ACCESS BANK (GHANA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31DECEMBER2013

CONTENTS

CORPORATE INFORMATION

Board of Directors	Frank Beecham (Chairman)	
	Dolapo Ogundimu (Managing Director)	
	Herbert Wigwe	
	Kameel Adebayo	
	Obinna Nwosu	*(Appointed – 02/01/14)*
	Elias Igbinakenzua	*(Appointed – 02/01/14)*
	Dela Selormey	*(Appointed – 26/02/13)*
	Abena Amoah	*(Appointed – 19/11/13)*
	Ernest Mintah	*(Appointed– 19/11/13)*
	Obeahon Ohiwerei	*(Resigned– 31/12/13)*
	Taukeme Koroye	*(Resigned – 31/12/13)*

Secretary — Andrea Dumfeh

Auditor — PricewaterhouseCoopers
No. 12 Airport City
UNA Home, 3rd Floor
PMB CT 42, Cantonments
Accra, Ghana

Registered Office — Access Bank (Ghana) Limited
Starlets '91 Road
Opp. Accra Sports Stadium,
P.O. Box GP 353
Osu
Accra, Ghana

Bankers — Citibank N. Y
Access Bank UK
Ghana International Bank
Commerzbank
FBN UK
Bank of Beirut, UK
Standard Bank, S.A
FIM Bank, UK
Access Bank PLC
Bank of Ghana

REPORT OF THE DIRECTORS

The directors in submitting to the shareholders the financial statements of the Bank and Group for the year ended 31 December 2013 report as follows:

Statement of directors' responsibility

The directors are responsible for the preparation and fair presentation of the financial statements comprising the statement of financial position at 31 December 2013, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 1963 (Act 179), the Banking Act, 2004 (Act 673) (As Amended by the Banking (Amendment) Act, 2007 (Act 738).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial reports that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Financial report and dividend

In Thousands of Ghana Cedis	**The Group**	**The Bank**
31 December	**2013**	**2013**
Profit before tax	**71,791**	**71,763**
from which is deducted taxation of:		
National stabilisation levy	**(1,802)**	**(1,801)**
Income tax expense	**(24,391)**	**(24,384)**
	(26,193)	**(26,185)**
Leaving a net profit after tax of	**45,598**	**45,578**
less transfers to credit risk reserve	**(23,969)**	**(23,969)**
less transfers to statutory reserve	**(22,799)**	**(22,789)**
leaving a balance of	**(1,170)**	**(1,180)**
when added to the balance brought forward on retained earnings of	**11,796**	**10,898**
gives a balance of	**10,626**	**9,718**

In accordance with Section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢ 22,799,000 (2012: GH¢17,280,000) was transferred to the reserve fund from the retained earnings account (income surplus), bringing the cumulative balance on the statutory reserve fund to GH¢48,656,000 (2012: GH¢25,857,000) at the year end.

The board of directors recommended for shareholders approval on 27 March 2014 dividend per share of Ghana Cedis 0.09600 (2012: NIL) amounting to GH¢ 10,626,000 (2012:NIL) in respect of 2013.

REPORT OF THE DIRECTORS (continued)

Nature of business

The Bank is authorised by Bank of Ghana to carry on the business of universal banking.

Subsidiaries

The Bank has two wholly owned subsidiaries, namely, Big Ticket Holdings Limited (BTH) and Triumph Properties Limited (TPL). BTH is currently operating as a leasing company and TPL was dormant for the year and at the year end.

Equity Investment in Associate

The Bank has a 40% equity interest in Magnate Technologies Services Limited, which is in vehicle leasing operations.

Holding Company

The Bank is a subsidiary of Access Bank Plc, a company incorporated in the Federal Republic of Nigeria and licensed to undertake all banking and related services.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Bank were approved by the Board of Directors on 27 March 2014 and were signed on their behalf by:

Auditor

The auditor Messrs PricewaterhouseCoopers has expressed willingness to continue in office in accordance with Section 134 (5) of the Ghana Companies Act, 1963 (Act 179).

....
Frank Beecham
Chairman

....
Dolapo Ogundimu
Managing Director

ACCRA

27 March, 2014

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ACCESS BANK (GHANA) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Access Bank (Ghana) Limited (the Bank) as set out on pages 6 to 70. These financial statements comprise the consolidated statement of financial position at 31 December 2013, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the statement of financial position of the Bank standing alone as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank and the group as at 31 December 2013 and of the financial performance and cash flows of the Bank and the group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ACCESS BANK (GHANA) LIMITED (CONTINUED)

REPORT ON OTHER LEGAL REQUIREMENTS

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

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
iii) The balance sheet (statement of financial position) and profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

In accordance with section 78(2) of the Banking Act, 2004 (Act 673) we hereby confirm that:

i) we were able to obtain all the information and explanations required for the efficient performance of our duties as auditors;
ii) in our opinion, the accounts give a true and fair view of the state of the Bank's affairs and its results for the year under review;
iii) In our opinion, the Bank's transactions were within its powers.
iv) the Bank in all material respects complied with the requirements of the Banking Act, 2004 (Act 673) as amended.

PricewaterhouseCoopers

Signed by: Oseini Amui (ICAG/P/1139)
For and on behalf of:
PricewaterhouseCoopers (ICAG/F/028)
Chartered Accountants
Accra, Ghana
27 March 2014

