

ANNUAL REPORT 2018



Online Payment

Balance Enquiry

Bill Payment

24/7 Access to funds

Internet Banking

Funds transfer

Secured

PIN Change

Online Payment

Global Access

Digital Banking



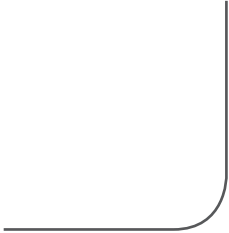
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your bank for life



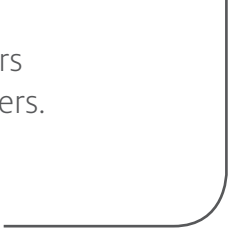
VISION

To be the leading bank
in all our markets.



MISSION

Provide first class banking
solutions for all our customers
and value for all our stakeholders.





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Corporate Information

BOARD OF DIRECTORS

Mr. Jude Kofi Arthur	Chairman
Mr. Anselm Ransford Adzete Sowah	Managing Director
Mr. Socrates Afram	
Mr. Samuel Amankwah	
Mrs. Lydia Gyamera Essah	
Mr. Nik Amarteifio	
Nana Ama Ayensua Saara III	
Mr. Emmanuel Ray Ankrah	
Mr. Francis Arthur-Collins	
Mr. Osmani Aludiba Ayuba	Appointed 12 /07/2018
Alhaji Alhassan Adam Yakubu	Appointed 20/12/2018
Mr. Edward Prince Amoatia Younge	Resigned 04/05/2018
Mr. Richard Oppong	

SECRETARY

Ms. Amma Agyeman Kusi-Appouh
GCB Bank Limited Building
Thorpe Road, J.E.A. Mills High Street
P.O. Box 134,
Accra

AUDITOR

Deloitte and Touche
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
P.O. Box GP 453
Accra

REGISTERED OFFICE

GCB Bank Limited Building
Thorpe Road, J.E.A. Mills High Street
Digital Address – GA-183-1907
P.O. Box 134
Accra

REGISTRAR

Share Registry
GCB Bank Limited
Head Office, High Street,
Accra

Notice of Annual General Meeting



Ms. Amma Agyeman Kusi-Appouh
Company Secretary

Notice is hereby given that the 25th Annual General Meeting of GCB Bank Limited will be held at the Accra International Conference Centre on Friday, 31st May, 2019 at 10:00am to transact the following business:

Agenda

Ordinary Business

1. To consider and adopt the Financial Statements of the Company for the year ended December 31, 2018 together with the Reports of the Directors and Auditors thereon.
2. To declare a Dividend for the year ended December 31, 2018.
3. To re-elect Directors retiring by rotation:
 - Mr. Nik Amarteifio
 - Nana Ama Ayensua Saara III
 - Mr. Emmanuel Ray Ankrah
4. To ratify the appointment of Directors:
 - Alhaji Alhassan Adam Yakubu
 - Mr. Edward Prince Amoatia Younge
5. To fix the remuneration of Directors.
6. To authorise the Directors to fix the fees of the Auditors.

Dated this 1st day of April, 2019

BY ORDER OF THE BOARD

SGD.

Amma Agyeman Kusi-Appouh

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 Limited, Head Office, High Street, Accra, not less than 48 hours before the meeting.



Receive money from anywhere in the world

At GCB, money transfer is not just about receiving money; it is about meeting obligations and fulfilling dreams, so we bring it closer to you and make it convenient. With over 180 branches nationwide, there is definitely a service point near you.

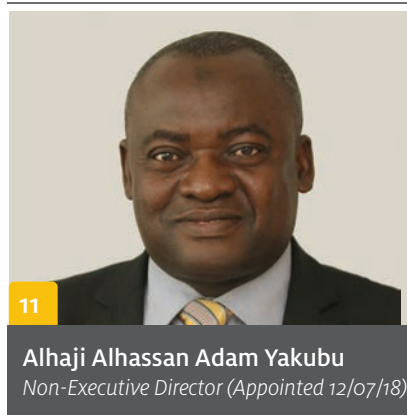
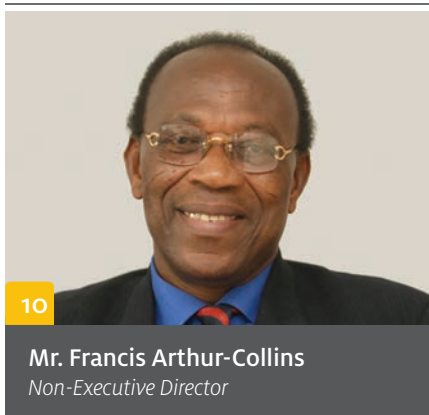
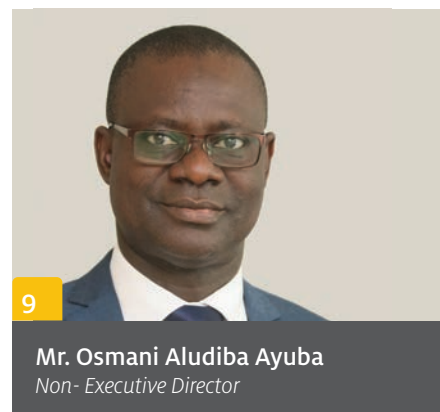
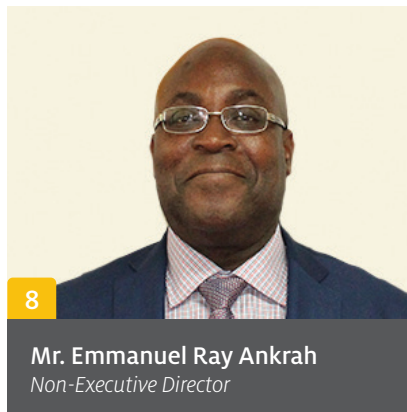
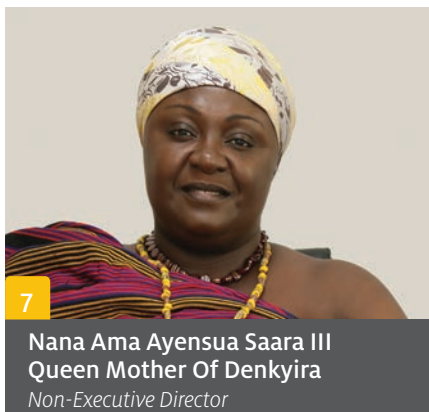
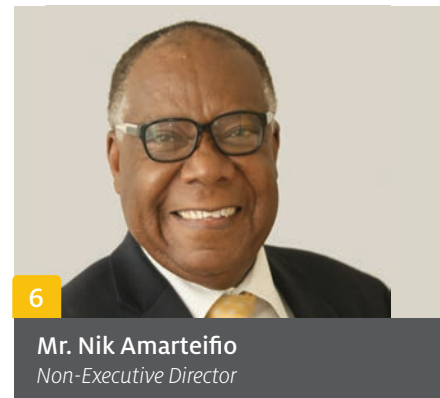
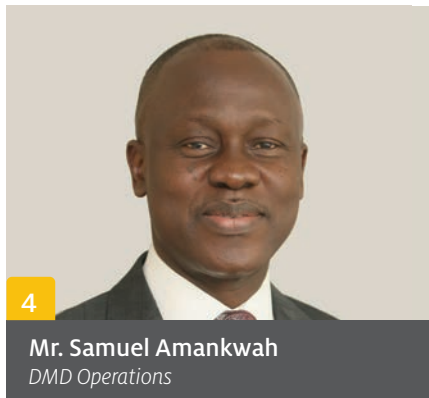


Tel: 0302 246038 / 243040
Email: globaltransfers@gcb.com.gh

Customer Service: 0302 681 531 Toll Free: 0800422422
Web: www.gcbbank.com.gh Follow: [GCBBankLimited](#)



Board of Directors



Directors' Profiles



Mr. Jude Kofi Arthur
Chairman

Qualification:

Hon. Fellow, Chartered Institute of Bankers, Ghana
Bsc. Administration
University of Ghana

Other Directorships

Ghana International Bank Plc



Mr. Anselm R. A. Sowah
Managing Director

Qualification:

Barrister-at-Law and Solicitor, Ghana Law School
Qualifying Certificate in Law, University of Ghana
BA(Hons) English & Philosophy, University of Ghana

Other Directorships

Ghana Community Network Services Limited (GCNet)
GCB Securities Limited
Ghana Stock Exchange



Mr. Socrates Afram
DMD Finance

Qualification:

Fellow, Association of Chartered Certified Accountants
MBA Finance, University of Ghana
Bachelor of Commerce, University of Cape Coast

Other Directorships

Prairie Volta Limited
Oasis Capital Limited
NCR Corporation Ghana
GCB Securities Limited
Ghana International Bank Plc (Alternate Director)



Mr. Samuel Amankwah
DMD Operations

Qualification:

Fellow, Association of Chartered Certified Accountants
MSc. Accounting & Finance, De-Montfort University
Member of ICA Ghana

Other Directorships

GCB Securities Limited
VIVO Energy Limited

Directors' Profiles cont'd



Mrs. Lydia Gyamera Essah
Non-Executive Director

Qualification:

MPhil, GIMPA, BA (Hons), History and English Literature, University of Ghana

Other Directorships

None



Mr. Nik Amarteifo
Non-Executive Director

Qualification:

MBA Harvard Business School;
BA Economics, Wesleyan University

Other Directorships

Dannex Pharmaceutical Group Limited
Omini Media (Citi FM)
African American Inst. (NY),
Ghana Agro Food Co.
Webster University, Ghana
Starwin Products Limited



Nana Ama Ayensua Saara III
Non-Executive Director

Qualification:

B.Com University of Cape Coast -
Diploma Business Studies, Takoradi
Polytechnic

Other Directorships

Nasaa Company Limited

Directors' Profiles cont'd



Mr. Osmani Aludiba Ayuba

Non-Executive Director

Qualification:

Member, Institute of Chartered Accountants, Ghana
 MA Economic Policy Management, University of Ghana
 Member, Chartered Institute of Procurement & Supply

Other Directorships

Finag Company Limited
 Northern Development Authority under the Ministry of Special Development Initiatives
 Northern Electricity Distribution Company



Mr. Emmanuel Ray Ankrah

Non-Executive Director

Qualification:

Fellow Chartered Institute of Management Accountants; Fellow, British Society of Commerce
 Member Institute of Chartered Accountants (Ghana)
 Post Graduate Diploma Strategic Financial Management, Kingston University, UK.

Other Directorships

National Insurance Commission
 COCOBOD



Mr. Francis Arthur-Collins

Non-Executive Director

Qualification:

Fellow, Ghana Institute of Information Technology
 Member, Institute for the Management of Information Systems (UK)
 Member, British Computer Society (UK)
 Master's Degree in Business Administration and Information Technology (MBA - IT), University of Leicester (UK)
 Dip. Data Processing, University of Science and Technology, Kumasi.

Other Directorships

None

Directors' Profiles cont'd



Alhaji Alhassan Adam Yakubu
Non-Executive Director

Qualification:

MBA Finance (part 1), University of Ghana, Legon;
 Certificate from the Financial Institution Analysis School of the Federal Reserve Bank, Washington DC;
 B.Sc. Administration, Banking & Finance, University of Ghana, Legon

Other Directorships

None



Mr. Prince Edward A. Younge
Non-Executive Director

Qualification:

BSc. Sociology with Economics- University of Ghana
 EMBA (Marketing) – University of Ghana
 M.Phil. (Marketing) – University of Ghana

Other Directorships

Targetlink Limited
 Cypher Consult Limited

Executive Committee (EXCO)



1

Mr. Ransford Adzete Sowah
Managing Director



2

Mr. Socrates Afram
DMD Finance



3

Mr. Samuel Amankwah
DMD Operations



4

El Farouk Umar
Chief Information Officer



5

Mrs. Hannah Effie Essien
Chief Business Dev. and Marketing Officer



6

Mr. Samuel Acquah
Chief Risk Officer



7

Mr. Anthony K. Asare
Treasurer



8

Mr. Clement Annobir Eshun
Acting Chief Internal Auditor



9

Mr. Abudulai Osman
Head, Compliance Department



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A loan for the comfort of customers. If you receive your salary through GCB, then you can visit any of our branches, complete a form for approval and have your account credited with the loan amount in less than 24 hours.

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Web: www.gccb.com.gh **Follow GCB Bank Limited**     



Five Year Financial Summary

Statement of Comprehensive Income - Group

<i>Figures in thousands of Ghana Cedis</i>	2018	2017	2016	2015	2014
Income Statement					
Interest income	1,355,151	1,187,853	1,019,655	839,115	690,708
Interest expense	(388,048)	(292,542)	(133,848)	(107,571)	(92,982)
Net interest income	967,103	895,311	885,807	731,544	597,726
Fee and commission income	249,025	207,787	174,585	132,374	114,392
Fee and commission expense	(51,429)	(37,491)	(32,726)	(24,183)	(22,422)
Net fee and commission income	197,596	170,296	141,859	108,191	91,970
Net trading income	90,638	41,020	27,349	16,561	37,758
Net loss from derivatives	(503)	-	-	-	-
Other revenue	5,992	17,386	16,039	6,995	3,739
Revenue	1,260,826	1,124,013	1,071,054	863,291	731,193
Loss on derecognition of renegotiated loans	-	(1,543)	(912.00)	-	-
Other income	20,753	3,049	1,803	2,715	100,058
Impairment (charge)/release on loans and advances	(60,011)	(49,904)	(27,160)	(93,492)	(23,832)
Operating expenses	(776,650)	(756,938)	(588,410)	(425,752)	(428,230)
Operating profit	444,918	318,677	456,375	346,762	379,189
Share of profit of associates, net of tax	5,256	13,306	10,619	14,039	15,792
Profit before tax	450,174	331,983	466,994	360,801	394,981
Income Tax expense	(101,112)	(81,940)	(126,539)	(88,645)	(93,759)
National fiscal stabilisation levy	(22,321)	(15,445)	(22,339)	(17,514)	(19,074)
Profit for the year	326,741	234,598	318,116	254,642	282,148
Other Comprehensive Income (OCI)					
Items that may be reclassified to profit or loss					
Exchange differences on translating foreign operations	(3,903)	-	-	-	-
Fair value changes on financial assets at fair value through other comprehensive income	(14,792)	-	-	-	-
Fair value changes on available for sale financial assets	-	783	(3,783)	(972)	1,898
Income tax relating to items that may be reclassified	4,010	(195)	946	243	(475)
Share of associate OCI	(2,050)	2,483	2,315	(1,845)	(1,515)
Prior year movement in fair value			-	40	-
Items that will never be reclassified to profit or loss					
Re-measurements on net defined benefit liability/asset	26,257	(19,898)	(13,689)	(3,610)	(4,134)
income tax relating to items that will not be reclassified.	(6,564)	4,975	3,422	903	1,034
Foreign currency translation difference for foreign operation	-	32,286	(14,022)	-	-
Other comprehensive income, net of tax	2,958	20,434	(24,811)	(5,241)	(3,192)
Total comprehensive income	329,699	255,032	293,305	249,401	278,956
Basic and diluted earnings per share (in GH¢)	1.23	0.89	1.20	0.96	1.06

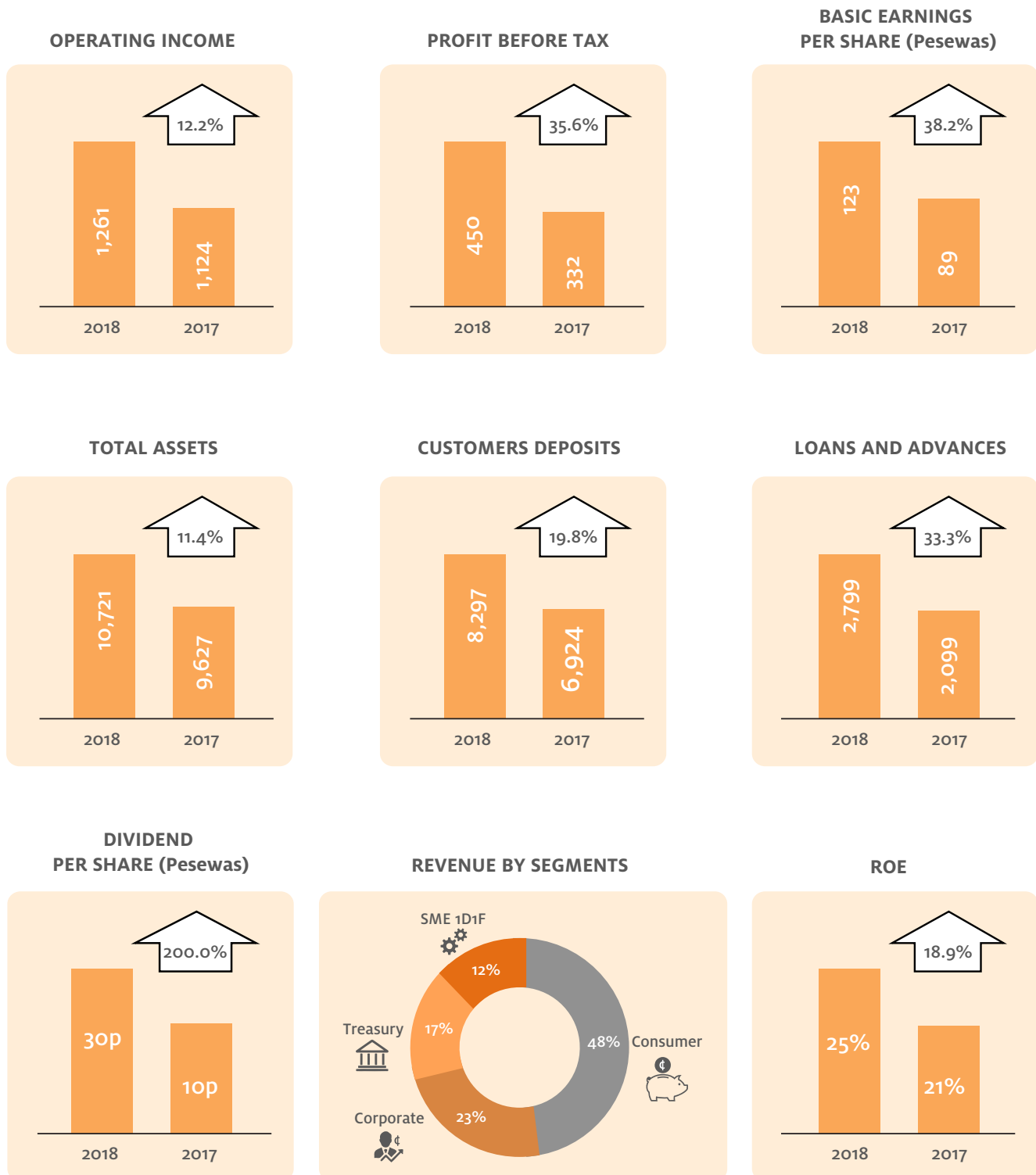
Five Year Financial Summary

Statement of Financial Position - Group

<i>Figures in thousands of Ghana Cedis</i>	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	1,953,620	1,022,684	1,179,975	544,683	758,081
Investment securities	4,646,034	4,884,277	2,633,116	2,042,542	1,862,336
Trading Assets	80,004	10,079	-	-	-
Advances to banks	212,986	224,950	434,152	214,875	107,407
Loans and advances to customers	2,799,041	2,099,330	1,412,977	1,493,230	1,240,577
Investment (other than securities)	41,275	6,902	4,347	8,163	8,858
Investment in associates	81,482	88,460	46,000	53,135	49,468
Deferred tax asset	47,872	32,095	15,510	39,815	26,838
Current tax asset	1,067	578	4,387	6,454	5,418
Intangible assets	190,901	152,349	38,987	18,131	12,162
Other assets	429,396	882,496	114,020	98,264	64,021
Property, plant and equipment	237,247	222,861	191,062	139,889	123,936
Total assets	10,720,925	9,627,061	6,074,533	4,659,181	4,259,102
Liabilities					
Deposits from banks & other financial institutions	272,769	81,805	-	-	-
Deposits from customers	8,024,425	6,842,236	4,259,933	3,360,596	3,074,821
Other liabilities	531,456	411,131	136,259	171,766	263,805
Borrowings	344,884	959,105	523,281	196,990	163,028
Income tax liabilities	-	-	-	-	-
Employee benefit obligations	97,647	118,625	95,232	75,857	68,077
Total liabilities	9,271,181	8,412,902	5,014,705	3,805,209	3,569,731
Equity					
Stated capital	500,000	100,000	100,000	100,000	100,000
Retained earnings	585,167	870,198	759,477	545,721	409,176
Fair value reserve	26,048	2,005	(1,066)	(544)	1,990
Statutory reserve	354,845	274,062	247,473	210,097	179,505
Credit risk reserve	-	-	3,412	23,878	21,173
Other reserves	(16,316)	(32,106)	(49,468)	(25,180)	(22,473)
Total equity	1,449,744	1,214,159	1,059,828	853,972	689,371
Total liabilities and equity	10,720,925	9,627,061	6,074,533	4,659,181	4,259,102

Financial Highlights - Group

Figures in millions of Ghana Cedis



Chairman's Statement



Introduction

It is indeed a privilege once again to welcome you, on behalf of the Board, Management and Staff of the Bank to this year's Annual General Meeting (AGM). We are truly honoured that you found time to participate in this AGM.

Ladies and Gentlemen, last year when we reflected on the future of the banking industry it was clear to us that given the increasing pace of Digitalization in banking globally, it was imperative that we leverage on our existing platforms and invest in cutting edge technology to rake in an increasing proportion of the business in the unbanked sector into the formal sector profitably. We recognised then that the competition for the unbanked sector was not limited to banks and other financial institutions but to a large extent included the Telcos.

Clearly then, those banks that are able to leapfrog and leverage on their existing platforms, backed by appropriate investments, will have a greater share of the funds in the informal sector and this is particularly true of Africa. We identified this trend and embarked on initiatives and investments which will enhance our digital transformation.

Regulatory Developments

Ladies and Gentlemen, last year the banking sector witnessed significant interventions and reforms by the Central Bank, and it is appropriate that we update you on the status of Bank of Ghana (BoG) reforms. December 2018 marked the completion of the BoG comprehensive reform programme which among others raised the minimum capital of banks from GH¢ 120.00 million to GH¢ 400.00 million. Your Bank met the deadline and we are happy to inform you that as at the end of 2018 our Stated Capital was GH¢500.00 million, with Total Shareholders Funds of GH¢ 1.45 billion. Your Bank is resilient and has adequate capital to exploit our strategic objectives, and take advantage of market opportunities, while managing risk complexions associated with these initiatives.

As part of the reforms in order to pave the way for banks to play a critical role in the development of the private sector, the BoG sought to sanitize the industry and ensure that banks have adequate capital to support the risk they assume. In the wake of the exercise seven (7) insolvent banks had their licenses withdrawn and five (5) out of the 7 were assumed under Consolidated Bank Ghana Limited (CBG). These were uniBank Ghana Limited, Royal Bank Ghana Limited, BEIGE Bank, Construction Bank and Sovereign Bank. The resultant effect of the BoG aggregation is that CBG, in terms of potential balance sheet size, could become a major competitor to reckon with in the industry.

In order to enhance the governance protocols of banks, the BoG came out with clear guidelines and directives on: corporate governance for banks; fit and proper criteria for persons in financial institutions; guidelines for financial holding companies; and for mergers and acquisitions. In addition, the BoG issued guidelines and directives on Cyber and Information Security and Voluntary Winding Up of Regulated Financial Institutions.

These guidelines and directives place onerous responsibilities on Directors of banks, including making them responsible for ensuring that their banks maintain adequate capital for the risk they assume.

Therefore, it is imperative that Banks provide appropriate training for Directors regularly to enable them remain abreast with the regulatory requirement and mandates.

Chairman's Statement (cont'd)

In response to these directives, I'm happy to report that your Directors have successfully undertaken training in the following areas:

- Strategy Risk and Reputation.
- Corporate Governance.
- Effectiveness and Performance in the Boardroom.
- Digital Transformation.
- Corporate Governance Certification modules.
- Effective Enterprise and Risk Oversight.

Global Economic Outlook and Operating Environment

The events of the global economy during the year mainly the escalation of US-China trade tensions and the weaker than expected performance in the European and Asian economies resulted in global GDP growth of 3.6% as at the end of 2018, from 3.8% in 2017. As a result of the slowdown, global economic growth for 2019 is forecast to drop to 3.3%.

The developments in the global economy had its own impact on the Ghanaian economy. Ghana's real GDP is projected at 7.6% in 2019 after a downturn in 2018. The growth is expected to come mainly from rising oil production, growing foreign direct investment, easier credit conditions and increased government spending.

Headline inflation trended downwards from 11.8% in December 2017 to 9.4% in December 2018; due mainly to relatively tight monetary policy stance maintained throughout the year by the BoG. Developments in the money market reflect an upward trend in interest rates at both the short-end and medium-term segments of the market. The 91-day Treasury bill rate moved up to 14.6% in December 2018, from 13.3% in 2017. Similarly, the 182-day instrument increased to 15.0% from 13.8%. Also, rates on the secondary bond market increased significantly in the year, reflecting tight financing conditions. Interbank lending rate, however, declined to 16.1% in December 2018, from 19.3% in the prior year. The Bank of Ghana policy rate dropped from 20% in December 2017 to 17% in December 2018.

The global financial developments, in particular the strengthening of the US dollar, adversely impacted currency stability in emerging markets and frontier economies, including Ghana. In addition, due to increased domestic demand pressures, the Cedi depreciated by 8.4% to the Dollar in 2018, compared to 4.9% in 2017. However, the Cedi depreciated more

moderately against the Pound and Euro by 3.3% and 3.9% respectively, compared with 12.9% and 16.2% depreciation in 2017.

The banking industry remains sound, liquid and well-capitalized, and optimally-positioned to translate the gains made from two years of far-reaching reforms in the economy. At the end of December 2018, total assets of the banking sector grew by 14.7% year-on-year to GH¢ 107.3 billion. Going forward, growth in industry assets is expected to increase as banks deploy their newly injected capital towards financial intermediation. The industry average for Capital Adequacy Ratio (CAR) improved to 21.9% at the end of December 2018, significantly above the prudential requirement of 10.0%. Asset quality also improved, with the industry Non-Performing Loans (NPL) ratio declining to 18.2% from 21.6% over the same comparative period.

Business Performance

The 2018-2022 strategy, premised on TRANSFORMATION THROUGH DIGITALIZATION is aimed at accelerating growth through the provision of first class banking solutions for our customers and optimizing value for our shareholders. Our focus on: process optimization, cost-efficiency, governance & risk management, talent and performance management, was aimed at achieving and sustaining memorable customer experiences.

We entered 2018 with cautious optimism while focusing on growth opportunities as market conditions improved. We made significant progress in 2018, posting strong financial performance underpinned by the disciplined execution of the Bank's strategy. Profit before tax increased by 35.6% to GH¢ 450.17 million in 2018 from GH¢ 331.98 million in 2017. The impressive profit performance was driven by solid revenue growth. Net interest income was up by 8.0%, from GH¢ 895.31 million to GH¢ 967.10 million. Net trading income went up by 121.0% to GH¢ 90.64 million from GH¢ 41.02 million whilst net fees and commission income also increased by 16.0% to GH¢ 197.60 million from GH¢ 170.30 million. This put us among the top three most profitable Banks in the industry for 2018.

