in expenditure was GH¢2.48 million or 0.58% and was attributable to expenditure consolidation efforts undertaken by management.

Consequently, cost to income ratio improved in 2015 to 49% from a headline ratio of 59% in 2014. Earnings per share (E.P.S.) dipped to GH¢0.96 in 2015 compared to GH¢1.06 recorded in 2014.

Figure 1 below depicts highlights of our financial performance in the year 2015.

Figure 1



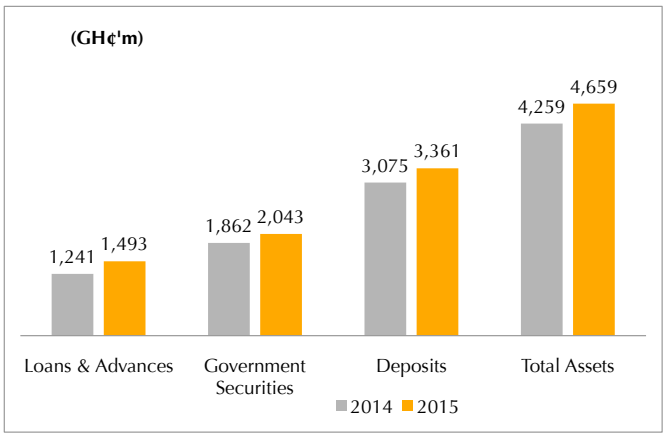
Financial Position Review

The bank's balance sheet size increased by 9% to close the year at GH¢4,659 million from GH¢4,259 million in 2014 . Loans and Advances to customers also increased by 20% to GH¢1,493 million at the end of 2015 as against GH¢1,241 million booked as at 2014. Earning Assets increased by 17% to GH¢3,812 million.

A 9% growth in customer deposits to GH¢3,361 million from GH¢3,075 million in 2014 propelled the balance sheet growth. Throughout the year, your Bank was a net lender on the interbank market.

Figure 2 below depicts some of the highlights of our financial position.

Figure 2:



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

Capital management

Total shareholders' equity increased by 24% (GH¢165 million) to GH¢854 million in 2015. The Bank's Capital Adequacy ratio was 24% at the end of the year (2014:25%). Your Bank will continue to maintain a strong capital base to enable it implement its medium term strategies.

Funding and liquidity

Throughout the year under review, your Bank was a net lender on the interbank market. Customer Deposits increased from GH¢3,075 million to GH¢3,361 million in 2015. This represents a rise of 9% over the previous year's level.

Key Initiatives

The bank made further progress in its transformation program. In 2015 a number of products aimed at attracting deposits were introduced to the market including the GCB Lite pay product and the school fees collection product. The GCB Lite pay product enables merchants to accept electronic card payments (Visa, MasterCard, GCB ReadyCash and Gh-Link cards). The Bank also partnered Etranzact to introduce a school fees collection solution targeting 2nd cycle institutions. Uptake of the solution has been excellent.

To further deepen the bank's strength in card payments, the bank converted its MasterCard strip to chip card, and introduced Gold and Platinum cards for different customer segments.

Your bank also recognizes the importance of Small and Medium-sized enterprises to the economy of Ghana. The bank introduced a loan product which provides up to GH¢50,000 for SMEs using a simplified application process.

The bank also continued to diversify its product range by completing the roll out of its Bancassurance product to all branches. This product is in partnership with Starlife Assurance Company.

The latest addition to the family of Money Transfer Organizations (MTOs) your bank works with is Ria Money Transfer company. This partnership ensures that remittances from over 146 countries get to beneficiaries in every region of Ghana quickly and safely.

In order to improve on the overall customer experience, the bank has started to implement its new branch designs. The Haatso branch has been opened and work is underway to open new branches (Amasaman, Adjiringanor, Weija etc) and refurbish a number of existing branches.

The bank also strengthened its internal controls by completing implementation of a comprehensive Anti-money laundering and fraud monitoring solution.

Our 2016 Priorities

With the overriding objective to be modern, enhancing customer experience and shareholder value, the following priorities remain the main strategic pillars of your bank.

- Expanding Corporate Banking capabilities
- Building a profitable and efficient retail banking franchise
- Streamlining our operations
- Prudent financial management
- Human resource training and development
- Long-term sustainable growth.

Acknowledgements

I would like at this stage to express my sincere gratitude to our customers for their loyalty and confidence reposed in our team, and to the Board of Directors for the sterling manner in which they steered the affairs of your Bank in 2015. I also express my thanks to the staff for their hard work and dedication to duty which enabled us to achieve these results.

Thank You.

Mr. Samuel Sarpong

Ag. Managing Director

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Report of the Directors
to the members of GCB Bank Limited

The Directors present their report and the financial statements of the Bank and its subsidiary ("the Group") for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view of GCB Bank Limited, comprising the statements of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738). In addition, the Directors are responsible for the preparation of the Directors' report.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

PRINCIPAL ACTIVITIES

The Bank is registered to carry on the business of consumer and corporate banking and treasury activities. It also engages in equity investments through its subsidiary. There was no change in the nature of the Group's business during the year.

SHAREHOLDING STRUCTURE

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

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

Subsidiary And Associates

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

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

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

Report of the Directors
to the members of GCB Bank Limited (cont'd)

Financial Statements and Dividend

The financial results of the Bank for the year ended 31 December 2015 are set out in the attached financial statements, highlights of which are as follows:

	2015 GH¢'000	2014 GH¢'000
Profit for the year (attributable to equity holders) was	**244,735**	270,057
to which is added the balance brought forward on retained earnings of	**379,141**	197,280
	623,876	467,337
out of which is transferred to the statutory reserve fund, in accordance with the Banking Act, an amount of	**(30,592)**	(33,757)
and transfers from credit risk reserve of	**(2,705)**	1,211
and prior year dividend paid of	**(84,800)**	(55,650)
	(118,097)	(88,196)
leaving a balance to be carried forward on retained earnings of	**505,779**	379,141

In accordance with section 29 (b) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢30,592,000 (2014: GH¢33,757,000) was transferred to the statutory reserve fund from retained earnings bringing the cumulative balance on the statutory reserve fund at the year end to GH¢210,097,000 (2014: GH¢179,505,000).

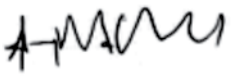
The Directors recommend the payment of dividend of GHp33 (2014: GHp32) per share amounting to GH¢87,450,000 (2014: GH¢84,800,000).

The Directors confirm that to the best of their knowledge:

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

Approval Of The Financial Statements

The consolidated and separate financial statements of GCB Bank Limited, as identified in the first paragraph, were approved by the Board of Directors on 29 February, 2016 and signed on their behalf by



Mr. Daniel Owiredu

Chairman

Mr. Samuel Sarpong

Acting Managing Director

Corporate Governance

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

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

The Board of Directors

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

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

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

At 31 December 2015, the Board had eleven (11) members, made up of nine (9) Non-Executive Directors and two (2) Executive Directors with Mr. Daniel Owiredu, a Non-Executive Director as Chairman of the Board. The Board has delegated various aspects of its work to the Audit and Compliance Committee, Large Credit Exposures/Non-Executive Committee, Nomination Committee, Human Resource and Remuneration Committee and Risk and Capital Management Committee.

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

Audit and Compliance Committee

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

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

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

Large Credit Exposure/ Non-Executive Committee

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

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

Human Resource & Remuneration Committee

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

Key duties include:

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

Risk and Capital Management Committee

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

Key duties include:

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

Nominations Committee

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

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

Systems of Internal Control

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

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

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

Report on the Financial Statements

We have audited the consolidated and separate financial statements of GCB Bank Limited, which comprise the statements of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 26 to 109.

Directors' Responsibility for the Financial Statements

The Bank's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the consolidated and separate financial position of GCB Bank Limited at 31 December 2015 and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) and Section 78 of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statements of financial position and comprehensive income are in agreement with the books of account.

The Bank's transactions were within its powers and the Bank generally complied with the relevant provisions of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

KPMG

SIGNED BY: NII AMANOR DODOO (ICAG/P/1055)
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2016/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

FEBRUARY 29, 2016

Statements of Comprehensive Income
for the year ended 31 December 2015

		The Group		The Bank	
	Note	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Interest income	9	**839,115**	690,708	**839,007**	690,708
Interest expense	10	**(107,571)**	(92,982)	**(107,571)**	(92,982)
Net interest income		**731,544**	597,726	731,436	597,726
Fee and commission income	11	**132,374**	114,392	**132,374**	114,392
Fee and commission expense	12	**(24,183)**	(22,422)	**(24,183)**	(22,422)
Net fee and commission income		**108,191**	91,970	**108,191**	91,970
Net trading income	13	**16,561**	37,758	**16,561**	37,758
Other revenue	14	**6,995**	3,739	**11,097**	7,792
Revenue		**863,291**	731,193	**867,285**	735,246
Other income	15	**2,715**	100,058	**2,053**	99,210
Impairment charge on loans and advances	16	**(93,492)**	(23,832)	**(93,492)**	(23,832)
Operating expenses	17	**(425,752)**	(428,230)	**(425,570)**	(428,188)
Operating profit		**346,762**	379,189	**350,276**	382,436
Share of profit of associates, net of tax	27	**14,039**	15,792	**-**	-
Profit before tax		**360,801**	394,981	**350,276**	382,436
Income tax expense	18	**(106,159)**	(112,833)	**(105,541)**	(112,379)
Profit for the year		**254,642**	282,148	**244,735**	270,057

The notes on pages 35 to 109 form an integral part of these financial statements.

Statements of Comprehensive Income
for the year ended 31 December 2015 (cont'd)

	Note	The Group 2015 GH¢'000	The Group 2014 GH¢'000	The Bank 2015 GH¢'000	The Bank 2014 GH¢'000
Profit for the year		254,642	282,148	244,735	270,057
Other comprehensive income					
Items that may be reclassified to profit or loss					
Available-for-sale financial assets – net changes in fair value	38	(972)	1,898	(676)	1,911
Related tax	38	243	(475)	169	(478)
Share of associate OCI	38	(1,845)	(1,515)	-	-
Prior year movement in fair value		40	-	-	-
Items that will never be reclassified to profit or loss					
Actuarial loss on defined benefit liability	41	(3,610)	(4,134)	(3,610)	(4,134)
Related tax	41	903	1,034	903	1,034
Other comprehensive income, net of tax		**(5,241)**	**(3,192)**	**(3,214)**	**(1,667)**
Total comprehensive income		**249,401**	**278,956**	**241,521**	**268,390**
Basic and diluted earnings per share (in GH¢)	20	0.96	1.06	0.92	1.02

The notes on pages 35 to 109 form an integral part of these financial statements.

Statements of Financial Position
at 31 December 2015

	Note	The Group 2015 GH¢'000	The Group 2014 GH¢'000	The Bank 2015 GH¢'000	The Bank 2014 GH¢'000
Assets					
Cash and cash equivalents	21	544,683	758,081	544,683	758,081
Government securities	22	2,042,542	1,862,336	2,037,543	1,857,337
Advances to banks	23	214,875	107,407	214,875	107,407
Loans and advances to customers	24	1,493,230	1,240,577	1,492,623	1,240,577
Investment securities: available- for-sale	25	7,639	8,611	6,135	6,811
Investment in subsidiary*	26	-	-	1,000	-
Investment in associates	27	53,135	49,468	30,126	30,126
Investment in other equity securities	28	524	247	390	113
Deferred tax asset	18	39,815	26,838	39,793	26,890
Property and equipment	29	139,889	123,936	139,889	123,936
Intangible assets	30	18,131	12,162	18,131	12,162
Other assets	31	98,264	64,021	97,774	63,601
Income tax asset	18	6,454	5,418	6,626	5,778
Total assets		**4,659,181**	4,259,102	**4,629,588**	4,232,819
Liabilities					
Deposits from customers	32	3,360,596	3,074,821	3,368,406	3,078,071
Other liabilities and provisions	33	171,766	263,805	171,718	263,747
Borrowings	34	196,990	163,028	196,990	163,028
Employee benefit obligations	35	75,857	68,077	75,857	68,077
Total liabilities		**3,805,209**	3,569,731	**3,812,971**	3,572,923
Equity					
Stated capital	36	100,000	100,000	100,000	100,000
Retained earnings	37	545,721	409,176	505,779	379,141
Fair value reserve	38	(544)	1,990	2,043	2,550
Statutory reserve	39	210,097	179,505	210,097	179,505
Credit risk reserve	40	23,878	21,173	23,878	21,173
Other reserves	41	(25,180)	(22,473)	(25,180)	(22,473)
Total equity		**853,972**	689,371	**816,617**	659,896
Total liabilities and equity		**4,659,181**	4,259,102	**4,629,588**	4,232,819

*The balance for the prior year was GH¢20 which resulted in a nil balance when rounded to the nearest thousand.

Mr. Daniel Owiredu
Chairman

Mr. Samuel Sarpong
Acting Managing Director

The notes on pages 35 to 109 form an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2015

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

The notes on pages 35 to 109 form an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2015 (cont'd)

The Group	Stated capital GH¢'000	Retained earnings GH¢'000	Fair value reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Other reserves GH¢'000	Total GH¢'000
Balance at 1 January 2015	**100,000**	**409,176**	**1,990**	**179,505**	**21,173**	**(22,473)**	**689,371**
Total comprehensive income							
Profit for the year	-	254,642	-	-	-	-	254,642
Other comprehensive income, net of tax							
Available-for-sale - net change in fair value	-	-	(689)	-	-	-	(689)
Share of associate OCI	-	-	(1,845)	-	-	-	(1,845)
Actuarial loss on defined benefit liability	-	-	-	-	-	(2,707)	(2,707)
Total comprehensive income	**-**	**254,642**	**(2,534)**	**-**	**-**	**(2,707)**	**249,401**
Transactions with equity holders							
Dividends paid	-	(84,800)	-	-	-	-	(84,800)
Total contributions to equity holders	**-**	**(84,800)**	**-**	**-**	**-**	**-**	**(84,800)**
Regulatory and other reserves							
Transfer to statutory reserve	-	(30,592)	-	30,592	-	-	-
Transfer to credit risk reserve	-	(2,705)	-	-	2,705	-	-
Net transfer to reserves	**-**	**(33,297)**	**-**	**30,592**	**2,705**	**-**	**-**
Balance at 31 December 2015	**100,000**	**545,721**	**(544)**	**210,097**	**23,878**	**(25,180)**	**853,972**

The notes on pages 35 to 109 form an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2015 (cont'd)

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

The notes on pages 35 to 109 form an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2015 (cont'd)

The Bank	Stated capital GH¢'000	Retained earnings GH¢'000	Fair value reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Other reserves GH¢'000	Total GH¢'000
Balance at 1 January 2015	**100,000**	**379,141**	**2,550**	**179,505**	**21,173**	**(22,473)**	**659,896**
Total comprehensive income							
Profit for the year	-	244,735	-	-	-	-	244,735
Other comprehensive income, net of tax							
Available-for-sale - net change in fair value	-	-	(507)	-	-	-	(507)
Actuarial loss on defined benefit liability	-	-	-	-	-	(2,707)	(2,707)
Total comprehensive income	**-**	**244,735**	**(507)**	**-**	**-**	**(2,707)**	**241,521**
Transactions with equity holders							
Dividends paid	-	(84,800)	-	-	-	-	(84,800)
Total contributions to equity holders	**-**	**(84,800)**	**-**	**-**	**-**	**-**	**(84,800)**
Regulatory and other reserves							
Transfer to statutory reserve	-	(30,592)	-	30,592	-	-	-
Transfer to credit risk reserve	-	(2,705)	-	-	2,705	-	-
Net transfer to reserves	**-**	**(33,297)**	**-**	**30,592**	**2,705**	**-**	**-**
Balance at 31 December 2015	**100,000**	**505,779**	**2,043**	**210,097**	**23,878**	**(25,180)**	**816,617**

The notes on page 35 to 109 form an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2015