pwc

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

		Year ended 31 December 2013			
		The Group		The Bank	
	Note	2013	2012	2013	2012
Interest income	7	**130,055**	115,451	**130,055**	115,451
Interest expense	7	**(39,581)**	(42,450)	**(39,581)**	(42,450)
Net interest income		**90,474**	73,001	**90,474**	73,001
Commission and fees	8	**36,046**	39,812	**36,046**	39,812
Net trading income	9	**16,312**	10,299	**16,312**	10,299
Other operating income	10	**4,694**	3,283	**4,621**	2,835
Total operating income		**147,526**	126,395	**147,453**	125,947
Impairment loss on financial assets	11	**(10,460)**	(21,463)	**(10,460)**	(21,463)
Personnel expenses	12	**(27,463)**	(23,749)	**(27,463)**	(23,749)
Depreciation and amortization	20	**(6,570)**	(6,354)	**(6,534)**	(6,199)
Other operating expenses	13	**(30,939)**	(28,018)	**(30,930)**	(28,008)
Operating profit before loss on equity accounted investee		**72,094**	46,811	**72,066**	46,528
Share of loss of equity accounted investment	19	**(303)**	(101)	**(303)**	(101)
Profit before tax		**71,791**	46,710	**71,763**	46,427
Taxation	14	**(26,193)**	(11,867)	**(26,185)**	(11,796)
Profit after tax		**45,598**	34,843	**45,578**	34,631
Other comprehensive income		-	-	-	-
Total comprehensive income for the year attributable to equity holders of the Group		**45,598**	34,843	**45,578**	34,631
Earnings per share					
Basic	15	**41Gp**	34Gp	**41Gp**	34Gp
Diluted	15	**41Gp**	34Gp	**41Gp**	34Gp

The notes on pages 10 to 70 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

		The Group		The Bank	
	Note	**2013**	2012	**2013**	2012
Assets					
Cash and cash equivalents	16	**278,383**	175,219	**278,383**	173,934
Government securities	17	**187,573**	292,445	**187,573**	292,445
Loans and advances to customers	18	**433,690**	274,373	**433,690**	274,373
Investment in associate	19	**-**	286	**-**	286
Investment in subsidiaries	24	**-**	-	**20**	20
Property and equipment	20	**29,199**	27,878	**29,161**	27,804
Intangible assets	21	**2,238**	1,616	**2,238**	1,616
Deferred income tax asset	22	**2,916**	5,693	**2,916**	5,693
Other assets	23	**57,059**	20,993	**57,353**	21,120
Total assets		**991,058**	798,503	**991,334**	797,291
Liabilities					
Due to other banks	25	**15,000**	17,000	**15,000**	17,000
Deposits from customers	26	**725,593**	545,352	**726,982**	545,352
Borrowings	27	**15,339**	18,782	**15,339**	18,782
Current income tax	14	**9,338**	8,169	**9,197**	7,872
Deferred income tax liabilities	22	**2,498**	1,873	**2,437**	1,812
Other liabilities	28	**6,771**	36,406	**6,742**	36,414
Total liabilities		**774,539**	627,582	**775,697**	627,232
Equity					
Stated capital	29	**118,275**	118,275	**118,275**	118,275
Statutory reserve	29	**48,656**	25,857	**48,682**	25,893
Credit risk reserve	29	**38,962**	14,993	**38,962**	14,993
Income surplus	29	**10,626**	11,796	**9,718**	10,898
Total equity		**216,519**	**170,921**	**215,637**	**170,059**
Total equity and liabilities		**991,058**	**798,503**	**991,334**	**797,291**

The financial statements were approved by the Board on 27 March 2014 and signed on its behalf by

Frank Beecham
Chairman

Dolapo Ogundimu
Managing Director

The notes on pages 10 to 70 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

The Group

	Stated Capital	Statutory Reserve	Credit risk Reserve	Income Surplus	Total
At 1 January 2012	81,162	8,577	2,591	6,635	98,965
Profit attributable to shareholders of the group	-	-	-	34,843	34,843
Transactions with owners recorded in equity					
share swap	37,113	-	-	-	37,113
Transfer to credit risk reserve	-	-	12,402	(12,402)	-
Transfer to statutory reserve	-	17,280	-	(17,280)	-
At 31 December 2012	118,275	25,857	14,993	11,796	170,921
At 1 January 2013	118,275	25,857	14,993	11,796	170,921
Total comprehensive income for the year	-	-	-	45,598	45,598
Transfer to credit risk reserve	-	-	23,969	(23,969)	-
Transfer to statutory reserve	-	22,799	-	(22,799)	-
At 31 December 2013	**118,275**	**48,656**	**38,962**	**10,626**	**216,519**

The Bank

	Stated Capital	Statutory Reserve	Credit risk Reserve	Income Surplus	Total
At 1 January 2012	81,162	8,577	2,591	5,985	98,315
Profit attributable to shareholders of the bank	-	-	-	34,631	34,631
Transactions with owners recorded in equity					
Share swap	37,113	-	-	-	37,113
Transfer to credit risk reserve	-	-	12,402	(12,402)	-
Transfer to statutory reserve	-	17,316	-	(17,316)	-
At 31 December 2012	118,275	25,893	14,993	10,898	170,059
Balance at 1 January 2013	118,275	25,893	14,993	10,898	170,059
Total comprehensive income for the year	-	-	-	45,578	45,578
Transfer to credit risk reserve	-	-	23,969	(23,969)	-
Transfer to statutory reserve	-	22,789	-	(22,789)	-
At 31 December 2013	**118,275**	**48,682**	**38,962**	**9,718**	**215,637**

The notes on pages 10 to 70 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

		For the year ended 31 December			
		The Group		The Bank	
	Note	2013	2012	2013	2012
Cash flows from operating activities					
Profit before tax		**71,791**	46,811	**71,763**	46,528
Adjustments for:					
Depreciation of property, plant and equipment	20	**5,926**	5,822	**5,890**	5,667
Amortisation of intangible assets	21	**644**	532	**644**	532
Impairment on loans and advances		**(10,460)**	(21,463)	**(10,460)**	(21,463)
Profit on disposal of property and equipment	20	**(151)**	(12)	**(151)**	(12)
Change in loans and advances		**(148,857)**	148,597	**(148,857)**	148,597
Change in government securities		**104,872**	(4,300)	**104,872**	(4,300)
Change in other assets		**(36,066)**	10,784	**(36,233)**	11,400
Share of profit of equity accounted investee		**286**	101	**286**	101
Assets write off	20	**-**	445	**-**	445
Change in deposits from customers		**180,241**	(239,389)	**181,630**	(239,389)
Change in due to other banks		**(2,000)**	11,342	**(2,000)**	11,342
Change in other liabilities		**(29,635)**	(21,369)	**(29,672)**	(21,352)
Change in mandatory reserve deposit		**(14,691)**	(35,227)	**(14,816)**	(35,227)
Tax paid	14	**(21,622)**	(14,251)	**(21,458)**	(14,251)
Net cash generated from operating activities		**100,278**	(111,577)	**101,438**	(111,382)
Cash flows from investing activities					
Purchase of property and equipment	20	**(7,579)**	(4,698)	**(7,579)**	(4,698)
Purchase of intangible assets	21	**(1,266)**	(296)	**(1,266)**	(907)
Proceeds from sale of property and equipment	20	**483**	247	**483**	247
Net cash used in investing activities		**(8,362)**	(4,747)	**(8,362)**	(5,358)
Cash flows from financing activities					
Draw down on borrowings	27	**-**	11,000	**-**	11,000
Principal payment of borrowings	27	**(3,443)**	(3,030)	**(3,443)**	(3,030)
Net cash used in financing activities		**(3,443)**	7,970	**(3,443)**	7,970
Net increase in cash and cash equivalents		**88,473**	(108,354)	**89,633**	(108,770)
Cash and cash equivalents at 1 January	16	**124,607**	232,961	**123,322**	232,092
Cash and cash equivalents at 31 December	16	**213,080**	124,607	**212,955**	123,322