However, high cost of operations continue to be a major challenge for the Bank. The Bank in 2018 posted a Cost-to-Income Ratio of 60.5% compared to the industry average of 53.5%. The Board acknowledges this adverse

Chairman's Statement (cont'd)

factor which is due mainly to a number of legacy issues. Adequate measures have been put in place to ensure that our cost-to-income ratio falls below the industry average.

Our total assets recorded a growth of 11.4% from GH¢ 9.63 billion in 2017 to GH¢ 10.72 billion in 2018. Total deposit also went up by 19.6% to GH¢ 8.30 billion in 2018 from GH¢ 6.92 billion in 2017. This made GCB the number one Bank in deposit and asset size in the industry. The Bank's equity recorded a growth of 19.4% from GH¢ 1.21 billion in 2017 to GH¢ 1.45 billion in 2018. Earnings per share increased by 38.2% from GH¢ 0.89 to GH¢ 1.23. The Capital Adequacy Ratio of GCB as at the end of 2018 was 22%, significantly above the prudential requirement of 10%.

The share price of GCB decreased to GH¢ 4.60 at the end of 2018 from GH¢ 5.05 at the end of 2017 representing a decline of 8.9%. This was consistent with the trend of share prices of other banks on the stock market. We believe that the strong performance of the Bank in 2018, coupled with the initiatives we have embarked on will make GCB shares attractive to investors and put its share price on an upward trajectory.

Against this impressive performance, we can report that the bank has enhanced operational excellence, improved on expenditure controls and put in place measures to support career and talent development. We have pursued our digital transformation agenda and we are far advanced in the launch of our mobile wallet which will no doubt increase our access to funds outside the formal banking sector. These initiatives have all been pursued within the construct of our business strategy.

Dividend

Our dividend policy seeks to provide shareholders with an adequate return on their investment while maintaining adequate plough back to sustain growth and shareholder value. Accordingly, the Directors propose a dividend of 30.00 pesewas per share amounting to GH¢ 79.50 million for the 2018 Fiscal Year.

Corporate Social Responsibility

Our commitment to society is non-negotiable and consistent with our policy to support society in the critical areas of Health, Education, Environment and Sanitation, we invested a total of GH¢ 5.62 million in communities in which we operate during the year under review.

Reflections on the Future

GCB is a well capitalised bank with a strong balance sheet. The future of banking belongs to those banks that can create new market space and successfully increase and defend their niche market.

We are cautiously optimistic that our transformation agenda, underpinned by digitalization, is the right strategic pathway. It will create new market space by securing a greater share of the unbanked market while consolidating our traditional banking space. Our focus will be geared to exploiting opportunities within our strategic framework as well as those that fall within our risk-return construct and enhances shareholder value.

Ladies and Gentlemen, our mobile wallet which is in the offing has a refreshing focus. The banking landscape is changing rapidly and the competition is no longer limited to other banks, but the growing ascendancy of various Telcos, who with their contemporary state of the art digital platforms have access to significant pool of funds.

This powerful strategic capacity of the Telcos, provides them with absorption capacity of customers, albeit at the rudimentary levels. Our strategy therefore is to focus on developing creative strategies to rope in and transition these new entrants into the higher levels of the financial pyramid by offering a wide array of financial services and opportunities over time.

So, while they may be competitors, we shall view the Telcos differently; as potential "partners" at different ends of the banking spectrum, who efficiently on board new customers and thus broaden the potential banking space.

We are also cognizant of the fact their presence will be a predicate for the eventual acceleration of cash and transaction movement from the informal to the formal banking sector, thus fueling the growth of new financial consumers that only banks are best positioned to serve.

In pursuing this agenda, we recognize that the BoG has moved in with a very robust regulatory framework to govern banking business and to provide security for customer deposits. This is the challenge for banking going forward and I am happy to inform you that your Bank has developed the appropriate governance framework that is consistent with the prudential guidelines set by the central bank.

Chairman's Statement (cont'd)

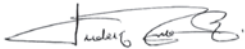
Appreciation

The year 2018 was a relatively successful year, but certainly challenging as well. I will like to place on record that we have been able to achieve these impressive results due to the loyalty of our customers and their trust in our brand, and the hard work of our management and staff, who have worked relentlessly to ensure “a great experience for our customers”. It is therefore with a deep sense of appreciation that I say a big thank you to our customers and the management and staff of the Bank.

Ladies and Gentlemen, let me acknowledge Messrs. Deloitte & Touche, who replaced KPMG as the new auditors of the Bank. This year marks their first audit report for the Bank. We look forward to a fruitful relationship during their tenure.

On behalf of the Board, I say a big thank you to our shareholders for the support they continue to give to the Bank.

Thank you so much for the opportunity to be of service.



Jude Kofi Arthur
Chairman

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Managing Director's Review of Operations



Dear Shareholders,

We are delighted to present the results of the Bank's performance for the year 2018. We have not relented on our mission to make GCB Bank the best performing bank in Ghana. I can announce, that the Bank's performance has improved significantly and I would like to thank all stakeholders who have contributed immensely to this performance. The year 2018 was a very difficult one especially as GCB Bank had to deal with the challenges of the assumption of two Banks under a Purchase and Assumption agreement. Amongst these challenges was an attendant cost hike with the consequent downturn in profit culminating in one of the lowest dividend payout in 2017. However, with sound managerial practices and determination on the part of the Board and Management, as well as the committed Staff, the Bank has grown into a bigger and better Bank recording a marked profit in 2018.

Economic Environment

Ghana achieved macroeconomic stabilization under the Extended Credit Facility Programme with the International Monetary Fund (IMF) which ended in April 2019.

In spite of the challenges faced in the non-oil sector of the economy, Ghana achieved an impressive average growth rate of 6.1% in September, 2018 compared with an

average 9.1% in corresponding period in 2017. The target for 2018 stands at 5.6%.

On the fiscal front, total revenue and grants amounted to GH¢47.64 billion compared with the programmed target of GH¢49.05 billion. Direct taxes rose by 40.1% in 2018 compared to 2017 and indirect tax intake also rose by 12.2% in 2018 as against 2017. Total revenue and grants fell below programmed target by 1.1% in December, 2018.

The total expenditure amounted to GH¢59.31 billion in 2018, was marginally below the target of GH¢60.03 billion. The performance of the budget, based on preliminary banking data, indicated an overall deficit (on cash basis) of 3.8% of rebased GDP in 2018. Consistent with expenditure plans, the deficit was financed from both domestic and foreign sources.

Concerning the country's external debt, the ratio of the national debt as a percent of rebased GDP rose from 54.1% in 2017 to 57.2% in the year 2018.

Developments in the Banking Sector

The banking sector underwent stringent reforms which saw the withdrawal of licenses of seven banks and the merging of others. Banks had to recapitalize with the capital requirement being raised from GH¢120.00 million to GH¢400.00 million. The exercise, which was completed in December 2018, reduced the number of banks from thirty-four (34) to twenty-three (23).

The main thrust of the reform was to revitalize the sector so as to contribute immensely and appropriately to the Government transformation agenda. In the end, the banking sector has become resilient, liquid and stronger. It is noteworthy that the Bank of Ghana still remains committed to strengthening the supervisory and regulatory framework to ensure that the sector is well-managed and better supervised to restore and maintain much-needed confidence.

Corporate Governance

In the wake of these reforms GCB Bank is committed to ensuring effective corporate governance and sound risk management. The Board, with its various committees, and the Management worked to ensure sound business management practices throughout the Bank. In furtherance of this objective, we also continue to institute a culture of ethical banking through our rigorous management framework.

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

Financial Performance

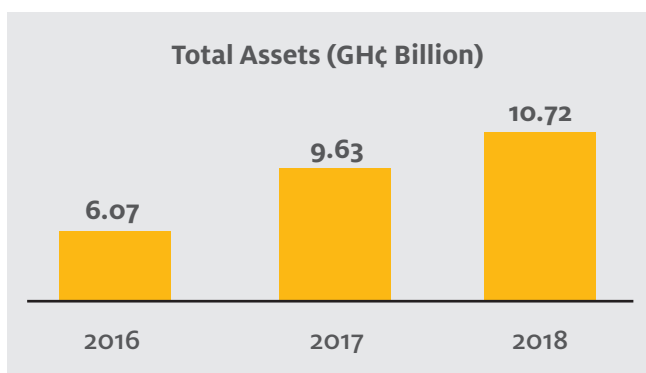
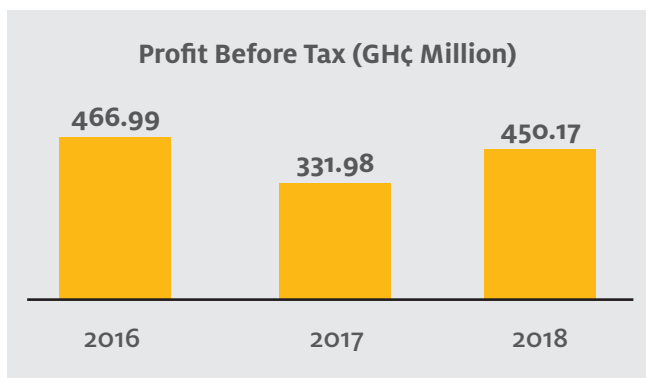
The Bank recorded a Profit before Tax (PBT) of GH¢450.17 million as against last year's PBT of GH¢331.98 million. This represents an increase of 35.6% over the year 2017. A combination of increase in Interest Income, Net Trading Income and Commission and Fees as well as stabilized Operating Expense levels accounted for the increase in profit.

Total assets increased from GH¢9.63 billion in 2017 to GH¢10.72 billion in 2018, up 11.4% over the previous year. The increase in total assets was due to increase in customer deposits, which grew by 20.3 % from GH¢ 6.92 billion in 2017 to GH¢ 8.30 billion in 2018.

Similarly, loans and advances increased from GH¢2.1 billion in 2017 to GH¢2.8 billion in 2018, constituting 33.3% growth.

Strategic Developments

The increased competition in the banking industry coupled with the sophisticated nature of customers has resulted in, amongst other things, seamless technological advancements. It is pleasing to inform you about several projects that was undertaken in 2018.



GCB Custody Services Department.

The Bank acquired a license from the Securities and Exchange Commission under the Securities Industries Act 929, 2016 to establish a department known as Custody Services to operate as a pension and investment custodians on behalf of fund owners and investors.

GCB Securities Ltd.

The Bank repositioned its subsidiary and changed its name from Development Finance & Holdings Limited to GCB Securities Limited. The subsidiary is responsible for all investment banking and brokerage services of the Bank. Under the year under review, it started to pursue the new strategic direction.

Cards Development

The Bank procured the secured EMV Chip and Pin Card to replace the Magnetic Stripe Cards in circulation. The Cards are being issued instantly in the majority of our branches.

Digitization of Processes

The Bank completed the centralization of its back office operations and the digitization of archival records. By this we expect to see a reduction in operational risk and cost as well as enhanced back office processing for efficient customer service. In respect of this initiative, the Bank put in place a process to digitize customer records right from the point of the inception of the bank-customer relationship.

Corporate Social Responsibility

Besides our primary aim to always create value for our shareholders, the welfare of communities we serve has been our concern. During the year under review, the Bank undertook several projects and initiatives in education, sanitization, environment and health including the renovation of the Orthopedic and Accident Centre and donation of medical equipment to the Korle – Bu Teaching Hospital. Others were funding the establishment of Dialysis Unit at the 37 Military Hospital and donation of computers to the Ghana News Agency and Benkum Senior High School.

Awards

I am glad to announce to you that by dint of commitment service and hard work, the Bank was adjudged the best in

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

corporate social responsibility in the year under review by the Chartered Institute of Marketing Ghana (CIMG), the Student Bank of the Year by the National Students Awards and the Most Compliance Focused Bank of the Year by the Association of Certified Compliance Professionals in Ghana (ACCPA).

Our Strategic Focus for 2019

Notwithstanding the challenges and competitive nature of the industry, Management is poised to follow the letter and spirit of the new Strategic Plan which seeks to transform the fortunes of the Bank in 2019 and beyond. Our priorities for 2019 is to focus on the following strategies:

- To optimize e-banking to its full potential.
- To improve customer experience and sales generation.
- Introduction of mortgage financing as a new product.
- Upgrade the GCB Learning Centre to run both internal and external programs.

Conclusion

I express my profound gratitude to the Board and management for their tremendous support during the year under review. I also express my deepest appreciation to the employees of the Bank for their hard work, and to all stakeholders of the Bank for the services rendered that has culminated in the results we have today. I am finally very grateful to our cherished customers for choosing GCB Bank as their Bank for life. It is because of you that we have been able to post the above results.

Thank You.



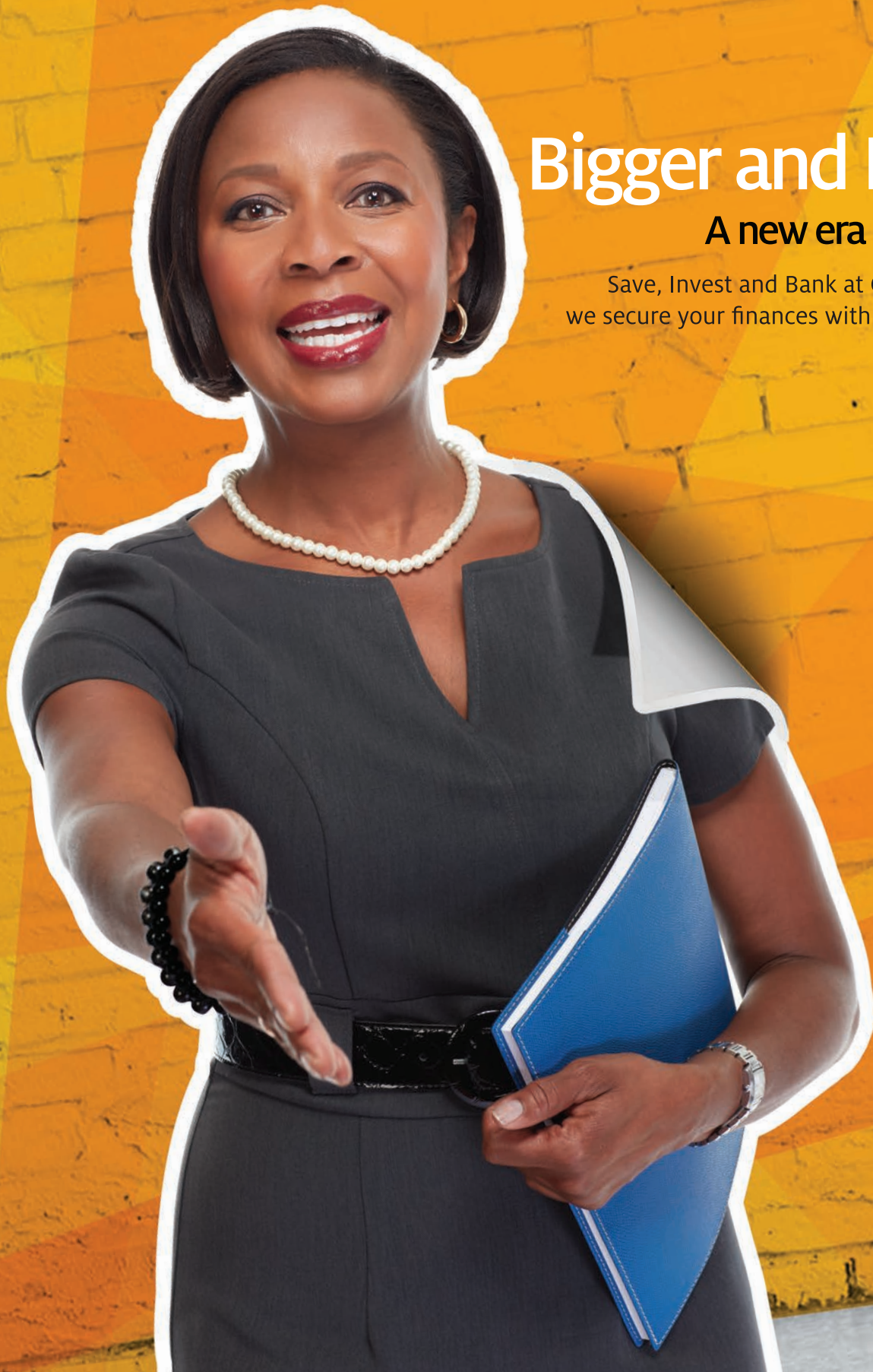
Mr. Anslem Ransford Adzete Sowah

Managing Director

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Report of the Directors

to the members of GCB Bank Limited

The Directors are pleased to submit their report on the consolidated and separate financial statements of GCB Bank Limited for the year ended 31 December 2018.

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 statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended and notes to the financial statement, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, the Companies Act 1963, (Act 179) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). In addition, the Directors are responsible for the preparation of the Report of the Directors.

The Directors are also responsible for such internal controls 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 has a universal license and is registered to carry on the business of consumer and corporate banking and treasury activities. The Board of directors amended the principal activities of the subsidiary GCB Securities Limited (formerly, Development Finance & Holdings Limited), to include brokerage and fund management. Prior to the amendment, the subsidiary engaged solely in financing of development project and equity investment.

Shareholding Structure

Details of the Bank's twenty largest shareholders are disclosed in Note 45a of the Annual Report.

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

Shareholder	Percentage Holding
Social Security and National Insurance Trust (SSNIT)	29.89%
The Government of Ghana	21.36%
Institutions and Individuals	48.75%
Total	100%

Subsidiary And Associate

GCB Securities Limited (formerly, Development Finance & Holdings Limited), a company incorporated in Ghana to engage in investment banking activities, is a wholly owned subsidiary of the Bank.

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

The Bank in addition holds indirect interest of 20%, 25% and 34% in Ghana Textiles Manufacturing Company, Accra Markets Limited and NCR Ghana Limited respectively through its subsidiary.

Ghana Textiles Manufacturing Company is a company engaged in the production and processing of textile as well as warehousing.

Report of the Directors

to the members of GCB Bank Limited - cont'd

Accra Markets Limited is a company incorporated in Ghana whose principal business is the management of the Kaneshie Market Complex.

NCR Ghana Limited is a leading technology and omni channel solutions company incorporated in Ghana.

The financial results of the Group for the year ended are set out in the financial statements highlights of which are as follows:

Figures in thousands of Ghana Cedis	2018		2017	
	Bank	Group	Bank	Group
Profit for the year (attributable to equity holders)	323,132	326,741	212,715	234,598
to which is added the balance brought forward on retained earnings of	789,264	870,198	700,426	759,477
	1,112,396	1,196,939	913,141	994,075
out of which is transferred to the statutory reserve fund of	(80,783)	(80,783)	(26,589)	(26,589)
and transfers from/ (to) credit risk reserve of	-	-	3,412	3,412
IFRS 9 impact upon initial application	(88,021)	(88,021)	-	-
and transfer to stated capital	(416,468)	(416,468)	-	-
and dividend declared and paid of	(26,500)	(26,500)	(100,700)	(100,700)
	611,772	(611,772)	(123,877)	(123,877)
leaving a balance to be carried forward on retained earnings of	500,624	585,167	789,264	870,198

In accordance with section 34 (1) of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930), an amount of GH¢80,783,000. (2017: GH¢26,589,000) 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¢ 354,845,000 (2017: GH¢274,062,000).

The Directors recommend the payment of dividend of GHp 30 (2017: GHp 10) per share amounting to GH¢79,500,000 (2017: GH¢26,500,000)

Related Party Transactions

The Bank has in place policies and procedures to ensure that all related party transaction are carried out at arm's length. The Board ensures that transactions with related parties including internal group transaction are reviewed to assess its risk and are subject to appropriate restrictions by requiring that such transactions be conducted on non-preferential terms.

Information regarding Directors' interests in ordinary shares of the Bank and remuneration is disclosed in Note 42 to the financial statements. Other than service contracts, no Director had a material interest in any contract to which any Group company was a party during the year. Related party transactions and balances are also disclosed in Note 42 to the financial statements.

Report of the Directors

to the members of GCB Bank Limited - cont'd

Biographical information of Directors

No.	Name	Profession	Status	Born	Appointed date
1.	Mr. Jude Kofi Arthur	Banker/Governance Consultant	Board Chairman	1955	06/04/2017
2.	Mr. Anselm Ransford Adzete Sowah	Banker	Managing Director	1957	06/04/2017
3.	Mr. Socrates Afram	Chartered Accountant	Deputy Managing Director, Finance	1973	24/03/2016
4.	Mr. Samuel Amankwah	Banker	Deputy Managing Director, Operations	1960	25/10/2017
5.	Mrs. Lydia Gyamera Essah	Banker, Management & Banking Consultant	Non-Executive Director	1955	06/04/2017
6.	Mr. Nik Amarteifio	Director/ Business Executive	Non-Executive Director	1945	07/06/2017
7.	Nana Ama Ayensua Saara III	Business Executive/ Traditional Ruler	Non-Executive Director	1970	07/06/2017
8.	Mr. Osmani Aludiba Ayuba	Accountant	Non-Executive Director	1971	25/10/2017
9.	Mr. Francis Arthur-Collins	Information Technologist	Non-Executive Director	1956	25/10/2017
10.	Mr. Emmanuel Ray Ankrah	Chartered Accountant	Non-Executive Director	1962	25/10/2017
11.	Alhaji Yakubu Adam Alhassan	Banker/ Business Executive	Non-Executive Director	1966	12/07/2018
12.	Mr. Edward Prince Amoatia Younge	Marketing Consultant	Non-Executive Director	1964	20/12/2018
13.	Mr. Richard Oppong (Resigned 4/05/2018)	Banker	Non-Executive Director	1965	07/06/2017

Role of the Board of Directors

The Directors are responsible for the long term success of the Bank, determining the strategic direction of the Bank and reviews operating, financial and risk exposures of the Bank. There is a formal schedule of matters reserved for the board of Directors, including approval of the Bank's annual business plan, the Bank's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Bank's dividend policy, transactions involving the issue or purchase of the Bank's shares, borrowing powers, appointments to the Board, alterations to the regulations, legal actions brought by or against the Bank and the scope of delegation to Board committees, subsidiary boards and management committees. Responsibility for the development of policy and strategy and operational management is delegated to the executive Directors and a management committee, which as at the date of this report includes the executive Directors and thirteen (13) senior managers.

Internal Control System

The Directors have overall responsibility for the Bank's internal control systems and annually review their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive Directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material

Report of the Directors

to the members of GCB Bank Limited - cont'd

misstatement or loss. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Group as at the reporting date and found no significant failings or weaknesses during this review.

Directors' Performance Evaluation

Every year the performance and effectiveness of the Board of Directors ("the Board"), its committees and individual Directors is evaluated. The evaluation is conducted by assessing the Board structure and committees, Board Meetings and Procedures; Board Management Relations; Succession Planning and Training. The results of the evaluation is shared with all members of the Board. Overall, it was noted that the board of Directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

Professional Development and Training

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in depth knowledge about the Bank's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Bank operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Bank's businesses. This further provides insights about the banking sector and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

Conflict of Interest

The Bank has established appropriate conflict authorisation procedures, under which actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

Board Balance and Independence

The composition of the Board of Directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers the Chairman to be independent. Non Executive Directors are independent as it pertains to the management of the company. The continuing independence and objective judgment of the non Executive Directors has been confirmed by the Board of Directors.

Corporate Social Responsibility

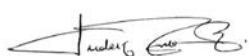
Corporate social responsibility activities can be found in note 41.

The Directors confirm that to the best of their knowledge:

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

Approval of consolidated and separate financial statements

The consolidated and separate financial statements set out on pages 44 to 141, which have been prepared on the going concern basis, were approved by the board of directors on March 21, 2019, and were signed on its behalf by:



Jude Kofi Arthur
Chairman



Anselm Ransford Adzete Sowah
Managing Director

Corporate Governance

Dear Shareholders,

I am pleased to present our Corporate Governance statement for the year 2018. This statement describes the governance structures, practices and policies that GCB Bank Limited (the Bank) applies in order to ensure the reliability, independence and integrity of decision-making as well as the proper controls associated with the Bank. The Bank is committed to fulfilling its Corporate Governance obligations and responsibilities in the best interests of the Bank, shareholders, and other stakeholders.

GCB Bank Limited is committed to best practice and has adopted the Corporate Governance Framework in accordance with global Corporate Governance principles, laws of Ghana such as Company Act 1963 (Act 179), the Bank & Specialised Deposit Taking Institutions Act 2016, Act 930, Bank of Ghana Corporate Governance Directive 2018 and Fit and Proper Directive 2018. It is our business to ensure good corporate governance and its associated values are embedded into the thinking and processes of the business driven by the Board.

The Corporate Governance Statement provides an overview of key roles and responsibilities of the Board and how the Board spent its time in 2018.

The Board (the Governing Body)

The Board is the custodian of the Bank's Values and of its long-term vision and provides strategic direction and guidance for the Bank. To this end, the Board has developed a robust Corporate Governance Framework which guide the way the Bank is governed.

The Board is ultimately responsible for the adherence to the Corporate Governance Framework and the in-built Board Protocol. The Corporate Governance Framework is reviewed on an annual basis.

The Board is the ultimate decision-making body for the Bank and ensures that the Bank's governance processes align with the Bank of Ghana Directives, Securities & Exchange Commission Guidelines, Ghana Stock Exchange and other regulatory framework on Corporate Governance. In 2018, the Board spent time focusing on forward-looking matters, including Digitalisation, ring-fencing preparations for implementation of our strategic objectives; innovation; technology; and culture.

Roles and Responsibilities

The Board

The Board is collectively responsible for the long-term success of GCB Bank Limited and the delivery of sustainable shareholder value. The terms of reference include a formal schedule of matters specifically reserved for the Board's decision and matters under delegated authority which are reviewed annually.

The role of the Board is to provide leadership of the Bank within the boundaries of Risk Appetite and a framework of prudent and effective controls which enable risk to be identified, assessed, measured and controlled. The Board sets the Bank's strategic aims and risk appetite to support the strategy, ensuring that the necessary financial and human resources are in place for the Bank to meet its objectives.

Separation of the Chairman and Managing Director Roles

There is a clear division of roles and responsibilities between the Board Chairman (who is a Non-Executive Director and heads the Board) and the Managing Director is an Executive Director who heads the Executives Directors, Executive Committee (EXCO) and Management Committee (MANCO). The Board has delegated authority to the Managing Director.

The separation of authority is set out in writing and agreed by the Board in the Corporate Governance Framework. This enhances independent oversight of Executive Management by the Board and helps to ensure that no one individual on the Board has autonomous power, influence or authority.

Corporate Governance (cont'd)

Board Composition

The Board is made of twelve (12) Directors, of whom nine (9) are Non-Executive Directors and three (3) Executive Director. Members (Executive or Non-Executive Directors) have clearly defined roles within our Board structure documented in the Corporate Governance Framework.

Executive /Non- Executive Directors

The Non- Executive Directors combine broad business and commercial experience with independent and objective judgment and they provide independent challenge to the Executive Directors and the leadership team. The balance between Non-Executive and Executive Directors enables the Board to provide clear and effective leadership across the Bank's business activities.

Board Committees

There are six (6) committees that assist the Board in carrying out its responsibilities. In deciding committee memberships, the Board endeavours to make the best use of the range of skills and experience across board and share responsibility. Membership is re-constituted on the appointment of new Directors to include new members on the Committees. That notwithstanding, membership of the Committees is reviewed on an annual basis.

To ensure effective oversight leadership, the Board receives the minutes/reports of all committee meetings at Board meeting for ratification and approval.

