GHANA
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PRESS RELEASE

PR. No 192/2011

SG-SSB LIMITED (SG-SSB) -
UN-AUDITED FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDING JUNE 30, 2011

SG-SSB has released its un-audited Financial Statements for the half-year ending June 30, 2011 as per the attached.

Issued in Accra, this 25th
day of July, 2011.

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att.d

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, SG-SSB
4. NTHC Registrars, (Registrars for SG-SSB shares)
5. GSE Securities Depository
6. SEC
7. GSE Council Members
8. GSE Notice Board

For enquiries, contact:
General Manager/Head of Listings, GSE on 669908, 669914, 669935
*JEB

SG-SSB HALF YEAR 2011 PUBLISHED ACCOUNTS

(UNAUDITED) INCOME STATEMENT FOR THE HALF YEAR ENDED 30TH JUNE 2011

	2011 GH¢	2010 GH¢
Revenue	**59,403,668**	**52,018,390**
Interest & Similar revenue	40,710,690	38,271,915
Interest & similar expense	(6,148,936)	(5,025,304)
Net Interest income	**34,561,754**	**33,246,611**
Fees & Commission revenue	12,724,026	10,299,866
Forex Trading Revenue	4,912,510	2,194,182
Investment Revenue	-	-
Other Operating Income	1,056,442	1,252,427
Total Operating Income	53,254,732	46,993,086
Credit Loss expenses	(468,848)	(1,785,872)
Net Operating Income	**52,785,884**	**45,207,214**
Personnel expenses	(17,764,578)	(16,008,194)
Depreciation	(1,765,989)	(1,459,584)
Amortisation	(1,510,921)	(1,140,314)
Other Operating Expenses	(16,210,196)	(12,191,867)
Total Operating Expenses	**(37,251,684)**	**(30,799,959)**
Profit before tax	**15,534,200**	**14,407,255**
Income tax expenses	(4,042,470)	(3,601,814)
National reconstruction levy	(776,710)	(720,362)
Profit after tax	**10,715,020**	**10,085,079**
Earnings Per Share:		
Equity shareholders of the bank		
Basics (GH¢)	**GH¢0.0642**	**GH¢ 0.0604**
Profit for the quarter attributable to:		
Majority or controlling Equity Holders of the Bank	**5,571,810**	**5,244,241**
Other Equity Holders of the Bank	**5,143,210**	**4,840,838**

(UNAUDITED) FINANCIAL POSITION AS AT 30TH JUNE 2011

	2011 GH¢	2010 GH¢
Assets		
Cash in hand and cash balances with Bank of Ghana	80,785,315	57,087,684
Due from banks and other Financial Institutions	210,575,245	109,170,791
Financial Investments (Government Securities)	135,942,279	74,635,200
Other Assets	11,254,233	16,847,679
Loans and Advances	310,534,736	285,636,948
Investment in other securities/ available for sale	426,223	289,723
Current tax: Assets	3,297,631	2,383,099
National Stabilization Levy	213,163	98,690
Long Term Operating Lease Prepaid	4,152,400	4,300,700
Property, Plant & Equipment	30,059,942	23,990,388
Intangible Assets	4,971,108	7,761,216
Total Assets	**792,212,275**	**582,202,118**
Liabilities		
Customer Deposits	577,379,045	407,232,851
Due to banks, & other Financial Institutions	49,973,922	32,379,576
Interest Payable & Other Liabilities	47,044,810	36,191,913
Deferred tax: liabilities	744,135	1,146,502
Total liabilities	**675,141,912**	**476,950,842**
Equity		
Shareholders Fund		
Stated capital	62,393,558	62,393,558
Share Deals Account	2,943,755	2,943,755
Capital Surplus	9,232,693	9,232,693
General Regulatory Credit Reserve	3,957,525	1,832,139
Income Surplus Account	12,407,560	11,297,711
Statutory Reserve Fund	22,630,164	17,551,420
Other Reserves	3,505,108	-
Total Equity	**117,070,363**	**105,251,276**
Total Liabilities and Equity	**792,212,275**	**582,202,118**