The notes on pages 10 to 70 are an integral part of these financial statements.

NOTES

1 Reporting entity

Access Bank (Ghana) Limited (the Bank) is a bank incorporated in Ghana. The address of the Bank's registered office is Starlets '91 Road, Opposite Accra Sports Stadium, P. O. Box GP 353, Osu, Accra. The consolidated financial statements of the Bank as at, and for the year ended 31 December 2013 comprises the Bank and its subsidiary BTH Limited (together referred to as the Group). The Group principally is involved in corporate and retail banking as well as leasing operations. The Bank is a subsidiary of Access Bank Plc of Nigeria.

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 income statement, in these financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. Thes accounting policies have been consistently applied to all periods presented in these financial statements.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1963 (Act 179). The financial statements have been prepared under the historical cost convention as modified by the fair valuation of financial of financial assets and liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.1.1 Basis of measurement

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required under the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) have been included, where appropriate. The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements comprise the consolidated statements of financial position, comprehensive income, changes in equity and cash flows and notes to the consolidated financial statements.

These consolidated financial statements are presented in Ghana Cedi, which is the Group's functional currency.

2.1.2 Use of accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 4.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Bank

The following standards have been adopted by the Bank for the first time for the financial year beginning on 1 January 2013 that would be expected to have a material impact on the Bank.

Amendment to IAS 1, 'Presentation of Financial Statements ' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment only affects presentation on the face of the statement of comprehensive income.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The impact has been increased disclosure in the financial statements.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. See note 43 for the impact on the financial statements.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The impact of adopting of IFRS 12 has been increased disclosures in the financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The adoption of IFRS 13 has increased the extent of fair value disclosures in the financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Bank.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(ii) New and amended standards not yet adopted by the Bank

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Bank is yet to assess IFRS 9's full impact. The Bank will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The impact of this on the bank relates to the payment of the National Fiscal Stabilisation Levy.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

2.3 Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are re-translated at inter-bank mid closing rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates ruling at the dates of initial recognition. Non-monetary items denominated in a foreign currency that are measured at fair value are translated at exchange rates ruling at the date when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from retranslation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognized in profit or loss, except for differences on translation of equity investments in respect of which an election has been made to present subsequent changes in fair value and differences arising on translation of available-for-sale equity investments in other comprehensive income.

All foreign exchange gains and losses recognized in profit or loss are presented net within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.4 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value However, non-controlling interest's that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are recognised at either fair value or proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.4 Consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount.

Profits and losses resulting from upstream and downstream transactions between the Group and the associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.5 Interest income and expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all transaction costs, fees and points paid or received that are an integral part of the effective interest rate.

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

2.6 Fee and commission income

Fees and commissions are recognized on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognized on a straight line basis over the commitment period. Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

2.7 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realized and unrealized fair value changes, interest and foreign exchange differences.

2.8 Dividend income

Dividend income is recognized when the right to receive income is established.

2.9 Leases

Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leases under which the Group assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases are classified as operating leases.

Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. When an operating lease is terminated before the lease has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place. Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.10 Financial assets and liabilities

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

2.10.1 Financial assets

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

i) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

i those that the Group intends to sell immediately or in the short term, which are classified as held for trading and those that upon initial recognition are designated at fair value through profit or loss;

ii those that upon initial recognition are designated as available-for-sale; or

iii those for which the holder may not recover substantially all of the initial investment, other than because of credit deterioration.

Loans and receivables are initially recognized at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortized cost using the effective interest method. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognized in profit and loss as 'loan impairment charges'.

ii) Held to maturity

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

Held to maturity assets are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method less any impairment losses. Any sale or reclassification of a significant amount of held to maturity asset not close to their maturity would result in the reclassification of all held to maturity assets as available-for-sale with the difference between amortized cost and fair value being accounted for in other comprehensive income.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.10 Financial assets and liabilities (continued)

2.10.1 Financial assets (continued)

iii) Available-for-sale financial assets

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

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is recognized in profit and loss. Dividends on available-for- sale equity instruments are recognized in profit and loss in 'Dividend income' when the Group's right to receive payment is established.

2.10.2 Financial liabilities

Financial liabilities are held at amortized cost. Financial liabilities measured at amortized cost include deposits from related entities, customers or debt securities in issue, convertible bonds and subordinated debts for which the fair value option is not applied.

2.10.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities quoted on Stock Exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry bank, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, yield curve, foreign exchange rates, and counterparty spreads) existing at the reporting dates.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.10 Financial assets and liabilities (continued)

2.10.4 Recognition

The Group recognizes financial assets and liabilities on the trade date on which they are originated, when the Group becomes party to the contractual provisions of the instrument.

2.10.5 Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset expire or the Group transfers substantially all the risks and rewards of ownership. Any interest in the transferred financial asset that is created or retrieved is recognized as a separate asset or liability. Financial liabilities are derecognized when contractual obligations are discharged, cancelled or expire.