The Committees' membership and functions are as follows:

Audit and Compliance Committee

The Audit and Compliance Committee is chaired by Mr. Emmanuel Ray Ankrah (an Independent Non-Executive Director) and other members include Mr. Nik Amarteifio, Mrs. Lydia Essah, Mr. Osmani Ayuba, Alhaji Alhassan Adam Yakubu

The functions of the Committee among others include the following:

- Overseeing the Internal Audit Co-sourcing arrangement;
- Reviewing the expertise, resources and experience of the Bank's finance function;
- Monitoring and reviewing the integrity of the financial statements of the Bank including its monthly, quarterly, bi-annual and annual reports, trading statements and any other formal announcement relating to its financial performance, and reviewing any significant financial reporting issues and/or judgments contained therein;
- Overseeing the compliance function to ensure adherence to applicable laws and operating standards;
- Recommending the appointment of the External Auditor and to oversee the external process;
- Approving Internal Audit plans, monitoring & reviewing the effectiveness of the Bank's internal controls and internal audit function; and
- Operating as an overseer and a maker of recommendations to the Board for its consideration and final approval.

Risk and Capital Management Committee

The Risk and Capital Management Committee is chaired by Mrs. Lydia Essah (a Non-Executive Director). The other members are Mr. Francis Arthur- Collins, Nana Ama Ayensua Saara III and Mr. Emmanuel Ray Ankrah

The functions of the Committee among others include the following:

- Establishing, reviewing, and recommending to the Board the Bank's overall Risk Appetite as well as assessing the appropriateness of the strategy in the context of the Risk Appetite, taking account of the current and prospective macroeconomic and financial environment.
- Reviewing and recommending the Bank's Risk Management Framework (i.e. policies, processes, models and limits) to manage and mitigate risk within the approved Strategy and Risk Appetite to the Board for approval.

Corporate Governance (cont'd)

- Monitoring the Bank's risk exposures through the;
 - o review of the Bank's risk profile
 - o Review of management reports, monthly "key performance Indicators (KPIs), reports on any material breaches of risk limits, on the nature and extent of risk exposures of the Bank.

Human Resource (HR) and Remuneration Committee

The HR and Remuneration Committee is chaired by Nana Ama Ayensua Saara III (a Non-Executive Director). The other members are Mrs. Lydia Essah, Mr. Osmani Ayuba and Mr. Emmanuel Ray Ankrah.

The functions of the Committee among others include the following:

- Establishing employment policies to support approved HR strategy;
- Overseeing the establishment of remuneration policies that promote the achievement of strategic objectives and encourage individual performance;
- Considering risk to the Bank, which may arise from remuneration policies and practices that drive organisation behaviours;
- Regularly reviewing incentives scheme to ensure continued contribution to shareholders' value;
- Advising the Board on the remuneration of Non-Executive Directors; and
- Overseeing the development and maintenance of the Code of Professional Conduct and monitoring compliance

Credit Committee

The Credit Committee is chaired by Mr. Osmani Ayuba (a Non-Executive Director). The other members are Mr. Nik Amarteifio, Mrs. Lydia Essah, Alhaji Alhassan Adam Yakubu and Nana Ama Ayensua Saara III.

The functions of the Committee among others include the following:

- With the delegated responsibility assigned to them by the Board, the Committee makes recommendations for approval by the Board in respect of credit requests made by customers;
- Reviewing sector, single name, and product/asset class concentration exposure reports in order to manage large credit exposures, and escalate any breaches to the Board taking into account the relevant Bank of Ghana publications;
- Reviewing at least annually, limits with respect to concentration risk, and make recommendations to the Board as necessary;
- Reviewing and monitoring the large credit exposure reports received from Management, and ensure that exposures are maintained within Bank of Ghana and Board-approved limits; and
- Determining if additional Management action is required to manage or mitigate the large credit exposures risk, and escalate issues to the Board where it is deemed appropriate to do so.

Nominations & Monitoring Committee

The Nominations & Monitoring Committee is chaired by Mr. Nik Amarteifio (a Non- Executive Director). The other members are Alhaji Alhassan Adam Yakubu, Mr. Emmanuel Ray Ankrah and Mr. Francis Arthur-Collin.

The functions of the Committee among others include the following:

- Regularly reviewing the structure, size and composition of the Board;
- Giving full consideration to succession planning for Directors and other Senior Management;
- Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

Corporate Governance (cont'd)

- Evaluating the balance of skills, knowledge, experience and diversity on the Board prior to any appointment to the Board;
- Preparing a job specification, including the time commitment expected for the appointment of a Board Chairman;
- Reviewing the results of the evaluation of Board performance;
- Keeping under review the leadership needs of the Bank, Executive and Non- Executive;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings; and
- Evaluating the Chairpersons of the various Committees.

Procurement and IT Committee

The Procurement and IT Committee is chaired by Mr. Francis Arthur-Collins (a Non- Executive Director). The other members are Mr. Nik Amarteifio, Mr. Osmani Aludiba Ayuba and Nana Ama Ayensua Saara III.

The functions of the Committee among others include the following:

- Overseeing the development of GCB Bank's Procurement Policy;
- Oversight and reviewing of tender process and appropriate probity processes to ensure the ethical procurement of goods and services to ensure compliance with the Procurement Policy;
- Ensuring strategic procurement objectives are developed and implemented through a procurement strategy to ensure that major investment decisions are procured strategically to enable prudent and efficient outcomes through market engagement;
- Reviewing and monitoring development of strategic business initiatives to ensure procurement policies, procedures and frameworks are consistent with the strategic planning and performance objectives of the Bank;
- Ensuring that disposal of assets accords with GCB Bank's Asset Disposal Policy, through a competitive process, where applicable; that there is no negligence when writing-off asset(s); Review and monitor procurement performance to ensure alignment with the Bank's strategic objectives relating to service quality, efficiency, profitability and growth;
- Assessing the adequacy and effectiveness of internal controls and risks as they relate to procurement activities;
- Review and monitor procurement performance assessment and processes to identify improvement opportunities for the future;
- Reviewing, and approving IT strategic plans, oversee major initiatives, and allocate resources; and
- Establishing IT priorities for the Bank as a whole.

The Company Secretary

The Board upon the retirement of Mrs. Helen Addo, appointed Ms. Amma Agyeman Kusi- Appouh as the substantive Company Secretary of the Bank in 2018 with the approval of Bank of Ghana.

The Company Secretary works closely with the Chairman, Directors and Senior Management to ensure effective functioning of the Board and appropriate alignment and information flows between the Board and its committees, including the Executive Committee. This includes Board succession planning, induction, and professional development; and providing support and advice to the Board on a broad range of strategic, governance, legal and regulatory issues.

The Company Secretary provides advice and support to the Board, responsible for managing the Bank's Corporate Governance Framework, and is accountable to the Board, through the Chairman, on all matters relating to the proper functioning of the Board and its Committees.

Corporate Governance (cont'd)

GCB Bank Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and Board Committee charters and procedures.

Board Activities and Development

Annual Work Plan

The Board of Directors' work follows an Annual Work Plan that covers all the necessary areas of its work during the year and the division of responsibilities within the Board, with specific responsibilities for the Chairman.

Some of achievements in 2018 among others were:

- a. Successful integration of the systems of the erstwhile UT and Capital Banks;
- b. The Bank's Digitalisation transformation agenda;
- c. Front and back office automation;
- d. CPC and Data Centre; and
- e. Stakeholder meetings with Bank of Ghana, Shareholders Association and the Employees Unions of the Bank.

Board Development

Directors had a robust induction to the Bank including the Bank's business operations, legal and regulatory environment. The Directors have access to and regularly been briefed on both national and global trends in the banking sector; and external expert briefings and training. The Training and Development program for the Board in 2018 were on the following areas:

- a. Strategy, Risk and reputation;
- b. Women on Boards: Succeeding as a Board Member;
- c. Corporate Governance: Effectiveness & Performance in the Boardroom and Digitalisation
- d. Closing the Gap between Governance & Performance;
- e. Corporate Governance Directives; and
- f. Documentary Credit Operations.

Board Performance Evaluation

The Board reviews its performance, and the performance of individual Directors, every year. This process is led by an external consultant bi-annually.

As part of the annual evaluation process, the Board evaluates the quality of the Board meetings and the way the Chairpersons chair the meetings. The various committees and their meetings proceedings are also evaluated to improve leadership, clarify roles and responsibilities, and improve teamwork, greater accountability, better decision-making, improved communication and more efficient Board operations.

Board Meetings and Attendance

The Board met regularly in 2018, the year under consideration and had strategy/Retreat sessions. The Board Annual Work Plan which entails scheduled meetings, strategy session and Board Retreat was followed. The scheduled meetings ensure that the Board fulfils its oversight and foresight roles effectively. In addition, Directors were engaged in strategy dialogues throughout the year in the pursuance of the Bank's overall performance. Internal stakeholder engagement was key to all board activities so there was enterprise-wide understanding of the Bank's strategic direction and operations.

Corporate Governance (cont'd)

Below is the tabled attendance for Board and Committee Meetings in the year 2018.

Name of Director	Board Meetings	HR & Rem Committee	Nominations & Monitoring	Risk Capital	Credit Committee	Procurement	Audit & Compliance
Mr. Jude Arthur	27/27	-	-	-	-	-	-
Mr. Anselm R. A. Sowah	20/27	-	-	-	-	-	-
Mr. Socrates Afram	24/27	-	-	-	-	-	-
Mr. Samuel Amankwah	26/27	-	-	-	-	-	-
Mr. Nik Amarteifo	27/27	-	11/11	-	1/3	4/4	5/5
Mr. Ray Ankrah	20/27	2/4	0/4	4/6	3/3		8/8
Mr. Francis Arthur-Collins	26/27	-	11/11	4/6	-	4/4	-
Mr. Osmani Aludiba Ayuba	25/27	4/4	6/7	-	3/3	4/4	7/8
Mrs. Lydia Essah	26/27	4/4	-	6/6	3/3	-	6/6
Nana Ama Ayensua Saara III	17/27	4/4	-	4/6	-	3/4	6/6
Alhaji Alhassan Adam Yakubu	14/14	-	4/4	-	2/2	-	4/4
Mr. Edward Prince Amoatia Younge	1/1	-	-	-	-	-	-

Directors' Remuneration

The Non-Executive Directors are paid annual fees and a sitting allowance for Board and Committee meetings attended. The remuneration is not performance based and is approved by Shareholders at Annual General Meeting.

Conflicts of interests

The Corporate Governance Framework contains GCB Bank Limited's guidelines for dealing with conflicts of interest on the Board. The Framework has been approved which sets out how actual, potential or perceived conflicts of interest are to be identified, reported and managed to ensure that Directors act at all times in the best interests of the Bank.

Details of all Directors' conflicts of interest are recorded in an Interests Register which is maintained by the Company Secretary and reviewed annually by the Board.

Effectiveness of the Board

The Board is structured to ensure that the Directors provide GCB Bank Limited with the appropriate balance of skills, experience and knowledge as well as independence. Given the nature of GCB Bank's businesses, experience of banking and financial services is clearly of benefit, and we have a number of Directors with the right skill and experience mix. The Board also benefits from Directors with experience in other fields.

Corporate Governance - cont'd

Board's relations with Investors

The Board is responsible for ensuring effective communication with shareholders. The Bank communicates with shareholders through the Annual Report and Accounts and by providing information in advance of the Annual General Meeting. Individual shareholders can raise matters relating to their shareholdings and the business of GCB Bank at any time throughout the year by letter, telephone or email via shareregistry@gcb.com.gh. Shareholders are given the opportunity to ask questions at the Annual General Meeting and any General Meetings. Chairpersons of the various Board Committees are available to answer questions at the Annual General Meeting.

Issues from Shareholders through correspondence are also attended to and addressed by the Board, the Secretariat and the Share Registry Department.

The Board had Shareholder's engagement in the year and addressed some of the concerns of our shareholders.

Internal Controls

The Audit and Compliance Committee is responsible for the effectiveness of internal controls. The Committee's internal controls relating to the financial reporting process, which are designed to ensure that accounting policies are consistently applied, transactions are recorded and undertaken in accordance with delegated authorities, that assets are safeguarded and liabilities are properly recorded; and enable the calculation, preparation and reporting of financial, prudential regulatory and tax outcomes in accordance with applicable national and international financial reporting standards and regulatory requirements. The Board ensures that any changes in regulations are monitored and put in place.

The Bank continues to invest in strengthening our internal audit (as first line of defense), Compliance (second line of defense) and Risk Management (third line of defense) through a Combined Assurance Framework, which are also subject to regular independent assurance revisions.

Independent Auditor's Report

to the members of GCB Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of GCB Bank Limited set out on pages 44 to 141, which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of GCB Bank Limited as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1963, (Act 179) and the Banks and Specialised Deposits Taking Institutions Act 2016, (Act 930).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Bank in accordance with the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and other independence requirements applicable to performing audits of consolidated and separate financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IFAC Code and in accordance with other ethical requirements applicable to performing audits in Ghana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

to the members of GCB Bank Limited - cont'd

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>IFRS 9 Impairment</p> <p>As described in note 28 to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments.</p> <p>This was considered a key audit matter as IFRS 9 is a new and complex accounting standard, which requires significant judgment to determine impairment at year-end. These include:</p> <ul style="list-style-type: none"> • Determining the staging of financial assets of the Group which includes establishing groups of similar financial assets; • Determining criteria for significant increase in credit risk; • Determination of the probability of default (PD) and Loss Given Default (LGD), which includes establishing the relative weightings of forward-looking scenarios for each type of loan and the associated Expected Credit Loss (ECL); • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices) and; • The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model. 	<p>In assessing impairment reserve, we performed the following procedures:</p> <p>We gained understanding of the Group's key credit processes comprising granting, booking, monitoring and provisioning.</p> <p>We read the Group's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9.</p> <p>We assessed the modeling techniques and methodology against the requirements of IFRS 9.</p> <p>We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models used by the Group to determine impairment provisions. We examined a sample of exposures and performed procedures to evaluate the following:</p> <ul style="list-style-type: none"> • Data used to determine the impairment, including transactional data captured at loan origination, ongoing internal credit quality assessments; • Expected credit loss model, including the models developed and approved, ongoing monitoring/validation, model governance and mathematical accuracy; • Appropriateness of the Group's staging; • Basis for and data used to determine overlays; • For Probability of Default (PD) used in the ECL calculations we checked the Through the Cycle (TTC) PDs calculation and checked the appropriateness of conversion of the TTC PDs to point in time (PIT) PDs; • Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations;

Independent Auditor’s Report

to the members of GCB Bank Limited - cont’d

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> • Calculation of the Loss Given Default (LGD) used by the Group in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations; • For forward looking assumptions used by the Group’s management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information; • Completeness of loans and advances, off balance sheet items, investment securities, placements and other financial assets included in the ECL calculations; • Other key modeling assumptions adopted by the Group; and • Challenged the appropriateness of the models and management assumptions included in the ECL calculations. <p>We also performed procedures to ensure the competence, objectivity and independence of the Group’s consultant.</p> <p>We involved our credit specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model).</p> <p>We checked the appropriateness of the opening balance adjustments and assessed the accuracy of the disclosures in the financial statements.</p> <p>We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We considered the disclosure of loan impairment to be appropriate and adequate.</p>

Independent Auditor's Report

to the members of GCB Bank Limited - cont'd

Derivatives	How our audit addressed the Key Audit Matter
<p>The Group started trading in derivative financial instrument, specifically foreign currency swaps during the year.</p> <p>Although there was no receivable or payable balance at year-end, IFRS 9 requires that all these derivatives be fair valued at settlement date.</p> <p>The valuation of derivatives are connected to significant measurement uncertainty given the complexity of valuation models and the significance of the judgments and estimates made by management. Hence, we considered this as a key audit matter.</p> <p>The Group currently records these transactions in their general banking software. The nature of these contracts necessitates a separate system to record and track each contract and calculate the related valuations at each financial reporting date or settlement date.</p> <p>Refer to note 14 of the consolidated and separate financial statements.</p>	<p>In assessing the derivatives, we performed the following procedures:</p> <ul style="list-style-type: none"> • We obtained an understanding of the derivative transactions and an understanding of the risk management policies. • We involved our financial instrument valuations team in recalculating the fair value at settlement dates and; • We also tested the net loss on the derivative transactions. <p>We considered the appropriateness of disclosures in relation to derivative financial instruments.</p>
Valuation of Unlisted Equities	How our audit addressed the Key Audit Matter
<p>The valuation of the Group's unlisted financial assets held at fair value was a key area of audit focus due to the complexity involved in the valuation process.</p> <p>The valuation of unlisted equity falls under Level 3 inputs as prescribed by IFRS 13- Fair value measurements due to the lack of observability in trades for these instruments.</p> <p>Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</p> <p>Management makes significant judgements because of the complexity of the techniques and assumptions used in valuing some of the level 3 investment securities given the limited external evidence and unobservable market data available to support the Group's valuations.</p> <p>Refer to note 29 of the consolidated and separate financial statements.</p>	<p>We assessed the design and implementation of the Group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets.</p> <p>For the more judgmental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Group.</p> <p>We also involved our valuation experts to assess the appropriateness of the methodologies used and found that these are reasonable in the context of the relevant investment securities held.</p> <p>In the context of observed industry practice, our own valuation specialists assisted us in challenging the appropriateness of the methodology used in calculating the fair values of these instruments.</p> <p>We also performed an independent valuation of a sample of these instruments.</p> <p>Due to the adoption of IFRS 9 and the election to restate comparatives, we assessed management's fair value performed for the 31 December 2017 unlisted equity positions.</p> <p>We considered the disclosure of fair valuation on unlisted equities to be appropriate and adequate.</p>

Independent Auditor's Report

to the members of GCB Bank Limited - cont'd

Other Matter

The consolidated and separate financial statements of GCB Bank Limited for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 May 2018.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 1963, (Act 179) of Ghana, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1963, (Act 179), and for such internal controls as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Consolidated And Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

Independent Auditor's Report

to the members of GCB Bank Limited - cont'd

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the components within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that;

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- The Group has kept proper books of account, so far as appears from our examination of those books; and
- The Group's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

The Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930) Section 85 (2) requires that we state certain matters in our report.

We hereby state that:

- The accounts give a true and fair view of the state of affairs of the Bank and the results of its operations for the period under review;
- We obtained all the information and explanations required for the efficient performance of our audit;
- The transactions of the Bank are within its powers;

Independent Auditor's Report

to the members of GCB Bank Limited - cont'd

- In our opinion the Bank has generally complied with the provisions of the Anti Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and the regulations made under these enactments; and
- Except as disclosed in notes 5 (l) relating to statutory breaches, the Bank has generally complied with the provisions of the Banks and Specialised Deposit – Taking Institutions Act 2016, (Act 930).

The engagement partner on the audit resulting in the independent auditors report is **Daniel Kwadwo Owusu (ICAG/P/1327)**.



For and on behalf of Deloitte & Touche (ICAG/F/2019/129)

Chartered Accountants

The Deloitte Place, Plot No. 71

Off George Walker Bush Highway

North Dzorwulu

Box GP 453

Accra, Ghana

29 March, 2019

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

Figures in thousands of Ghana cedis	Notes	2018		2017	
		Bank	Group	Bank	Group
Interest income	9	1,354,614	1,355,151	1,186,942	1,187,853
Interest expense	10	(388,048)	(388,048)	(292,542)	(292,542)
Net interest income		966,566	967,103	894,400	895,311
Fee and commission income	11	249,025	249,025	207,787	207,787
Fee and commission expense	12	(51,429)	(51,429)	(37,491)	(37,491)
Net fee and commission income		197,596	197,596	170,296	170,296
Net trading income	13	90,638	90,638	41,020	41,020
Net income from derivatives	14	(503)	(503)	-	-
Other revenue	15	6,266	5,992	7,437	17,386
Operating income		1,260,563	1,260,826	1,113,153	1,124,013
Loss on renegotiated loans	16	-	-	(1,543)	(1,543)
Other income	17	22,090	20,753	4,064	3,049
Net impairment loss on financial asset	18	(60,011)	(60,011)	(49,904)	(49,904)
Personnel expenses	20	(425,962)	(426,052)	(362,807)	(362,807)
Depreciation and amortisation	32,33	(91,495)	(91,495)	(57,757)	(57,757)
Other expenses	19	(258,803)	(259,103)	(336,312)	(336,374)
Operating profit		446,382	444,918	308,894	318,677
Share of profit of associates, net of tax	31	-	5,256	-	13,306
Profit before income tax		446,382	450,174	308,894	331,983
Income tax expense	21	(123,250)	(123,433)	(96,179)	(97,385)
Profit for the year		323,132	326,741	212,715	234,598
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Re-measurements on net defined benefit liability/asset		26,257	26,257	(19,898)	(19,898)
Income tax relating to items that will not be reclassified		(6,564)	(6,564)	4,975	4,975
Total items that will not be reclassified to profit or loss		19,693	19,693	(14,923)	(14,923)

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018 - cont'd

<i>Figures in thousands of Ghana cedis</i>	Notes	2018		2017	
		Bank	Group	Bank	Group
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		-	(3,903)	-	32,286
Fair value changes on financial assets at fair value through other comprehensive income		209	(14,792)	-	-
Fair value changes on available for sale financial assets		-	-	1,261	783
Share of comprehensive income of associates		-	(2,050)	-	2,483
Income tax relating to items that may be reclassified		45	4,010	(315)	(195)
Total items that may be reclassified to profit or loss		254	(16,735)	946	35,357
Other comprehensive income for the year net of taxation		19,947	2,958	(13,977)	20,434
Total comprehensive income for the year		343,079	329,699	198,738	255,032
Profit attributable to:					
Owners of the parent		323,132	326,741	212,715	234,598
Non controlling interest		-	-	-	-
		323,132	326,741	212,715	234,598
Total comprehensive income attributable to:					
Owners of the parent		343,079	329,699	198,738	255,032
Non controlling interest		-	-	-	-
		343,079	329,699	198,738	255,032
Earnings per share					
Basic earnings per share (GHP)	24	122	123	80	89
Diluted earnings per share (GHP)	24	122	123	80	89

The notes on pages 56 to 141 form an integral part of these financial statements

Statement of Financial Position

As at 31 December 2018

Figures in thousands of Ghana Cedis	Notes	2018		2017	
		Bank	Group	Bank	Group
Assets					
Cash and cash equivalents	25	1,953,620	1,953,620	1,022,684	1,022,684
Non-pledged trading assets	26a	80,004	80,004	10,079	10,079
Investments(other than securities)	29	4,227	41,275	3,782	6,902
Loans and advances to customers	28	2,799,041	2,799,041	2,099,330	2,099,330
Advances to banks	27	212,986	212,986	224,950	224,950
Investment securities	26	4,642,042	4,646,034	4,878,155	4,884,277
Investments in associates	31	28,274	81,482	28,274	88,460
Investments in subsidiaries	30	1,000	-	1,000	-
Deferred tax assets	23	55,645	47,872	31,898	32,095
Current tax assets	22	668	1,067	254	578
Intangible assets	33	190,901	190,901	152,349	152,349
Other asset	34	429,396	429,396	882,535	882,496
Property, plant and equipment	32	237,247	237,247	222,861	222,861
Total assets		10,635,051	10,720,925	9,558,151	9,627,061
Liabilities					
Deposits from banks & other financial institutions	35i	272,769	272,769	81,805	81,805
Deposits from customers	35ii	8,062,228	8,024,425	6,874,385	6,842,236
Borrowings	37	344,884	344,884	959,105	959,105
Employee benefit obligation	38	97,647	97,647	118,625	118,625
Other liabilities	36	532,106	531,456	411,081	411,131
Total liabilities		9,309,634	9,271,181	8,445,001	8,412,902
Equity					
Stated capital	39i	500,000	500,000	100,000	100,000
Retained earnings		500,624	585,167	789,264	870,198
Statutory reserve	39ii	354,845	354,845	274,062	274,062
Regulatory credit risk reserve	39iii	-	-	-	-
Fair value reserve	39iv	625	26,048	194	2,005
Other reserves	39v	(30,677)	(16,316)	(50,370)	(32,106)
Total shareholders' equity		1,325,417	1,449,744	1,113,150	1,214,159
Total liabilities and shareholders' equity		10,635,051	10,720,925	9,558,151	9,627,061

The notes on pages 56 to 141 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2018 - cont'd

The consolidated and separate financial statements and the notes on pages 44 to 141 were approved by the board of directors on the March 21, 2019 and were signed on its behalf by:



Mr. Jude Kofi Arthur
Chairman



Mr. Anselm Ransford Adzete Sowah
Managing Director

Statement of Changes in Equity

for the year ended 31 December 2018

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Bank								
Balance at 1 January 2018	100,000	194	(50,370)	274,062	-	223,886	789,264	1,113,150
Impact of IFRS 9 upon initial application (net tax)	-	-	-	-	-	-	(88,021)	(88,021)
Impact of IFRS 9 – Investment fair valuation adjustment Net of tax	177	-	-	-	177	-	177	-
Balance at 1 January 2018 after IFRS 9 application	100,000	371	(50,370)	274,062	-	224,063	701,243	1,025,306
Profit for the year	-	-	-	-	-	-	323,132	323,132
Other comprehensive income								
Fair value change in financial assets classified as FVOCI	-	254	-	-	-	254	-	254
Re-measurement of defined benefit liability	-	-	19,693	-	-	19,693	-	19,693
Total comprehensive income for the year	-	254	19,693	-	-	19,947	323,132	343,079
Statutory reserve	-	-	-	80,783	-	-	(80,783)	-
Total Transfer to reserves	-	-	-	80,783	-	80,783	(80,783)	-
Transactions with owners								
Dividends	-	-	-	-	-	-	(26,500)	(26,500)

Statement of Changes in Equity

for the year ended 31 December 2018 - cont'd

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Bank								
Capitalisation of retained earnings	400,000	-	-	-	-	-	(400,000)	-
Withholding tax on capitalisation	-	-	-	-	-	-	(14,468)	(14,468)
Stamp duty on capitalisation	-	-	-	-	-	-	(2,000)	(2,000)
Total transactions with equity holders	400,000	-	-	-	-	-	(442,968)	(42,968)
Balance at 31 December 2018	500,000	625	(30,677)	354,845	-	324,793	(500,624)	1,325,417

The accompanying notes are an integral part of these financial statements.

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Bank								
Balance at 1 January 2017	100,000	(752)	(35,447)	247,473	3,412	214,686	700,426	1,015,112
Profit for the year	-	-	-	-	-	-	212,715	212,715
Other comprehensive income	-	-	-	-	-	-	-	-
Available for sale financial assets	-	946	-	-	-	946	-	946
Re-measurement of defined benefit liability	-	-	(14,923)	-	-	(14,923)	-	(14,923)
Total comprehensive income	-	946	(14,923)	-	-	(13,977)	212,715	198,738
Bank								
Transfer to/from reserves	-	-	-	-	-	-	-	-

Statement of Changes in Equity

for the year ended 31 December 2018 - cont'd

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Statutory reserve	-	-	-	26,589	-	26,589	(26,589)	-
Regulatory credit risk reserve	-	-	-	-	(3,412)	(3,412)	3,412	-
Total transfer to /from reserves		-		26,589	(3,412)	23,177	(23,177)	
Transactions with shareholders	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(100,700)	(100,700)
Balance at 31 December 2017	100,000	194	(50,370)	274,062	-	223,886	789,264	1,113,150

The accompanying notes are an integral part of these financial statements.