	Note	The Group 2015 GH¢'000	The Group 2014 GH¢'000	The Bank 2015 GH¢'000	The Bank 2014 GH¢'000
Cash flows from operating activities					
Profit for the year		254,642	282,148	244,735	270,057
Adjustments for:					
Depreciation and amortization	29, 30	36,765	24,091	36,765	24,091
Impairment charge on loans and advances	16	93,492	23,832	93,492	23,832
Gain on derecognition of renegotiated loans	15	-	(93,346)	-	(93,346)
Allowance for employee benefit obligations	35	14,178	11,027	14,178	11,027
Share of profit of associates	27	(14,039)	(15,792)	-	-
Net interest income	9, 10	(731,544)	(597,726)	(731,436)	(597,726)
Dividend income	14	(5,583)	(1,834)	(9,685)	(5,887)
Profit on sale of property and equipment	29	(42)	(42)	(42)	(42)
Unrealised exchange differences		14,146	(49,435)	14,146	(49,435)
Tax expense	18	106,159	112,833	105,541	112,379
		(231,826)	(304,244)	(232,306)	(305,050)
Change in:					
Loans and advances to customers	24	(346,315)	(210,356)	(345,815)	(210,356)
Advances to banks	23	(107,468)	73,555	(107,468)	73,555
Other assets	31	(34,201)	9,232	(34,167)	9,739
Deposits from customers	32	287,565	448,308	292,125	446,250
Other liabilities and provisions	33	(92,040)	131,103	(92,030)	131,073
Employee benefits paid	35	(10,008)	(8,761)	(10,008)	(8,761)
Government securities	22	(194,824)	(129,509)	(194,824)	(124,519)
		(729,117)	9,328	(724,493)	11,931
Interest received		853,625	669,838	853,625	669,838
Dividend received	14, 27	14,110	8,686	8,680	5,887
Interest paid		(105,145)	(88,422)	(105,145)	(88,422)
Income tax paid	18	(119,026)	(140,348)	(118,220)	(140,157)
Net cash flow from operating activities		**(85,553)**	459,082	**(85,553)**	459,077
Cash flows from investing activities					
Acquisition of property and equipment	29	(46,641)	(63,672)	(46,641)	(63,672)
Proceeds from sale of property and equipment	29	42	42	42	42
Acquisition of intangible assets	30	(12,046)	(11,164)	(12,046)	(11,164)
Net cash used in investing activities		**(58,645)**	(74,794)	**(58,645)**	(74,794)

Statements of Cash Flows
for the year ended 31 December 2015 (cont'd)

	Note	The Group		The Bank	
		2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Cash flow from financing activities					
Dividend paid	37	(84,800)	(55,650)	(84,800)	(55,650)
Stamp duty on additional capital		-	(5)	-	-
Net cash used in financing activities		**(84,800)**	(55,655)	**(84,800)**	(55,650)
Net increase in cash and cash equivalents		**(228,998)**	328,633	**(228,998)**	328,633
Cash and cash equivalents at 1 January	21	758,081	338,797	758,081	338,797
Effect of exchange rate fluctuations on cash held		15,600	90,651	15,600	90,651
Cash and cash equivalents at 31 December	21	**544,683**	758,081	**544,683**	758,081

The notes on pages 35 to 109 form an integral part of these financial statements.

1. REPORTING ENTITY

GCB Bank Limited is a limited liability company incorporated and domiciled in Ghana. The Company's registered Head Office is at Thorpe Road, High Street, Accra Ghana. These consolidated financial statements as at and for the year ended 31 December 2015 comprise the Bank and its subsidiary, (together referred to as the 'Group') and the Group's interest in associates.

The Bank is listed on the Ghana Stock Exchange.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 1963, (Act 179), and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

In preparing the consolidated and separate financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

2.4.1 Assumptions and estimation uncertainties

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

(i) Impairment of financial instruments

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

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

A collective component of the total allowance is established for:

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

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

2.4.1 Assumptions and estimation uncertainties (cont'd)

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

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

(ii) Impairment of available for-sale equity investments

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

(iii) Defined benefit obligation

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business combinations

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

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

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

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

(ii) Subsidiaries

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

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

(iii) Associates

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

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

3.1 Basis of consolidation (cont'd)

(iv) Loss of control

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

(v) Transactions eliminated on consolidation

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

3.2 Foreign currency translation

(i) Foreign currency transactions

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

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

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

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

(ii) Foreign operations

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

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

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

3.3 Interest income and expense

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

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

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

3.4 Fees and commission

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

3.5 Net trading income

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

3.6 Dividend income

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

3.7 Tax expense

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

(a) Current tax

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

(b) Deferred tax

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

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

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

3.8 Financial assets and liabilities

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

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

3.8.1 Financial assets

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

(a) Held-to-maturity

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

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

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

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

(b) Loans and receivables

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

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

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

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

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

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

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

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

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

3.8.2 Financial liabilities

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

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

3.8.3 Derecognition

Financial asset

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

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

Financial liabilities

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

3.8.4 Offsetting

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

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

3.8.5 Fair value measurement

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

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

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

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

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

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

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

3.8.6 Cash and cash equivalents

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

3.9 Impairment of financial assets

(a) Assets carried at amortized cost

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

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

i. significant financial difficulty faced by the issuer or obligor;

ii. a breach in the form of default or delinquency in interest or principal payments;

iii. granting the borrower, as a result of financial difficulty, a concession that the lender would not otherwise consider;

iv. a likely probability that the borrower will enter bankruptcy or other financial reorganization;

v. the disappearance of an active market for that financial asset because of financial difficulties; and

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

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

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

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

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

3.9 Impairment of financial assets (cont'd)

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

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

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

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

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

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

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

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

(c) Renegotiated loans

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

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

3.10 Leases

(i) Lease payments - Lessee

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

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

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

(ii) Lease assets - Lessee

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

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

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

(iii) Lease assets - Lessor

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

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

3.11 Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(iv) Capital work in progress

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

(v) Dual-use property

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

(vi) Derecognition

Property and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. Gains or losses on derecognition of an item of property and equipment are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

3.12 Intangible assets

Computer software licenses

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

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

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

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

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

Derecognition of intangible assets

Intangible assets are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. Gains or losses on derecognition of an intangible asset are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the intangible asset and are recognised directly in profit or loss.

3.13 Impairment of non-financial assets

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

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

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

3.14 Financial guarantees and loan commitments

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

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

3.15 Employment benefits

(i) Defined contribution plans

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

Social Security and National Insurance Trust

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

Provident Fund

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

(ii) Defined benefit plans

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

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

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

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

The Group has the following defined benefit plans:

Long service award

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

Post Retirement Medical Care

The Bank pays for post-retirement medical care of its staff.

Pension Benefits

The Group pays monthly pension benefits to retired employees, under a closed defined benefit pension scheme. Under this scheme, beneficiaries are paid pensions equal to 60% of the net basic salaries of their serving counterparts. The scheme has been discontinued since 1985. At the reporting date, the scheme covered a closed group of 426 (2014: 417) persons, who still receive monthly pensions. The monthly pensions are increased annually in line with adjustments to the basic salaries of their serving counterparts. Nine (9) retired employees joined the scheme in 2015 after the Supreme Court of Ghana ruled in their favour that they qualified for the monthly pension benefits.

(iii) Termination benefits

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

(iv) Short-term Employment benefits

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

3.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events that can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations which are likely to result in an outflow to settle related classes of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation.

3.17 Stated capital and reserves

Share capital

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

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

Statutory reserve

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

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

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

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

Credit risk reserve

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

3.18 Fiduciary activities

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

3.19 Earnings per share

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

3.20 Segment reporting

Segment results that are reported to the Group's Managing Director (being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly corporate assets (primarily the Bank's property and equipment), head office expenses and tax assets and liabilities.

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

4. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016; however, the Group has not applied these new or amended standards in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- **IFRS 9 Financial Instruments**

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

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

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

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

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

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

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

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual Improvements to IFRSs 2010 – 2012 Cycle.
- Annual Improvements to IFRSs 2011 – 2013 Cycle.
- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41).
- Equity Method in Separate Financial Statements (Amendments to IAS 27).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Annual Improvements to IFRSs 2012 – 2014 Cycle – various standards.

5. FINANCIAL RISK MANAGEMENT

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

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

Risk Management Framework

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effective manner across the Bank. Through the framework, risk is managed at enterprise-wide level, with the objective of maximizing risk-adjusted returns within the context of the Bank's risk appetite.

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

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

The Board of Directors have overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board's commitment to good risk management is supported by their continuing professional development in the field of risk management and their support for the implementation and continued improvement of the risk management framework within the Bank.

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

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

The Executive Credit Committee is the highest management level authority on all counterparty risk exposures. It oversees control and management of all policies, processes and procedures relating to the

Bank's lending function. The scope of risks covered by this Committee includes Credit Risk, Concentration Risk and Country & Cross Border Risk.

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

Risk Management Framework cont'd

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

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

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

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

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

Risk Appetite

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

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

5.1 Credit Risk Management

Credit risk is the potential for financial loss due to the failure of counterparties to meet obligations to pay the Bank in accordance with agreed terms. Credit risk is the most important risk for the Bank's business.

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

Credit Concentration Risk

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

Credit Mitigation

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

Collateral

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

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

Credit Related Commitments

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

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

Impairment and Provisioning Policies

Impairment

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

Early Alerts

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

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

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

Provisioning

An account is considered to be in default when payment is not received on due date. Accounts that are overdue by more than 90 days are considered delinquent. These accounts are closely monitored and subjected to a collection process. The process used for provisioning is based on Bank of Ghana guidelines which recognize cash as a credit mitigant. Individual provisions are made for outstanding amounts depending on the number of days past due with full provisions made after 360 days. In certain situations such as bankruptcy, fraud and death, the loss recognition process is accelerated. Loans and advances less than 90 days past due are generally not considered impaired unless other information is available to indicate otherwise.

The Bank of Ghana Guideline is as set out below:

Grade Description	Number of days	Provision (%)
Current	Less than 30 days	1
Other Loans Exceptionally Mentioned (OLEM)	30 to less than 90 days	10
Substandard	90 to less than 180 days	25
Doubtful	180 to less than 360 days	50
Loss	360 days and above	100

(i) Analysis of credit quality

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

Maximum exposure to credit risk – Group

	Loans & advances to customers		Loans & advances to banks		Government securities		Cash equivalents		Lending Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Gross carrying amount	1,705,092	1,358,947	214,875	107,407	2,042,542	1,862,336	419,804	560,640	-	-
Amount committed / guaranteed	-	-		-	-	-	-	-	443,710	358,990
	1,705,092	1,358,947	**214,875**	107,407	**2,042,542**	1,862,336	**419,804**	560,640	**443,710**	358,990
At amortised cost										
Grade 1-3: low fair risk – current	1,364,298	992,425	214,875	107,407	2,042,542	1,862,336	419,804	560,640	-	-
Grade 4-5: watch list – OLEM	114,747	229,444	-	-	-	-	-	-	-	-
Grade 6: substandard	19,397	41,816	-	-	-	-	-	-	-	-
Grade 7: doubtful	10,195	3,465	-	-	-	-	-	-	-	-
Grade 8: loss	196,455	91,797	-	-	-	-	-	-	-	-
Total gross amount	**1,705,092**	1,358,947	**214,875**	107,407	**2,042,542**	1,862,336	**419,804**	560,640	**-**	-
Allowance for impairment	(211,862)	(118,370)	-	-	-	-	-	-	-	-
Net carrying amount	**1,493,230**	1,240,577	**214,875**	107,407	**2,042,542**	1,862,336	**419,804**	560,640	**-**	-

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

	Loans & advances to customers		Loans & advances to banks		Government securities		Cash equivalents		Lending Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Loans with renegotiated terms										
Gross carrying amount	59,697	110,903	-	-	-	-	-	-	-	-
Allowance for impairment	(245)	(9,434)	-	-	-	-	-	-	-	-
Net carrying amount	**59,452**	101,469	**-**	-	**-**	-	**-**	-	**-**	-
*Impaired amount after renegotiation	295	12,110	-	-	-	-	-	-	-	-
Off balance sheet Maximum exposure										
Lending commitments										
Grade 1-3: low-fair risk	-	-	-	-	-	-	-	-	11,124	22,190
Financial guarantees										
Grade 1-3: low-fair risk	-	-	-	-	-	-	-	-	432,586	336,800
Loss	-	-	-	-	-	-	-	-	-	-
Total exposure	-	-	-	-	-	-	-	-	**443,710**	358,990

**Impaired amount after renegotiation*

This represents the carrying amount of renegotiated loans and advances which have been tested for individual impairment and found to be impaired.

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

	Loans & advances to customers		Loans & advances to banks		Government securities		Cash equivalents		Lending Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Neither past due nor impaired										
Grade 1-3: Low-fair risk	1,361,284	992,234	214,875	107,407	2,042,542	1,862,336	419,804	560,640	443,710	358,990
***Past due but not impaired**										
Grade 4–5: Watch list	111,019	220,257	-	-	-	-	-	-	-	-
Grade 6: Substandard	390	1,055	-	-	-	-	-	-	-	-
Grade 7: Doubtful	1,595	949	-	-	-	-	-	-	-	-
Grade 8: Loss	2,918	4,997	-	-	-	-	-	-	-	-
	115,922	227,258	-	-	-	-	-	-	-	-
Individually impaired										
Grade 1–3: Low–fair risk	3,014	191	-	-	-	-	-	-	-	-
Grade 4–5: Watch list	3,728	9,187	-	-	-	-	-	-	-	-
Grade 6: Substandard	19,007	40,761	-	-	-	-	-	-	-	-
Grade 7: Doubtful	8,600	2,516	-	-	-	-	-	-	-	-
Grade 8: Loss	193,537	86,800	-	-	-	-	-	-	-	-
	227,886	139,455	-	-	-	-	-	-	-	-
Allowance for impairment										
Individual	195,358	103,189	-	-	-	-	-	-	-	-
Collective	16,504	15,181	-	-	-	-	-	-	-	-
Total allowance for impairment	**211,862**	118,370	-	-	-	-	-	-	-	-

**Past due but not impaired*

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

Maximum exposure to credit risk – Bank

	Loans & advances to customers		Loans & advances to banks		Government securities		Cash equivalents		Lending Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Gross carrying amount	1,704,485	1,358,947	214,875	107,407	2,037,543	1,857,337	419,804	560,640	-	-
Allowance for impairment	-	-	-	-	-	-	-	-	443,710	358,990
	1,704,485	1,358,947	214,875	107,407	2,037,543	1,857,337	419,804	560,640	443,710	358,990
At amortised cost										
Grade 1-3: low fair risk – current	1,363,691	992,425	214,875	107,407	2,037,543	1,857,337	419,804	560,640	-	-
Grade 4-5: watch list – OLEM	114,747	229,444	-	-	-	-	-	-	-	-
Grade 6: sub-standard	19,397	41,816	-	-	-	-	-	-	-	-
Grade 7: doubtful	10,195	3,465	-	-	-	-	-	-	-	-
Grade 8: loss	196,455	91,797	-	-	-	-	-	-	-	-
Total gross amount	1,704,485	1,358,947	214,875	107,407	2,037,543	1,857,337	419,804	560,640	-	-
Allowance for impairment	(211,862)	(118,370)	-	-	-	-	-	-	-	-
Net carrying amount	1,492,623	1,240,577	214,875	107,407	2,037,543	1,857,337	419,804	560,640	-	-

Maximum exposure to credit risk – Bank (cont'd)

	Loans & advances to customers		Loans & advances to banks		Government securities		Cash equivalents		Lending Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Loans with renegotiated terms										
Gross carrying amount	59,697	110,903	-	-	-	-	-	-	-	-
Allowance for impairment	(245)	(9,434)	-	-	-	-	-	-	-	-
Net carrying amount	**59,452**	101,469	-	-	-	-	-	-	-	-
Impaired amount after renegotiation	295	12,110	-	-	-	-	-	-	-	-
Off balance sheet Maximum exposure										
Lending commitments										
Grade 1-3: low-fair risk	-	-	-	-	-	-	-	-	11,124	22,190
Financial guarantees										
Grade 1-3: low-fair risk	-	-	-	-	-	-	-	-	432,586	336,800
Total exposure	-	-	-	-	-	-	-	-	**443,710**	358,990

**Impaired amount after renegotiation*

This represents the carrying amount of renegotiated loans and advances which have been tested for individual impairment and found to be impaired.