2.10.6 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category, if the financial asset is no longer held for the purpose of selling in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost oramortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.11 Impairment of financial assets

i) Assets carried at amortized cost

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

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

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

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

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

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

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

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

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

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

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

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.11 Impairment of financial assets (continued)

i) Assets carried at amortized cost (continued)

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

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

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

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

ii) Assets classified as available-for-sale

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can objectively be related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through other comprehensive income.

iii) Renegotiated loans

Loans that are either subject to collective or individually significant impairment assessment and whose terms have been renegotiated are considered to be past due unless renegotiated terms are adhered to and current repayments suggest otherwise.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand, deposits held at call and other short-term highly liquid investments with original maturities of three months or less.

2.14 Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as held to maturity, fair value through profit and loss or available-for-sale.

2.15 Property and equipment

i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. 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 gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses 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 the future economic benefits embodied within the part will flow to the Group 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.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.15 Property and equipment (continued)

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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

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

Leasehold land and buildings	2%
Leasehold improvements	20%
Furniture, fittings and equipment	20%
Computers	33.33%
Motor vehicles	25%

2.16 Computer software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.17 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 exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.17 Impairment of non-financial assets (continued)

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.18 Deposits and debt securities issued

Deposits and debt securities issued are the Group's sources of debt funding. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

2.19 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 economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.20 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.20 Income tax expense (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2.21 Stated capital and reserves

i) Stated capital

The Group classifies capital and equity instruments in accordance with the contractual terms of the instrument. The Group's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity.

ii) Dividend on ordinary shares

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

2.22 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

2.23 Segment Reporting

Segment results that are reported to the Group's Managing Director (being the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly operating expenses, tax assets and liabilities.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.24 Financial guarantees

Financial guarantees 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 payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

2.25 Employee benefits

i) Defined contribution plans

A defined contribution plan is a retirement benefit plan under the which the Group pays fixed contributions into a separate entity. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year in which they fall due. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the national pension scheme, the Group 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 were settled on due dates. The pension liabilities and obligations rest with SSNIT.

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accrual basis over the period which employees have provided services in the year. Bonuses are recognized to the extent that the Group has a present obligation to its employees that can be measured reliably.

ii) Provident fund

The Group has a Provident Fund Scheme for all employees who have completed their probation period with the Group. Employees contribute 5% of their basic salary to the Fund whilst the Group contributes 7.5%. Obligations under the plan are limited to the relevant contributions, which are remitted on due dates to the fund manager.

2.26 Post balance sheet events

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management

The Bank's activities expose the business to risks. These risks are managed professionally and in a targeted manner. Key risks arising from core functions are identified and measured to facilitate managing and determining risk positions and capital allocations. The Bank has exposure to the following types of risks from its use of financial instruments credit risk, liquidity risk and market risks. The Bank continues to assess its overall risk management framework and governance structure.

i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Management Committee of the Board is responsible for developing and monitoring the Group's risk management policies over specified areas.

The Committee is complemented by the Risk Management unit in co-ordinating the process of monitoring and reporting of risks in the Group.

The Group has adopted the concept of enterprise-wide risk management referred to as Enterprise Risk Management (ERM). ERM is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is an integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. These include the:

- Establishment of the Group's risk philosophy, culture and objectives;
- Establishment of the Group's risk management governance framework;
- Articulation of the Group's risk management to stakeholders and development of an action plan to meet their risk management expectations; and
- Establishment of policies and procedures to identify, measure, monitors, report and control the risks the Group faces.

The Group's risk management framework places significant emphasis on:

- Establishing a strong, independent Risk Management Function to champion, coordinate and monitor the enterprise-wide risk methodology across the Bank and its subsidiaries;
- Formally assigning accountability and responsibility for risk management; and
- Breaking the Bank's risk universe down into manageable, tailored, well-resourced and specialized components.

3.1 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Group considers all elements of credit risk exposure.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management(continued)

3.1 Credit risk management (continued)

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off balance sheet exposures. Actual exposures against limits are monitored daily.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group reviews the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are mortgages over residential properties, charges over business assets such as premises inventory and accounts receivable and charges over financial instruments such as debt securities and equities.

3.1.1Exposure to credit risk

Risk grading

A risk rating is a grade given to a loan (or group of loans), reflecting its quality. The ratings are either stated in numbers or as a description from one (1) to eight (8).

The Group's internal rating scale is as follows:

Description	**Ratings**	**Characteristics of Credits**
Superior Credits	1	They are credits that have overwhelming capacity to repay obligations. The business has adequate cash flow and high quality revenue from continuing business. It has strong equity when related to the quality of its assets with track record of at least consistent profit for three (3) years. Good depth and breadth of management with industry dominance leverage over its customers and suppliers. Full cash collateralised credits are classified as Superior Credits.
Above average Credits	2	These have majority of attributes of superior credits but may have weaknesses in not more than two of the characteristics of superior credits. These weaknesses should not impair repayment capacity of the borrower
Acceptable Credits	3	Average credits have most of the attributes of Above Average Credits but may have one or more of the following weaknesses which if not closely managed could impair repayment capacity of the borrower: Low capitalisation and equity base, short track record, low market share, price control on its products and highly cyclical demand.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.1Exposure to credit risk (continued)

Risk grading (continued)

Description	Ratings	Characteristics of Credits
Watch-list Credits/ Other Loans Exceptionally Mentioned (OLEM)	4	This category applies to existing credits that have shown signs of deterioration because they have well-defined weaknesses which could affect the ability of the borrower to repay. Immediate corrective actions are set in motion to avoid complete loss.
Substandard and Doubtful	5	This rate is applied where a strong doubt exists that full repayment of principal and interest will occur. The exact extent of the potential loss is not however certain at the time of classification. Some attributes are interest and principal past due for 90 days or more, borrower has recorded losses consistently for 2 years, borrowers net worth is grossly eroded due to major business failure or disaster and security offered has deteriorated.
Bad and Lost	6-8	This applies when all or part of the outstanding loans are uncollectible based on present conditions. Attributes are principal and interest overdue and unpaid for more than 180 days, legal processes does not guarantee full recovery of outstanding debt, clients request for a waiver of part of interest accrued has been granted, borrower is under receivership or in the process of liquidation, borrower has absconded and or documentation is shoddy or incomplete to pursue recovery through legal means.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management(continued)