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Group								
Balance at 1 January 2018	100,000	2,005	(32,106)	274,062	-	243,961	870,198	1,214,159
Impact of IFRS 9 upon initial application (net tax)	-	-	-	-	-	-	(88,021)	(88,021)
Impact of IFRS 9 – Investment fair valuation adjustment Net of tax	-	36,875	-	-	-	36,875	-	36,875
Balance at 1 January 2018 after IFRS 9 application	100,000	38,880	(32,106)	274,062	-	280,836	782,177	1,163,013
Profit for the year	-	-	-	-	-	-	326,741	326,741

Statement of Changes in Equity

for the year ended 31 December 2018 - cont'd

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Group								
Other comprehensive income								
Fair value change in financial assets classified as FVOCI	-	(10,782)	-	-	-	(10,782)	-	10,782
Re-measurement of defined benefit liability	-	-	19,693	-	-	19,693	-	19,693
Share of associate OCI	-	(2,050)	-	-	-	(2,050)	-	(2,050)
Foreign currency translation differences for Foreign operations	-	-	(3,903)	-	-	(3,903)	-	(3,903)
Total comprehensive income for the year	-	(12,832)	15,790	-	-	2,958	326,741	329,699
Transfer to/from reserves								
Statutory reserve	-	-	-	80,783	-	80,783	(80,783)	-
Regulatory credit risk reserve	-	-	-	-	-	-	-	-
Total transfer to/from reserves	-	-	-	80,783	-	80,783	(80,783)	-
Transactions with shareholders								
Dividends	-	-	-	-	-	-	(26,500)	(26,500)
Capitalisation of retained earnings	400,000	-	-	-	-	-	(400,000)	-
Withholding tax on capitalisation	-	-	-	-	-	-	(14,468)	(14,468)
Stamp duty on capitalisation	-	-	-	-	-	-	(2,000)	(2,000)

Statement of Changes in Equity

for the year ended 31 December 2018 - cont'd

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Group								
Total transactions with equity holders	400,000	-	-	-	-	-	(442,968)	(42,968)
Balance at 31 December 2018	500,000	26,048	(16,316)	354,845	-	364,577	585,167	1,449,744
Balance at 1 January 2017	100,000	(1,066)	(49,469)	247,473	3,412	200,350	759,477	1,059,827
Profit for the year	-	-	-	-	-	-	234,598	234,598
Other comprehensive income								
Available for sale financial assets	-	588	-	-	-	588	-	588
Re-measurement of defined benefit liability	-	-	(14,923)	-	-	(14,923)	-	(14,923)
Share of associate OCI	-	2,483	-	-	-	2,483	-	2,483
Foreign currency translation differences for Foreign operations	-	-	32,286	-	-	32,286	-	32,286
Total comprehensive income for the year	-	3,071	17,363	-	-	20,434	234,598	255,032
Transfer to/from reserves								
Statutory reserve				26,589	-	26,589	(26,589)	-
Regulatory credit risk reserve	-	-	-	-	(3,412)	(3,412)	3,412	-
Total transfer to/from reserves	-	-	-	26,589	(3,412)	23,177	(23,177)	-

Statement of Changes in Equity

for the year ended 31 December 2018 - cont'd

	Stated capital	Fair value reserve	Other reserve	Statutory reserve	Regulatory credit risk reserve	Total reserves	Retained earnings	Total equity
<i>Figures in thousands of Ghana Cedis</i>								
Group								
Transactions with shareholders								
Dividends	-	-	-	-	-	-	(100,700)	(100,700)
Total transactions with equity holders								
	-	-	-	-	-	-	(100,700)	(100,700)
Balance at 31 December 2017	100,000	2,005	(32,106)	274,062	-	243,961	870,198	1,214,159

Statement of Cash Flows

for the year ended 31 December 2018

Figures in thousands of Ghana Cedis	Notes	2018		2017	
		Bank	Group	Bank	Group
Cash flows from operating activities					
Profit for the period		323,132	326,741	212,715	234,598
Adjustments for:					
Depreciation and amortisation	32,33	91,495	91,495	57,757	57,757
Impairment charge on loans and advances	18	60,011	60,011	49,904	49,904
Employee benefit expense	38	21,479	21,479	17,866	17,866
Share of profit of associates	31	-	(5,256)	-	(13,306)
Asset written off	32	-	-	2,457	2,457
Net interest income	9,10	(966,566)	(967,103)	(894,400)	(895,311)
Dividend income	15	(6,266)	(5,992)	(5,691)	(15,640)
Profit on sale of property and equipment	32	283	283	(247)	(247)
Loss on renegotiated loans		-	-	1,543	1,543
Unrealised exchange differences		(6,733)	(6,733)	(18,434)	(18,434)
Income tax expense	21	123,250	123,433	96,179	97,385
Tax adjustment	21	-	-	309	309
		(683,047)	(688,383)	(692,757)	(715,717)
Changes in loans and advances to customers	28	(755,392)	(755,392)	(736,897)	(736,897)
Changes in advances to banks	27	693	693	209,202	209,202
Changes in other assets	34	453,139	453,100	(768,476)	(768,476)
Changes in deposit from banks and other financial institutions	35i	190,964	190,964	27,808	27,808
Changes in deposits from customers	35ii	1,187,843	1,182,189	2,606,972	2,594,664
Changes in borrowings	37	(614,221)	(614,221)	423,700	423,700
Changes in other liabilities and provisions	36	121,025	120,325	179,459	179,455
Employee benefit paid	38	(16,200)	(16,200)	(14,371)	(14,371)
Changes in investment securities	26	236,113	238,243	(2,062,653)	(2,062,606)
Changes in trading assets	26a	(69,925)	(69,925)	(10,079)	(10,079)
Cash generated from (used in) operations		374,124	368,134	(625,377)	(638,719)
Interest received		1,190,561	1,191,125	997,485	998,396
Dividend income	15,31	6,266	12,273	5,691	21,281
Interest paid		(309,710)	(309,710)	(238,781)	(238,781)
Net income tax paid		(124,649)	(125,205)	(104,221)	(105,583)
Net cash from operating activities		1,136,592	1,136,617	34,797	36,594

Statement of Cash Flows

for the year ended 31 December 2018 - cont'd

<i>Figures in thousands of Ghana Cedis</i>	Notes	2018		2017	
		Bank	Group	Bank	Group
Cash flows from investing activities					
Acquisition of investment securities	29b	-	(25)	-	(1,797)
Purchase of property, plant and equipment	32	(89,524)	(89,524)	(79,665)	(79,665)
Sale of property, plant and equipment	32	1,696	1,696	382	382
Purchase of other intangible assets	33	(81,593)	(81,593)	(30,539)	(30,539)
Net cash from investing activities		(169,421)	(169,446)	(109,822)	(111,619)
Cash flows from financing activities					
Withholding tax on capitalisation		(14,468)	(14,468)	-	-
Stamp duty on capitalisation		(2,000)	(2,000)	-	-
Dividends paid		(26,500)	(26,500)	(100,700)	(100,700)
Net cash from financing activities		(42,968)	(42,968)	(100,700)	(100,700)
Total cash movement for the year		924,203	924,203	(175,725)	(175,725)
Cash at the beginning of the year	25	1,022,684	1,022,684	1,179,975	1,179,975
Effect of exchange rate movement on cash balances		6,733	6,733	18,434	18,434
Total cash at end of the year	25	1,953,620	1,953,620	1,022,684	1,022,684

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Reporting entity

GCB Bank Limited is a limited liability company incorporated and domiciled in Ghana. These consolidated financial statements as at and for the year ended 31 December 2018 comprise the Bank and its subsidiary, (together referred to as the 'Group') and the Group's interest in associates. The separate financial statements as at and for the year ended 31 December 2018 comprise the financial statements of the Bank.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the statement of profit or loss and other comprehensive income, in these financial statements.

The Bank is listed on the Ghana Stock Exchange.

The consolidated and separate financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on March 21, 2019.

2. Basis of preparation

a) 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 Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

b) Basis of measurement

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

- financial assets measured at fair value
- investment in securities held for trading measured at fair value
- defined benefit obligations measured at the present value of the defined benefit obligation

c) Functional and presentation currency

The 2018 financial statements are presented in Ghana Cedis, which is the Bank's functional currency. All financial information presented in Ghana Cedis have been rounded to the nearest thousands, except when otherwise indicated.

d) 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 recognised prospectively.

i. Critical judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 7). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the

Notes to the Financial Statements - cont'd

objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those.

- Significant increase of credit risk: As explained in note 6, ECL are measured as an allowance equal to 12 month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to note 3.8 and note 5 for more details.
- Establishing Groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics. Refer to note 3.8 for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Group of assets. Re segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12 month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12 month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.
- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 6 for more details on ECL and fair value measurement.

ii. 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 2018 is set out below. These relate to financial instruments and in the following notes in relation to other areas:

- Note 6– determination of fair value of financial instruments with significant unobservable inputs;
- Note 23– recognition of deferred tax assets: availability of future taxable profits against which carry forward of losses can be used;
- Note 38– Key actuarial assumptions used in the measurement of defined benefit obligations; and
- Note 36 and 40– recognition and measurement of provisions and contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources.
- Establishing the number and relative weightings of forward looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to note 5 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.

Notes to the Financial Statements (cont'd)

- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 5 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.
- Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Group uses market observable data to the extent it is available. Where such Level 1 inputs are not available the Group uses valuation models to determine the fair value of its financial instruments. Refer to note 6 for more details on fair value measurement.

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.

a) Basis of consolidation

Business combinations are accounted for using the acquisition method 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.

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

ii. 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.

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 recognised at cost.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in profit or loss. Any retained interest in the former subsidiary is accounted for as an equity accounted investee or in accordance with the Group's accounting policy for financial instruments.

Notes to the Financial Statements (cont'd)

v. *Separate financial statements*

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

b) **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 recognised in profit or loss.

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

When a foreign operation is disposed of, the cumulative amount in equity relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

c) **Interest income and expense**

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured at FVTPL is included within the fair value movement during the period, see 'Net trading income' and 'Net income from other financial instruments at FVTPL'.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Notes to the Financial Statements - cont'd

Interest income and expense in the Group's consolidated statement of profit or loss also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk interest income and expense, the effective portion of fair value changes of the designated derivatives as well as the fair value changes of the designated risk of the hedged item are also included in interest income and expense.

d) Fee and commission income

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in this part of the Group's consolidated statement of profit or loss include among other things fees charged for servicing a loan, non utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

Other fees and commission income and expenses are recognised 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 recognised on a straight line basis over the commitment period.

Other fees and commission expenses, which relate mainly to transaction and service fees are expensed as the related services are performed.

e) Net trading income

Net trading income comprises gains less losses related to foreign exchange differences on foreign currency deal transactions as well as all realised and unrealised fair value changes related to held for trading investment securities. The Group has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense and dividends.

f) Dividend income

Dividend income is recognised when the right to receive payment is established. This is the ex dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.:

- for equity instruments which are held for trading, dividend income is presented as trading income;
- for equity instruments designated at FVTOCI dividend income is presented in other/revenue income; and
- for equity instruments not designated at FVTOCI and not held for trading, dividend income is presented as net income from other instruments at FVTPL.

g) Tax expense

Tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income

Current tax comprises the expected tax payable or receivable on taxable incomes or losses for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at 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

Notes to the Financial Statements - cont'd

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 and settled simultaneously.

h) Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

i) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

Notes to the Financial Statements - cont'd

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset by asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument by instrument basis.

The Group has more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so called 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since

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the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

In the current and prior reporting period the Group has applied the fair value option and so has designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in profit or loss.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Impairment of financial assets

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances to banks;
- loans and advances to customers

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- debt investment securities;
- lease receivables;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12 month ECL.

The Group's policy is always to measure loss allowances for lease receivables as lifetime ECL.

ECLs are a probability weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit-impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

Purchased or originated credit impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12 month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on

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lifetime rather than 12 month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail, lending forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. As a back stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the

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introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12 month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12 month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures

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ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. A write off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

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Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Compound instruments

The component parts of compound instruments (e.g. convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non convertible instruments. In the case where there are non closed related embedded derivatives these are separated first with the remainder of the financial liability being recorded on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest method.

ii. *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

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- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short term profit taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.
- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note10) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. For issued loan commitments and financial guarantee contracts that are designated as at FVTPL all gains and losses are recognised in profit or loss.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income section" above.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the

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terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

iii. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in financial liabilities or other non financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non current asset or a non current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer 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.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions on the consolidated statement of financial position and the re-measurement is presented in other revenue. The Group has not designated any financial guarantee contracts at FVTPL.

Commitments to provide a loan at a below market interest rate

Commitments to provide a loan at a below market interest rate are initially measured at their fair values and, if not designated at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

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Commitments to provide a loan below market rate not designated at FVTPL are presented as provisions in the consolidated statement of financial position and the re-measurement is presented in other revenue.

The Group has not designated any commitments to provide a loan below market rate designated at FVTPL.

iv. Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Group does not apply fair value hedge accounting of portfolio hedges of interest rate risk. In addition the Group does not use the exemption to continue using IAS 39 hedge accounting rules, i.e. the Group applies IFRS 9 hedge accounting rules in full.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually uses to hedge that quantity of hedged item.

The Group rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships the Group designates only the intrinsic value of options. In this case the fair value change of the time value component of the option contract is deferred in OCI, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to profit or loss when the hedged item does not result in the recognition of a non financial item. The Group's risk management policy does not include hedges of items that result in the recognition of non financial items, because the Group's risk exposures relate to financial items only.

The hedged items designated by the Group are time-period related hedged items, which means that the amount of the original time value of the option that relates to the hedged item is amortised from equity to profit or loss on a rational basis (e.g. straight-line) over the term of the hedging relationship.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in OCI. The Group has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at FVTOCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Notes to the Financial Statements - cont'd

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

v. 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.

Notes to the Financial Statements - cont'd

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.

i) 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.

j) Leases

(i) Lease payments Lessee

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised 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 recognised in the Group's statement of financial position.

(iii) Lease assets Lessor

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

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

Notes to the Financial Statements - cont'd

k) Property, plant 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 capitalised 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 recognised 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. Freehold Land is not depreciated.

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

Leasehold land	Over the lease term
Computers	3 years
Motor vehicles	4 years
Furniture and equipment	3 - 4 years
Buildings	50 years

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.

Notes to the Financial Statements - cont'd

(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.

l) Intangible assets

Intangible assets comprise computer software licenses and customer relationship. Intangible assets acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method and recognised in profit or loss over its estimated useful life, from the date that it is available for use.

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

Software	3 years
Customer Relationship	5 years

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

m) 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 recognised 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 recognised.

n) 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 recognised at fair value and amortised over the life of the guarantee or commitment. The liability is subsequently carried at the higher of the amortised 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.

Notes to the Financial Statements - cont'd

o) Employment benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised 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 Group'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. Employees contribute 10% of their basic salary to the Fund whilst the Group 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:

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 343 (2017: 369) persons, who still receive monthly pensions. The monthly pensions are increased annually in line with adjustments to the basic salaries of their serving counterparts.

(iii) Other long term employee benefits

The Company's obligation in respect of long term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement are recognised in profit or loss in the period in which they arise.

Notes to the Financial Statements - cont'd

The treatment for these payments is similar to the defined benefit pension plans, but the difference is that any actuarial gains or losses are recognised immediately.

Long service award

Long service awards accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees in service with the Bank after fifteen (15) years become eligible to receive cash payments at graduated rates when employees achieve stipulated milestones set by the Bank.

(iv) Termination benefits

The Group recognises 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.

(v) 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 recognised 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.

p) Provisions and Contingent Liabilities

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of the economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pretax rates that reflect current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

q) Stated capital and reserve

(i) Share capital

The Group classifies capital and equity instruments in accordance with the contractual terms of the instrument. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

(ii) Dividends

Dividends on ordinary shares are recognised 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.

Notes to the Financial Statements - cont'd

(iii) Statutory reserve

Statutory reserve is based on the requirements of section 34(1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Transfers into statutory reserve are made in accordance with the relationship between the Bank's reserve fund and its 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.

(iv) Credit risk reserve

This is a reserve created to set aside the excess or shortfalls between amounts recognised 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 39iii

r) 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.

s) 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.

t) 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 four reportable segments: consumer banking, corporate banking, SME 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

a) Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 28: Annual Improvements to IFRS 2014-2016 cycle

An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Notes to the Financial Statements - cont'd

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The Group has adopted the amendment for the first time in the 2018 consolidated and separate financial statements.

The impact of the amendment is not material.

Amendments to IFRS 1: Annual Improvements to IFRS 2014-2016 cycle

The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The Group has adopted the amendment for the first time in the 2018 consolidated and separate financial statements.

The impact of the amendment is not material.

Transfers of Investment Property: Amendments to IAS 40

The amendment deals specifically with circumstances under which property must be transferred to or from investment property. The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in management's intentions for use of the property, do not, in isolation, provide evidence of a change in use.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The Group has adopted the amendment for the first time in the 2018 consolidated and separate financial statements.

The impact of the amendment is not material.

Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non monetary asset or liability.

The effective date of the interpretation is for years beginning on or after January 1, 2018.

The Group has adopted the interpretation for the first time in the 2018 consolidated and separate financial statements.

The impact of the interpretation is not material.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The Group has adopted the amendment for the first time in the 2018 consolidated and separate financial statements.

The impact of the amendment is not material.

Notes to the Financial Statements - cont'd

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after January 1, 2018.

The Group has adopted the standard for the first time in the 2018 consolidated and separate financial statements.

The impact of the standard is set out in note Transition to IFRS 9.

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IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements. The effective date of the standard is for years beginning on or after January 1, 2018. The impact of the standard is not material.

b) Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2019 or later periods:

Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after January 1, 2019.

The Group has adopted the interpretation for the first time in the 2019 consolidated and separate financial statements.

It is unlikely that the interpretation will have a material impact on the Group's consolidated and separate financial statements.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right of use assets are measured

Notes to the Financial Statements - cont'd

at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right of use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right-to-use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.

Notes to the Financial Statements - cont'd

- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 1, 2019.

The Bank has carried out a preliminary assessment of the adoption of IFRS 16 effective 1 January 2019. The impact of the adoption of IFRS 16 on the Bank's assets, liabilities, equity and key ratios, using the modified retrospective approach is as follows:

	IAS 17	IFRS 16	Impact
<i>Figures in thousands of Ghana Cedis</i>			
Total assets	10,635,051	10,638,976	3,925
Total liabilities	9,309,634	9,313,559	3,925
Shareholders' funds	1,325,417	1,325,417	-
Risk weighted assets	6,298,570	6,286,570	(12,000)
Capital adequacy ratio	15.67%	15.51%	(0.16)%
Leverage ratio	32.02%	32.02%	-

5. IFRS 9 Transition notes

Mandatory reclassifications

The combined application of the business model and SPPI tests on adoption of IFRS 9 resulted in the reclassification of the following financial assets. Classification of all financial liabilities remain the same under IFRS 9.

	Measurement category	Carrying amount	Previous measurement category	Carrying amount
As at		1 January 2018		31 December 2017
Financial assets				
Cash and cash equivalents	Amortised cost	1,022,684	Loans and receivables	1,022,684
Investment securities	Amortised cost	4,878,155	Held-to-maturity	4,878,155
Trading assets	Fair value through profit or loss	10,079	Fair value through profit or loss	10,079
Advances to banks	Amortised cost	213,679	Loans and receivables	224,950
Loans and advances to customers	Amortised cost	1,993,240	Loans and receivables	2,099,330
Investments (other than securities)	FVTOCI	3,782	Available for sale	3,782
Other assets	Amortised cost	729,738	Loans and receivables	729,738

Presentation of the statement of financial position

On 1 January 2018, the balance sheet line item Investment securities represent all securities other than those measured at FVTPL, which are presented as trading assets. For comparative periods, financial assets representing securities previously classified as available-for-sale, loans and receivables and held-to-maturity under IAS 39 are now classified as FVOCI and amortised cost under IFRS 9.

Notes to the Financial Statements - cont'd

Allowance for credit losses

The following tables show the comparison of impairment allowances determined in accordance with IAS 39 to the corresponding impairment allowance determined in accordance with IFRS 9 as at 1 January 2018.

	Investment (inter-bank placements) at amortised cost	Loans to customers at amortised cost	Off-balance sheet items	Total allowance for credit losses
IAS 39 as at 31 December 2017				
Specific impairment	-	209,859	-	209,859
Collective impairment	-	53,104	-	53,104
Total	-	262,963	-	262,963
Transition adjustments	11,270	94,127	11,964	117,361
IFRS 9 as at 1 January 2018	11,270	357,090	11,964	380,324

The table below provides the reconciliation from IAS 39 to IFRS 9 for the Statement of Financial Position, showing separately the impacts of adopting the IFRS 9 impairment, classification and measurement;

Figures in thousands of Ghana Cedis

	Notes	As at December 31, 2017 (IAS 39)	Impact of classification and measurement	Impact of impairment	Total impact	January 01, 2018(IFRS)
Assets						
Cash and cash equivalents	25	1,022,684	-	-	-	1,022,684
Investment securities	26	4,878,155	-	-	-	4,878,155
Trading assets	26a	10,079	-	-	-	10,079
Advances to banks	27	224,950	-	(11,271)	(11,271)	213,679
Loans and advances to customers	28	2,099,330	-	(106,090)	(106,090)	1,993,240
Investments (other than securities)	29	3,782	-	-	-	3,782
Investment in subsidiary	30	1,000	-	-	-	1,000
Investment in associates	31	28,274	-	-	-	28,274
Deferred tax asset	23	31,898	-	-	-	31,898
Income tax asset	22	254	-	-	-	254
Intangible assets	33	152,349	-	-	-	152,349
Other assets	34	882,535	-	-	-	882,535
Property and equipment	32	222,861	-	-	-	222,861
Total assets		9,558,151	-	(117,361)	(117,361)	9,440,790
Liabilities						
Deposits from customer	35	6,956,190	-	-	-	6,956,190
Other liabilities and provisions	36	411,081	-	-	-	411,081

Notes to the Financial Statements - cont'd

	Notes	As at December 31, 2017 (IAS 39)	Impact of classification and measurement	Impact of impairment	Total impact	January 01, 2018(IFRS)
Borrowings	37	959,105	-	-	-	959,105
Employee benefit obligations	36	118,625	-	-	-	118,625
Total liabilities		8,445,001	-	-	-	8,445,001
Equity						
Stated capital	39(i)	100,000	-	-	-	100,000
Retained earnings		789,264	-	(117,361)	(117,361)	671,903
Fair value reserve	39(iv)	194	-	-	-	194
Statutory reserve	39(ii)	274,062	-	-	-	274,062
Credit risk reserve	39(iii)	-	-	-	-	-
Other reserves	39(v)	(50,370)	-	-	-	(50,370)
Total equity		1,113,150	-	(117,361)	(117,361)	995,789
Total liabilities and equity		9,558,151	-	(117,361)	(117,361)	9,440,790

6. 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 maximising 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 risk and equity price risk, 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

Notes to the Financial Statements - cont'd

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

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

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

The Risk Management Department (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 analyse 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 Managing Director. 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 organised in accordance with the "Three Lines of Defence" governance model. The three lines of defence are constituted as follows:

- o The first line of defence consists of functional units that are responsible for actual activities of the business and are responsible for managing their own risks.
- o The second line of defence consists of functional units that are responsible for monitoring activities of first line of defence and exercising risk control. The second line functions of the Bank are Governance, Risk, Compliance and Control, Product Control and Performance Monitoring.
- o The third line of defence 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.

Notes to the Financial Statements - cont'd

This is used to maximise 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.

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, cash held with other financial institutions, 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 fulfil 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, bank guarantees and floating charge over other assets.

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 minimise 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 authorising 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.

Notes to the Financial Statements - cont'd

Guarantees and standby letters of credit carry less risk than direct loans. These arrangements are collateralised 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

The Bank of Ghana directed all banks to adopt the IFRS 9 accounting standard for the recognition, measurement and disclosure of financial instruments effective January 1, 2018. IFRS 9 replaces IAS 39's 'incurred loss' which recorded impairment losses only when there was objective evidence of impairment. The main difference is that IFRS 9 recognises losses earlier using an unbiased forward-looking expected credit loss (ECL) model.

Under IFRS 9 standards, Banks are required to record an allowance for expected losses for all loans and other debt financial assets at amortised costs, loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The measurement of expected credit losses is primarily based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate;

- Probability of default (PD): This is the probability that an obligor or counterparty will default over a given period, usually one year.
- Loss given default (LGD): LGD is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate).
- Exposure at default (EAD): This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilisation of the undrawn commitment at default.

Transition from IAS 39 to IFRS 9

GCB transitioned from IAS 39 to IFRS 9 from January 1, 2018 in accordance with Bank of Ghana's directive. GCB applied IFRS 9 retrospectively by re-computing 2017 ECL with certain exemptions and exceptions some of which are considered below;

- GCB did not include financial assets or financial liabilities that have been derecognised prior to January 1, 2018 in the ECL estimation.
- GCB recognised the differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 in retained earnings and reserves as at 1 January 2018.

IFRS 9 Model

The IFRS 9 model has been built based on segmentation using business lines to reflect appropriate level of granularity based on business types.

- The Corporate model was segmented based on industry sectors which depict similar risk profile and characteristics.
- The Retail model was based on homogenous pool of cluster using product lines.
- The Investment model, mainly based on interbank placement, was also segmented into secured and unsecured products. The Treasury Bills and Government Bonds were zero risk weighted therefore attracted nil Expected Credit Loss.

Notes to the Financial Statements - cont'd

- The Off-Balance sheet items were modelled via Credit Conversion Factor (CCF) principle based on BoG Capital Requirement Directive. The risk factor was applied to the off-balance sheet item to arrive at the credit equivalent amount of the exposure. Similarly, for contractual limits, the undrawn commitments CCF was modelled and applied to the undrawn portion to estimate the potential risk exposure.

Impairment of loans is recognised on an individual or collective basis – in three stages under IFRS 9.

Stage 1 – When a loan is originated or purchased, ECLs resulting from default events that are possible within the next 12 months are recognised and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing loans with no significant increase in credit risk since their initial recognition. Interest revenue is calculated on the loan's gross carrying amount.

Stage 2 – If a loan's credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognised. The calculation of interest revenue is the same as for Stage 1.

Stage 3 – If the loan's credit risk increases to the point where it is considered credit-impaired, interest revenue is calculated based on the loan's amortised cost that is, the gross carrying amount less the loss allowance. Lifetime ECLs are recognised, as in Stage 2.

The ECL model incorporated forward looking information including reasonable and supportable forecasts of future economic conditions. Future cash flows and risk of default were also considered. The Bank considered three different scenarios for the model to mitigate non-linearity in the portfolio. The base, optimistic and pessimistic scenarios of macroeconomic conditions were used in estimating the probability of default. This was to ensure that the impairment estimates were not biased due to cyclicity of economic conditions.

Early Alerts

Corporate Banking, Consumer Banking and Small and Medium Scale Enterprise (SME and 1D1F) 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; and
- 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.

Write off policy

The Bank writes off loans and advances balance (and any related allowances for impairment losses) when the Bank's Credit committee determines that the loans and advances and securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status. Related and connected lending is not permitted to be written off unless with the approval of the Bank of Ghana and the Board of Directors.