Maximum exposure to credit risk – Bank (cont'd)

	Loans & advances to customers		Loans & advances to banks		Government securities		Cash equivalents		Lending Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Neither past due nor impaired										
Grade 1-3: Low-fair risk	1,360,677	992,234	214,875	107,407	2,037,543	1,857,337	419,804	560,640	443,710	358,990
***Past due but not impaired**										
Grade 4–5: Watch list	111,019	220,257	-	-	-	-	-	-	-	-
Grade 6: Substandard	390	1,055	-	-	-	-	-	-	-	-
Grade 7: Doubtful	1,595	949	-	-	-	-	-	-	-	-
Grade 8: Loss	2,918	4,997	-	-	-	-	-	-	-	-
	115,922	227,258	-	-	-	-	-	-	-	-
Individually impaired										
Grade 1–3: Low–fair risk	3,014	191	-	-	-	-	-	-	-	-
Grade 4–5: Watch list	3,728	9,187	-	-	-	-	-	-	-	-
Grade 6: Substandard	19,007	40,761	-	-	-	-	-	-	-	-
Grade 7: Doubtful	8,600	2,516	-	-	-	-	-	-	-	-
Grade 8: Loss	193,537	86,800	-	-	-	-	-	-	-	-
	227,886	139,455	-	-	-	-	-	-	-	-
Allowance for impairment										
Individual	195,358	103,189	-	-	-	-	-	-	-	-
Collective	16,504	15,181	-	-	-	-	-	-	-	-
Total allowance for impairment	**211,862**	118,370	-	-	-	-	-	-	-	-

*Past due but not impaired

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

Maximum exposure to credit risk – Bank (cont'd)

The above represents the maximum exposure to credit risk at 31 December 2015 and 2014, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on the gross carrying amounts reported.

As shown above, 53% of the total maximum exposure is derived from loans and advances to customers and banks (2014: 52%) whilst investments held in investment securities represents 46% (2014: 48%).

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

(a) Financial assets neither past due nor impaired

Loans and advances to customers

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

Cash and cash equivalents

Included in the Group's cash and cash equivalents are balances held with the central bank and other financial institutions. None of these balances were impaired at the year end and at 31 December 2014.

Investment securities

The Group's investments comprise investment in government securities as well as equity securities. None of these investments were impaired at the year end and at 31 December 2014.

Advances to Banks

These are the Group's overnight placements with other Banks and financial institutions. None of these placements were impaired at the year end and at 31 December 2014.

(b) Loans and advances past due but not impaired

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

(c) Loans and advances renegotiated

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

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

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

Advances to Banks cont'd

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

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

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

(ii) Concentrations of credit risk – Group

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

	Loans & advances to customers		Advances to banks		Government securities		Cash equivalents		Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Carrying amount	1,705,092	1,358,947	214,875	107,407	2,042,542	1,862,336	419,804	560,640	-	-
Amount committed / guaranteed		-	-	-	-	-	-	-	443,710	358,990
Concentration by sector:										
• Construction	14,386	8,800	-	-	-	-	-	-	-	-
• Agriculture, forestry and fishing	16,241	12,799	-	-	-	-	-	-	-	-
• Mining and quarrying	3,091	3,723	-	-	-	-	-	-	-	-
•Manufacturing	40,888	41,735	-	-	-	-	-	-	-	-
• Electricity, gas and water	-	7,468	-	-	-	-	-	-	-	-
• Commerce and finance	640,957	428,565	214,875	107,407	-	-	83,944	76,852	443,710	358,990
• Transport, storage and communication	64,237	26,720	-	-	-	-	-	-	-	-
• Services	171,662	123,807	-	-	-	-	-	-	-	-
• Miscellaneous	753,630	705,330	-	-	-	-	106,977	172,655	-	-
• Government	-	-	-	-	2,042,542	1,862,336	228,883	311,133	-	-

	Loans & advances to customers		Advances to banks		Government securities		Cash equivalents		Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Concentration by Product:	**1,705,092**	1,358,947	**214,875**	107,407	**2,042,542**	1,862,336	**419,804**	560,640	**443,710**	358,990
Term loans	1,304,216	1,145,594	-	-	-	-	-	-	-	-
Overdraft	355,376	174,058	-	-	-	-	-	-	-	-
Staff loans	45,500	39,295	-	-	-	-	-	-	-	-
Bonds and guarantees	-	-	-	-	-	-	-	-	381,050	285,424
Letters of credit	-	-	-	-	-	-	-	-	51,536	51,376
Loan commit-ments	-	-	-	-	-	-	-	-	11,124	22,190
	1,705,092	1,358,947	**-**	-	**-**	-	**-**	-	**443,710**	358,990
Concentration by location										
Within Ghana	1,705,092	1,358,947	66,103	77,982	2,042,542	1,862,336	335,860	483,788	443,710	358,990
Outside Ghana	-	-	148,772	29,425	-	-	83,944	76,852	-	-
	1,705,092	1,358,947	214,875	107,407	2,042,542	1,862,336	419,804	560,640	443,710	358,990

Key ratio for loans and advances are as follows:

The total impairment charge for the year represents 6% of gross loans at the year end (2014: 2%)

The total amount of allowance for impairment represents 12% of gross loans at the year end (2014: 9%).

Gross non-performing loan ratio was 14% at year end (2014:11%).

The maximum amount due from staff during the year amounted to GH¢45,500,000 (2014: GH¢39,295,000).

(ii) Concentrations of credit risk – Bank

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

	Loans & advances to customers		Advances to banks		Government securities		Cash equivalents		Commitments & financial guarantees	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Carrying amount	1,704,485	1,358,947	214,875	107,407	2,037,543	1,857,337	419,804	560,640	-	-
Amount committed / guaranteed	-	-	-	-	-	-	-	-	443,710	358,990
Concentration by sector:										
• Construction	14,386	8,800	-	-	-	-	-	-	-	-
• Agriculture, forestry and fishing	16,241	12,799	-	-	-	-	-	-	-	-
• Mining and quarrying	3,091	3,723	-	-	-	-	-	-	-	-
•Manufacturing	40,281	41,735	-	-	-	-	-	-	-	-
• Electricity, gas and water	-	7,468	-	-	-	-	-	-	-	-
• Commerce and finance	640,957	428,565	214,875	107,407	-	-	83,944	76,852	443,710	358,990
• Transport, storage and communication	64,237	26,720	-	-	-	-	-	-	-	-
• Services	171,662	123,807	-	-	-	-	-	-	-	-
• Miscellaneous	753,630	705,330	-	-	-	-	106,977	172,655	-	-
• Government	-	-	-	-	2,037,543	1,857,337	228,883	311,133	-	-
	1,704,485	1,358,947	**214,875**	107,407	**2,037,543**	1,857,337	**419,804**	560,640	**443,710**	358,990
Concentration by Product:										
Term loans	1,303,609	1,145,594	-	-	-	-	-	-	-	-
Overdraft	355,376	174,058	-	-	-	-	-	-	-	-
Staff loans	45,500	39,295	-	-	-	-	-	-	-	-
Bonds and guarantees	-	-	-	-	-	-	-	-	381,050	285,424
Letters of credit	-	-	-	-	-	-	-	-	51,536	51,376
Loan commitments	-	-	-	-	-	-	-	-	11,124	22,190
	1,704,485	1,358,947	**-**	-	**-**	-	**-**	-	**443,710**	358,990
Concentration by location										
Within Ghana	1,704,485	1,358,947	66,103	77,982	2,037,543	1,857,337	335,860	483,788	443,710	358,990
Outside Ghana	-	-	148,772	29,425	-	-	83,944	76,852	-	-
	1,704,485	1,358,947	214,875	107,407	2,037,543	1,857,337	419,804	560,640	443,710	358,990

Key ratio for loans and advances are as follows:

The total impairment charge for the year represents 6% of gross loans at the year end (2014: 2%)

The total amount of allowance for impairment represents 12% of gross loans at the year end (2014: 9%).

Gross non-performing loan ratio was 14 % at year end (2014: 11%).

The maximum amount due from staff during the year amounted to GH¢45,500,000 (2014: GH¢39,295,000).

(iii) collateral held and other credit enhancements and their financial effect

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

Type of exposure – Group and Bank

	Percentage of exposure that is subject to collateral requirement		Principal type of collateral held
	December 2015	December 2014	
Loans and advances to customers			
Corporate term loans and overdraft	**100%**	100%	Legal mortgages over commercial and residential properties; debentures
Personal loans	**0%**	0%	
Staff loans	**60%**	64%	

Loans and advances to customers

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

Because of the Group's focus on customers' creditworthiness, the Group does not routinely update the valuation of collaterals held against all loans and advances to customers. Valuation of collaterals is updated in a three year cycle for loans whose credit risk has deteriorated significantly and are being monitored more closely. For impaired loans, the Group obtains appraisals of collaterals because the current values of the collaterals are an input to the impairment measurement. At 31 December 2015, the net carrying amount of impaired loans and advances to customers amounted to GH¢32,528,000 (2014: GH¢36,270,000) and the value of identifiable collaterals held against those loans and advances amounted to GH¢37,038,000 (2014: GH¢34,630,000).

Other types of collateral and credit enhancements

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

Assets obtained by taking possession of collateral

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

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

(iv) Offsetting financial assets and financial liabilities

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

(v) Impaired loans and advances

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

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

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

Loans and Advances to Customers – Group and Bank

	Gross GH¢'000	Impairment Allowance GH¢'000	Net GH¢'000
December 2015			
Grade 1–3: Low–fair risk	3,014	2,950	64
Grade 4–5: Watch list	3,728	3,623	105
Grade 6: Substandard	19,007	14,431	4,576
Grade 7: Doubtful	8,600	7,113	1,487
Grade 8: Loss	193,537	167,241	26,296
	227,886	**195,358**	**32,528**
December 2014			
Grade 1–3: Low–fair risk	191	139	52
Grade 4–5: Watch list	9,187	6,226	2,961
Grade 6: Substandard	40,761	17,714	23,047
Grade 7: Doubtful	2,516	1,997	519
Grade 8: Loss	86,800	77,113	9,687
	139,455	103,189	36,266

5.2 Liquidity Risk Management

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

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

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

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

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

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

Exposure to liquidity risk

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

	2015 %	2014 %
At 31 December	57.13	60.30
Average for the period	58.43	54.22
Maximum for the period	62.46	60.30
Minimum for the period	53.45	48.61

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

Maturity analysis for financial assets and liabilities

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

The Group

At 31 December 2015	Up to 1 month GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
Financial liabilities by type					
Non-derivative liabilities					
Deposits from customers	3,272,707	55,995	31,894	-	3,360,596
Borrowings	-	-	-	196,990	196,990
Other liabilities	39,956	16,198	19,049	9,100	84,303
Financial guarantee contracts	72,705	318,629	4,380	36,872	432,586
Unrecognised loan commitments	11,124	-	-	-	11,124
	3,396,492	390,822	55,323	242,962	4,085,599
Financial assets by type					
Non-derivative assets					
Cash and cash equivalents	544,683	-	-	-	544,683
Advances to banks	75,918	138,957	-	-	214,875
Government securities	598,377	386,349	389,253	668,563	2,042,542
Loans and advances to customers	130,230	23,213	345,537	994,250	1,493,230
Investment securities – AFS	7,639	-	-	-	7,639
Investments in other equity securities	-	-	-	524	524
Other assets	5,434	21,237	7,956	42,605	77,232
Assets held for managing liquidity risk	1,362,281	569,756	742,746	1,705,942	4,380,725
Liquidity gap	**(2,034,211)**	**178,934**	**687,423**	**1,462,980**	**295,126**

At 31 December 2014					
Financial liabilities by type					
Non-derivative liabilities					
Deposits from customers	2,957,557	46,100	71,164	-	3,074,821
Borrowings	-	-	-	163,028	163,028
Other liabilities	-	60,906	-	-	60,906
Financial guarantee contracts	44,435	7,505	253,952	30,908	336,800
Unrecognised loan commitments	22,190	-	-	-	22,190
	3,024,182	114,511	325,116	193,936	3,657,745

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

The Group

At 31 December 2014	Up to 1 month GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
Financial assets by type					
Non-derivative assets					
Cash and cash equivalents	758,081	-	-	-	758,081
Advances to banks	80,542	3,304	23,561	-	107,407
Government securities	292,207	461,991	395,304	712,834	1,862,336
Loans and advances to customers	1,257	9,150	202,213	1,027,957	1,240,577
Investment securities – AFS	8,611	-	-	-	8,611
Investments in other equity securities	-	-	-	247	247
Other assets	-	54,313	-	-	54,313
Assets held for managing liquidity risk	1,140,698	528,758	621,078	1,741,038	4,031,572
Liquidity gap	**(1,883,484)**	**414,247**	**295,962**	**1,547,102**	**373,827**

The Bank

At 31 December 2015					
Financial liabilities by type					
Non-derivative liabilities					
Deposits from customers	3,280,517	55,995	31,894	-	3,368,406
Borrowings	-	-	-	196,990	196,990
Other liabilities	39,956	16,198	19,049	9,100	84,303
Financial guarantee contracts	72,705	318,629	4,380	36,872	432,586
Unrecognised loan commitments	11,124	-	-	-	11,124
	3,404,302	390,822	55,323	242,962	4,093,409
Financial assets by type					
Non-derivative assets					
Cash and cash equivalents	544,683	-	-	-	544,683
Advances to banks	75,918	138,957	-	-	214,875
Government securities	593,378	386,349	389,253	668,563	2,037,543
Loans and advances to customers	129,623	23,213	345,537	994,250	1,492,623
Investment securities – AFS	6,135	-	-	-	6,135
Investments in other equity securities	-	-	-	390	390
Other assets	4,944	21,237	7,956	42,605	76,742
Assets held for managing liquidity risk	1,354,681	569,756	742,746	1,705,808	4,372,991
Liquidity gap	**(2,049,621)**	**178,934**	**687,423**	**1,462,846**	**279,582**

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

At 31 December 2014	Up to 1 month GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
Financial liabilities by type					
Non-derivative liabilities					
Deposits from customers	2,960,807	46,100	71,164	-	3,078,071
Borrowings	-	-	-	163,028	163,028
Other liabilities	-	60,848	-	-	60,848
Financial guarantee contracts	44,435	7,505	253,952	30,908	336,800
Unrecognised loan commitments	22,190	-	-	-	22,190
	3,027,432	114,453	325,116	193,936	3,660,937
Financial assets by type					
Non-derivative assets					
Cash and cash equivalents	758,081	-	-	-	758,081
Advances to banks	80,542	3,304	23,561	-	107,407
Government securities	292,207	461,981	390,315	712,834	1,857,337
Loans and advances to customers	1,257	9,150	202,213	1,027,957	1,240,577
Investment securities – AFS	6,811	-	-	-	6,811
Investments in other equity securities	-	-	-	113	113
Other assets	-	53,893	-	-	53,893
Assets held for managing liquidity risk	1,138,898	528,328	616,089	1,740,904	4,024,219
Liquidity gap	**(1,888,534)**	**413,875**	**290,973**	**1,546,968**	**363,282**

Financial assets pledged as collateral

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

		Unencumbered		
At 31 December 2015	Note	Available as collateral GH¢'000	Other* GH¢'000	Total GH¢'000
Cash and cash equivalents	21	544,683	-	544,683
Loans and advances to customers	24	-	1,493,230	1,493,230
Advances to banks	23	214,875	-	214,875
Government securities	22	2,010,542	-	2,010,542
Listed equity investments	25	7,639	-	7,639
Other equity investments	27	-	524	524
Non-financial assets		-	158,020	158,020
Total financial assets		**2,777,739**	**1,651,774**	**4,429,513**
31 December 2014				
Cash and cash equivalents	21	758,081	-	758,081
Loans and advances to customers	24	-	1,240,577	1,240,577
Advances to banks	23	107,407	-	107,407
Government securities	22	1,807,336	-	1,807,336
Listed equity investments	25	8,611	-	8,611
Other equity investments	27	-	247	247
Non-financial assets		-	136,098	136,098
Total financial assets		2,681,435	1,376,922	4,058,357
Bank				
31 December 2015				
Cash and cash equivalents	21	544,683	-	544,683
Loans and advances to customers	24	-	1,492,623	1,492,623
Advances to banks	23	214,875	-	214,875
Government securities	22	2,005,543	-	2,005,543
Listed equity investments	25	6,135	-	6,135
Other equity investments	27	-	390	390
Non-financial assets		-	158,020	158,020
Total financial assets		**2,771,236**	**1,651,033**	**4,422,269**
Bank				
31 December 2014				

	Note	Unencumbered		
		Available as collateral GH¢'000	Other* GH¢'000	Total GH¢'000
Cash and cash equivalents	21	758,081	-	758,081
Loans and advances to customers	24	-	1,240,577	1,240,577
Advances to banks	23	107,407	-	107,407
Government securities	22	1,802,337	-	1,802,337
Listed equity investments	25	6,811	-	6,811
Other equity investments	27	-	113	113
Non-financial assets		-	136,098	136,098
Total financial assets		**2,674,636**	**1,376,788**	**4,051,424**

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

The Group pledged GH¢32,000,000 (2014: GH¢55,000,000) of its investments in Government securities as collateral to SSNIT. The Group has not received collateral that it is permitted to sell or repledge in the absence of default.