3.1 Credit risk management (continued)

3.1.1Exposure to credit risk (continued)

	2013	2012
Gross amount	**445,534**	323,406
Individually impaired		
Grade 6: Impaired	**486**	10,951
Grade 7: Impaired	**433**	22,131
Grade 8: Impaired	**26,316**	37,096
Gross amount	**27,235**	70,178
Allowance for impairment	**(9,821)**	(45,826)
Carrying amount	**17,414**	24,352
Collectively impaired		
Grade 1-3: Low-fair risk	**380,179**	205,205
Grade 4-5: Watch list	**37,940**	48,023
Gross amount	**418,119**	253,228
Allowance for impairment	**(1,844)**	(3,207)
Carrying amount	**433,690**	274,373

	2013	2012
Past due but not impaired		
Grade 4-5: Watch list	**37,940**	12,709
Gross amount	**37,940**	12,709
Past due:		
90-180 days	**17,911**	10,951
180 days +	**20,029**	71,936
Gross amount	**37,940**	82,887

Credit risk exposures relating to off-balance sheet items are as follows:

Contingent liabilities:		
Bonds and guarantees	**90,983**	30,658

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.1 Credit risk management (continued)

Commitments:		
Clean Line Facilities for Letters of Credit	339,764	174,229

3.1.2 Impaired loans

Individually impaired loans are loans and advances for which the Group determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan/security agreement(s). These loans are graded 6 to 8 in the Group's internal credit risk grading system.

3.1.3 Past due but not impaired loans

Past due but not impaired loans, are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

3.1.4 Allowances for impairment

The Group establishes an allowance for impairment losses carried at amortized cost that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for banks of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

3.1.5 Loans and advances with renegotiated terms

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

3.1.6 Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when the Group's Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay 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 are generally based on a product specific past due status. All write-off decisions are sanctioned by the board of directors with subsequent approval in writing by the Bank of Ghana before they are effected.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management(continued)

3.1 Credit risk management (continued)

3.1.6 Write-off policy (continued)

	Loans and Advances to Customers	
At 31 December 2013	**Gross**	**Net**
Grade 6: Individually impaired	486	311
Grade 7: Individually impaired	433	277
Grade 8: Individually impaired	6,316	16,827
Total	27,235	17,415
At 31 December 2012		
Grade 6: Individually impaired	10,951	2,607
Grade 7: Individually impaired	22,131	13,876
Grade 8: Individually impaired	37,096	7,869
Total	70,178	24,352

3.1.7 Collateral held and their financial effect

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of force sale value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity.

Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2013 (2012: no collateral held).

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management(continued)

3.1 Credit risk management (continued)

3.1.7 Collateral held and their financial effect (continued)

An estimate made at the time of borrowing of the force sale value of collateral and other security enhancements held against loans and advances to customers and banks is shown below:

The Group and The Bank	Loans and advances to customers	
	2013	2012
Against individually impaired:		
Property	**57,611**	76,927
Others	**41,172**	21,653
Against collectively impaired:		
Property	**197,937**	76,229
Others	**206,179**	394,135
Against past due but not impaired:		
Property	**43,354**	98,553
Others	**23,876**	58,088
Total	**570,129**	725,585

Details of financial and non-financial assets obtained by the Group during the year by taking possession of collateral held as security against loans and advances as well as calls made on credit enhancements and held at the year ended 31 December are shown below:

The Group and The Bank

	2013	2012
Property	**298,902**	251,709
Others	**271,227**	473,876
Total	**570,129**	725,585

The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group generally does not use the non-cash collateral for its own operations.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.8 Concentration of credit risk

The Group monitors concentrations of credit risk by product, by industry and by customer. An analysis of concentrations of credit risk at the reporting date is shown below:

In Thousands of Ghana Cedis	Loans and Advances to Customers	
	2013	**2012**
Carrying amount	**433,690**	274,373
Concentration by product		
Overdraft	**159,258**	161,523
Term loan	**271,838**	149,936
Staff loan	**7,970**	10,687
Finance leases	**6,289**	1,260
Gross loans and advances	**445,355**	323,406
Less: Impairment	**(11,665)**	(49,033)
Carrying amount	**433,690**	274,373
Concentration by industry		
Financial institutions	**3,370**	842
Agriculture	**-**	42
Manufacturing	**81,798**	43,114
Public sector	**16,575**	26,755
Transport and Communication	**23,824**	38,974
Energy	**34,273**	180
Staff	**7,970**	10,687
General commerce	**155,601**	110,265
Construction and real estate	**58,592**	41,935
Mining, Oil and Gas	**46,750**	17,473
Miscellaneous	**16,602**	33,139
Gross loans and advances	**445,355**	323,406
Less: Impairment	**(11,665)**	(49,033)
Carrying amount	**433,690**	274,373
Concentration by Customer		
Individuals	**9,276**	10,687
Private enterprise	**436,079**	312,719
Gross loans and advances	**445,355**	323,406
Less: Impairment	(11,665)	(49,033)
Carrying amount	**433,690**	274,373

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.8 Concentration of credit risk (continued)

Concentration by industry for loans and advances are measured based on the industry in which customer operates. Where the nature of business operation of a client cannot be clearly identified, it is classified as miscellaneous.

3.1.9 Key ratios on loans and advances

Loan loss provision ratio is 23.98% (2012: 15.16%).

Percentage of gross non-performing loans with respect to Bank of Ghana Prudential Norms (specifically impaired) to total gross loans and advances is 9.79% (2012: 25.63%).

The fifty (50) largest exposure (gross funded and non-funded) constitute is 72.92% (2012: 31%) of the Bank's total exposure.

3.1.10 Investments securities

Investment securities amounting toGH¢187,573 (2012: GH¢292,445). These represent the maximum credit risk exposure and are held in Government of Ghana Treasury Bills and bonds and are not considered exposed to credit risk.