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH JUNE 2011

	2011 GH¢	2010 GH¢
Operating Activities		
Operating Profit before Taxation	15,534,201	14,407,255
Adjustments for:		
Depreciation	1,765,989	1,459,584
Amortisation	1,510,921	1,140,314
Long term operating lease amortization	74,150	-
Provision for share option payment	152,435	-
Exchange Gain/ Loss	(65,327)	124,179
Dividend from investments	-	
Profit on Sales of Property, Plant and equipment	(124,054)	(17,237)
Other Non Cash Movement	5,545	96
Operating Profit before Working Capital Changes	**18,853,860**	**17,114,191**
(Increase) in Other Assets	1,822,168	5,671,763
(Decrease) in Other Liabilities	(3,910,591)	(9,867,670)
Increase in Customer Deposit	81,981,326	18,585,876
(Increase) /Decrease in Loans and Advances to customers	(11,784,395)	10,581,712
(Increase) in Government Securities	(30,514,108)	(30,256,216)
Decrease/ (Increase) in Investment in Equity Securities	(136,500)	-
(Decrease) / Increase Amount due to banks and other financial institutions	27,959,229	60,204
Changes in Working Capital	**65,417,129**	**(5,224,331)**
Cash from Operations	84,270,989	11,889,860
Income tax paid	(4,559,902)	(3,746,925)
National reconstruction levy paid	(913,808)	(651,575)
Net cash flow from operating activities	**78,797,279**	**7,491,360**
INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment	(6,582,586)	(4,520,004)
Purchase of Intangible Assets	(150,222)	-
Proceeds from sale of Property Plant and Equipment	292,677	35,906
Dividend Received	-	-
Net Cash Used in Investing Activities	**(6,440,131)**	**(4,484,098)**
FINANCING ACTIVITIES		
Dividend Paid	(11,686,286)	(13,355,756)
Net Cash Used in Financing Activities	**(11,686,286)**	**-**
Increase / (Decrease) in cash & cash equivalents	60,670,862	(10,348,494)
Net Foreign Exchange Difference	270,996	(124,179)
Cash & cash equivalents as at 1 January	230,418,702	176,731,148
Cash & cash equivalents as at 31 March 2011	**291,360,560**	**166,258,475**

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30TH JUNE 2011

JUNE - 2011

	Stated capital GH¢	Income surplus GH¢	Capital surplus GH¢	Share Deals Account GH¢	Statutory Reserve Fund GH¢	General Regulatory Credit Reserve GH¢	Other Reserves GH¢	Total GH¢
Balance as 1 January 2011	62,393,558	17,305,300	9,232,693	2,943,755	21,290,786	1,370,429	1,707,822	116,244,343
Movements during the year:	-	1,370,429	-	-	-	(1,370,429)	1,797,286	1,797,286
Profit for the year	-	10,715,020	-	-	-	-	-	10,715,020
Dividend paid	-	(11,686,286)	-	-	-	-	-	(11,686,286)
Transfer to statutory reserve	-	(1,339,378)	-	-	1,339,378	-	-	-
Transfer to General Regulatory Credit Reserve	-	(3,957,525)	-	-	-	3,957,525	-	-
Balance as a 30th June 2011	**62,393,558**	**12,407,560**	**9,232,693**	**2,943,755**	**22,630,164**	**3,957,525**	**3,505,108**	**117,070,363**

JUNE - 2010

	Stated capital GH¢	Income surplus GH¢	Capital surplus GH¢	Share Deals Account GH¢	Statutory Reserve Fund GH¢	General Regulatory Credit Reserve GH¢	Other reserves Total GH¢	Total GH¢
Balance as 1 January 2010	62,393,558	17,661,161	9,232,693	2,943,755	16,290,786	-	-	108,521,953
Net profit	-	10,085,079	-	-	-	-	-	10,085,079
Dividend paid	-	(13,355,756)	-	-	-	-	-	(13,355,756)
Transfer to Statutory Reserve	-	(1,260,634)	-	-	1,260,634	-	-	-
Transfer to General Regulatory Credit Reserve	-	(1,832,139)	-	-	-	1,832,139	-	-
Balance as at 30th June 2010	**62,393,558**	**11,297,711**	**9,232,693**	**2,943,755**	**17,551,420**	**1,832,139**	**-**	**105,251,276**

ADDITIONAL DISCLOSURES

a. Capital Adequacy Ratio

2011	2010
22.60%	23.02%

b. Non-Performing Loan Ratio

2011	2010
22.60%	23.02%

c. Trend in Credit Risk

2011 -	10,772,000
2010 -	11,511,000
2009 -	18,424,000

SG-SSB

RISK MANAGEMENT

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity and interest rate risk and market risk. It is also subject to various operating risks.The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

Risk management structure
The Board of Directors is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors
The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Risk Committees
The Risk Committees have the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committees are responsible for managing risk decisions and monitoring risk levels. The main Risk Committees and its frequencies are:

i.Credit risk committee – Quarterly;
ii.Asset and Liabilities committee – Weekly
iii.Structural risk committee – Quarterly;
iv.Market risk committee – Quarterly;
v.Operational risk committee (Periodic and Permanent Control, Business Continuity Planning and Compliance) – Quarterly;

Risk Management
The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained.

Risk Controlling
The Risk Controlling Unit is responsible for monitoring compliance with risk principles, policies and limits across the Bank. Each business group has its own unit which is responsible for the independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This unit also ensures the complete capture of the risks in risk measurement and reporting systems.

Bank Treasury is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks management of the Bank.