5.3 Market Risk

Management of Market Risk

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

Foreign Exchange Exposure

Foreign exchange or currency risk is the risk of loss that results from changes in foreign exchange rates. The Bank's exposure to foreign currency risk is limited to non-trading book and is strictly controlled by the Treasury and Risk Management units. Non-trading book refers to the assets of the Bank that are not traded or held with the intent of trading. The Group's foreign exchange exposures are principally derived from customer-driven transactions.

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

The Group and The Bank

	EUR '000	USD '000	GBP '000
At 31 December 2015			
Assets			
Cash and cash equivalents	3,944	23,563	3,706
Advances to banks	761	36,486	1,276
Loans and advances to customers	3,626	63,246	-
Total	**8,331**	**123,295**	**4,982**
Liabilities			
Deposits due to customers	5,325	56,689	4,392
Borrowings	-	50,000	-
Total	**5,325**	**106,689**	**4,392**
Net on balance sheet position	3,006	16,606	590
Credit commitments	1,022	17,165	1,874

The Group and Bank

At 31 December 2014			
Assets			
Cash and cash equivalents	2,927	20,788	3,788
Advances to banks	760	6,285	1,275
Loans and advances to customers	3,638	67,504	-
Total	**7,325**	**94,577**	**5,063**
Liabilities			
Deposits due to customers	5,831	70,435	4,468
Borrowings	-	50,000	-
Total	**5,831**	**120,435**	**4,468**
Net on balance sheet position	1,494	(25,858)	595
Credit commitments	2,600	15,567	3,246

Foreign Exchange Exposure (cont'd)

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

	Average Rate		Reporting Rate	
GH¢ to	2015	2014	2015	2014
USD 1	3.7613	2.9773	3.7950	3.2001
EUR 1	4.1533	4.0121	4.1320	3.8959
GBP 1	5.7437	4.9698	5.6165	4.9791

Foreign Exchange Sensitivity

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

It does not represent actual or future gains or losses.

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

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

As of 31 Dec	2015			2014		
in GH¢'000	% Change	Profit or loss impact: Strengthening	Equity impact: Strengthening	% Change	Profit or loss impact: Strengthening	Equity impact: Strengthening
US$	±1	1,267	1267	±1	828	828
EUR	±1	(33)	(33)	±1	(58)	(58)
GBP	±1	(124)	(124)	±1	(30)	(30)

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

Interest Rate Risk

Interest Rate Exposure

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

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

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

Foreign Exchange Exposure (cont'd)

The Group

	Up to 1 month GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
At 31 December 2015					
Assets					
Government securities	598,377	386,349	389,253	668,563	2,042,542
Advances to banks	75,918	138,957	-	-	214,875
Loans and advances to customers	130,231	23,213	345,537	994,249	1,493,230
Total financial assets	**804,526**	**548,519**	**734,790**	**1,662,812**	**3,750,647**
Liabilities					
Interest bearing deposits	1,756,544	55,995	31,896	-	1,844,435
Borrowings	-	-	-	196,990	196,990
Total financial liabilities	**1,756,544**	**55,995**	**31,896**	**196,990**	**2,041,425**
Total interest rate gap	**(952,018)**	**492,524**	**702,894**	**1,465,822**	**1,709,222**
At 31 December 2014					
Assets					
Government securities	292,207	461,991	395,304	712,834	1,862,336
Advances to banks	80,542	3,304	23,561	-	107,407
Loans and advances to customers	1,257	9,150	202,213	1,027,957	1,240,577
Total financial assets	**374,006**	**474,445**	**621,078**	**1,740,791**	**3,210,320**
Liabilities					
Interest bearing deposits	1,468,933	46,100	71,163	-	1,586,196
Borrowings	-	-	-	163,028	163,028
Total financial liabilities	**1,468,933**	**46,100**	**71,163**	**163,028**	**1,749,224**
Total interest rate gap	**(1,094,927)**	**428,345**	**549,915**	**1,577,763**	**1,461,096**

Foreign Exchange Exposure (cont'd)

The Bank

	Up to 1 month GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
At 31 December 2015					
Assets					
Government securities	593,378	386,349	389,253	668,563	2,037,543
Advances to banks	75,918	138,957	-	-	214,875
Loans and advances to customers	129,623	23,213	345,537	994,250	1,492,623
Total financial assets	**798,919**	**548,519**	**734,790**	**1,662,813**	**3,745,041**
Liabilities					
Interest bearing deposits	1,756,544	55,995	31,896	-	1,844,435
Borrowings	-	-	-	196,990	196,990
Total financial liabilities	1,756,544	55,995	31,896	196,990	2,041,425
Total interest rate gap	**(957,625)**	**492,524**	**702,894**	**1,465,823**	**1,703,616**
At 31 December 2014					
Assets					
Government securities	292,207	461,981	390,315	712,834	1,857,337
Advances to banks	80,542	3,304	23,561	-	107,407
Loans and advances to customers	1,257	9,150	202,213	1,027,957	1,240,577
Total financial assets	**374,006**	**474,435**	**616,089**	**1,740,791**	**3,205,321**
Liabilities					
Interest bearing deposits	1,468,933	46,100	71,163	-	1,586,196
Borrowings	-	-	-	163,028	163,028
Total financial liabilities	**1,468,933**	**46,100**	**71,163**	**163,028**	**1,749,224**
Total interest rate gap	**(1,094,927)**	**428,335**	**544,926**	**1,577,763**	**1,456,097**

Analysis of the Group's sensitivity to market interest

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

The Group and The Bank	2015		2014	
	Increase 200bp GH¢'000	Decrease 200bp GH¢'000	Increase 200bp GH¢'000	Decrease 200bp GH¢'000
Interest income impact	16,780	(16,780)	13,814	(13,814)
Interest expense impact	(2,151)	2,151	(1,860)	1,860
Net impact	14,629	(14,629)	11,954	(11,954)

Market Risk Monitoring and Control

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

5.4 Operational Risk

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

Operational Risk Framework

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

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

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

5.5 Compliance and Regulatory Risk

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

5.6 Capital Management

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

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

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

The Bank generally complied with all externally imposed capital requirements.

The Bank's capital is divided into two tiers:

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

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

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

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

Bank	2015 GH¢'000	2014 GH¢'000
Tier 1 Capital		
Share capital	100,000	100,000
Statutory reserve	210,097	179,505
Retained earnings	505,779	379,141
Credit risk reserve	23,878	21,173
Intangibles/other assets	(68,233)	(9,709)
Investments in capital of other Banks		
and financial/other institutions	(36,649)	(37,049)
Losses not provided for	(23,878)	(24,276)
Total qualifying tier 1 capital	**710,994**	608,785

5.6 Capital Management (cont'd)

Bank	2015 GH¢'000	2014 GH¢'000
Tier 2 Capital		
Fair value reserve	**2,043**	2,550
Other reserve	**(25,180)**	(22,473)
Total qualifying tier 2 capital	**(23,137)**	(19,923)
Total regulatory capital	**687,857**	588,862
Risk weighted assets		
On balance sheet	1,779,487	1,574,908
Off balance sheet	432,586	336,800
50% of net open position	38,765	30,165
100% of previous 3 years average		
annual gross income	608,571	426,843
Total risk weighted assets	**2,859,409**	2,368,716
Capital adequacy ratio	**24.06%**	24.86%

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

(a) Valuation models

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

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

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

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

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

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

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

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

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

(b) Valuation framework

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

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

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

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

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

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

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

This includes:

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

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

- If a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

Significant valuation issues are reported to the Board Audit Committee.

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

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

	The Group Level 1		The Bank Level 1	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Investment securities – AFS	**7,639**	8,611	**6,135**	6,811

(d) Level 3 fair value measurements

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

(e) Financial instruments not measured at fair value

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

Group	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total carrying amount GH¢'000
December 2015					
Assets					
Cash and cash equivalents	-	544,683	-	544,683	544,683
Advances to banks	-	214,875	-	214,875	214,875
Loans and advances to customers	-	1,463,402	-	1,463,402	1,493,230
Government securities	-	2,023,701	-	2,023,701	2,042,542
Other assets	-	-	77,232	77,232	77,232
	-	**4,246,661**	**77,232**	**4,323,893**	**4,372,562**
Liabilities					
Customer deposits	-	3,355,102	-	3,355,102	3,360,596
Other liabilities	-	-	84,303	84,303	84,303
Borrowings	-	196,990	-	196,990	196,990
	-	**3,552,092**	**84,303**	**3,636,395**	**3,641,889**

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

Group	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total carrying amount GH¢'000
December 2014					
Assets					
Cash and cash equivalents	-	758,081	-	758,081	758,081
Advances to banks	-	107,407	-	107,407	107,407
Loans and advances to customers	-	1,215,540	-	1,215,540	1,240,577
Government securities	-	1,833,754	-	1,833,754	1,862,336
Other assets	-	-	54,313	54,313	54,313
	-	**3,914,782**	**54,313**	**3,969,095**	**4,022,714**
Liabilities					
Customer deposits	-	3,065,805	-	3,065,805	3,074,821
Other liabilities	-	-	60,906	60,906	60,906
Borrowings	-	163,028	-	163,028	163,028
	-	**3,228,833**	**60,906**	**3,289,739**	**3,298,755**

Bank	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total carrying amount GH¢'000
December 2015					
Assets					
Cash and cash equivalents	-	544,683	-	544,683	544,683
Advances to banks	-	214,875	-	214,875	214,875
Loans and advances to customers	-	1,462,795	-	1,462,795	1,492,623
Government securities	-	2,018,702	-	2,018,702	2,037,543
Other assets	-	-	76,742	76,742	76,742
	-	**4,241,055**	**76,742**	**4,317,797**	**4,366,466**
Liabilities					
Customer deposits	-	3,355,102	-	3,355,102	3,368,406
Other liabilities	-	-	84,303	84,303	84,303
Borrowings	-	196,990	-	196,990	196,990
	-	**3,552,092**	**84,303**	**3,636,395**	**3,649,699**

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

Bank	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total carrying amount GH¢'000
December 2014					
Assets					
Cash and cash equivalents	-	758,081	-	758,081	758,081
Advances to banks	-	107,407	-	107,407	107,407
Loans and advances to customers	-	1,215,540	-	1,215,540	1,240,577
Government securities	-	1,828,755	-	1,828,755	1,857,337
Other assets	-	-	54,313	54,313	54,313
	-	**3,909,783**	**54,313**	**3,964,096**	**4,017,715**
Liabilities					
Customer deposits	-	3,065,805	-	3,065,805	3,078,071
Other liabilities	-	-	60,848	60,848	60,848
Borrowings	-	163,028	-	163,028	163,028
	-	**3,228,833**	**60,848**	**3,289,681**	**3,301,947**

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

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

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

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

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

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

7. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Group	Note	Held-to-maturity GH¢'000	Loans and receivables GH¢'000	Available for sale GH¢'000	Other financial liabilities GH¢'000	Total carrying amount GH¢'000
31 December 2015						
Cash and cash equivalents	21	-	544,683	-	-	544,683
Government securities	22	2,042,542	-	-	-	2,042,542
Advances to banks	23	-	214,875	-	-	214,875
Loans and advances to customers	24	-	1,493,230	-	-	1,493,230
Investment securities – AFS	25	-	-	7,639	-	7,639
Other equity investments	27	-	-	524	-	524
Other assets	30	-	77,232	-	-	77,232
Total assets		**2,042,542**	**2,330,020**	**8,163**	**-**	**4,380,725**
Deposits from customers	31	-	-	-	3,360,596	3,360,596
Other liabilities	32	-	-	-	84,303	84,303
Borrowings	33	-	-	-	196,990	196,990
Total liabilities		**-**	**-**	**-**	**3,641,889**	**3,641,889**
31 December 2014						
Cash and cash equivalents	21	-	758,081	-	-	758,081
Government securities	22	1,862,336	-	-	-	1,862,336
Advances to banks	23	-	107,407	-	-	107,407
Loans and advances to customers	24	-	1,240,577	-	-	1,240,577
Investment securities – AFS	25	-	-	8,611	-	8,611
Other equity investments	27	-	-	247	-	247
Other assets	30	-	54,313	-	-	54,313
Total assets		**1,862,336**	**2,160,378**	**8,858**	**-**	**4,031,572**
Deposits from customers	31	-	-	-	3,074,821	3,074,821
Other liabilities	32	-	-	-	60,906	60,906
Borrowings	33	-	-	-	163,028	163,028
Total liabilities		**-**	**-**	**-**	**3,298,755**	**3,298,755**

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

Bank	Note	Held-to-maturity GH¢'000	Loans and receivables GH¢'000	Available for sale GH¢'000	Other financial liabilities GH¢'000	Total carrying amount GH¢'000
31 December 2015						
Cash and cash equivalents	21	-	544,683	-	-	544,683
Government securities	22	2,037,543	-	-	-	2,037,543
Advances to banks	23	-	214,875	-	-	214,875
Loans and advances to customers	24	-	1,492,623	-	-	1,492,623
Investment securities – AFS	25	-	-	6,135	-	6,135
Other equity investments	27	-	-	390	-	390
Other assets	30	-	76,742	-	-	76,742
Total assets		**2,037,543**	**2,328,923**	**6,525**	**-**	**4,372,991**
Deposits from customers	31	-	-	-	3,368,406	3,368,406
Other liabilities	32	-	-	-	84,303	84,303
Borrowings	33	-	-	-	196,990	196,990
Total liabilities		**-**	**-**	**-**	**3,649,699**	**3,649,699**
31 December 2014						
Cash and cash equivalents	21	-	758,081	-	-	758,081
Government securities	22	1,857,337	-	-	-	1,857,337
Advances to banks	23	-	107,407	-	-	107,407
Loans and advances to customers	24	-	1,240,577	-	-	1,240,577
Investment securities – AFS	25	-	-	6,811	-	6,811
Other equity investments	27	-	-	113	-	113
Other assets	30	-	53,893	-	-	53,893
Total assets		**1,857,337**	**2,159,958**	**6,924**	**-**	**4,024,219**
Deposits from customers	31	-	-	-	3,078,071	3,078,071
Other liabilities	32	-	-	-	60,848	60,848
Borrowings	33	-	-	-	163,028	163,028
Total liabilities		**-**	**-**	**-**	**3,301,947**	**3,301,947**

8. OPERATING SEGMENTS

a. Segment information

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

- Consumer Banking
- Corporate Banking and
- Treasury

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

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

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

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

b. Information about reportable segments

December 2015

	Consumer GH¢'000	Corporate GH¢'000	Treasury GH¢'000	Total GH¢'000
External Revenue				
Net interest income	145,613	85,891	499,932	731,436
Inter-segment revenue	196,149	128,198	(324,347)	-
Net fees and commission income	55,906	51,013	1,272	108,191
Net trading income	-	2,369	14,192	16,561
Other income/other revenue	3,034	4,446	5,670	13,150
Total segment revenue	**400,702**	**271,917**	**196,719**	**869,338**
Operating expenses	(259,844)	(111,509)	(54,217)	(425,570)
Other material non-cash items:				
Impairment loss on loans and advances	(8,210)	(85,282)	-	(93,492)
Reportable segmental profit before tax	**132,648**	**75,126**	**142,502**	**350,276**
Reportable segment assets	620,606	872,017	1,890,061	3,382,684
Reportable segment liabilities	1,688,896	1,317,153	196,990	3,203,039

b. Information about reportable segments (cont'd)

December 2014	Consumer GH¢'000	Corporate GH¢'000	Treasury GH¢'000	Total GH¢'000
External Revenue				
Net interest income	124,067	73,026	400,633	597,726
Inter-segment revenue	156,190	74,128	(230,318)	-
Net fees and commission income	41,718	49,320	932	91,970
Net trading income	-	9,214	28,544	37,758
Other income/other revenue	2,313	97,564	7,125	107,002
Total segment revenue	**324,288**	**303,252**	**206,916**	**834,456**
Operating expenses	(261,311)	(118,582)	(48,295)	(428,188)
Other material non-cash items:				
Impairment loss on loans and advances	(2,321)	(21,511)	-	23,832
Reportable segmental profit before tax	**60,656**	**163,159**	**158,621**	**382,436**
Reportable segment assets	677,048	563,529	2,041,597	3,282,174
Reportable segment liabilities	1,738,044	1,340,027	163,028	3,241,099

c. Reconciliations of information on reportable segment

i. Assets

	2015 GH¢'000	2014 GH¢'000
Total assets for reportable entities	3,382,684	3,282,174
Unallocated amounts	1,246,904	950,645
Consolidated total assets	**4,629,588**	**4,232,819**

ii. Liabilities

	2015 GH¢'000	2014 GH¢'000
Total liabilities for reportable entities	3,203,039	3,241,009
Unallocated amounts	609,932	331,914
Consolidated total liabilities	3,812,971	3,572,923

d. Geographic information

	In Ghana		Outside Ghana		Total	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Revenues	869,338	834,456	-	-	869,338	834,456

No individual customer contributed 10% or more to revenue.