3.1.11 Due from other financial institutions

Included in cash and cash equivalents is an amount of GH¢94,225 representing placements with other financial institutions at 31 December 2013 (2012: GH¢24,806). These represent the maximum credit risk exposure and are held with only reputable established financial institutions and are not considered impaired.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.2 Liquidity risk

The Group defines liquidity risks as the risk that the Group will encounter difficulty meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group maintains liquidity limit imposed by its local regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana.

Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets. The Group aims to be in a position to meet all obligations, repay depositors, fulfill commitments to lend and meet any other commitments.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank.

All liquidity policies and procedures are subject to review and approval by the Asset and Liability Committee (ALCO). Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

3.2.1 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 are considered as including cash and cash equivalents and investment for which there is an active and liquid market less any deposits from banks. The Group also uses gap analysis to determine the liquidity position of the Group and where necessary, recommend remedial action.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.2 Liquidity risk (Continued)

3.2.2 Maturity analysis for financial assets and liabilities

The table below presents cash flows payable under non-derivative financial liabilities and assets held for manag liquidity risk by remaining contractual maturities at the reporting date adjusted to reflect behavioral characte deposits. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank mana liquidity risk taking into account the behavioral characteristics of deposits.

The Group

At 31 December 2013

	Total amount	Less than 1 month	Less than 3 months	3 months to 1 year	1-5 years
Non-derivative liabilities					
Due to other banks	17,442	17,442	-	-	-
Deposits from customers	761,873	258,818	323,136	110,353	69,566
Borrowings	16,026	-	475	1,151	14,400
Other liabilities	6,771	1,354	959	2,878	1,580
	802,112	277,614	324,570	114,382	85,546
Non-derivative assets					
Cash and cash equivalents	278,383	278,383	-	-	-
Government securities	187,573	38,180	76,361	57,810	15,222
Loans and advances to customers	433,690	56,977	113,953	165,062	97,698
	899,646	373,540	190,314	222,872	112,920

At 31 December 2012

	Total amount	Less than 1 month	Less than 3 months	3 months to 1 year	1-5 years
Non-derivative liabilities					
Due to other banks	20,060	14,060	6,000	-	-
Deposits from customers	572,620	213,847	94,868	226,032	37,873
Borrowings	19,234	691	-	1,875	16,668
Other liabilities	36,406	7,281	6,533	19,599	2,993
	648,860	235,879	107,401	247,506	57,534
Non-derivative assets					
Cash and cash equivalents	175,219	175,219	-	-	-
Government securities	292,445	107,226	48,014	99,801	37,404
Loans and advances to customers	274,373	52,930	26,172	117,570	77,701
	742,037	335,375	74,186	217,371	115,105

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

The Bank

At 31 December 2013

	Total amount	Less than 1 month	Less than 3 months	3 months to 1 year	1-5 years
Non-derivatives liabilities					
Due to other banks	17,442	17,442	-	-	-
Deposits from customers	763,331	260,207	323,136	110,353	69,635
Borrowings	16,026	-	475	1,151	14,400
Other liabilities	6,742	1,348	953	2,861	1,580
	803,541	278,997	324,564	114,365	85,615
Non-derivatives assets					
Cash and cash equivalents	278,383	278,383	-	-	-
Government securities	187,573	38,180	76,361	57,810	15,222
Loans and advances to customers	433,690	56,977	113,953	165,062	97,698
	899,646	373,540	190,314	222,872	112,920

At 31 December 2012

Non- derivatives liabilities					
Due to other banks	20,060	11,000	6,000	-	3,060
Deposits from customers	572,620	213,847	94,868	226,032	37,873
Borrowings	19,234	691	-	1,875	16,668
Other liabilities	36,414	7,283	6,535	19,603	2,993
	648,328	232,821	107,403	247,510	60,594
Non-derivatives assets					
Cash and cash equivalents	173,934	173,934	-	-	-
Government securities	292,445	107,226	48,014	99,801	37,404
Loans and advances to customers	274,373	52,930	26,172	117,570	77,701
	740,752	334,090	74,186	217,371	115,105

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Management of market risks

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the Treasury Group, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

All foreign exchange risk within the Group are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes.

Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

(ii) Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earning's at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Group is to be exposed to.

(iii) Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Group's exposure to interest rate risk on non-trading portfolios is as follows:

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk (continued)

(iii) Interest rate risks (continued)

The Group

At 31 December 2013

	Carrying Amount	Less than 3 months	3-6 months	6-12 months	1-5years
Cash and cash equivalents	278,383	278,383	-	-	-
Government securities	187,573	38,180	76,361	57,810	15,222
Loans and advances to customers	433,690	56,977	113,953	165,062	97,698
Total assets	899,646	373,540	190,314	222,872	112,920
Due to other banks	15,000	15,000	-	-	-
Deposit from customers	725,593	258,818	323,136	110,353	33,286
Borrowings	15,339	-	475	1,151	13,713
Total liabilities	755,932	273,818	323,611	111,504	46,999
Total interest repricing gap	143,711	99,722	(133,297)	111,368	65,921

At 31 December 2012

	Carrying Amount	Less than 3 month	3-6 months	6months to 1 year	1-5years
Cash and cash equivalents	175,219	175,219	-	-	-
Government securities	292,445	107,226	48,014	99,801	37,404
Loans and advances to customers	274,373	52,930	26,172	117,570	77,701
Total assets	742,037	335,375	74,186	217,371	115,105
Due to other banks	17,000	17,000	-	-	-
Deposit from customers	545,352	300,460	118,244	107,788	18,860
Borrowings	18,782	691	1,875	-	16,216
Total liabilities	581,134	318,151	120,119	107,788	35,076
Total interest repricing gap	160,903	17,224	(45,933)	109,583	80,029

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk (continued)