Regulatory Impairment

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 impairment is based on Bank of Ghana guidelines which recognise cash as a credit

Notes to the Financial Statements - cont'd

mitigant. Individual impairments are made for outstanding amounts depending on the number of days past due with full impairment 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	Impairment (%)
Current	Less than 30 days	1
Other Loans Exceptionally Mentioned (OLEM)	30 to less than 90 days	10
Substandard	90 to less than 180	25
Doubtful	180 to less than 360 days	50
Loss	360 days and above	100

Credit quality

The Bank monitors credit risk per class of financial instrument. The table below outlines the classes identified, as well as the financial statement line item and the note that provides an analysis of the items included in the financial statement

Class of financial instrument	Financial statement line	Note
Loans and advances to banks at amortised cost	Loans and advances to banks	28
Debt investment securities at amortised Cost	Investment securities	29
Debt investment securities at FVTOCI	Investment securities	29
Other assets	Other assets	34
Loan commitments and financial guarantee contracts	Provisions	40

An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Credit Quality		
Loans and advances to customers at amortised cost		
Concentration by type	2018	2017
Retail:	1,181,881	935,335
Corporate:	1,929,771	1,426,958
Total	3,111,652	2,362,293
Concentration by region		
Europe	-	-
America	-	-
Middle East and Africa	3,111,652	2,362,293
Total	3,111,652	2,362,293

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Loans and advances to customers at amortised cost		
Debt investment securities at amortised cost	2018	2017
Retail:	-	-
Personal Loan	964,301	824,012
Corporate Employee Scheme	107,291	34,891
SME and 1D1F	31,995	19,919
Staff Loan	78,295	56,513
Corporate:	-	-
Agriculture, forestry & fishing	60,175	35,735
Commerce & finance	786,851	722,941
Manufacturing	189,164	212,826
Electricity, gas & water	181,171	20,070
Miscellaneous	-	29,893
Services	536,905	344,061
Construction	158,660	53,122
Transportation & Communication	11,017	5,088
Mining & quarrying	5,827	3,221
Other	-	-
Total	3,111,652	2,362,293
Concentration by type		
Sovereign	4,642,042	4,884,277
Banking	212,986	224,950
Total	4,855,025	5,102,227
Concentration by region		
Europe	-	-
America	-	-
Middle East and Africa	4,855,028	5,102,227
Asia	-	-
Total	4,855,028	5,102,227

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

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Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	POCI	2018	2017
	12-month ECL	Lifetime ECL	Lifetime ECL		Total	Total
<i>Figures in thousands of Ghana Cedis</i>						
Grades 1-3: Low to fair risk	2,480,374	194,661	26,975	-	2,702,010	2,035,861
Grades 4-6 Monitoring	11	206,413	10,601	-	217,025	91,758
Grades 7-8: Substandard	-	63	54,341	-	54,404	14,906
Grade 9: Doubtful	-	78	48,331	-	48,408	15,994
Grade 10: Impaired	44	21	89,740	-	89,804	203,774
Total gross carrying amount	2,480,429	401,236	229,987	-	3,111,651	2,362,293
Loss allowance	54,431	84,669	166,054	-	305,153	262,962
Interbank placements						
Grades 1-3: Low to fair risk	31,324	-	-	-	31,324	224,974
Grades 4-6 Monitoring	-	189,031	-	-	189,031	-
Grades 7-8: Substandard	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-
Grade 10: Impaired	-	-	-	-	-	-
Total amount committed	31,324	189,031	-	-	220,355	224,974
Loss allowance	121	7,248	-	-	7,369	-
Off balance sheet						
Grades 1-3: Low to fair risk	183,082	10,500	-	-	193,582	406,646
Grades 4-6 Monitoring	-	-	-	-	-	-
Grades 7-8: Substandard	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-
Grade 10: Impaired	-	-	-	-	-	-
Total amount committed	183,082	10,500	-	-	193,582	406,646
Loss allowance	6,107	1,330	-	-	7,437	-

This table summarises the loss allowance as of the year-end by class of exposure/asset.

	2018	2017
Loans and advances to customers at amortised cost	305,153	262,962
Debt investment securities at amortised cost	-	-
Inter-bank Placements	7,369	-
Off balance sheet	7,437	-
	319,959	262,962

Notes to the Financial Statements - cont'd

The tables below analyse the movement of the loss allowance during the year per class of assets.

Loss allowance – Loans and advances at amortised cost

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	POCI	2018
	12-month ECL	Lifetime ECL	Lifetime ECL		Total
<i>Figures in thousands of Ghana Cedis</i>					
Gross carrying amount as at 31 December, 2017	2,027,550	41,724	293,153	-	2,362,427
Restatement of the prior year	-	-	-	-	-
Gross carrying amount as at 1 January 2018	2,027,550	41,724	293,153	-	2,362,427
Changes in the gross carrying amount	-	-	-	-	-
--Transfer to stage 1	8,237	(3,314)	(4,923)	-	-
--Transfer to stage 2	(152,739)	155,363	(2,625)	-	-
--Transfer to stage 3	(27,840)	(9,313)	37,153	-	-
--Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	1,779,622	211,322	135,360	-	2,126,304
Financial assets that have been derecognised	(968,767)	(15,249)	(102,370)	-	(1,086,387)
Write off	-	-	(120,354)	-	(120,354)
Other changes	(185,713)	20,791	(5,416)	-	(170,338)
Gross carrying amount as at 31 December 2018	2,480,350	401,323	229,979	-	3,111,652
Loss allowance as at 31 December 2018	54,431	84,669	166,054	-	305,153
Loss allowance – Interbank placement at amortised cost					
Loss allowance as at 31 December 2017	-	-	-	-	-
Restatement of the prior year	1,280	9,991	-	-	11,271
Loss allowance as at 1 January 2018	1,280	9,991	-	-	11,271
Changes in the loss allowance	-	-	-	-	-
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	-	-	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Increases due to change in credit risk	-	-	-	-	-
Decreases due to change in credit risk	-	(2,743)	-	-	(2,743)

Notes to the Financial Statements - cont'd

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	POCI	2018
	12-month ECL	Lifetime ECL	Lifetime ECL		Total
<i>Figures in thousands of Ghana Cedis</i>					
Write-offs	-	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	121	-	-	-	121
Financial assets that have been derecognised	(1,280)	-	-	-	(1,280)
Changes in models/risk parameters	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-
Loss allowance as at 31 December 2018	121	7,248	-	-	7,369
Loss allowance – Off-balance sheet					
Loss allowance as at 31 December, 2017	-	-	-	-	-
Restatement of the prior year	11,963	-	-	-	11,963
Loss allowance as at 1 January 2018	11,963	-	-	-	11,963
Changes in the loss allowance	-	-	-	-	-
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	(19)	19	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Increases due to change in credit risk	-	45	-	-	45
Decreases due to change in credit risk	(107)	-	-	-	(107)
Write-offs	-	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	5,901	1,267	-	-	7,168
Financial assets that have been derecognised	(11,631)	-	-	-	(11,631)
Changes in models/risk parameters	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-
Loss allowance as at 31 December 2017	6,107	1,330	-	-	7,437

Notes to the Financial Statements - cont'd

The Bank did not recognise any other class of Purchased or Originally Credit Impaired (POCI) financial assets during the period.

More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance, is provided in the table below:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	2018 Total
<i>Interbank placements at amortised cost</i>					
<i>Figures in thousands of Ghana Cedis</i>					
Gross carrying amount as at 31 December 2017	35,944	189,031	-	-	224,974
Restatement of the prior year	-	-	-	-	-
Gross carrying amount as at 1 January 2018	35,944	189,031	-	-	224,974
Changes in the gross carrying amount	-	-	-	-	-
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	-	-	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	7,032	-	-	-	7,032
Financial assets that have been derecognised	(11,651)	-	-	-	(11,651)
Write off	-	-	-	-	-
Other changes	-	-	-	-	-
Gross carrying amount as at 31 December 2018	31,325	189,031	-	-	220,355
Loss allowance as at 31 December 2018	121	7,248	-	-	7,369
Off balance sheets					
Total amount guaranteed as at 31 December 2017	406,646	-	-	-	406,646
Changes in amount guaranteed	-	-	-	-	-
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	(500)	500	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	174,305	10,000	-	-	184,305
Financial assets that have been derecognised	(397,369)	-	-	-	(397,369)
Write off	-	-	-	-	-
Other changes	-	-	-	-	-

Notes to the Financial Statements - cont'd

	Stage 1	Stage 2	Stage 3		2018
Interbank placements at amortised cost	12-month ECL	Lifetime ECL	Lifetime ECL	POCI	Total
<i>Figures in thousands of Ghana Cedis</i>					
Gross carrying amount as at 31 December 2018	183,082	10,500	-	-	193,582
Loss allowance as at 31 December 2018	6,107	1,330	-	-	7,437

Collateral held as security and other credit enhancements

Collateral held as security and other credit enhancements. The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Bank did not hold any financial instrument for which no loss allowance is recognised because of collateral at 31 December 2018.

Personal lending

The Bank's personal lending portfolio consists of secured and unsecured loans.

Corporate lending

The Group requests collateral and guarantees for corporate lending. The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. For this reason the valuation of collateral held against corporate lending is not routinely updated. The valuation of such collateral is updated if the loan is put on "watch list" and is therefore monitored more closely.

For credit impaired loans the Group obtains appraisals of collateral to inform its credit risk management actions.

The investment securities held by the Group are sovereign bonds and corporate bonds, which are not collateralised, as well as asset backed securities, which are secured by financial assets.

b) Liquidity management risk

Liquidity risk is the risk that the Group 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 Group 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 behaviour or abnormal market conditions.

ALCO emphasises the maximisation 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.

Notes to the Financial Statements - cont'd

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:

	2018	2017
	%	%
At 31 December	97.00	80.81
Average for the period	95.00	81.31
Maximum for the period	109.00	99.58
Minimum for the period	81.00	71.64

Maturity analysis for financial assets and liabilities

The amounts disclosed in the table are the remaining contractual undiscounted cash flows which include estimated interest payment, whereas the Group manages liquidity risk.

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total	Carrying Amount
2018 Group						
Financial liabilities by type						
<i>Non derivative liabilities</i>						
Deposits from customers	1,779,416	1,831,874	3,307,673	1,378,231	8,297,194	8,297,194
Borrowings	240,789	104,095	-	-	344,884	344,884
Other liabilities	141,434	122,105	142,352	120,929	526,820	526,820
Financial guarantee contracts	540	8,288	89,354	24,100	122,282	-
Unrecognised loan commitments	367,015	-	-	-	367,015	-
	2,529,194	2,066,362	3,539,379	1,523,260	9,658,195	9,168,898
Financial assets by type						
<i>Non derivative assets</i>						
Cash and cash equivalents	1,707,045	-	-	246,575	1,953,620	1,953,620
Advances to banks	212,986	-	-	-	212,986	212,986
Investment securities	349,707	343,276	826,605	3,126,446	4,646,034	4,646,034
Trading assets	8,033	1,143	43,158	27,670	80,004	80,004

Notes to the Financial Statements - cont'd

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total	Carrying Amount
2018 Group						
Loans and advances to customers	582,078	352,323	705,402	1,159,238	2,799,041	2,799,041
Investment (other than securities)	-	-	-	41,300	41,300	41,300
Other asset	63,523	69,542	57,164	238,977	429,206	429,206
Assets held for managing liquidity risk	2,923,372	766,284	1,632,329	4,840,206	10,162,191	10,162,191
Period liquidity gap	394,178	(1,300,078)	(1,907,050)	3,316,946	503,996	993,293

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 behaviour or abnormal market conditions.

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total	Carrying Amount
2017 Group						
Financial liabilities by type						
<i>Non derivative liabilities</i>						
Deposits from customers	5,520,643	761,711	638,974	2,713	6,924,041	6,924,041
Borrowings	304,088	20,486	623,048	11,483	959,105	959,105
Other liabilities	21,048	13,739	168,238	44,822	247,847	247,847
Financial guarantee contracts	46,641	74,267	133,875	44,676	299,459	-
Unrecognised loan commitments	106,520	-	-	-	106,520	-
	5,998,940	870,203	1,564,135	103,694	8,536,972	8,130,993
Financial assets by type						
<i>Non derivative liabilities</i>						
Cash and cash equivalents	1,001,572	21,112	-	-	1,022,684	1,022,684
Advances to banks	-	31,913	193,037	-	224,950	224,950
Investment securities	2,030,925	1,200,055	829,693	823,594	4,884,267	4,884,277
Trading assets	10,079	-	-	-	10,079	10,079
Loans and advances to customers	136,421	282,749	516,640	1,163,520	2,099,330	2,099,330
Investment (other than securities)	4,639	-	-	2,263	6,902	6,902
Other asset	17,499	11,585	32,086	668,531	729,701	729,701
Assets held for managing liquidity risk	3,201,135	1,547,414	1,571,456	2,657,908	8,977,913	8,977,923
Period liquidity gap	(2,797,805)	677,211	7,321	2,554,214	440,941	846,930

Notes to the Financial Statements - cont'd

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total	Carrying Amount
2018 Bank						
Financial liabilities by type						
<i>Non derivative liabilities</i>						
Deposits from customers	1,817,219	1,831,874	1,714,959	2,970,945	8,334,997	8,334,997
Borrowings	241,267	103,617	-	-	344,884	344,884
Other liabilities	141,434	122,105	118,684	144,597	526,820	526,820
Financial guarantee contracts	540	8,288	13,389	100,065	122,282	-
Unrecognised loan commitments	367,015	-	-	-	367,015	-
	2,567,475	2,065,884	1,847,032	3,215,607	9,695,998	9,206,701
Financial assets by type						
<i>Non derivative assets</i>						
Cash and cash equivalents	1,953,620	-	-	-	1,953,620	1,953,620
Advances to banks	212,986	-	-	-	212,986	212,986
Investment securities	349,707	343,276	236,632	3,712,427	4,642,042	4,642,042
Trading assets	8,033	1,143	6,221	64,607	80,004	80,004
Loans and advances to customers	582,078	352,323	338,899	1,525,741	2,799,041	2,799,041
Investment (other than securities)	-	-	-	4,227	4,227	4,227
Other asset	63,523	69,542	57,164	238,977	429,206	429,206
Assets held for managing liquidity risk	3,169,947	766,284	638,916	5,545,979	10,121,126	10,121,126
Period liquidity gap	602,472	(1,299,600)	(1,208,116)	2,330,372	425,128	914,425
	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total	Carrying Amount
2017 Bank						
Financial liabilities by type						
<i>Non derivative liabilities</i>						
Deposits from customers	5,552,792	761,711	638,974	2,713	6,956,190	6,956,190
Borrowings	304,088	20,486	623,048	11,483	959,105	959,105
Other liabilities	21,048	13,672	145,545	44,822	225,087	225,087
Financial guarantee contracts	46,641	74,267	133,875	44,676	299,459	-
Unrecognised loan commitments	106,520	-	-	-	106,520	-
	6,031,089	870,136	1,541,442	103,694	8,546,361	8,140,382
Financial assets by type						
<i>Non derivative assets</i>						
Cash and cash equivalents	1,001,572	21,112	-	-	1,022,684	1,022,684

Notes to the Financial Statements - cont'd

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total	Carrying Amount
2017 Bank						
Advances to banks	-	31,913	193,037	-	224,950	224,950
Investment securities	2,024,813	1,200,055	829,693	823,594	4,878,155	4,878,155
Trading assets	10,079	-	-	-	10,079	10,079
Loans and advances to customers	136,421	282,749	516,640	1,163,520	2,099,330	2,099,330
Investment (other than securities)	3,669	-	-	113	3,782	3,782
Other asset	17,499	11,585	32,123	668,531	729,738	729,738
Assets held for managing liquidity risk	3,194,053	1,547,414	1,571,493	2,655,758	8,968,718	8,968,718
Period liquidity gap	(2,837,036)	677,278	30,051	2,552,064	422,357	828,336

The amounts in the table above have been compiled as follows:

- Non derivative financial liabilities and financial assets – undiscounted cash flows, which include estimated interest payment
- Issued financial guarantee contracts, and unrecognised loan commitments – Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and investments in government securities, which can be readily sold to meet liquidity requirements.

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.

	Notes	Available as collateral	Unencumbered other	Total
Group				
31 December 2018				
Cash and cash equivalents	25	1,953,620	-	1,953,620
Loans and advances to customers	28	-	2,799,041	2,799,041
Advances to banks	27	212,986	-	212,986
Investment securities	26	4,646,034	-	4,646,034
Trading assets	26a	80,004	-	80,004
Investment (other than securities)	29	7,323	-	7,323
Total assets		6,899,967	2,799,041	9,699,008
31 December 2017				
Cash and cash equivalents	25	1,022,684	-	1,022,684
Loans and advances to customers	28	-	2,099,330	2,099,330
Advances to banks	27	224,950	-	224,950

Notes to the Financial Statements - cont'd

	Notes	Available as collateral	Unencumbered other	Total
Group				
Investment securities	26	4,363,355	-	4,363,355
Trading assets	26a	10,079	-	10,079
Investment (other than securities)	29	6,902	-	6,902
Non financial assets		-	-	-
Total assets		5,627,970	2,099,330	7,727,300
Bank				
31 December 2018				
Cash and cash equivalents	25	1,953,620	-	1,953,620
Loans and advances to customers	28	-	2,799,041	2,799,041
Advances to banks	27	212,986	-	212,986
Investment securities	26	4,642,042	-	4,642,042
Trading assets	26a	80,004	-	80,004
Investment (other than securities)	29	3,962	-	3,962
Total Assets	-	6,892,614	2,799,041	9,691,655
31 December 2017				
Cash and cash equivalents	25	1,022,684	-	1,022,684
Loans and advances to customers	28	-	2,099,330	2,099,330
Advances to banks	27	224,950	-	224,950
Investment securities	26	4,369,477	-	4,369,477
Trading assets	26a	10,079	-	10,079
Investment (other than securities)	29	3,782	-	3,782
Non financial assets		-	375,210	375,210
Total Assets		5,630,972	2,474,540	8,105,512

* 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.

Financial assets pledged as collateral

The Group pledged GH¢127,700,000 (2017: GH¢394,302,557) of its investments in Government securities as collateral to GT Bank, FBN, FAMB and SSNIT. The Group has not received collateral that it is permitted to sell or re pledge in the absence of default.

c) 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.

Notes to the Financial Statements - cont'd

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 department. 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.

	EUR	USD	GBP
Group and Bank	GH¢000	GH¢000	GH¢000
At 31 December 2018			
Assets			
Cash and cash equivalents	6,511	5,513	3,967
Advances to banks	761	500	69
Loans and advances to customers	-	110,407	-
Total Assets	7,272	116,420	4,036
Liabilities			
Deposits from customers	7,580	135,049	4,739
	7,580	135,049	4,739
Net on balance sheet position	(308)	(18,629)	(703)
Off balance sheet credit commitments	755	3,464	-
Total exposure	447	(15,165)	(703)
At 31 December 2017			
Assets			
Cash and cash equivalents	4,855	19,559	4,103
Advances to banks	761	5,576	1,222
Loans and advances to customers	780	79,779	-
Total assets	6,396	104,914	5,325
Liabilities			
Deposits from customers	14,714	162,961	7,337
Total liabilities	14,714	162,961	7,337
Net on balance sheet position	(8,318)	(58,047)	(2,012)
Off balance sheet credit commitments	4,518	34,226	8,919
Total exposure	(3,800)	(23,821)	6,907

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

	Average Rates		Reporting Rate	
	2018	2017	2018	2017
USD 1	4.8200	4.3373	4.8224	4.4157
EUR 1	5.5131	4.9563	5.5150	5.2964
GBP 1	6.1711	5.6538	6.1746	5.9669

Notes to the Financial Statements - cont'd

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 2017.

As at 31 Dec	% Change	2018		% Change	2017	
		Profit or loss impact: Strengthening	Equity impact: Strengthening		Profit or loss impact: Strengthening	Equity impact: Strengthening
US\$	±1	(898)	(898)	±1	(2,563)	(2,563)
EUR	±1	(17)	(17)	±1	(441)	(441)
GBP	±1	(43)	(43)	±1	(120)	(120)

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 behaviour 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.

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
2018 Group					
Assets					
Investment securities	349,707	343,276	826,605	3,126,446	4,646,034
Trading assets	8,033	1,143	43,184	27,644	80,004
Advances to banks	212,986	-	-	-	212,986
Loans and advances to customers	582,078	352,323	705,402	1,159,238	2,799,041
Total financial assets	1,152,804	696,742	1,575,191	4,313,328	7,738,065

Notes to the Financial Statements - cont'd

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
2018 Group					
Liabilities					
Interest bearing deposits	1,590,988	1,675,142	3,054,181	1,293,247	7,613,558
Borrowings	240,789	104,095	-	-	344,884
Total financial liabilities	1,831,777	1,779,237	3,054,181	1,293,247	7,958,442
Total interest rate gap	(678,973)	(1,082,495)	(1,478,990)	3,020,081	(220,377)

2017 Group					
Assets					
Investment securities	2,030,935	1,200,055	829,693	823,594	4,884,277
Trading assets	10,079	-	-	-	10,079
Advances to banks	-	31,913	193,037	-	224,950
Loans and advances to customers	136,421	282,749	516,640	1,163,520	2,099,330
Total financial assets	2,177,435	1,514,717	1,539,370	1,987,114	7,218,636
Liabilities					
Interest bearing deposits	2,845,692	761,711	638,974	2,713	4,249,090
Borrowings	304,088	20,486	623,048	11,483	959,105
Total financial liabilities	3,149,780	782,197	1,262,022	14,196	5,208,195
Total interest rate gap	(972,345)	732,520	277,348	1,972,918	2,010,441

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
2018 Bank					
Assets					
Investment securities	349,707	343,184	822,705	3,126,446	4,642,042
Trading assets	8,033	1,143	43,184	27,644	80,004
Advances to banks	212,986	-	-	-	212,986
Loans and advances to customers	582,078	352,323	338,899	1,525,741	2,799,041
Total financial assets	1,152,804	696,650	1,204,788	4,679,831	7,734,073
Liabilities					
Deposits from customers	1,817,219	1,831,874	1,714,959	2,970,945	8,334,997
Borrowings	241,267	103,617	-	-	344,884
Total financial liabilities	2,058,486	1,935,491	1,714,959	2,970,945	8,679,881
Total interest rate gap	(905,682)	(1,238,841)	(510,171)	1,708,886	(945,808)

2017 Bank					
Assets					
Investment securities	2,024,813	1,200,055	829,693	823,594	4,878,155
Trading assets	10,079	-	-	-	10,079

Notes to the Financial Statements - cont'd

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
2017 Bank					
Advances to banks	-	31,913	193,037	-	224,950
Loans and advances to customers	136,421	282,749	516,640	1,163,520	2,099,330
Total financial assets	2,171,313	1,514,717	1,539,370	1,987,114	7,212,514
Liabilities					
Interest bearing deposits	2,845,692	761,711	638,974	2,713	4,249,090
Borrowings	304,088	20,486	623,048	11,483	959,105
Total financial liabilities	3,149,780	782,197	1,262,022	14,196	5,208,195
Total interest rate gap	(978,467)	732,520	277,348	1,972,918	2,004,319

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:

	2018		2017	
	Increase 200bp	Decrease 200bp	Increase 200bp	Decrease 200bp
Group				
Interest income impact	23,773	(23,773)	23,757	(23,757)
Interest expense impact	(47,960)	47,960	(5,851)	5,851
Net impact	(24,187)	24,187	17,906	(17,906)
Bank				
Interest income impact	23,733	(23,733)	23,739	(23,739)
Interest expense impact	(47,787)	47,787	(5,851)	5,851
Net impact	(24,054)	24,054	17,888	(17,888)

b) 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.

c) 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 endeavours to minimise operational losses by ensuring that effective infrastructure, controls, systems and individuals are in place throughout the organisation.

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

Notes to the Financial Statements - cont'd

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
- prioritise 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.

d) 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 for 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.

e) 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¢400 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 unrealised 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.

f) New Capital Requirements

In September 2017, the Bank of Ghana announced a new minimum capital requirement, as part of a holistic financial sector reform plan to further develop, strengthen, and modernise the financial sector to support the government's economic vision and transformational agenda.

In line with the above, and in accordance with Section 28 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana (BOG) increased the minimum capital requirement for commercial Banks from GH¢ 120 million to GH¢ 400 million.

Notes to the Financial Statements - cont'd

The Directive required all banks to comply with the new capital requirement by the end of December 2018. Noncompliance with the new minimum paid up capital requirement shall be dealt with in accordance with section 33 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Banks were required to meet the new capital requirements using either of the following methods:

- Fresh capital injection;
- Capitalisation of income surplus; and
- A combination of fresh capital injection and capitalisation of income surplus.

GCB Bank Limited met the new capital requirement by capitalisation of income surplus to ensure compliance with the new requirement.

g) Implementation of Basel II

Bank of Ghana (BoG), in its bid to ensure the stability of the Ghanaian Banking Sector and keep pace with global developments and growth in risk management practices rolled out, in October 2017, a Capital Requirement Directive (CRD) which requires banks to implement Pillar 1 principles of Basel II. BoG required banks to commence the implementation of the directive from June 2018 with an effective compliance date of 1 January 2019.

The Capital Requirement Directive has four main parts. The first part provides principles for capital management and the constituents of eligible regulatory capital. The second, third and fourth parts provide guidance on the role of the board in the management of credit, operational and market risk respectively. Guidelines for the computation of credit risk weighted asset, operational and market risk capital charges are also detailed in the CRD document.

It is expected that the implementation of Basel principles will have a significant impact on the overall risk culture of banks and will ultimately enhance the risk and capital management of banks.

h) Exposure to Credit Risk

	Notes	2018		2017	
		Bank	Group	Bank	Group
Tier 1 Capital					
Share capital ordinary	39i	500,000	500,000	100,000	100,000
Statutory reserves	39ii	354,845	354,845	274,062	274,062
Retained earnings		500,624	585,167	789,264	870,198
Credit risk reserves	39iii	-	-	-	-
Intangible/other assets	34	(35,717)	(35,717)	(31,113)	(31,113)
Investments in capital of other Banks and financial/other institutions	29	(33,237)	(88,805)	(32,054)	(95,385)
Total qualifying tier 1 capital		1,286,515	1,315,490	1,100,159	1,117,762
Tier 2 capital					
Fair value reserves	39 iv	625	26,048	194	2,005
Other reserves	39 v	(30,677)	(16,316)	(50,370)	(32,106)
Total qualifying tier 2 capital		(30,052)	9,732	(50,176)	(30,101)
Total regulatory capital		1,256,463	1,325,222	1,049,983	1,087,661

Notes to the Financial Statements - cont'd

Notes	2018		2017	
	Bank	Group	Bank	Group
Risk weighted assets				
On balance sheet items	3,881,328	3,907,537	3,549,389	3,548,846
Off balance sheet items	433,819	433,819	299,459	299,459
Total risk weighted assets	4,315,147	4,341,356	3,848,848	3,848,305
50% of net open position (NOP)	15,252	15,252	(156,932)	(156,932)
100% of 3yrs average annual gross income	1,017,017	1,017,017	871,746	923,371
Adjusted Asset Base	5,347,416	5,373,625	4,563,662	4,614,744
Regulatory Quantitative Disclosures				
Capital Adequacy Ratio	23.50%	24.66%	23.01%	23.57%
Non Performing Loans Ratio	6.02%	6.02%	9.93%	9.93%
Liquid Ratio	48.54%	48.79%	67.25%	67.60%
Compliance with Statutory Liquidity				
(i) Default in Statutory Liquidity	Nil	Nil	Nil	Nil
(ii) Default in Statutory Liquidity Sanction	Nil	Nil	Nil	Nil

i) Non-performing loans

	2018	2017
Non-Performing Loans (Sub-standard to Loss)	190,860	234,674
NPL Ratio (Non-performing loans/ total gross loans)	6.02%	9.93%

j) Renegotiated loans which have been reclassified

Loans renegotiated and reclassified during the year amounted to GH¢ 1,155,071.

k) Amount of repossessed properties/collateral

No collaterals were repossessed during the year. (2017: Nil)

l) Statutory breaches and non-compliance with other prudential requirements;

The bank did not record any liquidity breaches during the period under review. However, the bank did not comply with Sections 60 (4), 90 (2) and 93 (1) of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) resulting in penalties amounting to GH¢37,800.00.