Segment revenue is based on the geographical location of customers, while segment asset is based on the geographical location of assets.

	In Ghana		Outside Ghana		Total	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Non-current assets						
Property and equipment	139,889	123,936	-	-	139,889	123,936
Intangible assets	18,131	12,162	-	-	18,131	12,162
Total	**158,020**	**136,098**	**-**	**-**	**158,020**	**136,098**

9. INTEREST INCOME

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Cash and short term funds	37,652	28,053	37,652	28,053
Investment securities	474,483	380,368	474,483	380,368
Loans and advances	326,980	282,287	326,872	282,287
	839,115	690,708	**839,007**	690,708

10. INTEREST EXPENSE

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Current and savings accounts	57,253	47,612	57,253	47,612
Time and other deposits	38,828	38,420	38,828	38,420
Borrowings	11,490	6,950	11,490	6,950
	107,571	92,982	**107,571**	92,982

11. FEE AND COMMISSION INCOME

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Commission on letters				
of credit and guarantees	4,788	4,885	4,788	4,885
Commission on foreign services	6,934	5,516	6,934	5,516
Commission on turnover	50,787	47,224	50,787	47,224
Processing and facility fees	13,385	10,728	13,385	10,728
Other fees and commissions	56,480	46,039	56,480	46,039
	132,374	114,392	**132,374**	114,392

12. FEE AND COMMISSION EXPENSE

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Fees and commission expense	24,183	22,422	24,183	22,422

13. NET TRADING INCOME

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Foreign currency trading	16,561	37,758	16,561	37,758

14. OTHER REVENUE

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Dividend income	5,583	1,834	9,685	5,887
Bad debt recoveries	1,412	1,905	1,412	1,905
	6,995	3,739	**11,097**	7,792

15. OTHER INCOME

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Gain on derecognition of renegotiated loans	-	93,346	-	93,346
Other income	2,240	5,846	1,578	4,998
Rental Income	433	824	433	824
Profit on sale of property and equipment	42	42	42	42
	2,715	100,058	**2,053**	99,210

16. IMPAIRMENT CHARGE ON LOANS AND ADVANCES

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Impairment charge on loans and advances*	93,492	23,832	93,492	23,832
Analysis of impairment charge				
Individual impairment*	92,169	20,639	92,169	20,639
Collective impairment	1,323	3,193	1,323	3,193
	93,492	23,832	**93,492**	23,83

* The increase in impairment for the year was on account of a GH¢64.96 million impairment charge for a customer who had an expired overdraft of GH¢29.96 million and a seed fund guarantee of GH¢35 million (off balance sheet) that crystallised during the year. The Bank had no collateral for these facilities hence the full amount was impaired.

17. OPERATING EXPENSES

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Staff expenses (Note 17 (a))	225,160	259,868	225,160	259,868
Technology and communication	50,274	32,496	50,274	32,496
Advertising and marketing	498	8,681	498	8,681
Training	4,241	4,353	4,241	4,353
Audit fees	735	602	696	571
Directors fees	1,957	1,891	1,957	1,891
Depreciation of property and equipment	30,688	21,135	30,688	21,135
Amortization of software	6,077	2,956	6,077	2,956
Donations (Note 43)	1,621	1,384	1,621	1,384
Other administrative expenses	104,501	94,864	104,358	94,853
	425,752	428,230	**425,570**	428,188
(a) Staff expenses				
Staff expenses comprise:				
Wages and salaries	88,615	76,416	88,615	76,416
Staff allowances	67,176	48,329	67,176	48,329
Performance award	20,697	17,948	20,697	17,948
Social security fund contributions	11,040	9,664	11,040	9,664
Provident fund contributions	10,665	9,263	10,665	9,263
Retirement benefit obligations	14,177	11,027	14,177	11,027
Restructuring costs	-	76,041	-	76,041
Other staff costs	12,790	11,180	12,790	11,180
	225,160	259,868	**225,160**	259,868

The number of persons employed by the Bank at the year-end was 1,904 (2014: 1,944).

18. INCOME TAX

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Current income tax	100,476	104,598	99,858	104,096
National fiscal stabilization levy	17,514	19,074	17,514	19,122
Deferred tax	(11,831)	(10,839)	(11,831)	(10,839)
	106,159	112,833	**105,541**	112,379

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

18. INCOME TAX CONT'D

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Profit before tax	360,801	394,981	350,276	382,436
Corporate tax rate at 25% (2014: 25%)				
Tax calculated at corporate tax rate	90,200	98,745	87,569	95,609
Non-deductible expense	4,698	1,764	4,698	1,687
Tax exempt income	(7,380)	(6,846)	(4,932)	(3,994)
Tax incentive	(82)	(45)	(82)	(45)
Income subject to tax at different rate	1,209	141	774	-
National fiscal stabilization levy	17,514	19,074	17,514	19,122
Income tax expense	**106,159**	112,833	**105,541**	112,379
Effective tax rates	29%	29%	30%	29%

The movement on the income tax account was as follows:

The Group	Balance at 1 January GH¢'000	Charge for the year GH¢'000	Payment GH¢'000	Balance at 31 December GH¢'000
Year of assessment				
Up to 2012	(79)	-	-	(79)
2013	78	-	-	78
2014	(3,170)	-	-	(3,170)
2015	-	100,476	(100,710)	(234)
	(3,171)	100,476	(100,710)	(3,405)
National stabilization levy	(2,247)	17,514	(18,316)	(3,049)
	(5,418)	**117,990**	**(119,026)**	**(6,454)**

18. INCOME TAX CONT'D

	Balance at 1 January GH¢'000	Charge for the year GH¢'000	Payment GH¢'000	Balance at 31 December GH¢'000
The Bank				
Year of assessment				
Up to 2012	(79)	-	-	(79)
2013	78	-	-	78
2014	(3,530)	-	-	(3,530)
2015	-	99,858	(99,904)	(46)
	(3,531)	99,858	(99,904)	(3,577)
National stabilization levy	(2,247)	17,514	(18,316)	(3,049)
	(5,778)	**117,372**	**(118,220)**	**(6,626)**

The tax position up to the 2012 year of assessment have been agreed with the tax authorities. Liabilities arising have been partly settled as of 31 December 2015. The tax position for the remaining years of assessment is yet to be agreed with the tax authorities.

Deferred tax

	The Group			The Bank		
2015	Balance at 1/1 GH¢'000	Movement during the year GH¢'000	Balance at 31/12 GH¢'000	Balance at 1/1 GH¢'000	Movement during the year GH¢'000	Balance at 31/12 GH¢'000
Recognised in profit and loss						
Accelerated depreciation	8,046	(731)	7,315	8,046	(731)	7,315
Impairment on loans						
and advances	(3,795)	(331)	(4,126)	(3,795)	(331)	(4,126)
Unutilised capital allowances	(8,623)	8,623	-	(8,623)	8,623	-
Employee benefit obligations	(15,986)	(2,076)	(18,062)	(15,986)	(2,076)	(18,062)
Provision for staff rationalization	-	(17,316)	(17,316)	-	(17,316)	(17,316)
	(20,358)	(11,831)	(32,189)	(20,358)	(11,831)	(32,189)
Recognised in OCI						
Employee benefit	(7,493)	(903)	(8,396)	(7,493)	(903)	(8,396)
Available for sale investments	1,000	(243)	757	961	(169)	792
Deferred tax on prior year						
changes in fair value	13	-	13	-	-	-
	(6,480)	**(1,146)**	**(7,626)**	**(6,532)**	**(1,072)**	**(7,604)**
Net asset	**(26,838)**	**(12,977)**	**(39,815)**	**(26,890)**	**(12,903)**	**(39,793)**

Deferred tax (cont'd)

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

19. NATIONAL FISCAL STABILISATION LEVY

The National Fiscal Stabilisation Levy Act, 2013 (862) was introduced in 2013 and is effective prospectively from July 2013 with an eighteen (18) months tenure. Under the Act, a 5% levy, which is payable quarterly, is charged on profit before tax of selected entities, including banks. On 31 December 2014, Act (862) was amended by Act (882) to extend the date of expiration of the national fiscal stabilization levy and to provide for related matters. Under the Amended Act, the levy is payable in respect of profit before tax for the 2013, 2014, 2015, 2016 and 2017 years of assessment.

20. EARNINGS PER SHARE

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

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Profit attributable to equity holders	254,642	282,148	244,735	270,057
Weighted average number of ordinary shares (basic and diluted)	265,000	265,000	265,000	265,000
Basic earnings per share (expressed in Ghana pesewas per share)	96	106	92	102
Diluted earnings per share (expressed in Ghana pesewas per share)	**96**	106	**92**	102

21. CASH AND CASH EQUIVALENTS

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Cash on hand	124,879	197,441	124,879	197,441
Balance with Bank of Ghana	228,883	311,133	228,883	311,133
Items in the course of collection	106,977	172,655	106,977	172,655
Accounts with other Banks	83,944	76,852	83,944	76,852
	544,683	758,081	**544,683**	758,081

Cash and cash equivalents include cash reserves of GH¢228,883,000 (2014: GH¢311,133,000) maintained as part of the cash reserve requirements of the Central Bank.

22. GOVERNMENT SECURITIES

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	1,862,336	1,711,957	1,857,337	1,711,948
Additions	4,992,969	1,809,827	4,992,969	1,804,799
Redeemed on maturity	(4,880,041)	(1,741,344)	(4,880,041)	(1,741,306)
Accrued income	67,278	81,896	67,278	81,896
At 31 December	**2,042,542**	1,862,336	**2,037,543**	1,857,337
Maturing within 90 days of acquisition	582,028	79,075	577,029	79,065
Maturing after 90 days but within 182 days	270,069	229,403	270,069	439,966
Maturing after 182 days of acquisition	352,763	69,216	352,763	69,216
Maturing after 1 year of acquisition	**837,682**	1,484,642	**837,682**	1,269,090
	2,042,542	**1,862,336**	**2,037,543**	**1,857,337**

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

23. ADVANCES TO BANKS

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Placements with other Banks	214,875	107,407	214,875	107,407
Current	214,875	107,407	214,875	107,407
Non-current	-	-	-	-

24. LOANS AND ADVANCES TO CUSTOMERS

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Term Loans	1,304,216	1,145,594	1,303,609	1,145,594
Overdraft	355,376	174,058	355,376	174,058
Staff loans	45,500	39,295	45,500	39,295
Gross loans and advances to customers	**1,705,092**	1,358,947	**1,704,485**	1,358,947
Allowance for impairment	(211,862)	(118,370)	(211,862)	(118,370)
Net loans and advances to customers	**1,493,230**	1,240,577	**1,492,623**	1,240,577
Current	498,981	212,620	498,374	212,620
Non-current	994,249	1,027,957	994,249	1,027,957
Analysis of allowance for impairment				
Loan impairment	211,862	118,370	211,862	118,370
Analysis of impairment allowance				
Individual impairment	195,358	103,189	195,358	103,189
Collective impairment	16,504	15,181	16,504	15,181
	211,862	118,370	**211,862**	118,370
Individual allowance for impairment				
Balance at 1 January	103,189	123,007	103,189	123,007
Charge for the year (Note 16)	92,169	20,639	92,169	20,639
Reversals on derecognition	-	(40,457)	-	(40,457)
Balance at 31 December	**195,358**	103,189	**195,358**	103,189

Collective allowance for impairment				
Balance at 1 January	15,181	11,988	15,181	11,988
Charge for the year (Note 16)	1,323	3,193	1,323	3,193
Balance at 31 December	**16,504**	15,181	**16,504**	15,181
Total allowance for impairment	**211,862**	118,370	**211,862**	118,370

The fifty largest exposure made up 51% of the loans and advances at the end of the year (2014:45%)

25. INVESTMENT SECURITIES – AVAILABLE FOR SALE

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	8,611	6,660	6,811	4,900
Changes in fair value (Note 38)	(972)	1,898	(676)	1,911
Change in fair value (prior year adjustment)	-	53	-	-
At 31 December	**7,639**	8,611	**6,135**	6,811

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

26. INVESTMENT IN SUBSIDIARY

a. Significant subsidiaries

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

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

		The Bank	
	% Ordinary shares	2015 GH¢'000	2014 GH¢'000
Development Finance & Holdings Limited	100	1,000	0.02

b. Significant restrictions

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

27. INVESTMENT IN ASSOCIATES

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	49,468	41,013	30,126	30,126
Share of associate profit	14,039	15,792	-	-
Share of associate OCI	(1,845)	(1,515)	-	-
Dividend received	(8,527)	(5,822)	-	-
At 31 December	**53,135**	49,468	**30,126**	30,126

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

	Ghana International Bank	Activity Venture Finance Co
The relationship with the Group	Strategic investment that facilitates the Group's international trade	No direct relationship to the Group's operations
Principal place of business/country of incorporation	London, United Kingdom	Accra, Ghana
Ownership interest/voting rights	20% (2014: 20%)	40% (2014: 40%)
Fair value of ownership interest (if listed)	N/A	N/A

Financial Statements Extract of Associates

	G I B		A V F		Total	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Revenue	**98,216**	139,318	**3**	86	**98,219**	139,404
Profit from operations	70,321	79,960	(63)	(500)	70,258	79,460
Other comprehensive income	(9,226)	(7,577)	-	-	(9,226)	(7,577)
Total comprehensive income	**61,095**	72,383	**(63)**	(500)	**61,032**	71,883

	G I B		A V F		Total	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Attributable to investee's shareholders	**61,095**	72,383	**(63)**	(500)	**61,032**	71,883
Current assets	3,285,368	2,673,793	197	236	3,285,565	2,674,029
Non-current assets	584,896	833,116	2,984	2,990	587,880	836,106
Total assets	**3,870,264**	3,506,909	**3,181**	3,226	**3,873,445**	3,510,135
Current liabilities	(3,155,623)	(2,786,742)	(36)	(18)	(3,155,659)	(2,786,760)
Non-current liabilities	-	-	-	-	-	-
Total liabilities	**(3,155,623)**	(2,786,742)	**(36)**	(18)	**(3,155,659)**	(2,786,760)
Net assets	714,641	720,167	3,145	3,208	717,786	723,375
Attributable to investee's shareholders	**714,641**	720,167	**3,145**	3,208	**717,786**	723,375
Group's interest in net assets at 1 January	48,218	39,563	1,250	1,450	49,468	41,013
Total comprehensive income to the Group	12,219	14,477	(25)	(200)	12,194	14,277
Dividends received during the year	(8,527)	(5,822)	-	-	(8,527)	(5,822)
Group's interest at 31 December	**51,910**	48,218	**1,225**	1,250	**53,135**	49,468

28. INVESTMENT IN OTHER EQUITY SECURITIES

	The Group			The Bank		
	Ordinary shares %	2015 GH¢'000	2014 GH¢'000	Ordinary shares %	2015 GH¢'000	2014 GH¢'000
National Investment Bank	2.5	29	29	2.5	29	29
CDH Financial Holdings	7.1	6	6	7.1	6	6
Securities Discount Company	1.1	16	16	1.1	16	16
Fidelity Bank	0.6	62	62	0.6	62	62
BMK Particles Board Limited	-	277	-	-	277	-
Vacuum Salt Project Limited	10	1	1	-	-	-
Accra Markets Limited	25	25	25	-	-	-
Ghana Community Network	10	108	108	-	-	-
		524	247		**390**	113

29. PROPERTY AND EQUIPMENT

The Group and the Bank

2015	Leasehold land & buildings GH¢'000	Furniture & equipment GH¢'000	Computers GH¢'000	Motor vehicles GH¢'000	Capital work in progress GH¢'000	Total GH¢'000
Cost						
At 1 January 2015	51,825	92,057	64,481	5,063	15,231	228,657
Additions	1,420	10,244	3,338	3,339	28,300	46,641
Disposals	-	-	-	(120)	-	(120)
At 31 December 2015	53,245	102,301	67,819	8,282	43,531	275,178
Depreciation						
At 1 January 2015	10,292	54,433	36,201	3,795	-	104,721
Charge for the year	1,164	15,857	12,579	1,088	-	30,688
Released on disposals	-	-	-	(120)	-	(120)
At 31 December 2015	**11,456**	**70,290**	**48,780**	**4,763**	**-**	**135,289**
Net book value						
At 31 December 2015	**41,789**	**32,011**	**19,039**	**3,519**	**43,531**	**139,889**

2014	Leasehold land & buildings GH¢'000	Furniture & equipment GH¢'000	Computers GH¢'000	Motor vehicles GH¢'000	Capital work in progress GH¢'000	Total GH¢'000
Cost						
At 1 January 2014	50,855	69,356	38,581	5,107	1,229	165,128
Additions	970	22,800	25,900	-	14,002	63,672
Disposals	-	(99)	-	(44)	-	(143)
At 31 December 2014	51,825	92,057	64,481	5,063	15,231	228,657
Depreciation						
At 1 January 2014	9,245	42,126	29,348	3,010	-	83,729
Charge for the year	1,047	12,406	6,853	829	-	21,135
Released on disposals	-	(99)	-	(44)	-	(143)
At 31 December 2014	**10,292**	**54,433**	**36,201**	**3,795**	**-**	**104,721**
Net book value						
At 31 December 2014	**41,533**	**37,623**	**28,280**	**1,268**	**15,231**	**123,936**

There was no indication of impairment of property and equipment held by the Group at 31 December 2015 (2014: nil). None of the property and equipment of the Group had been pledged as security for liabilities and there were no restrictions on the title of any of the Group's property and equipment at the reporting date and at the end of the previous year.