3.3.1 Interest rate risks (continued)

The Bank

At 31 December 2013

	Carrying Amount	Less than 1 month	1-3 months	3months to 1 year	1-5years
Cash and cash equivalents	278,383	278,383	-	-	-
Government securities	187,573	38,180	76,361	57,810	15,222
Loans and advances to customers	433,690	56,977	113,953	165,062	97,698
Total assets	899,646	373,540	190,314	222,872	112,920
Due to other banks	15,000	15,000	-	-	-
Deposit from customers	726,982	260,207	323,136	110,353	33,286
Borrowings	15,339	-	475	1,151	13,713
Total liabilities	757,321	275,207	323,611	111,504	46,999
Total interest repricing gap	142,325	98,333	(133,297)	111,368	65,921

At 31 December 2012

	Carrying Amount	Less than 3 month	3-6 months	6months to 1 year	1-5years
Cash and cash equivalents	173,934	173,934	-	-	-
Government securities	292,445	107,226	48,014	99,801	37,404
Loans and advances to customers	274,373	52,930	26,172	117,570	77,701
Total assets	740,752	334,090	74,186	217,371	115,105
Due to other banks	17,000	17,000	-	-	-
Deposit from customers	545,352	290,486	140,549	95,162	19,155
Borrowings	18,782	18,782	-	-	18,782
Total liabilities	581,134	326,268	140,549	95,162	37,937
Total interest repricing gap	159,618	7,822	(66,363)	122,209	77,168

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk (continued)

Sensitivity analysis

An increase of a 100 basis points in interest rates at the reporting date would have impacted equity and profit / (loss) by the amounts shown below:

Sensitivity Analysis of Interest rate risks - increase / decrease of 100 basis points in net interest margin

	2013 The Group	2012 The Group	**2013 The Bank**	2012 The Bank
Interest income impact	**2,701**	3,710	**2,701**	3,704
Interest expenses impact	**(822)**	(2,906)	**(822)**	(2,906)
Net impact	**1,879**	804	**1,879**	798

A decrease of a 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

Assuming no management action, a series of such rises would increase net interest income for 2013 by GH¢1,879,000 (2012: GH¢804,000) while a series of such falls would decrease net interest income for 2013 by GH¢1,879,000 (2012: GH¢804,000).
The Group monitors live interest and exchange rates to facilitate trading by the Treasury department. This will help the Group to know what is happening at any moment in time on the markets and where opportunities are present to make gains from high interest rates. The Group does not embark on hedging of its interest rate risk and foreign currency risk

3.3.2 Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign exchange risk at 31 December 2013. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency:

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Foreign exchange risk (continued)

The Group and the Bank

At 31 December 2013	**GH¢**	**US$**	**GBP**	**EURO**	**Total**
Assets					
Cash and cash equivalents	177,415	91,963	1,869	7,134	278,382
Government securities	187,573	-	-	-	187,573
Loans and advances	338,089	95,601	-	-	433,690
	703,077	187,564	1,869	7,134	899,645
Liabilities					
Deposit from customers	480,949	192,731	2,213	49,700	725,593
Due to other banks	15,000	-	-	-	15,000
Borrowings	15,339	-	-	-	15,339
	511,288	192,731	2,213	49,700	755,932
Net on-balance sheet financial position	191,789	(5,167)	(344)	(42,566)	143,713
Credit commitments	75,479	350,926	-	4,342	430,747

The Group and the Bank

At 31 December 2012	GH¢	US$	GBP	EURO	Total
Assets					
Cash and cash equivalents	95,828	66,824	5,274	7,293	175,219
Government securities292,445	-	-	-	292,445	
Loans and advances	206,939	66,887	-	547	274,373
	595,212	133,711	5,274	7,840	742,037
Liabilities					
Deposit from customers	408,977	127,217	2,876	6,282	545,352
Due to other banks	17,000	-	-	-	17,000
Borrowings	18,782	-	-	-	18,782
	444,759	127,217	2,876	6,282	581,134
Net on-balance sheet financial position	150,453	6,494	2,398	1,558	160,905
Credit commitments	125,496	66,824	5,274	7,293	204,887

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Foreign exchange risk

Sensitivity analysis

A 5% strengthening of the cedi against foreign currencies at 31 December 2013 would have impacted equity and profit / (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 2012.

	2013	2012
Profit / (Loss)	**1,562**	(9,063)

A best case scenario 5% weakening of the Ghana cedi against foreign currencies at 31 December would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

3.4 Capital management

3.4.1 Regulatory capital

The Group's regulator, the Group of Ghana sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements, the Group of Ghana requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is analysed into two tiers:

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after tax, income surplus, retained profits and general statutory reserves.

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital.

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.5 Capital management

3.5.2 Capital adequacy ratio

The Group complied with the statutory capital requirements throughout the period. There have been no material changes in the Group's management of capital during this period.

The capital adequacy ratio is the quotient of the capital base of the Group and the Group's risk-weighted asset base. In accordance with Central Bank of Ghana regulations, a minimum ratio of 10% is to be maintained.

	2013	2012
Tier 1 capital		
Ordinary issued share l	118,275	118,275
Disclosed reserves	58,400	37,653
Shareholders' fund	176,675	155,928
Less:		
Intangible assets	3,959	5,186
Total qualifying tier 1 capital	172,716	150,742
Tier 2 Capital		
Fair value reserve for available	-	-
For sale securities	-	-
Total regulatory capital	172,716	150,742
Adjusted risk-weighted assets	515,137	399,517
Risk weighted contingent liabilities	430,747	204,887
Risk adjusted net open position	24,338	6,107
100% of 3year average annual gross income	77,484	58,168
Risk-weighted assets	1,087,706	668,679
Total regulatory capital expressed as a percentage of total risk-weighted assets is	15.88%	22.54%

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

3.5 Capital management (continued)

3.5.3 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Bank's Risk Management and Credit Administration Units, and is subject to review by the Bank's Credit Committee or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

4 Use of estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

4.1 Key sources of estimation uncertainty

i. Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy Note2.11.

The specific component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the ALCO.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

4 Use of estimates and judgements (continued)

4.1 Key sources of estimation uncertainty (continued)

i. Allowances for credit losses (continued)

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific allowances and the model assumptions and parameters used in determining collective allowances. Were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is to be estimated at GH¢104,600higher or lower.

4.2 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2.10.3.