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.

Notes to the Financial Statements - cont'd

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.

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:

- The particular asset or liability that is the subject of measurement (consistently with the unit of account);
- The principal (or most advantageous) market for the asset or liability;
- 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 categorised

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.

	2018		2017	
	Level 1		Level 1	
	Bank	Group	Bank	Group
Investment in equity securities AFS	3,849	5,035	3,669	4,639
Investment securities FVTPL	80,004	80,004	10,079	10,079
	83,853	85,039	13,748	14,718
	Level 3		Level 3	
	Bank	Group	Bank	Group
Investment in unlisted equity securities	378	36,265	113	2,263
	378	36,265	113	2,263

d) 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 categorised:

Notes to the Financial Statements - cont'd

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Bank					
31 December 2018					
Assets					
Cash and cash equivalents	-	1,953,620	-	1,953,620	1,953,620
Advances to banks	-	-	212,986	212,986	212,986
Loans and advances to customers	-	-	2,812,648	2,812,648	2,799,041
Investment securities	-	3,927,209	-	3,927,209	4,642,042
Other asset	-	-	429,206	429,206	429,206
	-	5,880,829	3,454,840	9,335,669	10,036,895
Liabilities					
Deposits from customers	-	8,299,677	-	8,299,677	8,334,997
Borrowings	-	-	344,884	344,884	344,884
Other liabilities	-	-	526,820	526,820	526,820
	-	8,299,677	871,704	9,171,381	9,206,701
31 December 2017					
Assets					
Cash and cash equivalents	-	1,022,684	-	1,022,684	1,022,684
Advances to banks	-	-	224,950	224,950	224,950
Loans and advances to customers	-	-	2,143,541	2,143,541	2,099,330
Investment securities	-	4,053,235	-	4,053,235	4,878,155
Other asset	-	-	729,738	729,738	729,738
		5,075,919	3,098,229	8,174,148	8,954,857
Deposits from customers	-	6,803,431	-	6,803,431	6,956,190
Borrowings	-	-	960,597	960,597	959,105
Other liabilities	-	-	247,847	247,847	247,847
		6,803,431	1,208,444	8,011,875	8,163,142

d) 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 categorised:

Notes to the Financial Statements - cont'd

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Group					
31 December 2018					
Assets					
Cash and cash equivalents	-	1,953,620	-	1,953,620	1,953,620
Advances to banks	-	-	212,986	212,986	212,986
Loans and advances to customers	-	-	2,812,648	2,812,648	2,799,041
Investment securities	-	3,931,197	-	3,931,197	4,646,034
Other asset	-	-	429,206	429,206	429,206
		5,884,817	3,454,840	9,339,657	10,040,887
Liabilities					
Deposits from customers	-	8,261,874	-	8,261,874	8,297,194
Borrowings	-	-	344,884	344,884	344,884
Other liabilities	-	-	526,820	526,820	526,820
		8,261,874	871,704	9,133,578	9,168,898
31 December 2017					
Assets					
Cash and cash equivalents	-	1,022,684	-	1,022,684	1,022,684
Advances to banks	-	-	224,950	224,950	224,950
Loans and advances to customers	-	-	2,143,541	2,143,541	2,099,330
Investment securities	-	4,059,361	-	4,059,361	4,884,277
Other asset	-	-	729,701	729,701	729,701
	-	5,082,045	3,098,192	8,180,237	8,960,942
Liabilities					
Deposits from customers	-	6,771,282	-	6,771,282	6,924,041
Borrowings	-	-	960,597	960,597	959,105
Other liabilities	-	-	247,847	247,847	247,847
	-	6,771,282	1,208,444	7,979,726	8,130,993

7. Classification of Financial assets and financial liabilities

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities. 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.

Notes to the Financial Statements - cont'd

	Fair value through profit or loss	Amortised cost	Fair value through OCI	Financial liabilities	Total carrying amount
2018 Group					
Cash and cash equivalents	-	1,953,620	-	-	1,953,620
Investment securities	-	4,646,034	-	-	4,646,034
Trading assets	80,004	-	-	-	80,004
Advances to banks	-	212,986	-	-	212,986
Loans and advances to customers	-	2,799,041	-	-	2,799,041
Investment (other than securities)	-	-	41,300	-	41,300
Other assets	-	429,206	-	-	429,206
Total	80,004	10,040,887	41,300	-	10,162,191
Deposits from customers	-	-	-	8,297,194	8,297,194
Other liabilities	-	-	-	531,456	531,456
Borrowings	-	-	-	344,884	344,884
Total	-	-	-	9,173,534	9,173,534

	Fair value through profit or loss	Held-to- maturity	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount
2017 Group						
Cash and cash equivalents	-	-	1,022,684	-	-	1,022,684
Investment securities	-	4,884,277	-	-	-	4,884,277
Trading assets	10,079	-	-	-	-	10,079
Advances to banks	-	-	224,950	-	-	224,950
Loans and advances to customers	-	-	2,099,330	-	-	2,099,330
Investment (other than securities)	-	-	-	6,902	-	6,902
Other assets	-	-	729,701	-	-	729,701
Total assets	10,079	4,884,277	4,076,665	6,902	-	8,977,923
Deposits from customers	-	-	-	-	6,924,041	6,924,041
Other liabilities	-	-	-	-	247,887	247,887
Borrowings	-	-	-	-	959,105	959,105
Total liabilities	-	-	-	-	8,131,033	8,131,033

Notes to the Financial Statements - cont'd

	Fair value through profit or loss	Amortised cost	Fair value through OCI	Financial liabilities	Total carrying amount
Bank					
December 2018					
Cash and cash equivalents	-	1,953,620	-	-	1,953,620
Investment securities	-	4,642,042	-	-	4,642,042
Trading assets	80,004	-	-	-	80,004
Advances to banks	-	212,986	-	-	212,986
Loans and advances to customers	-	2,799,041	-	-	2,799,041
Investment (other than securities)	-	-	4,227	-	4,227
Other assets	-	429,396	-	-	429,396
Total assets	80,004	10,036,895	4,227	-	10,121,316
Deposits from customers	-	-	-	8,334,997	8,334,997
Other liabilities	-	-	-	532,106	532,106
Borrowings	-	-	-	344,884	344,884
Total liabilities	-	-	-	9,211,987	9,211,987

	Fair value through profit or loss	Held-to- maturity	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount
Bank						
December 2017						
Cash and cash equivalents	-	-	1,022,684	-	-	1,022,684
Investment securities	4,878,155	-	-	-	-	4,878,155
Trading assets	10,079	-	-	-	-	10,079
Advances to banks	-	-	224,950	-	-	224,950
Loans and advances to customers	-	-	2,099,330	-	-	2,099,330
Investment (other than securities)	-	-	-	3,782	-	3,782
Other assets	-	-	729,738	-	-	729,738
Total assets	10,079	4,878,155	4,076,702	3,782	-	8,968,718
Deposits from customers	-	-	-	-	6,956,190	6,956,190
Other liabilities	-	-	-	-	247,847	247,847
Borrowings	-	-	-	-	959,105	959,105
Total liabilities	-	-	-	-	8,163,142	8,163,142

Notes to the Financial Statements - cont'd

8. Operating segments

a. Segment information

For performance management purposes, the Group is organised into 4 core segments based on their products and services. These are:

- Consumer Banking;
- Corporate Banking;
- Treasury; and
- SME and 1D1F

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 categorised into Multinational Corporate, Large Local Corporate, Development Organisations and Public Sector. 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 centralised management of the Group's market risk exposures. The function manages the funding requirements and ensures that the Bank is well capitalised to boost investor confidence and sustain future development of the business.

The Small and Medium Scale Enterprises and 1D1F arm of the business provides banking services by way of financing and raising deposit as well as providing trade services to these small scale clients.

For the purpose of segmental reporting, surplus funds or deficit per business unit is either sold to or purchased from the Bank pool based on a pool rate determined by Treasury using the Group's cost of funds plus a margin for both local and foreign currencies.

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

	Consumer	Corporate	Treasury	SME 1D1F	Total
31 December 2018					
External revenue					
Net interest income	97,102	185,242	663,438	20,784	966,566
Inter segment revenue	387,400	41,141	(538,056)	109,515	-
Net fees and commissions	120,615	47,822	3,289	25,870	197,596
Net trading income	-	18,360	72,278	-	90,638
Other income / other revenue	10,630	4,470	12,753	-	27,853
Total segment revenue	615,747	297,035	213,702	156,169	1,282,653
Operating expenses	(437,279)	(136,283)	(75,633)	(127,021)	(776,216)

Notes to the Financial Statements - cont'd

	Consumer	Corporate	Treasury	SME 1D1F	Total
Other material non cash items:					
Impairment loss on loans and advances	(8,040)	(49,686)	-	(2,285)	(60,011)
Reportable segmental profit before tax	170,428	111,066	138,069	26,863	446,426
Reportable segment assets	1,159,976	1,395,478	4,855,028	243,587	7,654,069
Reportable segment liabilities	5,018,791	2,323,613	344,884	992,593	8,679,881

	Consumer	Corporate	Treasury	Total
31 December 2017				
External revenue				
Net interest income	143,601	100,339	650,460	894,400
Inter segment revenue	283,211	198,766	(481,977)	-
Net fees and commissions	104,243	63,580	2,473	170,296
Net trading income	-	11,120	29,900	41,020
Other income/ other revenue	2,290	4,004	5,207	11,501
Total segment revenue	533,345	377,809	206,063	1,117,217
Loss on derecognition of renegotiated Loans	-	(1,543)	-	(1,543)
Operating expenses	(412,909)	(244,006)	(99,961)	(756,876)
Impairment loss on loans and advances	(17,302)	(32,602)	-	(49,904)
Reportable segmental profit before tax	103,134	99,658	106,102	308,894
Reportable segment assets	979,819	1,119,511	5,113,184	7,212,514
Reportable segment liabilities	2,051,253	4,904,937	959,105	7,915,295

c. Reconciliations of information on reportable segment

i. Assets

	2018	2017
Total assets for reportable entities	7,652,160	7,212,514
Unallocated amounts	2,969,668	2,345,637
Total assets	10,621,828	9,558,151

ii. Liabilities

	2018	2017
Total liabilities for reportable entities	8,679,881	7,915,295
Unallocated amounts	659,267	529,706
Total liabilities	9,339,148	8,445,001

Notes to the Financial Statements - cont'd

d. Geographic information

	In Ghana		Outside Ghana		Total	
	2018	2017	2018	2017	2018	2017
Revenues	1,254,309	1,111,576	6,254	5,641	1,260,563	1,117,217
No individual customer contributed 10% or more to revenue. Segment revenue is based on the geographical location of customers, whilst segment asset is based on the geographical location of assets.						
Non current assets						
Property and equipment	237,247	222,861	-	-	237,247	222,861
Intangible assets	190,901	152,349	-	-	190,901	152,349
Total	428,148	375,210	-	-	428,148	375,210

9. Interest income

	2018		2017	
	Bank	Group	Bank	Group
Cash and short term funds	71,139	71,139	96,511	96,511
Investment securities	700,728	701,265	672,976	673,887
Loans and advances to customers	582,747	582,747	417,455	417,455
	1,354,614	1,355,151	1,186,942	1,187,853

Total interest income calculated using the effective interest method reported above that relate to financial assets are not carried at FVTPL are GH¢1,284,011,551 (2017: GH¢ 1,088,402,000).

10. Interest expense

	2018		2017	
	Bank	Group	Bank	Group
Financial liabilities measured at amortised cost				
Current and savings accounts	101,426	101,426	76,765	76,765
Time and other deposits	196,934	196,934	135,353	135,353
Borrowings	89,688	89,688	80,424	80,424
	388,048	388,048	292,542	292,542

11. Fee and commission income

	2018		2017	
	Bank	Group	Bank	Group
Commission on letters of credit and guarantees	10,954	10,954	6,233	6,233
Commission on foreign services	15,071	15,071	11,173	11,173
Commission on turnover	53,598	53,598	54,778	54,778
Processing and facility fees	41,366	41,366	26,432	26,432
Other fees and commissions	128,036	128,036	109,171	109,171
Total Fee and Commission Income	249,025	249,025	207,787	207,787

Notes to the Financial Statements - cont'd

12. Fee and commission expense

	2018		2017	
	Bank	Group	Bank	Group
Fee and commission expense	51,429	51,429	37,491	37,491

13. Net trading income

	2018		2017	
	Bank	Group	Bank	Group
Foreign exchange	85,729	85,729	40,361	40,361
Fixed income trading	4,909	4,909	659	659
	90,638	90,638	41,020	41,020

14. Net income on other derivatives held for risk management purposes

	2018		2017	
	Bank	Group	Bank	Group
Foreign currency swap	(503)	(503)	-	-

During the year 2018, the Bank entered into three currency swap deals with Barclays Bank Ghana Limited. The notional amounts involved totalled US\$ 85 million. These swaps were settled during the year with no balances outstanding as at 31 December 2018. The impact on the profit or loss of the Bank was a net loss of GH¢ 503,000.

15. Other revenue

	2018		2017	
	Bank	Group	Bank	Group
Dividend income	6,266	5,992	5,691	15,640
Bad debt recovery	-	-	1,746	1,746
	6,266	5,992	7,437	17,386

16. Loss on derecognition or renegotiated assets

	2018		2017	
	Bank	Group	Bank	Group
Loss on renegotiated loans	-	-	(1,543)	(1,543)

17. Other income

	2018		2017	
	Bank	Group	Bank	Group
Other income	21,835	20,498	3,498	3,498
Rental income	538	538	319	(696)
Profit on sale of property and equipment	(283)	(283)	247	247
	22,090	20,753	4,064	3,049

Notes to the Financial Statements - cont'd

18. Net impairment loss on financial asset

	2018		2017	
	Bank	Group	Bank	Group
Impairment charge	60,011	60,011	49,904	49,904
Analysis of impairment charge				
Allowance for impairment - investment	(3,902)	(3,902)	-	-
Allowance for impairment – loans and advances	65,823	65,823	-	-
Individual impairment	-	-	20,535	20,535
Collective impairment	-	-	33,561	33,561
Recoveries of loans previously impaired	(1,910)	(1,910)	(4,192)	(4,192)
	60,011	60,011	49,904	49,904

19. Other operating expenses

	2018		2017	
	Bank	Group	Bank	Group
Technology and communication	76,956	76,956	70,634	70,634
Advertising and marketing	3,179	3,179	1,745	1,745
Training	4,699	4,699	7,482	7,482
Audit fees	1,400	1,440	1,364	1,400
Donations	5,622	5,622	5,785	5,785
Utilities	23,097	23,097	28,682	28,682
Other professional fees	25,049	25,141	20,133	20,133
Rent and rates	10,689	10,689	19,636	19,636
Repairs and maintenance	25,728	25,728	19,619	19,619
Security services	15,188	15,188	11,455	11,455
Travelling	8,435	8,435	10,414	10,414
Business promotion	2,969	2,969	2,556	2,556
Settlement of legal cases	6,458	6,458	50,160	50,160
Other administrative expenses	49,334	49,502	86,647	86,673
	258,803	259,103	336,312	336,374

20. Personnel expenses

	2018		2017	
	Bank	Group	Bank	Group
Staff expense comprise:				
Wages and salaries	163,841	163,841	143,362	143,362
Staff allowances	133,853	133,853	107,047	107,047
Performance award	40,996	40,996	37,333	37,333
Social security fund contributions	20,956	20,956	17,525	17,525

Notes to the Financial Statements - cont'd

	2018		2017	
	Bank	Group	Bank	Group
Provident fund contributions	18,364	18,364	14,826	14,826
Retirement benefit obligations	21,479	21,479	17,866	17,866
Restructuring cost	1,347	1,347	1,207	1,207
Other staff costs	22,736	22,736	21,494	21,494
Directors fees	2,390	2,480	2,147	2,147
	425,962	426,052	362,807	362,807

The number of persons employed by the bank at the year end was 2,437 (2017: 1,915)

21. Income tax

	2018		2017	
	Bank	Group	Bank	Group
Amount recognised in profit or loss				
Current tax expense				
Corporate tax	101,914	102,395	89,680	90,928
National Fiscal Stabilisation Levy	22,321	22,321	15,445	15,445
Change to estimates for prior years	-	-	2,710	2,710
	124,235	124,716	107,835	109,083
Deferred tax expense				
Originating and reversing temporary differences	(985)	(1,283)	(11,656)	(11,698)
Total income tax expense	123,250	123,433	96,179	97,385

Reconciliation of the tax expense

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

	2018		2017	
	Bank	Group	Bank	Group
Profit before tax	446,382	450,174	308,894	331,983
Corporate tax rate	25%	25%	25%	25%
National fiscal stabilisation levy rate	5%	5%	5%	5%
Tax calculated at corporate tax rate	111,607	112,544	77,224	82,996
Non deductible expenses	(9,120)	(9,120)	4,043	4,043
Tax exempt income	(1,566)	(2,816)	(1,484)	(7,298)
Income subject to tax at different rate	470	965	427	1,675
Tax incentive	(461)	(461)	(2,186)	(2,186)
National fiscal stabilisation levy	22,321	22,321	15,445	15,445
Prior year tax adjustments	-	-	2,710	2,710
Current income tax charge	123,251	123,433	96,179	97,385
Effective tax rate	27.61%	27.42%	31.14%	29.33%

Notes to the Financial Statements - cont'd

22. Current tax (assets) / liabilities

	Balance at 1 Jan	Charge for the year	(Payments) / Refund	Balance at 31 Dec.
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The movement on the current tax account was as follows:

Group – 2018

Year of assessment				
Up to 2016	343	-	-	343
Up to 2017	(3,805)	-	-	(3,805)
2018	-	102,395	(109,669)	(7,274)
Tax on staff cost (operating expenses)	309	-	-	309
	(3,513)	102,395	(109,669)	10,427
National fiscal stabilisation levy				
2018	2,575	22,321	(15,537)	9,340
Total	(578)	124,716	(125,205)	(1,067)

Group – 2017

Year of assessment				
Up to 2016	(2,367)	2,710	-	343
2017	-	90,928	(94,733)	(3,805)
Tax on staff cost (operating expenses)	-	309	-	309
	(2,367)	93,947	(94,733)	(3,153)
National fiscal stabilisation levy	(2,020)	15,445	(10,850)	2,575
Total	(4,387)	109,392	(105,583)	(578)

The movement on the current tax account was as follows:

Bank – 2018

Year of assessment				
Up to 2016	553	-	-	553
2017	(3,691)	-	-	(3,691)
2018	-	100,449	(109,113)	(8,664)
Tax on staff cost (operating expenses)	309	-	-	309
	(2,829)	100,449	(109,113)	(11,493)
National fiscal stabilisation levy				
2018	2,575	23,786	(15,536)	10,825
	(254)	124,235	(124,649)	(668)

The movement on the current tax account was as follows:

Bank – 2017

Year of assessment				
Up to 2016	(2,157)	2,710	-	553

Notes to the Financial Statements - cont'd

	Balance at 1 Jan	Charge for the year	(Payments) / Refund	Balance at 31 Dec.
2017	-	89,680	(93,371)	(3,691)
Tax on staff cost (operating expenses)	-	309	-	309
	(2,157)	92,669	(93,371)	(2,829)
National Fiscal stabilisation levy	(2,020)	15,445	(10,850)	2,575
Total	(4,177)	108,144	(104,221)	(254)

The tax position up to the 2017 year of assessment have been agreed with the tax authorities. Liabilities arising have been settled as of 31 December 2017. The tax position for the remaining year of assessment is yet to be agreed with the tax authorities.

23. Deferred taxation

	Balance at 1 Jan	Movement during the year	Balance at 31 Dec.	Deferred tax asset	Deferred tax liabilities
Bank - 2018					
Recognised in profit and loss					
Property and equipment	15,106	853	15,959	-	15,959
Loans and advances	(16,817)	72	(16,745)	(16,745)	-
Employee benefit obligation	(12,867)	(1,886)	(14,753)	(14,753)	-
Provisions	(594)	(24)	(618)	(618)	-
	(15,172)	(985)	(16,157)	(32,116)	15,959
Recognised in OCI					
Employee benefit obligations	(16,793)	6,564	(10,229)	(10,229)	-
Investments at amortised cost	175	(45)	130	-	130
Adjustment AFS equity investments	(108)	-	(108)	(108)	-
Fair value- Unlisted investments	-	59	59	-	59
	(16,726)	6,578	(10,148)	(10,337)	189
Recognised in retained earnings					
IFRS 9 impairment- loans and advances	-	(29,340)	(29,340)	(29,340)	-
	(31,898)	(23,747)	(55,645)	(71,793)	16,148
Group - 2018					
Recognised in profit and loss					
Property and equipment	15,106	853	15,959	-	15,959
Loans and advances	(16,817)	72	(16,745)	(16,745)	-
Employee benefit obligation	(12,867)	(1,886)	(14,753)	(14,753)	-
Provisions	(594)	(24)	(618)	(618)	-

Notes to the Financial Statements - cont'd

	Balance at 1 Jan	Movement during the year	Balance at 31 Dec.	Deferred tax asset	Deferred tax liabilities
Tax losses carried forward	(42)	(298)	(340)	(340)	-
	(15,214)	(1,282)	(16,496)	(32,456)	15,959
Recognised in OCI					
Employee benefit obligations	(16,793)	6,564	(10,229)	(10,229)	-
Fair value-listed investments	19	(206)	(187)	(187)	-
Adjustment AFS equity investments	(107)	-	(107)	(107)	-
Fair value- Unlisted investments in subsidiary-2018	-	(3,804)	(3,804)	(3,804)	-
Fair value- Unlisted investments-Bank-subsiary 2017	-	12,232	12,232	-	12,232
Fair value- Unlisted investments-Bank	-	59	59	-	59
	(16,881)	14,846	(2,035)	(14,327)	12,291
Recognised in retained earnings					
IFRS 9 impairment- loans and advances	-	(29,340)	(29,340)	(29,340)	-
Total	(32,095)	(15,777)	(47,872)	(76,123)	28,251
Bank - 2017					
Recognised in profit and loss					
Property and equipment	13,362	1,744	15,106	-	15,106
Loans and advances	(4,885)	11,932	(16,817)	(16,817)	-
Employee benefit obligation	(11,993)	(874)	(12,867)	(12,867)	-
Provisions	-	(594)	(594)	(594)	-
	(3,516)	(11,656)	(15,172)	(30,278)	15,106
Recognised in OCI					
Employee benefit obligations	(11,818)	(4,975)	(16,793)	(16,793)	-
Available for sale investments	(140)	315	(175)	-	175
Adjustment AFS equity investments	-	-	(107)	-	(107)
	(11,958)	(4,660)	(16,726)	(16,793)	67
Total	(15,474)	(16,316)	(31,898)	(47,071)	15,173
Group - 2017					
Recognised in profit and loss					
Property and equipment	13,362	1,744	15,106	-	15,106
Loans and advances	(4,885)	11,932	(16,817)	(16,817)	-
Employee benefit obligation	(11,993)	(874)	(12,867)	(12,867)	-
Provisions	-	(594)	(594)	(594)	-
Tax losses carried forward	-	(42)	(42)	(42)	-

Notes to the Financial Statements - cont'd

	Balance at 1 Jan	Movement during the year	Balance at 31 Dec.	Deferred tax asset	Deferred tax liabilities
	(3,516)	(11,698)	(15,214)	(30,320)	15,106
Recognised in OCI					
Employee benefit obligations	(11,818)	(4,975)	(16,793)	(16,793)	-
Available for sale investments	(176)	195	19	19	-
Adjustment AFS equity investments	-	-	(107)	(107)	-
	(11,994)	(4,780)	(16,881)	(16,881)	-
Total	(15,510)	(16,478)	(32,095)	(47,201)	15,106

24. 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.

	2018		2017	
	Bank	Group	Bank	Group
Profit attributable to equity holders	323,132	326,741	212,715	234,598
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)	122	123	80	89
Diluted earnings per share (expressed in Ghana pesewas per share)	122	123	80	89

25. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018		2017	
	Bank	Group	Bank	Group
Cash on hand	194,270	194,270	185,536	185,536
Balance with Bank of Ghana	1,180,766	1,180,766	517,419	517,419
Items in course of collection	495,687	495,687	213,885	213,885
Accounts with other Banks	82,866	82,866	105,844	105,844
Money market	31	31	-	-
	1,953,620	1,953,620	1,022,684	1,022,684

Included in balances with Bank of Ghana is an amount of GH¢797,806,441 (2017:GH¢ 506,153,310) representing the mandatory cash reserve as per the weekly Banking Supervision Department (BSD1) returns for the week ending 2 January 2019 (2017:29 December 2017). This reserve represents and complies with the mandatory minimum of 10% (2017: 10%) of the Bank's total deposits and is not available for use in the bank's day to day operations. Cash on hand, items in course of collection and balances with Bank of Ghana are non interest bearing.

Notes to the Financial Statements - cont'd

26. Investment securities

	2018		2017	
	Bank	Group	Bank	Group
Short term investments				
Stocks and bonds	1,636,969	1,637,138	3,418,965	3,421,258
Treasury bills	329,282	333,105	646,171	650,000
	1,966,251	1,970,243	4,065,136	4,071,258
Medium term investments				
GOG bonds	413,556	413,556	531,715	531,715
Long term investments				
GOG note 5 years fixed rate	2,262,235	2,262,235	281,304	281,304
	4,642,042	4,646,034	4,878,155	4,884,277
At 1 January	4,878,155	4,884,277	2,626,946	2,633,116
Additions	4,144,496	4,156,037	17,916,729	17,930,205
Disposals	(4,488,870)	(4,502,709)	(15,909,578)	(15,923,407)
Gains from changes in fair value	108,261	108,429	244,058	244,363
	4,642,042	4,646,034	4,878,155	4,884,277
Current	1,834,111	1,838,103	4,054,561	4,060,683
Non current	2,807,931	2,807,931	823,594	823,594

26a. Non pledged trading asset

	2018		2017	
	Bank	Group	Bank	Group
At 1 January	10,079	10,079	-	-
Additions	490,232	490,232	40,175	40,175
Disposals	(421,517)	(421,517)	(30,872)	(30,872)
Gains from changes in fair value	1,210	1,210	776	776
At 31 December	80,004	80,004	10,079	10,079

27. Advances to banks

	2018		2017	
	Bank	Group	Bank	Group
Placement with other banks	220,355	220,355	224,950	224,950
Impairment	(7,369)	(7,369)	-	-
Balance at December	212,986	212,986	224,950	224,950
Current	212,986	212,986	224,950	224,950
Non-current	-	-	-	-
Allowance for impairment				

Notes to the Financial Statements - cont'd

	2018		2017	
	Bank	Group	Bank	Group
Balance at 1 January	-	-	-	-
IFRS 9 transitional adjustments	11,271	11,271	-	-
Charge for the year	(3,902)	(3,902)	-	-
Balance at 31 December	7,369	7,369	-	-

28. Loans and advances to customers

	2018		2017	
	Bank	Group	Bank	Group
Term loans	2,705,950	2,706,579	1,860,141	1,860,770
Overdrafts	384,900	384,900	445,639	445,639
Staff loans	78,005	78,005	56,513	56,513
Gross loans and advances	3,168,855	3,169,484	2,362,293	2,362,922
Less:				
Interest in suspense	(57,202)	(57,202)	-	-
Allowance for impairment	(312,612)	(313,241)	(262,963)	(263,592)
Net loans and advances	2,799,041	2,799,041	2,099,330	2,099,330
Current	1,120,158	1,120,158	935,810	935,810
Non-current	1,678,883	1,678,883	1,163,520	1,163,520
Allowance for impairment	262,963	263,592	238,393	239,022
Balance at 1 January	106,090	106,090	-	-
IFRS 9 transitional adjustments	63,913	63,913	49,904	49,904
Charge for the year	(120,354)	(120,354)	(25,334)	(25,334)
Write offs				
Balance at 31 December	312,612	313,241	262,963	263,592

The fifty largest exposure represent 51% of loans and advances at the end of the year (2017: 49%).