Contractual commitment for the acquisition of property and equipment

Contractual commitments for the acquisition of property and equipment not provided for in the financial statements as at 31 December 2015 was GH¢19,618,000 (2014: GH¢710,000). The capital commitments are approved costs in respect of new buildings at existing branches and new branches to be opened.

Disposal of property and equipment

	2015 GH¢'000	2014 GH¢'000
Cost	120	143
Accumulated depreciation	(120)	(143)
Net book value	-	-
Sales proceeds	**42**	42
Profit on disposal	**42**	42

30. INTANGIBLE ASSETS

The Group and The Bank

	2015 GH¢'000	2014 GH¢'000
Cost		
At 1 January	24,241	13,077
Acquisitions	12,046	11,164
At 31 December	36,287	24,241
Accumulated amortisation		
At 1 January	12,079	9,123
Charge for the year	6,077	2,956
At 31 December	18,156	12,079
Net book value	**18,131**	12,162

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

31. OTHER ASSETS

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Account receivables	77,232	54,313	76,742	53,893
Prepayments	21,032	9,708	21,032	9,708
	98,264	64,021	**97,774**	63,601
Current	55,630	27,828	55,140	27,408
Non-current	42,634	36,193	42,634	36,193

32. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Current accounts	1,516,161	1,488,625	1,523,971	1,491,875
Savings accounts	1,560,813	1,321,929	1,560,813	1,321,929
Time deposits	283,622	264,267	283,622	264,267
	3,360,596	3,074,821	3,368,406	3,078,071
Current	3,360,596	3,074,821	3,368,406	3,078,071

The twenty largest depositors made up 24 % of total deposits at the year end (2014: 25%).

33 OTHER LIABILITIES AND PROVISIONS

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Creditors	69,636	45,139	69,636	45,139
Accruals	14,667	15,767	14,667	15,709
Other liabilities and provisions	87,463	202,899	87,415	202,899
	171,766	263,805	**171,718**	263,747
Current	138,533	115,044	138,485	114,986
Non-current	33,233	148,761	33,233	148,761

Included in other liabilities is a provision of GH¢69,264,000 (2014: GH¢69,185,000) made in respect of staff rationalization. The Board and management had approved and commenced the process for the staff rationalization programme since 31 December 2014.

34. BORROWINGS

	2015 GH¢'000	2014 GH¢'000
At 1 January	163,028	108,149
Repayment of principal	-	-
Exchange differences	26,722	51,857
Accrued Interest	7,240	3,022
At 31 December	196,990	163,028

A loan of US$50 million was made available to the Bank by Bank of Ghana (BOG) on 19 February 2009. This loan was advanced by BOG to enable the Bank meet maturing obligations in respect of letters of credit established on behalf of Tema Oil Refinery (TOR). The loan attracts interest at a rate of 2.234% per annum, which is payable quarterly. In 2013, the amount due to the Bank of Ghana was taken over by the Government of Ghana through the Ministry of Finance and Economic Planning.

35. EMPLOYEE BENEFIT OBLIGATIONS

Post-employment and long-term benefit plan

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

- Plan A - long service awards accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees leaving the service of the Bank after twenty (20) years through retirement (both voluntary and compulsory) or resignation become eligible to receive cash payments at graduated rates at the time of retirement or resignation based on their length of service.

- Plan B - The Bank pays monthly pension benefits to retired employees, under a closed defined benefit pension

scheme. Under this scheme, beneficiaries are paid pensions equal to 60% of the net basic salaries of their serving counterparts.

- Plan C - The Bank also pays post-retirement medical care for its retired staff and their dependents below 18 years of age.

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

Movement in defined benefit liability

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

	2015 GH¢'000	2014 GH¢'000
Balance at 1 January	68,077	61,677
Included in profit and loss		
Current service costs	771	443
Interest costs	13,407	10,584
	14,178	11,027
Included in other comprehensive income		
Re-measurement of loss/(gain)		
- Actuarial loss/(gain) arising from:		
- Financial assumptions	(1,980)	3,631
- Experience	5,590	503
	3,610	4,134
Other		
Benefits paid	(10,008)	(8,761)
Balance at 31 December	**75,857**	68,077
Represented by:		
Net defined benefit liability (Plan A)	1,248	1,073
Net defined benefit liability (Plan B)	58,075	52,636
Net defined benefit liability (Plan C)	16,534	14,368
	75,857	68,077

Actuarial assumptions

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

	2015 %	2014 %
Discount rate	23.66	21.00
Future salary growth	15.00	13.00
Future pension growth	10.00	10.00
Medical inflation	15.00	10.00

Sensitivity analysis

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

	31 December 2015		31 December 2014	
	Increase GH¢'000	Decrease GH¢'000	Increase GH¢'000	Decrease GH¢'000
Discount rate (2% movement)	(7,434)	9,284	(7,732)	10,349
Future pension growth (2% movement)	6,057	(5,191)	5,869	(5,869)
Medical inflation (2% movement)	**4,109**	**(4,109)**	9,209	(9,209)

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

36. STATED CAPITAL

	No. of shares		Proceeds	
Bank	2015 '000	2014 '000	2015 GH¢'000	2014 GH¢'000
Authorized:				
Ordinary shares of no par value	1,500,000	1,500,000	-	-
Issued:				
Issued for cash	115,000	115,000	60,030	60,030
Transfer from retained earnings	86,500	86,500	343	343
Transfer from retained earnings	-	-	10,000	10,000
Capitalization of reserves	1,000	1,000	2	2
Transfer from other surplus	62,500	62,500	1,625	1,625
Transfer from retained earnings	-	-	28,000	28,000
At 31 December	**265,000**	265,000	**100,000**	100,000

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

37. RETAINED EARNINGS

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	409,176	215,224	379,141	197,280
Profit for the year	254,642	282,148	244,735	270,057
Dividend paid	(84,800)	(55,650)	(84,800)	(55,650)
Transfer to statutory reserve (Note 39)	(30,592)	(33,757)	(30,592)	(33,757)
Transfer from credit risk reserve (Note 40)	(2,705)	1,211	(2,705)	1,211
At 31 December	**545,721**	409,176	**505,779**	379,141

38. FAIR VALUE RESERVE

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	1,990	2,082	2,550	1,117
Changes in fair value of investment securities (Note 25)	(972)	1,898	(676)	1,911
Share of associate OCI	(1,845)	(1,515)	-	-
Deferred tax	243	(475)	169	(478)
Prior year movement in fair value	40	-	-	-
At 31 December	**(544)**	1,990	**2,043**	2,550

39. STATUTORY RESERVE

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

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	179,505	145,748	179,505	145,748
Transfer from retained earnings	30,592	33,757	30,592	33,757
At 31 December	**210,097**	179,505	**210,097**	179,505

40. CREDIT RISK RESERVE

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

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	21,173	22,384	21,173	22,384
Transfer to retained earnings	2,705	(1,211)	2,705	(1,211)
At 31 December	**23,878**	21,173	**23,878**	21,173

41. OTHER RESERVES

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

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
At 1 January	(22,473)	(19,373)	(22,473)	(19,373)
Actuarial loss	(3,610)	(4,134)	(3,610)	(4,134)
Deferred tax	903	1,034	903	1,034
At 31 December	**(25,180)**	(22,473)	**(25,180)**	(22,473)

42. CONTINGENT LIABILITIES AND COMMITMENTS

Off balance sheet items

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

Nature of instruments

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

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

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

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

42. CONTINGENT LIABILITIES AND COMMITMENTS CONT'D

	The Group		The Bank	
	2015 GH¢'000	2014 GH¢'000	2015 GH¢'000	2014 GH¢'000
Contingent liabilities				
Guarantees and indemnities	381,050	285,424	381,050	285,424
Documentary and commercial letters of credit	51,536	51,376	51,536	51,376
	432,586	336,800	432,586	336,800
Commitments				
Loan commitments	**11,124**	22,190	**11,124**	22,190
	443,710	358,990	**443,710**	358,990

Legal proceedings

There were a number of legal proceedings pending against the Bank at 31 December 2015 and 2014. Some of these cases have been brought against the Bank by former employees, customers and others. Potential liabilities have been estimated at GH¢2,200,421 (2014: GH¢3,102,744).

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

43. SOCIAL RESPONSIBILITY COST

A total of GH¢1,621,000 (2014: GH¢1,384,000) was spent under the Group's social responsibility programme.

The Group's social responsibility comprises donations and sponsorship of projects and activities.

44. RELATED PARTY TRANSACTIONS

a. Transactions with Executive Directors and key management personnel

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

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

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

44. RELATED PARTY TRANSACTIONS CONT'D

Remuneration of Executive Directors and other key management personnel.

	2015 GH¢'000	2014 GH¢'000
Salaries and other short-term benefits	3,579	4,936
Post-employment benefits	64	46
	3,643	4,982

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

	2015 GH¢'000	2014 GH¢'000
Loans		
Loans outstanding at 1 January	512	581
Net movement	(34)	(69)
Loan outstanding at 31 December	**478**	512
Interest income	**33**	11
Deposits		
Deposits at 1 January	264	225
Net movement during the year	2	39
Deposits at 31 December	**266**	264
Interest expense	**21**	37

Loans to Executive Directors and key management personnel include housing, car and other personal loans are given under terms that are no more favourable than those given to other staff. No impairment has been recognized in respect of loans granted to Executive Directors and key management personnel at 31 December 2015 and 2014. The housing and car loans are secured by the underlying assets. All other loans are unsecured.

b. Transactions with non-executive directors

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

Fees and allowances paid to non-executive Directors during the year amounted to GH¢1,190,644 (2014: GH¢958,568).

c. Transactions and balances with subsidiary

Development Finance & Holdings Limited

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

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

	2015 GH¢'000	2014 GH¢'000
Other Assets		
Amounts due from subsidiary in respect of unpaid expenses	36	28
Deposits		
Current Account	7,810	2,942

The Bank entered into the following transactions with the subsidiary:

	2015 GH¢'000	2014 GH¢'000
Interest paid on investments	-	63
Investments redeemed during the year	-	919

d. Transactions and balances with associates

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

	2015 GH¢'000	2014 GH¢'000
Overnight placements (Foreign)	144,978	26,866
Current account balances (Foreign)	57,647	70,801
Current account balances (Local)	90	89

The Group entered into the following transactions with its associates:

	2015 GH¢'000	2014 GH¢'000
Dividend received	8,527	5,822
Interest received on current account balances (foreign)	65	15

e. Government of Ghana

The Government of Ghana directly holds 21.36% shares in GCB Bank Limited and 29.81% indirectly through its shareholding in SSNIT. The total of its direct and indirect shareholding is 51.17%.

In 2013, the amount due to Bank of Ghana in respect of the US$50 million loan was taken over by the Government of Ghana through the Ministry of Finance and Economic Planning.

45. DIVIDEND PER SHARE

The Directors wish to propose a dividend of GHp33 (2014: GHp32) per share amounting to GH¢87,450,000 (2014: GH¢84,800,000) at the forthcoming annual general meeting.

46. SUBSEQUENT EVENTS

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. The Group had no material subsequent events that required adjustments to or disclosure in the financial statements.

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After your purchase, merchant keys in your total amount and shows you on the phone's screen.

Step 02

You confirm and present your card to the merchant.

Step 03

You swipe or slot your card into the LITEPAY Card reader and enter your PIN when requested to do so.

Step 04

Your transaction is instantly processed for approval.
If approved screen must read approved

Step 05

A receipt of your transaction is sent to you either via email or SMS or both.
Transaction Complete.

GCB

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Appendix 1

Shareholders' Information - Unaudited

Number of shareholders

The Bank had 93,629 ordinary shareholders at 31 December 2015 distributed as follows:

Category	No. of holders	No of shares	% of shares held
1-1,000	86,295	18,834,694	7.11
1,001-5,000	6,341	13,942,719	5.26
5,001-10,000	561	4,192,945	1.58
Above 10,000	432	228,029,642	86.05
Total	**93,629**	**265,000,000**	**100**

Directors' Shareholdings

The Directors named below held the following number of shares in the Bank at 31 December 2015:

	No of shares	% Holding
Simon Dornoo	100,164	0.0378
Daniel Owiredu	3,000	0.0011
Samuel Sarpong	1,000	0.0004
Moses Asaga	400	0.0002
Ernest K. Okoh	4,000	0.0015
Faustina Nelson	2,000	0.0008
	110,564	**0.0418**

Appendix 1 (cont'd)

20 Largest Shareholders

	Share Holding	Percentage Holding
Social Security and National Insurance Trust	79,000,000	29.81
GH/GV Act. By Ministry of Finance & Economic Planning	56,608,613	21.36
SCBN/Northern Trust Global Services Limited	18,001,604	6.79
Daniel Ofori	10,095,736	3.81
SCBN/PICTET Africa Non Tax 6275J	5,566,090	2.10
Harding Loevner Management LP – Frontier Emerging Market	3,371,849	1.27
GCB Staff Provident Fund	2,996,695	1.13
SCGN/JPMC Re Duet Africa Opportunities Master Fund c/o SCB GH. Ltd	2,944,767	1.11
SCGN/SSB &T as custodian Re SQM Frontier Africa Master FD	2,733,878	1.03
Ghana Reinsurance Company Limited	1,799,651	0.68
SCBN/SSB Teacher Retirement Systems of Texas FD	1,790,000	0.68
SCGN/CITIBANK London OP- Africa Fund (Non-UCITS)	1,657,174	0.63
SCBN/SSB Eaton Vance Structure Emerging Mkt. Fund	1,626,918	0.61
Ghana Cocoa Board	1,600,000	0.60
SCBN/Epack Investment Fund Limited - Transaction Account	1,521,000	0.57
SCBN/SSB Eaton Vance Tax-Managed Emerging Mkt. Fund	1,384,370	0.52
SCBN/CITIBank NY Eaton Vance International (Ireland) FDS Plc- SCGN/PICTET S.A LUXEMBOURG RE BLAKENEY L.P	1,328,600	0.50
STD NOMS (TVL) Pty/BNYM SANV/Advanced Series Trust- AST Parametrics emerging markets equity portfolio	1,190,800	0.45
SCGN/JP MORGAN CHASE DUET GAMLALIV AFRICA OPPORTUNITIES FUNDIC	1,175,000	0.44
STD NOMS TVL PTY/ BNYM SANV/KAPITALFORENINGEN INVESTIN PRO, AFRIKANSKE AKTIER	1,169,582	0.44
	197,562,327	**74.53**
Others	67,437,673	25.47
	265,000,000	**100.00**