Internal Audit
The Bank's policy is that risk management processes throughout the Bank are audited annually by the internal audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.The most significant risks which SG-SSB is exposed to and how they are managed are as below:

Credit risk
Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. The Bank also manages its counter party risk through adherence to prudential requirements by ensuring that it's secured lending to any single borrower is below 25% of its net worth and that any single unsecured lending by the bank is less the 10% of the bank's net worth.The framework for managing this risk is the credit policy which spells out the overall underwriting standards, credit approval process, credit administration and recovery processes. The policy is reviewed from time to time in response to risk profile of new business opportunities/products, and any challenges with the recovery process.The Bank has established a credit quality review processthrough the Credit Committee to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns major counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Liquidity risk and Structural interest rate risk

•**Liquidity risk**
Liquidity risk arises from the mismatch of the timing of cash flows relating to assets and liabilities. The liquidity policy of the Bank is approved by the Board under guidelines issued by SG and monitored daily to ensure that its funding requirements can be met at all times and that a stock of high quality liquid assets is maintained. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behaviour (models determined with the contribution of the Group), as well as conventional assumptions for some balances sheet items (mainly shareholders' equity and sight deposits).SG-SSB has a large and diversified deposits base which serves as a large part of mid and long-term financing resources.

•**Structural interest rate**
The interest rate risk is the incurred risk in case of interest rate variations because of all on-and off-balance sheet operations, except operations subject to market risks. Global Interest Rate Risk is corresponding to interest rate on the banking portfolio. The strategic management of liquidity is done at a high level of senior management (ALCO); review of results on weekly basis in line with competition and economic conditions and also ensure that regulatory requirements are met. The risk management is supervised by the Group. Limits are defined at Group consolidated level and at the level of each Group consolidated entity, and are validated by the Finance Committee. Finance department of the Group is responsible for checking the risk level of SG-SSB.The SG-SSB's main aim is to reduce its exposure to structural interest rate risk as much as possible. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set by the Finance Committee. The sensitivity is defined as the variation in the present value of future (maturities of up to 20 years) residual fixed rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for SG-SSB is EUR 1 million (i.e. GHS 1.948 million), which is 1.68% of shareholders' equity. In order to quantify its exposure to structural interest rate risks, SG-SSB analyses all fixed-rate assets and liabilities on future maturities to identify any gaps. These positions come from their maturities.Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behaviour (models determined with the contribution of the Group), as well as conventional assumptions for some balances sheet items (mainly shareholders' equity and sight deposits).Once the Bank has identified the gaps of its fixed-rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to variations in interest rates. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for an instantaneous parallel increase of 1% of the yield curve.

Market risk
Market risk is the risk of losses being incurred as a result of adverse movements in interest or exchange rates and arises in the Bank's treasury activities. Market risk is controlled by interest mismatch and foreign currency open position limits approved by the Executive Committee of the Bank and monitored daily. The bank does not actively trade nor take positions. This risk is managed by the establishment of limits, monitoring of exposures on a daily basis and ensuring that regulatory requirements are met.

The task of the Market Risk Committee is to:

•identify, assess and monitor the market risks generated by transactions made on behalf of:
othe local Financial department (cash, liquid assets, balance sheet hedging) in relation with the Assets and Liabilities Management Committee,
oprofessional customers (companies and institutional investors),
•define and monitor alert procedures,
•make sure that the Back Office is really independent from the Front Office.

Operational risk
Operational risk is the exposure to financial or other damage arising through unforeseen events or failure in operational processes and systems. Examples include inadequate controls and procedures, human error, deliberate malicious acts including fraud and business interruption. These risks are controlled and monitored through system controls, segregation of duties, exception and exposure reporting, business continuity planning, reconciliations, internal audit and timely and reliable management reporting. Operational procedures are documented in an Operations Manual.The Bank has established and implemented an integrated Operational Risk (OR) framework comprising (i) Loss Collection policy, (ii) Key Risk Indicators (KRI) policy, (iii) Permanent Supervision policy, (iv) Compliance and anti-money laundering Policy which set out the organizational structure, overall policy framework, processes and systems for identifying, assessing, monitoring and controlling/mitigating operational risks in the bank.

COMPLIANCE WITH IFRS
The financial statements of the Bank for the half year ended 30th June 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the
Institute of Chartered Accountants, Ghana.

The accounting policies adopted under IFRS are consistent with those of the previous financial year.

THE FINANCIAL STATEMENTS DO NOT CONTAIN UNTRUE STATEMENTS, MISLAEADING FACTS OR OMIT MATERIAL FACTS TO THE BEST OF OUR KNOWLEDGE

GILBERT HIE
MANAGING DIRECTOR

SERGE LE QUENTREC
DIRECTOR – FINANCE & ADMINISTRATION

SG-SSB