29. Investments (Other than securities)

	2018		2017	
	Bank	Group	Bank	Group
Investment security (listed) (note 29a)	3,849	5,035	3,669	4,639
Investment in other security (note 29b)	378	36,240	113	2,263
	4,227	41,275	3,782	6,902

Notes to the Financial Statements - cont'd

29a. Investments securities (Listed)

	2018	
	Bank	Group
At 1 January	3,669	4,639
Changes in fair value	180	396
At 31 December	3,849	5,035

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

29b. Fair values of unlisted investment securities

	2018			2017		
	Ordinary shares	Bank	Group	Ordinary shares	Bank	Group
National Investment Bank	2.5%	-	-	2.5%	29	29
CDH Financial Holdings	7.1%	-	-	7.1%	6	6
Securities Discount Company	1.1%	-	-	1.1%	16	16
Fidelity Bank	0.05%	378	378	0.05%	62	62
Ghana Community Network	5%	-	23,398	5%	-	108
Vivo Energy Limited	9%	-	12,464	-	-	-
Oasis Africa Fund	9.3%	-	-	9.3%	-	2,041
Vacuum Salt Project Limited	10%	-	-	10%	-	1
Balance at year end		378	36,240		113	2,263

29c. IFRS 9 Transition

	2018		2017	
	Bank	Group	Bank	Group
Balance at 1 January	113	2,263	113	2,263
IFRS 9 transition adjustments	237	49,166	-	-
Transfer to OCI	28	(15,189)	-	-
Balance at 31 January	378	36,240	113	2,263

30. Investments in subsidiary

GCB Securities Limited, an entity incorporated in Ghana that engages in investment banking activities is the only subsidiary of the Bank.

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

Name of company	2018	2017	Carrying amount	Carrying amount
	% holding	% holding	2018	2017
Bank				
GCB Securities Limited	100	100	1,000	1,000

Notes to the Financial Statements - cont'd

Restrictions relating to subsidiaries

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

31. Investment in associates

The following table lists all of the associates in the Group:

	2018		2017	
	Bank	Group	Bank	Group
At 1 January	28,274	88,460	28,274	46,000
Share of profit	-	5,256	-	13,306
Share of OCI	-	(2,050)	-	2,483
Dividends received from associates	-	(6,281)	-	(5,641)
Reclassification of unlisted equities	-	-	-	-
Foreign currency translation differences on foreign operation	-	(3,903)	-	32,286
Total at 31 December	28,274	81,482	28,274	88,460

The Bank has one direct associates Ghana International Bank (GIB) and it considers Ghana International Bank (GIB) as material to the Group. The Bank in addition holds indirect interest of 20%, 25% and 34% in Ghana Textiles Manufacturing Company, Accra Markets Limited and NCR Ghana Limited respectively through its subsidiary. The financial information of Accra Markets Limited and Ghana Textiles Manufacturing Company has been equity accounted for, however, that of NCR Ghana Limited and Activity Venture Finance Company have not been equity accounted as the indirect associate is immaterial to the Group financial statements.

Material associates

	Country of incorporation	Method	% Ownership interest	
			2018	2017
Ghana International Bank	London, United Kingdom	Equity	20%	20%

The country of incorporation is the same as the principle place of business for all associates. The percentage voting rights is equal to the percentage ownership for all associates.

Ghana International Bank is a strategic investment that facilitates the Group's international trade.

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	Ghana International Bank	
	2018	2017
Revenue	144,001	115,234
Profit (loss) from continuing operations	25,757	56,803
Other comprehensive income	(10,250)	12,417
Total comprehensive income	15,507	69,220
Attributable to investee's shareholders	15,507	69,220

Notes to the Financial Statements - cont'd

Summarised statement of financial position

Ghana International Bank

	2018	2017
Assets		
Current	3,895,798	4,094,566
Non-current	425,843	568,992
Total assets	4,321,641	4,663,558
Liabilities		
Current	225,000	39,088
Non current	3,478,811	3,828,439
Total liabilities	842,830	835,119
Net assets		
Attributable to investee's shareholders	842,830	835,119
Group's interest in net assets	168,566	167,024
Carrying amount	81,482	88,460

32. Property, plant and equipment

	Leasehold land & buildings	Furniture & equipment	Motor Vehicles	Computers	Capital work in progress	Total
Group and Bank						
Cost						
1 January 2018	107,373	175,315	16,435	107,964	27,348	434,435
Addition	5,116	10,348	3,830	11,848	58,382	89,524
Disposals	-	(113)	(1,473)	-	(526)	(2,112)
Transfers	23,500	15,034	411	2,140	(66,355)	(25,270)
Balance at 31 December 2018	135,989	200,584	19,203	121,952	18,849	496,577
Accumulated depreciation						
1 January 2018	14,326	109,330	8,552	79,366	-	211,574
Charge for the year	3,450	27,001	3,348	14,498	-	48,297
Disposal	-	(40)	(501)	-	-	(541)
Balance at 31 December 2018	17,776	136,291	11,399	93,864	-	259,330
Net book value						
Balance as at 31 December 2018	118,213	64,293	7,804	28,088	18,849	237,247

Notes to the Financial Statements - cont'd

	Leasehold land & buildings	Furniture & equipment	Motor Vehicles	Computers	Capital work in progress	Total
Balance at 1 January 2017	60,983	138,531	12,384	88,501	58,518	358,917
Additions	16,318	16,471	4,513	6,908	35,455	79,665
Disposal	-	(251)	(462)	-	-	(713)
Transfers	30,056	20,580	-	12,304	(64,200)	(1,260)
Reclassification	16	(16)	-	251	-	251
Write offs	-	-	-	-	(2,425)	(2,425)
Balance as at 31 December 2017	107,373	175,315	16,435	107,964	27,348	434,435

Accumulated depreciation

Balance at 1 January 2017	12,677	87,177	6,125	61,876	-	167,855
Charge for the year	1,649	22,404	2,754	17,490	-	44,297
Disposal	-	(251)	(327)	-	-	(578)
Balance at 31 December 2017	14,326	109,330	8,552	79,366	-	211,574
Net book value						
Balance as at 31 December 2017	93,047	65,985	7,883	28,598	27,348	222,861

There was no indication of impairment of property and equipment held by the Group at 31 December 2018 (2017: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.

33. Intangible assets

	CWIP	Software	Customer relationship	Total
Group and Bank				
Cost				
Balance at 1 January 2017	14,986	50,549	-	65,535
Additions	7,730	22,809	95,306	125,845
Transfer	15	1,245	-	1,260
Reclassifications	(125)	(126)	-	(251)
Write offs	(32)	-	-	(32)
Balance at 31 December 2017	22,574	74,477	95,306	192,357
Balance at 1 January 2018	22,574	74,477	95,306	192,357
Addition	8,416	73,177	-	81,593
Transfer	(14,162)	14,162	-	-

Notes to the Financial Statements - cont'd

	CWIP	Software	Customer relationship	Total
Reclassifications	(326)	326	-	-
Balance at 31 December 2018	16,502	162,142	95,306	273,950
Accumulated amortisation				
Balance at 1 January 2017	-	26,548	-	26,548
Charge for the year	-	13,460	-	13,460
Balance at 31 December 2017	-	40,008	-	40,008
Balance at 1 January 2018	-	40,008	-	40,008
Charge for the year	-	23,980	19,218	43,198
Write-Off	-	-	(157)	(157)
Balance at 31 December 2018	-	63,988	19,061	83,049
Carrying amounts				
Balance as at 31 December 2018	16,502	98,154	76,245	190,901
Balance as at 31 December 2017	22,574	34,469	95,306	152,349

Intangible assets represent licenses for computer software and customer relationship. 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.

34. Other assets

	2018		2017	
	Bank	Group	Bank	Group
Account receivables	405,662	405,662	185,735	185,696
Receivable from GOG	-	-	600,996	600,996
Prepayments	23,734	23,734	95,804	95,804
	429,396	429,396	882,535	882,496
Current	429,396	429,396	882,535	882,496
Non current	-	-	-	-

35 (i) Deposits from Banks & Other Financial Institutions

	2018		2017	
	Bank	Group	Bank	Group
Current account	59,563	59,563	60,602	60,602
Savings deposits	5	5	5	5
Time deposits	213,201	213,201	21,198	21,198
	272,769	272,769	81,805	81,805
Current	272,769	272,769	81,805	81,805
Non current	-	-	-	-

Notes to the Financial Statements - cont'd

35 (ii) Deposits from customers

	2018		2017	
	Bank	Group	Bank	Group
Current account	3,409,629	3,371,826	2,624,452	2,592,303
Savings deposits	3,018,923	3,018,923	2,236,678	2,236,678
Time deposits	1,633,676	1,633,676	2,013,255	2,013,255
	8,062,228	8,024,425	6,874,385	6,842,236
Current	8,042,859	8,005,056	6,871,672	6,839,523
Non current	19,369	19,369	2,713	2,713

The twenty largest depositors made up 22.3% of total deposits at the end of the year (2017:18%).

36. Other liabilities and provisions

	2018		2017	
	Bank	Group	Bank	Group
Creditors	203,197	203,197	117,769	117,769
Accruals	38,562	38,660	26,886	26,933
Other liabilities	290,347	289,599	266,426	266,429
	532,106	531,456	411,081	411,131
Current	532,106	531,456	411,081	411,131
Non-current	-	-	-	-

Included in other liabilities is an amount of GH¢36.99 million being provision for legal actions brought against the Bank by customers and its employees.

37. Borrowings

Group and Bank	2018	2017
At 1 January	959,105	523,281
Additions	14,048,552	740,000
Repayments	(14,710,304)	(322,798)
Accrued interest	47,531	18,622
Derecognition of loan	-	-
	344,884	959,105
Comprising:		
Bank of Ghana	236,531	907,104
Exim Bank (EDAIF)	6,413	11,483
Social Security and National Pension Trust (SSNIT)	20,000	40,518
Guarantee Trust Bank	33,740	-
First Bank National	9,637	-
First Atlantic Merchant Bank	38,563	-
	344,884	959,105

Notes to the Financial Statements - cont'd

38. Employee benefit obligations

Group and Bank	2018	2017
Post employment defined benefit plan (a)	95,382	117,192
Other long term employee benefit (b)	2,265	1,433
	97,647	118,625

Post employment defined and other long term benefit plan

Apart from the legally required social security scheme, the Bank contributes to the following post employment defined benefit plans and other long term employee benefit plan. These plans expose the Bank to actuarial risks, such as longevity risk, interest rate risk and market (investment risk).

Other long term employee benefit plan

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 in service with the Bank after fifteen (15) years become eligible to receive cash payments at graduated rates when employees achieve stipulated milestones set by the Bank. During the year, the Bank amended the terms of settlement of long service award from retirement date to settlement on the achievement of every milestone. The amendment to the settlement terms resulted in a reclassification of long service award from defined benefits plan to other long term employee benefits plan. The difference between the employee benefit obligation under the existing terms and the obligation determined under the current terms at the date of amendment is recognised directly in profit or loss.

Post employment defined benefit plan

- 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.

Movements for the year	2018	2017
Opening balance	117,192	95,232
Net expense recognised in profit or loss	19,644	17,054
Other comprehensive income	(26,257)	19,898
Other	(15,197)	(14,992)
	95,382	117,192
Net expense recognised in profit or loss		
Current service cost	638	413
Interest expense / (income)	19,006	16,641
	19,644	17,054
Included in other comprehensive income		
Re measurement of loss/(gain)		
Actuarial loss/(gain) arising from:		
Financial assumptions	(20,719)	5,044
Experience	(5,538)	14,854

Notes to the Financial Statements - cont'd

Movements for the year	2018	2017
	(26,257)	19,898
Other		
Benefits paid	(15,197)	(14,062)
Reclassification to other long term benefits	-	(930)
	(15,197)	(14,992)
Net movement	(21,810)	21,960
Balance at 31 December represented by:		
Net defined benefit liability (Plan A)	-	-
Net defined benefit liability (Plan B)	71,502	88,450
Net defined benefit liability (Plan C)	23,879	28,742
	95,381	117,192

Actuarial assumptions

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

Movements for the year	2018	2017
Discount rates used	20.80%	17.35%
Future salary growth	12.50%	12.50%
Rate of inflation	9.50%	11.80%
Medical inflation	12.00%	12.00%
Future pension growth	12.50%	12.50%

Sensitivity analysis

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

	Increase	Decrease	Increase	Decrease
Discount rate (2% movement)	(8,970)	11,141	(12,995)	16,819
Future pension growth (2% movement)	6,789	(5,908)	9,823	(8,381)
Medical inflation (2% movement)	5,393	(4,013)	7,485	(5,307)

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.

Notes to the Financial Statements - cont'd

Other long-term employee benefits

Movements for the year	2018	2017
At 1 January	1,433	-
Reclassification from defined benefit plan	-	930
Net expense recognised in profit or loss	696	190
Actuarial gains/loss recognised in profit or loss	1,138	622
Other	(1,002)	(309)
At 31 December	2,265	1,433
Net expense recognised in profit or loss		
Current service cost	455	36
Interest expense / (income)	241	154
Past service cost and gains and losses on settlements	-	-
	696	190
Recognised in profit or loss		
Actuarial loss/ (gain) arising from:		
Financial assumptions	(344)	67
Experience	1,482	555
	1,138	622
Other		
Benefits paid	(1,002)	(309)
	(1,002)	(309)

39. Capital and reserves

i. Stated Capital

	2018		2017	
	Number	Value	Number	Value
Authorised:				
Ordinary shares of no par value	1,500,000	-	1,500,000	-
Issued:				
Issued for cash	115,000	60,030	115,000	60,030
Transfer from Retained Earnings	86,500	343	86,500	343
Transfer from retained earnings	-	38,000	-	38,000
Capitalisation of reserves	1,000	2	1,000	2
Transfer from other surplus	62,500	1,625	62,500	1,625
Transfer from retained earnings	-	400,000	-	-
	265,000	500,000	265,000	100,000

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

Notes to the Financial Statements - cont'd

ii. Statutory reserve fund

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.

iii. Credit risk reserves

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.

Credit risk reserves Loans and advances	2018		2017	
	Bank	Group	Bank	Group
IFRS impairment	319,980	319,980	262,962	262,962
Bank of Ghana provision	174,493	174,493	245,635	245,635
Excess of BOG provision over IFRS impairment	-	-	-	-
Total credit risk reserve	-	-	-	-

iv. Fair value reserves

The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets, until the assets are derecognised or impaired.

v. Other reserves

Other reserves represent actuarial gains and losses on pension obligations and foreign currency differences arising from the translation of the financial statements of foreign operations.

	2018		2017	
	Bank	Group	Bank	Group
At 1 January	(50,370)	(32,106)	(35,447)	(49,469)
Actuarial (loss)/ gain	19,693	19,693	(19,898)	(19,898)
Deferred tax	-	-	4,975	4,975
Foreign currency translation differences on foreign operations	-	(3,903)	32,286	-
At 31 December	(30,677)	(16,316)	(50,370)	(32,106)

40. 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.

Notes to the Financial Statements - cont'd

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 summarise the nominal principal amounts of contingent liabilities and commitments with off balance sheet risks.

Contingent liabilities

	2018		2017	
	Bank	Group	Bank	Group
Guarantees and indemnities	178,878	178,878	80,417	80,417
Documentary and commercial letters of credit	255,902	255,902	219,042	219,042
	434,780	484,780	299,459	299,459
Commitments				
Loan commitments	367,015	367,015	106,520	106,520
	801,795	801,795	405,979	405,979

Legal proceedings

The bank is defending a number of pending legal actions brought against it as at 31 December 2018. Some of these cases have been brought against the Bank by former employees, customers and others.

Although liability is not admitted, if defence against the legal action is unsuccessful, the potential liability estimated at GH¢44,478,937 (2017: GH¢37,887,163) would be payable. Based on legal advice, management believes that its defence of the legal action will be successful.

Included in the potential liabilities for the year is an amount of GH¢ 36.99 million (USD 7.43 million) for legal action brought against the bank by a customer of erstwhile UT Bank. The Bank filed to the Court of Appeal seeking for a reversal of the ruling given by the High Court requesting the bank to pay the said amount to the Registrar of the Court following the assumption of UT bank. The Receivers filed an Application in the Supreme Court in the name of the UT Bank (in Receivership) following GCB Bank's notification to the Bank of Ghana and the Receivers about the High Court ruling. Their Lordships by a unanimous decision of 5:0 quashed the ruling of the High Court which ordered GCB Bank to pay USD7,423,456.00 to the Registrar.

Consequently, it rendered the Appeal and Application for Stay of Execution pending Appeal filed by the Bank before the Court of Appeal of no effect. The customer, dissatisfied with the Supreme Court's decision, has applied for a review of the decision. The case is pending before the Supreme Court as at the end of the year.

The amount has not been provided for on the grounds that the Bank is indemnified of all liabilities that may arise outside the purchase and assumption agreement and secondly, the favourable outcome of the Joint Receivers application at the Supreme Court has rendered the High Court ruling null and void. Based on legal advice, Management believes that the potential of being obligated to pay the said amount is very low.

41. Corporate social responsibility

The Group recognises its social responsibilities to improve the wellbeing of the society and is committed to being a responsible citizen and believes in giving back to society. A total of GH¢5,622,000 (2017: GH¢5,787,000) was spent under the Group's social responsibility programme with key focus on education, health, financial inclusion and others.

Notes to the Financial Statements - cont'd

42. Related parties

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).

Bank	2018	2017
Remuneration of Executive Directors and other key management personnel		
Salaries and other short term benefits	10,571	6,782
Post employment benefits	694	118
	11,265	6,900

Remuneration of the Executive Directors during the year amounted to GH¢3,072,420 (2017: GH¢2,276,900).

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

Loans	2018	2017
Loans outstanding at 1 January	1,150	1,289
Net movement	1,178	(139)
Loans outstanding at 31 December	2,328	1,150
Interest income	115	73
Deposits		
Deposits at 1 January	442	328
Net movement during the year	92	114
Deposits at 31 December	534	442
Interest expense	58	5

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 recognised in respect of loans granted to executive directors and key management personnel at 31 December 2018 and 2017. The housing and car loans are secured by the underlying assets. All other loans are unsecured.

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¢2,389,525 (2017: GH¢1,289,523).

Notes to the Financial Statements - cont'd

Related party balances

Transactions and balances with subsidiary

GCB Securities Limited (formerly known as 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:

Bank	2018	2017
Other Assets		
Amounts due from subsidiary in respect of unpaid expenses	47	36
Deposits		
Current account	37,804	32,149
Management fees	1,337	1,015

Transactions and balances with associates

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

Overnight placements (Foreign)	-	36,357
Current account balances (Foreign)	44,320	45,087
Current account balances (local)	-	105

The Group entered into the following transactions with its associates:

Dividend received	6,253	5,641
Interest received on current account balances (foreign)	1,149	80
Interest paid on current account balances (foreign)	(242)	-

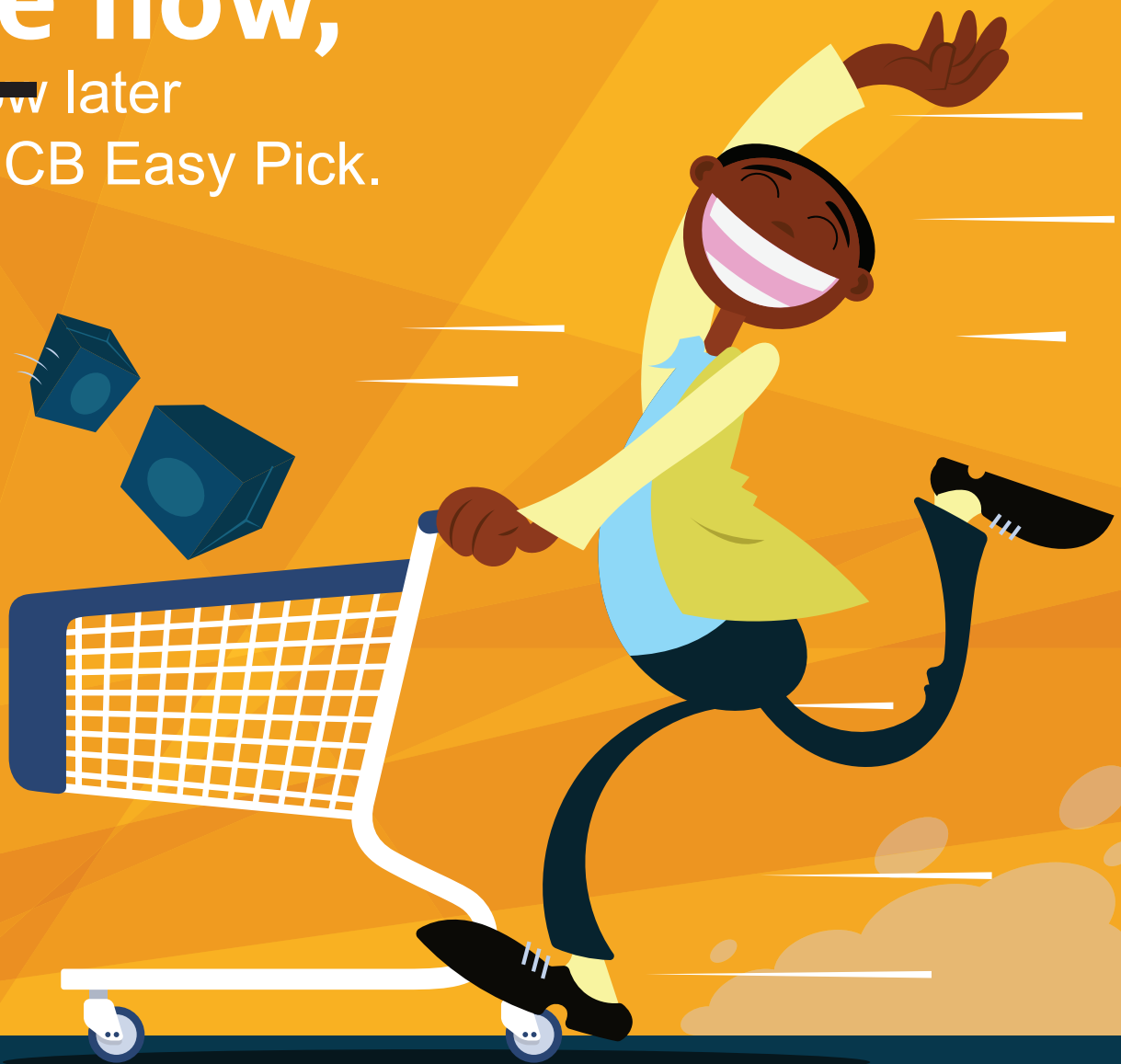
Government of Ghana

The Government of Ghana directly holds 21.36% shares in GCB Bank Limited and 29.89% indirectly through its shareholding in SSNIT. The total of its direct and indirect shareholding is 51.25%.