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

Changes in shareholding: For the financial year ended 31 December 2015, there were no material changes to the shareholding structure of the Bank

OVER 157 NETWORKED BRANCHES NATIONWIDE

List of Branches

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Accra High Street	P. O.Box 2971, Accra highstreetmgr@gcb.com.gh	0302-662337 / 0302-672857 0302-668743 / Fax: 0302-673496
Kotoka International Airport (Aviance Agency)	c/o P. O. BOX 2971, Accra	
Kotoka Int Airport	- do -	
Diamond House(PMMC (Agency))	P. O. Box 2971, Accra	0302-662094 / 0302-664931
ACCRA ZONE		
Regional Manager's Office	P. O. Box NT 96, Accra New Town areaaccra@gcb.com.gh	Mgr: 0302-249772 / 222641 0302-225928 / Fax: 0302-236671
Accra New Town	P. O. Box NT 96, Accra New Town accranewtownmgr@gcb.com.gh	Mgr: 0302-236935 / 0302-222641 0302-225928 / Fax: 0302-236935
Kwame Nkrumah(Circle Branch)	P. O. Box AN 5709, Accra-North circlemgr@gcb.com.gh	Mgr: 0302-257616 0302-246008-15 / Fax: 246035
Liberty House	P.O. Box 4443, Accra libertymgr@gcb.com.gh	Mgr: 0302-663556 0302-666631-7 / Fax: 0302-663556
Republic House	P. O. Box 5550, Accra-North republicmgr@gcb.com.gh	Mgr: 0302-680355 / 0302-681810 0302-681862 / Fax: 0302-681812
Dome	P. O Box KW 247, Kwabenya-Atomic domemgr@gcb.com.gh	Mgr: 0302-420039 / 0302-420041 Fax: 0302-420040
Ring Road West	P. O. Box ST 498, Kaneshie, Accra rrwmgr@gcb.com.gh	Mgr:0302-224703 / 0302-225605 0267225516 Fax: 0302-225270 / 0500404543
Kaneshie Market	P. O. Box 171, Kaneshie kanmktmgr@gcb.com.gh	Mgr: 0302-227568 / 0302-229005 Fax: 0302-227568
Kaneshie Industrial Area	P. O. Box 12513, Accra North kanindmgr@gcb.com.gh	Mgr:0302-220551/0302-220591 0289700359 Fax: 0302-220591
Boundary Road	P.O. Box 819, Accra boundaryroadmgr@gcb.com.gh	Mgr: 0302-682992/3 Fax: 0302-672402
Osu	P.O. Box 0212, Osu, Accra	Mgr: 020-2011912 / 0302-782798 0302-782799 Fax: 0302-782712
Ministries	P.O. Box MB.88, Accra ministriesmgr@gcb.com.gh	Mgr: 0302-673950 / 0302-662170 Fax: 0302-674150
Korle-Bu	P.O. Box 3852, Accra korlebumgr@gcb.com.gh	Mgr: 0302-666524/0302-666521 Fax:0302-666522
Trade Fair Site	P. O. Box 198, Trade Fair Centre La tradefairmgr@gcb.com.gh	Mgr: 0302-774270/0302-778274 Fax: 0302-778275

List of Branches

Burma Camp	P. O Box B.C. 268 Burma Camp, Accra burmacampmgr@gcb.com.gh	Mgr: 0302-784182 Fax: 0302-770341
Makola Market	P. O. Box 4832, Accra makolamgr@gcb.com.gh	Mgr: 0509677577
Kasoa Main	P. O. Box KS 557, Kasoa kasoamainmgr@gcb.com.gh	Mgr: 0302-862429 / 862430 Fax: 0302-862430
Kasoa Market	P. O. Box KS 557, Kasoa kasoamgr@gcb.com.gh	Mgr: 0302-862831 Fax: 0302-862630
Kisseiman	P. O. Box AT 1946, Achimota kisseimanmgr@gcb.com.gh	Mgr:0302-410444/0302-410724 Fax: 0302-410799
Tantra Hill	PMB, Achimota Market Post Office tantrahillmgr@gcb.com.gh	Mgr: 020-2015795 Fax: 0302-412822
Nima	P.O. Box, NM 24 nimamgr@gcb.com.gh	Mgr: 0302-222441 / 0302-222439 Fax: 0302-222445
Dansoman	PMB 17,Dansoman dansomanmgr@gcb.com.gh	Mgr:0302-301410 Fax: 0302-301454
Accra North	P.O.Box AN 5206, Accra-North accranorthmgr@gcb.com.gh	Mgr: 0302-253055 / 0302-223645 0203062420 / 0201599632 Fax: 0302-250245
Abelenkpe	PMB, Achimota School Accra abelenkpemgr@gcb.com.gh	Mgr: 0206889721 / 0261551941 0547296708
Abeka Lapaz	P.O. Box AN 5288, Accra North abekalapazmgr@gcb.com.gh	Mgr:0302-976770 / 0509738320 0540319854
37 Military Hosp. Agency	P. O. Box BC 268, Burma Camp	Mgr: 0302-784182
TEMA ZONE		
Area Manager's Office	P.O. Box CO 152, Tema areatema@gcb.com.gh	0303-204824 Fax:0303-204824
Tema Main	P.O. Box CO 152, Tema temamainmgr@gcb.com.gh	Mgr: 0303-202768 / 0303-202760 0303-202769 Fax- 0303-204346
Tema Agency(Long Room)	- do -	0303-204768
Tema Agency (Golden Jubilee)		
Tema Market	P.O. Box CO173, Tema temamktmgr@gcb.com.gh	Mgr: 0303-202861 / 0303-201422 0303-204763 Fax: 0303-204763
Evergreen Agency		0303-202094
Tema Ind. Area	P.O. Box CS 8202, Tema Ind Area temaindmgr@gcb.com.gh	Mgr: 0303-302818 / 0303-300575 Fax. 0303-306082

List of Branches

Tema Fishing Harbour	P.O. Box CO 281, Fishing Hbr. temahrbmgr@gcb.com.gh	Mgr: 0303-202413 / 0275904438
Safe Bond	P. O. Box CO 1737, Tema safebondmgr@gcb.com.gh	Mgr.: 0303-215588 / 0303-215576 Fax: 0303-215591
Ashaiman	P.O. Box AS 199, Ashaiman ashaimanmgr@gcb.com.gh	Mgr: 0303-306790 / 0303-307691 0274344333 / 0508727355 Fax: 0303-306606
Legon	P.O. Box LG 17, Legon legonmgr@gcb.com.gh	Mgr: 0289456996/7 0502568703
Madina	P.O. Box MD 431, Madina,Accra madinamgr@gcb.com.gh	Mgr: 0302-501240 / 501241 Fax: 0302-500570
Aburi	P.O. Box 98, Aburi aburimgr@gcb.com.gh	Mgr: 0244792520 / 03428-22043 0502939961 / 0342822045 Fax: 03428-22033
Mampong-Akwapim	P.O. Box 54, Mampong-Akwapim makwapimmgr@gcb.com.gh	Mgr: 03427-22049 / 03427-95872 0205467887 Fax:03427-22218
AkropongAkwapim	P.O. Box 83, AkropongAkwapim akropongmgr@gcb.com.gh	Mgr: 0245686029 / 0202975158
Somanya	P.O. Box 78, Somanya somanyamgr@gcb.com.gh	Mgr: 03420-91421 / 03420- 91428 Fax: 027-8787060
Akosombo	P.O. Box 24, Akosombo akosombomgr@gcb.com.gh	Mgr: 03430-21142 / 03430-20472 Fax: 03430-20530
Akuse	P. O. Box 40, Akuse akusemgr@gcb.com.gh	Mgr: 03420-91311 Fax: 0377900013
Tetteh Quarshie Circle	Private Mail Bag, LG14, Legon ttqmgr@gcb.com.gh	Mgr: 0302- 506221 0302-506198/9 Fax: 0302-506223
Ada	P. O. Box AF55, Ada adamgr@gcb.com.gh	Mgr: 0303-910411 0303-910412/3
Spintex	P.O.Box 152, spintexroadmgr@gcb.com.gh	Mgr: 0302-816966 / 0302-81696 0249852546 Fax: 0302-816968
Nungua	P.O. Box TN 30, Nungua nunguamgr@gcb.com.gh	Mgr: 0302-715352 / 0302-715351 0302-715365 Fax: 0302-715366
Adenta Shopping Centre	P. O. Box AF 2070, Adenta adentashpcntmgr@gcb.com.gh	Mgr: 0302-522541 / 0302-522543 Mob: 0203939788 Fax: 0302-522542

List of Branches

KOFORIDUA ZONE		
Regional Manager's Office	P. O. Box KF 286, Koforidua areakoforidua@gcb.com.gh	Mgr: 03420-26790 / 26791 Fax: 03420-23042
Koforidua	- do - koforiduamgr@gcb.com.gh	Mgr: 03420-23059 / 03420-26832 / 23069 Fax: 03420-22525
New Tafo	P. O. Box 42, New Tafo newtafomgr@gcb.com.gh	Mgr: 0244329645
Suhum	P. O. Box SU 155, Suhum suhummgr@gcb.com.gh	Mgr: 03425- 22370 Fax:03425-22121
Asamankese	P. O. Box 167, Asamankese asamankesemgr@gcb.com.gh	Mgr: 03420-91135 / 03420-91011
Akim Oda	P. O. Box 364, AkimOda akimodamgr@gcb.com.gh	Mgr: 03429-22124 / 03429-22869 Fax: 03429-22697
Kade	P. O. Box 62, Kade kademgr@gcb.com.gh	Mgr: 0244-342494 / 0277804092 Fax: 027-8787016
Nsawam	P. O. Box 280, Nsawam nsawammgr@gcb.com.gh	Mgr: 03421-22062 Mob: 0244312757 Fax:03421-22560
Kibi	P. O. Box 97, Kibi kibimgr@gcb.com.gh	Mgr: 0247601482/0207291471
Anyinam	P. O. Box AY46, Anyinam anyinammgr@gcb.com.gh	Mgr: 03421-90607 / 0302- 964838 03421-90608 Fax: 0278787063
Nkawkaw	P. O. Box 272, Nkawkaw nkawkawmgr@gcb.com.gh	Mgr: 03431-22222 Fax: 03431-22105
Mpraeso	P. O. Box 56, Mpraeso mpraesomgr@gcb.com.gh	Mgr: 020-2310400 / 0502142353
Donkorkrom	P. O. Box 11, Donkorkrom donkorkrommgr@gcb.com.gh	Mgr :03424-22039 Fax: 03420-24209
Konongo	P. O. Box 137, Konongo konongomgr@gcb.com.gh	Mgr: 03221-24271 / 03221-243336 Fax:03221-24209
Agogo	P. O. Box AG74, Agogo agogomgr@gcb.com.gh	Mgr: 0372-098727 / 098731
Juaso	P. O. Box 51, Juaso juasomgr@gcb.com.gh	Mgr: 03220-94834

List of Branches

HO ZONE		
Regional Manager's Office	P. O. Box 164, Ho areaho@gcb.com.gh	Mgr: 03620-28251 / 26543 Fax: 03620-27598
Ho Branch	P. O. Box 164, Ho homgr@gcb.com.gh	Mgr: 03620-28905 / 03620-28395 03620-27067 / 27597 / 26436 Fax: 03620-28396
Ho Market	P. O. Box HP 841, Ho Market homktmgr@gcb.com.gh	Mgr: /Fax: 03620-26491 / 03620 26459
Ho Polytechnic	P. O. Box 164, Ho hopolymgr@gcb.com.gh	Mgr: 03620-27472 / 03620-27451 / 27441 Fax: 03620-27446
Hohoe	P. O. Box 178, Hohoe hohoemgr@gcb.com.gh	Mgr: 03627-22070 / 03627-22133 Fax: 03627-22432
Dzodze	P. O. Box DJ88, Dzodze dzodzemgr@gcb.com.gh	Mgr: 03620-91227
Aflao	P. O. Box AF12, Aflao aflaomgr@gcb.com.gh	Mgr: 03620-99809 / 03620-99810
GCNET	- do -	03625-31119
Abor	P. O. Box 48, Abor abormgr@gcb.com.gh	Mgr: 0244313679 / 0277811175 Fax: 027-8787059
Keta	P. O. Box KW 133, Keta ketamgr@gcb.com.gh	03626-42663 / 03626-42664
Akatsi	P. O. Box 39, Akatsi akatsimgr@gcb.com.gh	Mgr: 03626-44401 / 03626-44754 Fax: 03626-44499
Sogakope	P. O. Box SK 8, Sogakope sogakopemgr@gcb.com.gh	Mgr: 03621-92803
Kpando	P. O. Box 70, Kpando kpandomgr@gcb.com.gh	Mgr: 03623-50203 Fax: 03623-50984
Peki	P. O. Box 12, Peki pekimgr@gcb.com.gh	Mgr: 0244313094 Fax: 0577900044
Jasikan	P. O. Box 85, Jasikan jasikanmgr@gcb.com.gh	Mgr: 05425-98548 Fax: 0278787010
Kadjebi	P. O. Box 27, Kadjebi kadjebimgr@gcb.com.gh	Mgr:0509331490 / 03620-92950 0249332765
Nkwanta	P. O Box 56, Nkwanta nkwantamgr@gcb.com.gh	Mgr: 0244334835 / 0277808121 Fax: 0278787051
Dambai	P. O. Box DM38, Dambai dambaimgr@gcb.com.gh	Mgr: 0242802633 / 0546926488 Fax: 027-8787009

List of Branches

KUMASI ZONE		
Regional Manager's Office	P. O. Box SE 1212,Suame, Kumasi areakumasi@gcb.com.gh	Mgr:03220-31604 Fax: 03220-23512
Regional Manager's Secretariat	- do - areaofficekumasi@gcb.com.gh	Tel: 03220-29001/82812
GCNet		Tel: 03220-32525
Properties & Facilities Management Unit	P. O Box SE 1212, Suame - Kumasi	Tel: 03220-26468 Fax:03220-26468
Corporate Office	P. O. Box SE 1212, Kumasi	Tel: 03220-81884/81888 Fax: 03220-81885
Kumasi Main	P. O. Box 852, Kumasi kumasimainmgr@gcb.com.gh	Mgr: 03220-25291 / 03220-25292-3 Fax: 03220-24569
Ahinsan	P. O. Box 8818, Ahinsan, ahinsanmgr@gcb.com.gh	Mgr: 03220-31964/33452/28255 Fax: 03220-24129
Kejetia	P.O. Box 1630, Kumasi kejetiamgr@gcb.com.gh	Mgr: 03220-44660 /03220-31446 Fax: 03220-31446
Asafo Market	P. O. Box 3696, Kumasi asafomgr@gcb.com.gh	Mgr: 03220-45251 / 45252 03220-23514 Fax: 03220-36721
Harper Road	P. O. Box KS 14751, Kumasi harperroadmgr@gcb.com.gh	Mgr: 03220-81881 / 03220-81880 Fax: 03220-81882
Jubilee House	P. O. Box SE 1212, Suame Kumasi jubileemgr@gcb.com.gh	Mgr: 03220-26366 / 03220-30819
KNUST	Private Post Bag, Kumasi knustmgr@gcb.com.gh	Mgr: 03220-62136 03220-60153/62135 Fax: 03220-62136
Ejura	P. O Box 24, Ejura ejuramgr@gcb.com.gh	Mgr: 03220-97147 / 0577604854 0206650040
Yeji	P. O. Box 29, Yeji yejimgr@gcb.com.gh	Mgr: 0500498310 / 0500498311
Obuasi	P. O. Box 290, Obuasi obuasimgr@gcb.com.gh	Mgr: 03225-40255/42669 Fax:03225-40255
Bekwai Ashanti	P.O. Box 127, Bekwai Ash. bekwai-ashantimgr@gcb.com.gh	Mgr: 03224-20143/20204
Dunkwa-On-Offin	P. O. Box 228, Dunkwa-On-Offin dunkwamgr@gcb.com.gh	Tel:03322-28236 Fax: 03322-28673

