

CHAIRMAN'S STATEMENT



Mr. Kwabena Gyima Osei-Bonsu - Board Chairman

On behalf of the Board of Directors of Ghana Commercial Bank Limited, I am pleased to welcome you, our distinguished shareholders, to the 15th Annual General Meeting of your company.

I am even more pleased to report to you the positive results achieved last year: a strong financial performance, product and service delivery expansion, and significant progress towards business process excellence, among others.

These were achieved, however, in a less favorable operating environment.

Operating Environment

The world economy was projected to grow at around 4.8% in 2008, slower than the 5.2% growth rate of 2007. However, the world witnessed an economy mired in the most severe financial crisis since the Great

Depression. A subprime mortgage crises in the United States of America developed stresses in the US financial markets which transformed into full-blown global financial crisis and contributed to the recession in the global economy.

Several major financial institutions in the US and Europe failed, stock markets tumbled and commodity prices declined. Businesses, both large and small, experienced declining consumer demand and have responded by reducing employee levels.

As the crisis intensified, the effects on developing countries increased in step; risk aversion heightened, causing capital flows to decline and sent spreads soaring and equity markets tumbling.

In Ghana, increasing crude oil prices to near US\$150 per barrel caused domestic prices of fuel to increase and fuelled inflationary pressures across general goods and services. The Bank

of Ghana Prime Rate was adjusted upwards which led to an upward trend in money market rates and to which banks also responded by increasing their base rates.

A less than expected international finance inflows and increasing pressure for foreign currency to pay for the huge oil import bill contributed to worsening exchange rate regime and increased the budget deficit. The Ghana Cedi depreciated by 26% against the US Dollar in nominal terms.

Creating Shareholder Value

In 2008, GCB's financial performance was better than 2007. Profit Before Tax for the group was GH¢49.71 million in 2008 compared to GH¢46.96 million in 2007. Profit After Tax was GH¢37.59 million in 2008 compared to GH¢32.87 million in 2007. We achieved a commensurate growth in shareholder equity. Earnings per share was GH¢0.142 compared to GH¢0.124 in the previous year. The Board deems it fit for shareholders to take a share of their wealth and so recommends a dividend of GH¢0.06 per share, representing a pay-out ratio of 42%.

Product and Service Delivery Expansion

We continue to believe that optimizing the channels of delivery is an important element for creating sustainable shareholder value. Significant sizes of unbanked population in under-served city suburbs and in un-served districts provide a solid opportunity for our expansion strategy.

In this respect, your Bank opened eleven (11) **new branches** and installed **eleven(11) Automated Teller Machines (ATMs)** at strategically selected locations in easy reach of our target customers. These branches depict the unique branding of the Bank and offer real comfort to customers and staff. GCB also deepened its relationship with the banking community by launching new products such as the GCB Master Card.

The Board kept the commitment to sustaining the Bank's leadership position in the banking industry.

CHAIRMAN'S STATEMENT continued

A Strive Towards Business Process Excellence

We effectively employed a mix of human capital, information technology & systems and efficient processes to deliver service excellence. We have stayed on course; invested in technology, established a Customer Service Unit with attendant customer service standards, and not the least, rationalized staff levels and improved employee skills and knowledge.

Delivering the Rights Issue Promise

This strong financial and operational performance reflects the focused execution of the strategies we outlined in the Rights Issue circular. This was made possible by our experienced management team.

On behalf of the Board, I would like to sincerely thank the management team and GCB employees for a successful year.

To you the shareholders, we say thank you for the confidence you reposed in the Board when you approved the Rights Issue Programme.

Social Responsibilities

The Bank in line with its corporate social responsibility policy made donations to various institutions and individuals. Some of the beneficiary institutions were the Ghana National Trust Fund, Ghana Heart Foundation, Ghana Association of the Blind, Ghana Federation of the Disabled, and University of Ghana Needy Fund.

Awards

Your Bank won many awards in 2008. In the Ghana Banking Awards GCB won the

- Best Bank -Trade Finance,
- Best Bank- Financial Performance , and
- Best Bank Corporate Social Responsibility.

International awards won included

- "Best Bank in Ghana in Excellence" awarded by Euromoney Magazine;
- Best Bank, Ghana in the GlobalFinance World's Best Emerging Market Banks Award" given by Global Finance;
- "Best Moneygram International Money

Transfer Performing Receive Agent for Africa 2007" awarded by Moneygram International.

- "Bank of the Year for Ghana for 2008" by the Banker Magazine of the prestigious Financial Times Group of The United Kingdom.

Retired Director

Ladies and Gentlemen, during the year, Mr. Martin Mensah, our Deputy Managing Director for Finance retired from the Bank after a distinguishing career spanning 35 years. We wish him well.

Management Appointment

Mr. Samuel Amankwah, then the General Manager for Treasury Division of the Bank, was appointed the new Deputy Managing Director for Finance effective August 2008.

Outlook

The Board, Management and staff are committed to achieving a sustained financial performance and enhancement of shareholder value. Towards this goal, we pledge our commitment to implement in full, the remaining initiatives outlined in the Rights Issue Circular and the 2008-2010 Corporate Plan.

Dear shareholders, this programme will ensure that your Bank is branded uniquely and offer quality products and services to satisfy the needs of our customers. As well, we will continue to focus on improving our Systems & Processes, Employee Knowledge and Productivity. We will work on diversifying our revenue sources by establishing new subsidiaries such as Mortgages, Leasing and Investment Banking.

Amendment of Regulations

As you may be aware, operations of the GSE Securities Depository Company Ltd, began on November 14, 2008 with the voluntary deposit by investors of share certificates for immobilization. This is in accordance with s. 12(2) of the Central Securities Depository Act, 2007 Act 733), and is only the first of various steps to be taken in the Ghana Stock Exchange's quest to make the transition from the use of paper share certificates to electronic book entry securities. S12 (1) (a) and (b) of the Act also provides as follows:

"12 (1) An issuer of securities of the public

may

- (a) Issue a security in uncertificated or dematerialized form where it is authorized in its regulations and authorized by a resolution of its board of directors,
- (b) Convert a certificated security into an uncertificated security where it is authorized in its regulations and by a resolution of its board of directors".

In pursuance of this, the Council of the Exchange has decided that, as the next step, all listed companies are to amend their company regulations at their Annual General Meeting in 2009 to allow for the issue of and/or conversion to dematerialized securities. The Exchange's Council also decided that with effect from January 2009, all new or additional securities being listed should be electronic securities that have been admitted into the GSE Securities Depository.

Dear Shareholders, it is in compliance of this that you find a special resolution in the Notice to this meeting and for which the Board is recommending for your approval.

The amendment of the Regulations of listed companies in compliance of the Exchange's request will enhance the rate at which securities are placed in the depository, make for more efficient and less cumbersome keeping of shareholding records, and ultimately improve liquidity in the capital market.

We encourage all shareholders to contact a stockbroker with their share certificates and have their certificates placed in the GSE Securities Depository.

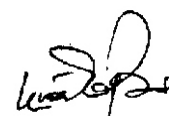
Conclusion

Once again, on behalf of the Board, I would like to sincerely thank the management team and GCB employees for a successful year.

To you the shareholders, we say thank you for the confidence you reposed in the Board.

To our valued customers, we say a big thank you for choosing GCB as your preferred bank.

Thank you.



K. G. Osei-Bonsu, Board Chairman