43. 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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APPENDIX I - Value Added Statement

for the year ended 31 December 2018

44. Value added statements for the year ended 31 December 2018

	2018		2017	
	Bank	Group	Bank	Group
Interest earned and other operating income	1,700,040	1,700,303	1,443,186	1,454,046
Direct cost of Services	(698,280)	(698,580)	(666,345)	(666,407)
Value added by banking services	1,001,760	1,001,723	776,841	787,639
Non banking income	22,090	26,009	4,064	16,355
Impairments	(60,011)	(60,011)	(49,904)	(49,904)
Value added	963,839	967,721	731,001	754,090
Distributed as follows:	963,839	967,721	731,001	754,090
To Employees:				
Non-Executive Directors	2,390	2,480	1,290	1,290
Executives directors	3,072	3,072	2,277	2,277
Other employees	420,500	420,500	359,240	359,240
	425,962	426,052	362,807	362,807
To Government:				
Income tax	123,250	123,433	96,179	97,385
To providers of capital				
Dividend to shareholders	26,500	26,500	100,700	100,700
To expansion and growth:				
Depreciation	48,454	48,454	44,297	44,297
Amortisation	43,041	43,041	13,460	13,460
Retained earnings	296,632	300,241	114,118	136,001

APPENDIX II

Shareholders' Information - Unaudited

45. Analysis of shareholding as at the year-end 2018

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 1,000	85,285	92.3148	18,457,334	6.97
1001 5,000	6,119	6.6234	13,395,135	5.05
5001 10,000	549	0.5943	4,052,712	1.53
Above 10,000	432	0.4676	229,094,819	86.45
	92,385	100.00	265,000,000	100

APPENDIX II

Shareholders' Information - Unaudited (cont'd)

Directors' Shareholdings

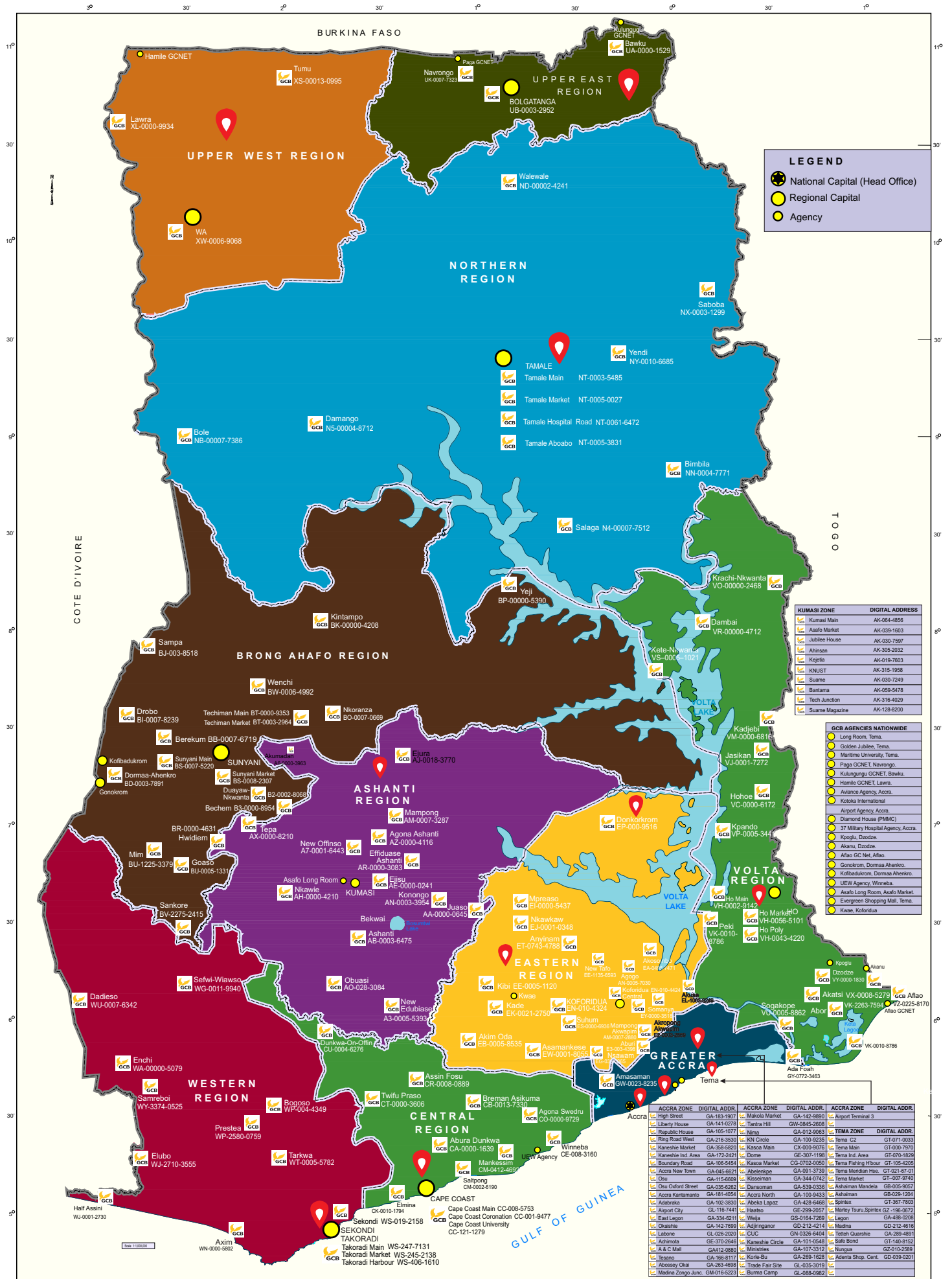
The Director named below held the following number of shares in the Bank as at 31 December 2018:

	No. of shares	% of Holding
Samuel Amankwah	1,500	0.0006
Edward Prince Amoatia Younge	9,000	0.0034

45a. Analysis of shareholding as at the yearend 2018-Unaudited

	No. of shares	% of Holding
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	79,199,550	29.89
GOVERNMENT OF GHANA C/O MINISTRY OF FINANCE	56,608,613	21.36
SCGN/NTGS RE:HANDELSBANKEN NORWAY UCITS	16,997,604	6.41
DANIEL OFORI	10,203,936	3.85
SCGN/PICTET AFRICA NON TAX 6275J PICTETMAST	7,604,968	2.87
SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MASTER FUND	4,423,716	1.67
SCGN/CITIBANK KUWAIT INV AUTHORITY	3,565,900	1.35
GCB STAFF PROVIDENT FUND	2,996,695	1.13
SCGN/NTGS LUX RE LUDP RE:AIF CLIENTS 8 PERCENT	2,317,067	0.87
SCGN / ENTERPRISE LIFE ASS. CO. POLICY HOLDERS	1,932,993	0.73
GHANA REINSURANCE COMPANY LTD GENERAL BUSINESS	1,799,651	0.68
SCGN/SSBTC FOR CHANGE GBL FRONTIER MKTS	1,755,085	0.66
SCGN/SSB EATON VANCE STRUCTURED EMERGING MARKET FUND	1,626,918	0.61
SCGN/JP MORGAN CHASE DUET GAMLA LIV AFRICA	1,625,000	0.61
GHANA COCOA BOARD	1,600,000	0.60
STD NOMS/EATON VANCE COLL. INV TRUST FOR EMP BEN	1,577,818	0.60
SCGN/EPACK INVESTMENT FUND LIMITED TRANSACTION E I F L	1,531,200	0.58
SCGN/SSB EATON VANCE TAX MANAGED EMERGING MARKET FUND	1,384,370	0.52
STD NOMS/BNYM SANV/KAPFRG INVESTIN PRO	1,208,682	0.46
STD NOMS/BNYM SA NV/ADV SRS TRST AST PTRIC EMG MKT	1,190,800	0.45
Top 20 shareholders	201,150,566	75.91
Others	63,849,434	24.09
Grand Total	265,000,000	100.00

GCB BANK LTD-184 NETWORKED BRANCHES AND AGENCIES NATIONWIDE



LEGEND

- National Capital (Head Office)
- Regional Capital
- Agency

KUMASI ZONE

Branch Name	Digital Address
Kumasi Main	AK-084-4656
Asafo Market	AK-039-1603
Jubilee House	AK-030-7597
Ahinsan	AK-305-2032
Kejella	AK-019-7603
KNJUST	AK-315-1958
Suame	AK-030-7249
Barntama	AK-059-5478
Tech Junction	AK-316-4029
Suame Magazine	AK-128-8200

GCB AGENCIES NATIONWIDE

- Long Room, Tema.
- Golden Jubilee, Tema.
- Maritime University, Tema.
- Papa GCNET, Nwanaga.
- Kulungugu GCNET, Bawku.
- Hamile GCNET, Lawra.
- Aviance Agency, Accra.
- Kotoka International Airport Agency, Accra.
- Diamond House (PMMC), Accra.
- 37 Military Hospital Agency, Accra.
- Yeogye, Dazdze.
- Akasu, Dazdze.
- Aflao GC Net, Aflao.
- Gonokrom, Dormaa Ahenkro.
- Kofbadukrom, Dormaa Ahenkro.
- UEW Agency, Winneba.
- Asafo Long Room, Asafo Market.
- Evergreen Shopping Mall, Tema.
- Kwae, Koforidua.

ACCRA ZONE	DIGITAL ADDR.	ACCRA ZONE	DIGITAL ADDR.	ACCRA ZONE	DIGITAL ADDR.
High Street	GA-183-1997	Makola Market	GA-142-9890	Airport Terminal 3	
Liberty House	GA-141-9278	Tetra Hill	GW-045-2626		
Republic House	GA-105-1077	Nima	GA-012-9063	Tema Zone	DIGITAL ADDR.
Ring Road West	GA-216-3530	KN Circle	GA-100-9235	Tema C2	GT-071-0033
Kaneshie Market	GA-355-5820	Kasoa Main	CK-000-9076	Tema Main	GT-000-7970
Kaneshie Ind. Area	GA-172-2421	Dome	GE-307-1188	Tema Ind. Area	GT-070-1829
Boundary Road	GA-108-5454	Kasoa Market	CG-0702-0050	Tema Fishing Harbour	GT-105-4205
Accra Near Town	GA-045-6621	Abekalepa	GA-091-3739	Tema Meridian Hse.	GT-021-67-01
Osu	GA-115-6609	Kislemman	GA-344-0742	Tema Market	GT-007-9740
East Legon	GA-336-9211	Waija	GS-0164-7299	Legon	GB-035-9567
Accra Kantamanto	GA-181-4054	Accra North	GA-100-9433	Ashaiman	GB-029-1204
Adabraka	GA-102-3830	Abeka Lapaz	GA-428-6468	Sprintex	GT-367-7803
Airport City	GL-116-7441	Hasbato	GE-299-2057	Marley Tsauru Sprintex	GT-196-0672
East Legon	GA-336-9211	Waija	GS-0164-7299	Legon	GB-035-9567
Okashie	GA-142-7699	Adjirangzor	GN-212-4214	Madina	GD-212-4616
Labone	GL-028-2020	CLUC	GN-026-6404	Tetteh Quarshie	GA-289-4891
Achimota	GE-370-2848	Kaneshie Circle	GA-101-9548	Safe Bond	GT-140-8152
A & C Mall	GA-112-0880	Mintshie	GA-107-3312	Nungu	GC-210-2586
Bevo	GA-169-8117	Kofie-Su	GA-289-1828	Adena Shop, Cent.	GD-038-9201
Abossey Okai	GA-283-4688	Trade Fair Site	GL-035-3019		
Madina Zongo Junc.	GM-016-5223	Burma Camp	GL-088-0982		

Agents / Correspondent Banks

NAMES OF BRANCHES	ADDRESS	TELEPHONE
UNITED KINGDOM		
Unitylink Financial services Ltd.	158-160 Balham High Road London SW12 9BN Head Office	Tei:0044-20-87722160 Fax:0044-20-86753-284, 82397-125 Email:unitylinkmoney@aol.com
Unitylink Financial services Ltd	10 High street, Harlesden, London, NW 10 4LX	Tei:0044-20-87722160 Fax:0044-20-88382266 Email: unitylinkmoney@aol.com
Unitylink Financial services Ltd	691 Seven Sisters, London Road, NW 15, 5LA, London	Tei:0044-20-87722160 Fax:0044-20-88094418 Email: unitylinkmoney@aol.com
Unitylink Financial services Ltd	46S Green Street, Upton Park E13, 9AX London	Tei:0044-20-7722160 Fax:0044-20-84727113 Email: unitylinkmoney@aol.com
Samba International Ltd.	69A London Road, Forest Hill, London SE23 3TY	Tei:0044(0) 207326195S/ 020S422576 (local) Fax:0044(0)2071009490 Email:judithafedi@hotmail.co.uk
Global Expatriate Services(GES)	313 Tuderleaf, Business Centre 2-8 Fountayne Road, N15 4QI, United Kingdom	Tei:0044-20-885S200, 7904629065 Email: vincentsanteng@yahoo.co.uk Website: www.gesmoney.com
SPAIN		
Money Exchange, S.A	P. Santa Maria de la Cabeza 12 2804S Madrid, Spain	Dir. Tel: +349-11 S10366, 11510229 Mobile: +34649879609 Tel: +34917617170 ext. 289 Fax: +3491530880S Email: pnovoa@moneyexchange.net Skype: money.exchange.eur www.moneyspain.net
GERMANY		
Universal Money Transfer GmbH	Wandsbeker Chaussee 29 22089 Hamburg, Germany	Tel: 0049-4030398650, 395900030 Fax: +49-40-20007939, 303986S48 Email: Ums-germany@yahoo.com
HOLLAND		
Unity Money Services BV	Bijlmerdreef 1129 A-1131 1103 TT Amsterdam, The Netherlands	Tel: 0031 206957122 Fax: 0031 2069049S6 Email: unityms@xs4all.nl
MOROCCO		
Western Union Morocco/WA Office	14 Avenue Mers Sultan, 20000 Casablanca	Tel: +212 (0) 522-4284-43 Fax: +212 (0) 522-4284-1S GSM: +212(0)660-4364-27

Agents / Correspondent Banks (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
GHANA		
First African Savings & Loans Ltd.	124 Kwame Nkrumah Avenue P.O Box AN11337, Accra North	Tel: 233-302-221111 Fax: +2330302-221471 Email: 1 stafrican@internetghana.com Firstafric2@yahoo.com african@afriaonline.com
UNITED STATES OF AMERICA		
SFB Capital systems LLC	1031, Sterling Road, Suite 201 Herndon, VA 20170	Tel: 001 (703) 599-6975 Fax: 0017037290102 Email: info@sfbcapitalsystems.com
MoneyGram International Money Transfer MoneyGram Payment Systems Inc	15SO Utica Avenue South Minneapolis, MN 55416, USA	Tel: +1720 568 8299, 568 8764 Dir. Call centre: +1720 568 8340 / +1720 568 8341 Fax: 0013 03716 6803 Email: www.moneygram.com
VIGO Remittance Corp.	1300 Sawgrass Corporate Parkway, Suite 110 Sunrise, Florida FL 33323 USA	Tel: 001 954 625 6741, 720 332 7518 Fax: 001 954 835 1427 Email: vania@vigousa.com
Familylink Money Transfer Inc. Transfer s Inc. USA	1205 College Avenue Bronx N.Y 10456, USA	Tel: 001 718 293 6280 Fax: 001 718 293 1790 Email: familylink@mns.com
Western Union	100 Summit Ave, Montvale, New jersey 07645, USA	Tel: +1-201-263-6384 Fax: +1-201-263-5949

Correspondent Banks

LONDON		
Ghana International Bank Pic	67 Cheapside, 1st Floor Regina House London EC2V 6AS England	
EUROPE		
Commerzbank AG	Frankfurt Am Main Swift: COBADEFF	
BHF Bank AG	Frankfurt Am Main Swift: BHFDEFF500	
USA		
CITIBANK NA	New York, NY 10043 BIC: CITIUS33	

List of Branches

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Accra High Street	P.O.Box 2971, Accra hiGHçtreetmgr@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: 0302-24977212226411 0302-225928 Fax:0302-236671
Accra High Street	P. o. Box 2971, Accra High Street mgr@gcb.com.gh	Mgr: 0302-662337 / 672857 / 668743 Fax: 0302-673496
Accra NewTown	P. o. Box NT 96, Accra New Town accranewtownmgr@gcb.com.gh	Mgr: 0302-23693512226411 0203916587 Fax: 0302-236935
Liberty House	P.O. Box 4443, Accra libertymgr@gcb.com.gh	Mgr: 0302-6635561666631-7 Fax: 0302-663556
Republic House	P.O. Box 5550, Accra-North republicmgr@gcb.com.gh	Mgr: 0302-681810 / 10302-6 / 803551 0302681862 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 0577076454 / Fax: 0302-227568
Kaneshie Industrial Area	P. O. Box 12513, Accra North kanindmgr@gcb.com.gh	Mgr: 0302-220551 / 0302-220591 0289700359
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 osumgr@gcb.com.gh	Mgr:020-2011912 / 0302-782798/9 Fax: 0302-782812
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

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Trade Fair Site	P. O. Box 198, Trade Fair Centre La tradefairmgr@gcb.com.gh	Mgr: 0302-774270 / 0302-778274 Fax: 0302-778275
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: 0302-862430 / 0302-862429 Fax: 0302-862430
Kasoa Market	P. O. Box KS 557, Kasoa kasoamgr@gcb.com.gh	Mgr: 0302-862831-3 / 0244570253 0208249987
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: 020-2016795 / 0302-412822 Fax: 0302-412822
Nima	P.O. Box NM 24, nimamgr@gcb.com.gh	Mgr: 0302-222441 / 0302-222439 0508535112
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 Fax: 0302-250245
Abelenkpe	PMB, Achimota School Accra abelenkpemgr@gcb.com.gh	Mgr: 0206889721 / 0261551941 0547296708
Abeka Lapas	P.O. Box AN 5288, Accra North abekalapasmgr@gcb.com.gh	Mgr: 0509738320 / 0540319854
37 Military Hosp. Agency	P. O. Box BC 268, Burma Camp	Mgr: 0302-784182
Haatso	P. O. Box WY 2115, Kwabenya haatsomgr@gcb.com.gh	Mgr: 0303-966759 / 0303-966760
Amasaman	P. O. BoxAM 117, Amasaman amasamanmgr@gcb.com.gh	0303-969958 / 0303-969959
Weija	P.O. Box WJ 643, Weija Accra weijamgr@gcb.com.gh	0303-969963/969962
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

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
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 / 0303-201522 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
Tema Fishing Harbour	P.O. Box CO 281, Fishing Hbr. temahrbmgr@gcb.com.gh	Mgr: 0303-202413 / 0206733090 Fax: 0303 202344
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 0208556770 / 0244792520 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
Aburi	P.O. Box 98, Aburi aburimgr@gcb.com.gh	Mgr: 0502939961
Mampong-Akwapim	P.O. Box 54, Mampong-Akwapim makwapimmgr@gcb.com.gh	Mgr: 03427-22049 / 0205467887 Fax: 03427-22218
AkropongAkwapim	P.O. Box 83, AkropongAkwapim akropongmgr@gcb.com.gh	Mgr: 0574602151 / 0245130850 0244792520 / 0574602154
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: 0577900013
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: 0302-816966/0302-816967 0249852546 Fax: 0302-816968

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
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
Adjiringano	P. O. Box MD 1727, Madina adjiringanomgr@gcb.com.gh	Mgr: 0303-3969960 / 0303-969961
KOFORIDUA ZONE		
Regional Manager's Office	P. O. Box KF 286, Koforidua areakoforidua@gcb.com.gh	Mgr: 03420-26790/26791
Koforidua	P. O. Box KF 286, Koforidua koforiduamgr@gcb.com.gh	Mgr: 03420-26831/23059/ 23069 /23049
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: 0207270828
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
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: 0244312757
Kibi	P. O. Box 97, Kibi kibimgr@gcb.com.gh	Mgr: 03420-22258 / 03420-26832
Anyinam	P. O. Box AY46, Anyinam anyinammgr@gcb.com.gh	Mgr:0302- 964838
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
Donkorkrom	P. O. Box 11, Donkorkrom donkorkrommgr@gcb.com.gh	Mgr: 03424-22039
Konongo	P. O. Box 137, Konongo konongomgr@gcb.com.gh	Mgr: 03221-243336 Fax: 03221-24209

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Agogo	P. O. Box AG74, Agogo agogomgr@gcb.com.gh	Mgr: 03720-98727 / 03720-98731
Juaso	P. O. Box 51, Juaso juasomgr@gcb.com.gh	Mgr: 03421-97071
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 / 03620-08177924 / 0202679091 0243247936 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 / 03620-27441 0244205352 / 0208174879 Fax: 03620-27446
Hohoe	P. O. Box 178, Hohoe hohoemgr@gcb.com.gh	Mgr: 03627-22070 / 03627-22133 0244582874 / 0244803026 Fax: 03627-22432
Dsodse	P. O. Box DJ88, Dsodse dsodsemgr@gcb.com.gh	Mgr:03620-91227 /0208266255 0277409136
Aflao	P. O. Box AF12, Aflao aflaomgr@gcb.com.gh	Mgr: 03620-99810 / 0208182258 0503620175 / 0244728844
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 03626-42664 / 0244168175 0209160413 Fax: 03626-44754
Sogakope	P. O. Box SK 8, Sogakope sogakopemgr@gcb.com.gh	Mgr: 03621-92803 / 0208123519
Kpando	P. O. Box 70, Kpando kpandomgr@gcb.com.gh	Mgr::03623-50203 / 0246807015 0244708494 Fax:03623-50984
Peki	P. O. Box 12, Peki pekimgr@gcb.com.gh	Mgr: 0244313094 / 0243344369 Fax: 0577900044
Jasikan	P. O. Box 85, Jasikan jasikanmgr@gcb.com.gh	Mgr: 05425-98548 / 0242709946 0243081010

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Kadjebi	P. O. Box 27, Kadjebi kadjebimgr@gcb.com.gh	Mgr: 03620-92950 / 0244786597 0208881626 / 0554956400
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 03220-37303 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 / 03220- 45252 03220-23514 Fax: 03220-36721
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: 0500408310 / 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: 03224-20153/20204
Dunkwa-On-Offin	P. O. Box 228, Dunkwa-On-Offin dunkwamgr@gcb.com.gh	Tel: 03322-28236 Fax: 03322-28673
New Edubiase	P. O. Box 42, New Edubiase edubiasemgr@gcb.com.gh	Mgr: 03223-98280 / 0249420290

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
New Offinso	P. O. Box 60, New Offinso offinsomgr@gcb.com.gh	Mgr: 03220-91590 / 03220-98792 0208182789 / 0244563896
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: 0502985191 / 0207253471 0205765512 Fax: 03222-22327
Effiduase Ashanti	P. O. Box 10, Effiduase effiduasemgr@gcb.com.gh	Mgr: 03220-92173 / 0246952910
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 / 03220-64832 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: 03820-95691 / 0244802107 0243514991
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: 0208236805 / 0249148968

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Lawra	P.O. Box 92, Lawra awramgr@gcb.com.gh	Mgr: 03920-96412 / 0208412660 0244431708
Nkwanta	P. O Box 56, Nkwanta nkwantamgr@gcb.com.gh	Mgr: 0244334835 / 0208187576 0207769992 / 0200608464
Dambai	P. O. Box DM38, Dambai dambaimgr@gcb.com.gh	Mgr: 0242802633 / 0546926488 0208223952 / 0271017941 Fax: 027-8787009
KUMASI ZONE		
Wa	P.O. Box 66, Wa wamgr@gcb.com.gh	Mgr: 03920-20501 / 03920-22039 0208149820
Bole	P.O. Box 24, Bole bolemgr@gcb.com.gh	Mgr: 03720-98393 / 0244921823
Damongo	P.O. Box DM 40, Damongo damongomgr@gcb.com.gh	Mgr: 0266340632 / 0244787321
Yendi	P.O. Box 32, Yendi yendimgr@gcb.com.gh	Mgr: 03720-95241 / 0208180205 0208169462 / 0506390974
Salaga	P.O. Box SL 7, Salaga salagamgr@gcb.com.gh	Mgr: 03720-95192 / 0208482076
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: 0205219977 / 0208038689
Walewale	P. O Box 91, Walewale walewalemgr@gcb.com.gh	Mgr: 03820-94326 / 0243568303
SUNYANI ZONE		
Regional Manager's Office	P.O. Box 34, Sunyani sunyaniareamgr@gcb.com.gh	Area 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 03520-24193 Fax: 03520-24474
Berekum	P.O. Box 115, Berekum berekummgr@gcb.com.gh	Mgr: 03522-22567 / 03522-22193 Fax: 03522-22042
DormaaAhenkro	P.O. Box: 16, DormaaAhenkro dormaaamgr@gcb.com.gh	Mgr: 03523-22047/ 0202390759 03520-96115 / 03520-96124 Fax: 027-8787012

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Techiman Main	P.O. Box 196, Techiman techimanmgr@gcb.com.gh	Mgr: 03525-22048 / 0200950657 Fax: 03525-22048
Techiman Market	P. O. Box TM7 96, Techiman techimanmktmgr@gcb.com.gh	Tel: 03525-22395 / 0208141371 0241150681 / 0502009202 Fax: 03525-22394
Wenchi	P.O. Box 49, Wenchi wenchimgr@gcb.com.gh	Mgr: 0506216196 / 0244250405 03521-95282
Nkoransa	P.O. Box 44, Nkoransa nkoransamgr@gcb.com.gh	Mgr: 03520-92076 / 0242789556 0243241681
Kintampo	P.O. Box 31, Kintampo kintampomgr@gcb.com.gh	Mgr: 03520-92047 / 0244772638
Duayaw Nkwanta	P.O. Box 66, DuayawNkwanta duayaw-nkwantamgr@gcb.com.gh	Mgr: 0209126053 / 027-7808091 0208169244 / 0200479888
Bechem	P.O. Box 69, Bechem bechemmgr@gcb.com.gh	Mgr: 0508585408 / 0244989097
Akumadan	P.O. Box 33 Akumadan, Ash. akumadanmgr@gcb.com.gh	Mgr: 0244297259 / 0208191399 0244341751
Tepa	P.O. Box 103, Tepa, tepamgr@gcb.com.gh	Mgr: 03521-95047 / 0208159767 0244454607
Hwidiem	P.O. Box 11, Hwidiem hwidiemmgr@gcb.com.gh	Mgr: 03222-97615 / 0207117016 0244618487
Goaso	P.O. Box 83, Goaso goasomgr@gcb.com.gh	Mgr: 020 0581950 / 0243581487 0244775193
Mim	P.O. Box 33, Mim mimmgr@gcb.com.gh	Mgr: 0244737467 / 050 1307193 0271497602 / 0242880193
Sankore	Private Post Bag, Sankore sankoremgr@gcb.com.gh	Mgr: 0508316347 / 0200811886 0244 313638
Sampa	P. O. Box 90, Sampa, sampamgr@gcb.com.gh	Mgr: 0242856467 / 0209416677 0244341751
Drobo	P. O. Box 27, Japekrom drobomgr@gcb.com.gh	Mgr: 0244363839 / 0244201795 / 0209426161
TAKORADI ZONE		
Regional Manager's Office	P.O. Box 475, Takoradi tadiareamgr@gcb.com.gh	Mgr: 03120-24948 03120-23072 / 22355 Fax: 03120-25255
Corporate Banking	- do -	Tel: 03120-26700 Fax: 03120-25226

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Takoradi Main	tadimainmgr@gcb.com.gh	Mgr: 03122-95472 / 03122-95471 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: 03122-90107 / 0303-962099 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 Fax: 03123-20374
Axim	P.O. Box 55, Axim aximmgr@gcb.com.gh	Mgr: 0303-960895 / 03121-98735 0303-960896
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 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 / 03122-90714
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 03122-92709 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
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

List of Branches (cont'd)

NAMES OF BRANCHES	ADDRESS	TELEPHONE
Assin Fosu	P.O. Box AF 76, Assin Fosu assinfosumgr@gcb.com.gh	Mgr: 03321-91141 / 0276793122
Mankessim	P.O. Box 78, Mankessim mankessimgr@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 / 027777655 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
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

Public Holidays

GCB BANK LTD.

PUBLIC HOLIDAYS

NEW YEAR'S DAY	1ST JANUARY
INDEPENDENCE DAY	6TH MARCH
GOOD FRIDAY	19th APRIL
EASTER SUNDAY	21ST APRIL
EASTER MONDAY	22ND APRIL
WORKERS' DAY	1ST MAY
AFRICAN UNION DAY	25TH MAY
REPUBLIC DAY	1ST JULY
FOUNDER'S DAY	21ST SEPTEMBER
NATIONAL FARMERS DAY	1ST DECEMBER
CHRISTMAS DAY	25TH DECEMBER
BOXING DAY	26TH DECEMBER
EID UL FITR	A DAY AFTER THE END OF THE MUSLIM FAST
EID UL ADHA	3 MONTHS AFTER THE RAMADAN

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GCB BANK LIMITED
INVITATION AND FORM OF PROXY
FOR USE AT ANNUAL GENERAL MEETING

To be held at 10.00am on Friday, May 31, 2019 at the Accra International Conference Centre

Dear Member(s)

You are hereby cordially invited to the 25th 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	NOTES
1. To consider and adopt the Financial Statements of the Company for the year ended December 31, 2018 together with the Reports of the Directors and Auditors thereon.			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. To declare a Dividend for the year ended December 31, 2018.			
3. To re-elect Directors retiring by rotation:			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.
i. Mr. Nik Amarteifio			
ii. Nana Ama Ayensua Saara III			
iii. Mr. Emmanuel Ray Ankrah			3. In case of joint holders, each holder should sign
4. To ratify the appointments of the following Directors:			4. If executed by a Company/ Corporation, the admission card should bear the Common Seal or be signed on its behalf by a Director.
i. Alhaji Alhassan Adam Yakubu			
ii. Mr. Edward Prince Amoatia Younge			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 29, 2019.
5. To approve the remuneration of Directors			
6. To authorize the Directors to determine the fees of the Auditors.			

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

<p>FORM OF PROXY FOR USE AT AGM</p> <p>I/Wea member/members^(*) of GCB</p> <p>Hereby appointor 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 29, 2019 and at any adjournment therefore.</p>	<p>Date</p> <p style="text-align: right;">.....2019</p>
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(*) Delete whichever is not applicable



GCB Bank Limited

VOTING CARD

25TH Annual General Meeting

31ST May, 2019 - AICC



GCB Bank Limited

ADMISSION CARD

25TH Annual General Meeting

31ST May, 2019 - AICC

SIGNATURE

E-MAIL

NAME OF PERSON ATTENDING

PHONE NUMBER

NAME OF SHAREHOLDER

Social Media Handles & Other Info



GCB Bank's official
WhatsApp line

0202 422 422

SWIFT: GHCBGHAC

Telefax: 0302 663 964

Email: corporateaffairs@gcb.com.gh

Web: www.gcbbank.com.gh

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