List of Branches

New Edubiase	P. O. Box 42, New Edubiase edubiasemgr@gcb.com.gh	Mgr: 03223-98280 / 0249420290
New Offinso	P. O. Box 60, New Offinso offinsomgr@gcb.com.gh	Mgr:03220-91590 / 03220-98792
Nkawie	P. O Box 69, Nkawie nkawiemgr@gcb.com.gh	Mgr: 03223-92269/98739
Mampong Ashanti	P. O. Box 94, Mampong- Ashanti mampongashantimgr@gcb.com.gh	Mgr: 03222-22329 / 0244606409 Fax: 03222-22327
Effiduase Ashanti	P. O. Box 10, Effiduase effiduasemgr@gcb.com.gh	Mgr: 03220-92173/
Ejisu	P. O. Box 49, Ejisu ejisumgr@gcb.com.gh	Mgr: 03220- 94280/99449 Fax: 03220-20183
Agona Ashanti	P. O. Box 16, Agona Ashanti ashantiagonamgr@gcb.com.gh	Mgr: 03220-91820
Sefwi-Wiawso	P.O. Box 59, Sefwi-Wiawso sefwiwiawsomgr@gcb.com.gh	Mgr: 03223-95199
Tech Junction	P. O. Box UP1151, KNUST, Kumasi techjunctionmgr@gcb.com.gh	Mgr: 03220-64830 03220-64800/64800 Fax: 03220-64831
Bantama	P. O. Box PT 80, Kumasi bantamamgr@gcb.com.gh	Mgr: 03220-48820 03220-48821/2 Fax: 03220-48823
Assistant Security	P. O Box SE1212 Suame, Kumasi	Tel:03220-29002
TAMALE ZONE		
Regional Manager's Office	P. O. Box 228, Tamale areatamale@gcb.com.gh	Tel: 03720-26415/25715 Fax: 03720-22765
Properties & Facilities Office	P. O. Box 228, Tamale	Tel:03720-27276
Tamale Main	P.O. Box 228, Tamale tamalemainmgr@gcb.com.gh	Mgr: 03720-22827 Fax: 03720-22455
Tamale Market	P.O. Box 766, Tamale tamalemktmgr@gcb.com.gh	Mgr:03720-22608 / 0244214506 Fax: 03720-22608
Tamale Hospital Road	P. O. Box TL. 2240, Tamale thospitalroadmgr@gcb.com.gh	Mgr: 03720-27279 / 0268139036 03720-27278
Bolgatanga	P.O. Box 12, Bolgatanga bolgamgr@gcb.com.gh	Mgr:0206439250/ 03820-24961 0244229645
Bawku	P.O. Box 36, Bawku bawkumgr@gcb.com.gh	Mgr: 03822-95691 / 0244802107

List of Branches

Navrongo	P.O. Box 28, Navrongo navrongomgr@gcb.com.gh	Mgr:03821-22318 / 0208406682 0247262517
Tumu	P.O. Box 2, Tumu tumumgr@gcb.com.gh	Mgr: 03920-91509 / 0208236805 0249148968
Lawra	P.O. Box 92, Lawra awramgr@gcb.com.gh	Mgr: 03920-96411 / 0208412660
Wa	P.O. Box 66, Wa wamgr@gcb.com.gh	Mgr: 03920-22039 / 0208149820 Fax: 03920-20501
Bole	P.O. Box 24, Bole bolemgr@gcb.com.gh	Mgr: 03720-98393 / 0244921823 Fax: 03720-98381
Damongo	P.O. Box DM 40, Damongo damongomgr@gcb.com.gh Mgr:	Mgr: 03720-95230 / 0266734543 0244787321
Yendi	P.O. Box 32, Yendi yendimgr@gcb.com.gh	Mgr: 03720-95241 / 0208180205 03720-95242
Salaga	P.O. Box SL 7, Salaga salagamgr@gcb.com.gh	Mgr: 03720-95192 / 0208242089
Kete-Krachi	P.O. Box 13, KeteKrachi kete-krachimgr@gcb.com.gh	Mgr: 03620-99680 / 0208149049 03620-91834
Bimbilla	P.O. Box 27, Bimbilla bimbillamgr@gcb.com.gh	Mgr: 03720-94356 / 03720-91732 0208171644
Walewale	P. O Box 91, Walewale walewalemgr@gcb.com.gh	Mgr: 03820-94326 / 0244807523
SUNYANI ZONE		
Regional Manager's Office	P.O. Box 34, Sunyani sunyaniareamgr@gcb.com.gh	Mgr: 03520-25957 / 03520-25958 03520-24084 Fax: 03520-27162
Sunyani Main	- do - sunyanimgr@gcb.com.gh	Mgr:03520-27716 / 27157 0205881994 Fax: 03520-27087
Sunyani Market	P. O. Box 325, Sunyani sunyanimktmgr@gcb.com.gh	Mgr:03520-24267 / 03520-24103 Fax: 03520-24474
Berekum	P.O. Box 115, Berekum berekummgr@gcb.com.gh	Mgr: 03522-22042 03522-22567 / 22193
DormaaAhenkro	P.O. Box: 16, DormaaAhenkro dormaamgr@gcb.com.gh	Mgr: 03523-22047 / 0202390759 / 03520-96115 / 03520-22033/96124 Fax: 027-8787012

List of Branches

Techiman Main	P.O. Box 196, Techiman techimanmgr@gcb.com.gh	Mgr: 03520-91092/22369 Fax: 03525-22048
Techiman Market	P. O. Box TM7 96, Techiman techimanmktmgr@gcb.com.gh	Tel:03525-22395 Fax: 03525-22394
Wenchi	P.O. Box 49, Wenchi wenchimgr@gcb.com.gh	Mgr: 020 9777 303 / 03521-95282
Nkoranza	P.O. Box 44, Nkoranza nkoranzamgr@gcb.com.gh	Mgr: 03520-47305 / 027-7808095 03520-92076 / 0207858286 Fax: 0278-787007
Kintampo	P.O. Box 31, Kintampo kintampomgr@gcb.com.gh	Mgr: 03520-37306/03520-92047 03520-38839 / 0243857878 Fax:027-8787025
Duayaw Nkwanta	P.O. Box 66, DuayawNkwanta duayaw-nkwantamgr@gcb.com.gh	Mgr: 020-9126053 / 027-7808091 0208169244 Fax: 027-8787005
Bechem	P.O. Box 69, Bechem bechemmgr@gcb.com.gh	Mgr: 0208141371 / 0246503448 050 858 94080 / 3520-92007 03520-92690
Akumadan	P.O. Box 33 Akumadan, Ash. akumadanmgr@gcb.com.gh	Mgr: 0244313714 / 0208191399 Fax: 027-8787013
Tepa	P.O. Box 103, Tepa, tepamgr@gcb.com.gh	Mgr: 03220-95047 / 0208159767 Fax: 03220-47100
Hwidiem	P.O. Box 11, Hwidiem hwidiemmgr@gcb.com.gh	Mgr: 03222-97615 / 0243241681 0244618487
Goaso	P.O. Box 83,Goaso goasomgr@gcb.com.gh	Mgr: 0200581950 / 0352192300 0268336235 / 0244886902
Mim	P.O. Box 33, Mim mimmgr@gcb.com.gh	Mgr: 0244737467 / 050 858 9409 0271497602 / 03520-91821
Sankore	Private Post Bag, Sankore sankoremgr@gcb.com.gh	Mgr: 0508316347 / 0576147360 0244 313638
Sampa	P. O. Box 90, Sampa, sampamgr@gcb.com.gh	Mgr: 0242856467 / 0208238420 03521-95029 / 0244341751 0244772638 Fax:0277900162
Drobo	P. O. Box 27, Japekrom drobomgr@gcb.com.gh	Mgr: 0244334836 / 0244567449 0209426161 Fax: 0277900161

List of Branches

TAKORADI ZONE		
Regional Manager's Office	P.O. Box 475, Takoradi tadiareamgr@gcb.com.gh	Mgr: 03120-24949 03120-23072/22355 Fax: 03120-25226
Corporate Banking	- do -	Tel: 03120-26700 Fax: 03120-25226
Takoradi Main	tadimainmgr@gcb.com.gh	Mgr: 03122-95472 / 03122-95471 03122-97650 / 03120-21353 Fax: 03120-23540
Takoradi Harbour	P.O. Box 707, Takoradi tadihbrmgr@gcb.com.gh	Mgr: 03120-22731 / 03120-22534 Fax: 03120-27309
Takoradi Market Circle	P.O. Box 098, Takoradi tadimktmgr@gcb.com.gh	Mgr: 03120-25370 / 03120-23569 Fax: 03120-25370
Sekondi	P.O. Box 101, Sekondi sekondimgr@gcb.com.gh	Mgr:03120-26747 / 03120-26511 Fax: 031246746
Tarkwa	P. O. Box 90, Tarkwa tarkwamgr@gcb.com.gh	Mgr: 03123-20374 / 03123-20394 0247817921 / 0242964302 Fax: 03123-20374
Axim	P.O. Box 55, Axim aximmgr@gcb.com.gh	03121-98734 / 03121-98735
Half-Assini	P.O. Box 54, Half-Assini half-assinimgr@gcb.com.gh	Mgr: 03122-97841
Dadieso	Private Mail Bag, Dadieso dadiesomgr@gcb.com.gh	Mgr: 0244335687 / 0205184861 Fax: 0277900136
Elubo	P. O. Box 134, Elubo elubomgr@gcb.com.gh	Mgr: 03122-22545 / 03122-22544 Fax: 03122-22546
GCNET Elubo	- do -	03122-22547
Enchi	P.O. Box 15, Enchi enchimgr@gcb.com.gh	Mgr: 03121-93988
Samreboi	P.O. Box 40, Samreboi samreboimgr@gcb.com.gh	Mgr: 0277811205 / 0502459088 Fax: 0278787066
Prestea	P.O. Box 102, Prestea presteamgr@gcb.com.gh	Mgr: 03120-92670 / 027-7801254 Fax: 0277900138
Bogoso	P.O. Box 42, Bogoso bogosomgr@gcb.com.gh	Mgr: 03120-92655 / 0277801256

List of Branches

CAPE COAST ZONE		
Regional Manager's Office	P.O. Box 65, Cape Coast areacapecoast@gcb.com.gh	Mgr: 03321-30440 / 03321-37887 Fax: 03321-32625
Cape Coast Main	P.O. Box 65, Cape Coast capecoastmgr@gcb.com.gh	Mgr: 03321-34253 / 03321-32354 03321-32813 Fax: 03321-32549
Cape Coast University	P.O. Box 046, Cape Coast capecoastunimgr@gcb.com	Mgr: 03321-30069 / 03321- 34020 03321-32287 Fax: 03321-36377
Agona Swedru	P.O. Box 186, Agona Swedru agonaswedrumgr@gcb.com.gh	Mgr: 03320-21071 / 03320-21091 Fax:03320-20414
Assin Fosu	P.O. Box AF 76, Assin Fosu assinfosumgr@gcb.com.gh	Mgr: 03321-91141 / 0276793122
Mankessim	P.O. Box 78, Mankessim mankessimmgr@gcb.com.gh	Mgr: 03321-94026 / 0202011620 03321-91435 Fax: 0277-900113
Winneba	P.O. Box 128, Winneba winnebamgr@gcb.com.gh	Mgr: 03323-22133 / 03323-21064 03323-22364 Fax: 03323-22133
Twifu Praso	P.O. Box TW 84, TwifuPraso twifuprasomgr@gcb.com.gh	Mgr: 0244314810 / 027-7776775 Fax: 027 7900 124
Breman Asikuma	P.O. Box 60, Breman-Asikuma bremanmgr@gcb.com.gh	Mgr: 0246-339233 / 0277777655 Fax:277900128
Saltpond	P.O. Box SP. 096, Saltpond saltpondmgr@gcb.com.gh	Mgr: 0247290011/03321-92003
Abura Dunkwa	P.O. Box 29, AburaDunkwa aburadunkwamgr@gcb.com.gh	Mgr: 03321-91964
Elmina	P. O. Box EL 113 Elmina elminamgr@gcb.com.gh	Mgr: 0208182581 / 03320-94899

List of Branches

REGIONAL OFFICES		
Accra	P.O. Box K.96 Accra New Town areaaccra@gcb.com.gh	Mgr: 0302-249772 0302-225928 /222641 Fax: 0302-236671
Cape Coast	P.O. Box 65, Cape Coast areacapecoast@gcb.com.gh	03321-32625 / 37887 Fax: 03321-32625
Ho	P.O. Box 164, Ho areaho@gcb.com.gh	03620-28251 / 26543 Fax: 03620-27598
Koforidua	P.O. Box KF286, Koforidua areakoforidua@gcb.com.gh	03420-26790 / 26791 Fax:03420-23042
Kumasi	P.O. Box SE 1212 Suame, Kumasi areakumasi@gcb.com.gh	03220-31604 / 29001 Fax:03220-23512
Sunyani	P.O. Box 34, Sunyani sunyaniareamgr@gcb.com.gh	03520-25957/8 /24084 Fax: 03520-27162
Takoradi	P. O. Box 475, Takoradi tadiareamgr@gcb.com.gh	03120-23072 / 22355 / 24948 Fax: 03120-25226
Tamale	P.O. Box 228, Tamale areatamale@gcb.com.gh	03720-26415, 25715,22999 Fax: 03720-22765
Tema	P. O. Box CO152, Tema areatemar@gcbc.om.gh	0303-204824 Fax: 0303-204824

GCB Bank Limited

www.gcbbank.com.gh

GCB BANK LIMITED

INVITATION AND FORM OF PROXY
FOR USE AT ANNUAL GENERAL MEETING

To be held at 10.00am on Friday, May 27, 2016 at the Accra International Conference Centre

Dear Member(s)

You are hereby cordially invited to the 22nd Annual General Meeting of GCB Bank Limited, for which the details are as given above. If you will be attending in person, please bring along to the meeting this invitation or the counterfoil printed below, to facilitate registration, which will begin at 7:00 a.m.

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

PROXY FORM

RESOLUTION	*FOR*	*AGAINST*
1. To consider and adopt the Financial Statements of the Company for the year ended 31st December, 2015 together with the Reports of the Directors and Auditors thereon.		
2. To declare a Dividend for the year ended 31st December 2015.		
3. To re-elect the following Directors retiring by rotation.		
i. Faustina Nelson (Ms)		
ii. Kwasi Okoh (Mr)		
iii. Kofi Worlanyo (Mr)		
4. To ratify the appointment of Mr. Socrates Afram as a Director		
5. To authorize Directors to determine the fees of the Auditors		

NOTES

1. *A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The proxy form at the left has been prepared to enable you to exercise your vote if you cannot attend personally.*
2. *Provision has been made for the Chairman of the Meeting to act as your proxy, but you may wish to name any person to attend the meeting and vote on your behalf.*
3. *In case of joint holders, each holder should sign*
4. *If executed by a Company/ Corporation, the admission card should bear the Common Seal or be signed on its behalf by a Director.*
5. *For a postal proxy, please sign and post it so as to reach the GCB Share Registry not later than 10a.m on Wednesday, May 25, 2016.*

Shareholder Details	***Folio No.***		***All Signatories to Sign Below***

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

FORM OF PROXY FOR USE AT AGM

I/We …….....……a member/members(*) of GCB

Hereby appoint …….....……..or failing whom, the Chairman of the meeting as my/our(*) proxy to vote for me/us on my/our(*) behalf at the Annual Meeting of the Company to be held at 10am on May 27, 2016 and at any adjournment therefore.

Date

…….....……2016

(*) Delete whichever is not applicable

GCB Bank Limited

VOTING CARD

ANNUAL GENERAL MEETING

GCB Bank Limited

ADMISSION CARD

ANNUAL GENERAL MEETING

SIGNATURE

NAME OF PERSON ATTENDING

NAME OF SHAREHOLDER

Transform your business with GCB SME Loans

It is good to know there's a helping hand when you need one.
With your registered small and medium sized business you can apply for a GCB SME Loan and get up to GHS100,000 fast to help transform your business.

Visit any GCB branch and apply for your loan now.

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