A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled as described in accounting policy Note 2.10.3.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank's accounting policy on fair value measurements is discussed in Note 2.10.3.

4.3 Financial assets and liabilities classification

The Bank's accounting policies provide scope for assets and liabilities to be designated at inception into the accounting categories respectively described in Notes 2.8.1 and 2.8.2.Details of the Bank's classification of financial assets and liabilities are given in Note 6.

In classifying financial assets as held-to-maturity, the Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 2.10.6.

In accordance with IAS 39 guidance, the Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost. If all held-to-maturity investments were to be so reclassified, the carrying value would increase by GH¢6,213,000 with a corresponding entry in the fair value reserve in shareholders' equity.

Details of the Bank's classification of financial assets and liabilities are given in Note 6.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

4 Use of estimates and judgements (continued)

4.2 Determination of impairment of property and equipment, and intangible assets, excluding goodwill

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

5. Segment reporting

The Group's has four reportable segments, as summarised below, which are the Group's strategic business divisions. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the divisions, the Group's Managing Director reviews the internal management reports on at least a monthly basis. Below is the list of the Group's divisions:

- Institutional Banking;
- Commercial Banking;
- Retail Banking; and
- Financial Markets.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating income, included in the internal management reports that are reviewed by the Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other divisions in the Group. Inter-segment pricing is determined on an arm's length basis.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

5. Segment reporting (continued)

The Group

Information about reportable segments

Year ended 31 December 2013

	Institutional Banking	Commercial Banking	Retail Banking	Financial Markets	Total
Revenue:					
From external customers	60,431	34,309	34,933	31,761	161,434
From other business segments	11,809	3,378	8,738	1,748	25,673
	72,240	37,687	43,671	33,509	187,107
Interest expense	(7,422)	(7,517)	(18,100)	(6,542)	(39,581)
Operating income	64,818	30,170	25,571	26,967	147,526
Assets and liabilities:					
Segment assets	465,280	209,954	166,437	149,351	991,058
Total assets	465,280	209,954	166,437	149,351	991,058
Segment liabilities	358,201	128,281	247,647	40,376	774,539
Unallocated segment liabilities	-	-	-	-	-
Total liabilities	358,201	128,281	247,647	40,376	774,539
Net assets	107,079	81,673	(81,210)	108,977	216,519

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

5. Segment reporting (continued)

Information about reportable segments (continued)

Year ended 31 December 2012

	Institutional Banking	Commercial Banking	Retail Banking	Financial Markets	Unallocated	Total
Revenue:						
From external customers	54,672	23,270	11,284	21,381	26,992	137,599
From other business segments	13,903	3,778	10,220	1,819	1,526	31,246
	68,575	27,048	21,504	23,200	28,518	168,845
Interest expense	(849)	(9,526)	(14,178)	(10,256)	(7,641)	(42,450)
Operating income	67,726	17,522	7,326	12,944	20,877	126,395
Assets and liabilities:						
Segment assets	182,574	72,584	23,824	-	360,648	639,630
Unallocated segment assets	-	-	-	-	158,874	158,874
Total assets	182,574	72,584	23,824	-	519,522	798,504
Segment liabilities	(226,187)	(106,819)	(207,368)	(14,224)	(29,924)	(584,522)
Unallocated segment liabilities	-	-	-	-	(43,060)	(43,060)
Total liabilities	(226,187)	(106,819)	(207,368)	(14,224)	(72,984)	(626,582)
Net assets	(43,613)	(34,235)	(183,544)	14,224	446,538	170,922

6. Financial Assets and Liabilities

6.1 Accounting Classification, Measurement Basis and Fair Values

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

31 December 2013

	Held-to Maturity	Loans & Receivables	Total	Fair Value
Cash and cash equivalents	-	278,383	278,383	278,383
Government securities assets	187,573	-	187,573	179,288
Loans and advances to customers	-	433,690	433,690	429,353
	-	712,073	899,646	887,024
Due to other banks	-	15,000	15,000	14,850
Deposits from customers	-	725,593	725,593	718,337
Borrowings	-	15,339	15,339	15,032
	-	755,932	755,932	748,219

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

6. Financial Assets and Liabilities (continued)

6.1 Accounting Classification, Measurement Basis and Fair Values (continued)

31 December 2012

	Held-to Maturity	Loans & Receivables	Total	Fair Value
Cash and cash equivalents	-	175,219	175,219	175,219
Government securities assets	292,445	-	292,445	279,460
Loans and advances to customers	-	274,373	274,373	271,612
	292,445	449,592	742,037	726,291
Due to other banks	-	17,000	17,000	16,830
Deposits from customers	-	545,352	545,352	539,898
Borrowings	-	18,782	18,782	18,406
	-	581,134	581,134	575,134

6.1.1 Loans and advances to customers

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value.

6.1.2 Government securities

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is rated using quoted market prices for securities with similar credit, maturity and yield characteristics. All available for sale assets are measured and carried at fair value.

6.1.3 Deposits from banks and customers

The estimated fair value of deposits with no stated maturity dates, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar maturity profiles.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

7. Net interest income

	2013 The Group	2012 The Group	2013 The Bank	2012 The Bank
Interest income				
Loans and advances to customers	74,818	79,081	74,818	79,081
Placement with other banks	3,676	1,807	3,676	1,807
Investment securities	51,561	34,563	51,561	34,563
Total interest income	130,055	115,451	130,055	115,451
Interest expense				
Demand deposits	2,151	7,824	2,151	7,824
Time and other deposits	33,581	32,926	33,581	32,926
Savings deposits	3,849	1,700	1,482	1,700
Total interest expense	39,581	42,450	39,581	42,450
Net interest income	90,474	73,001	90,474	73,001

8. Commissions and fees income

Fees on loan and advances	12,962	14,316	12,962	14,316
Customer account servicing fees	18,102	19,995	18,102	19,995
Letters of credit issued	4,610	5,092	4,610	5,092
Other fees	372	409	372	409
	36,046	39,812	36,046	39,812

9. Net trading income

Income from dealing in foreign exchange	16,312	10,299	16,312	10,299

10. Other operating income

Exchange difference	18	45	18	45
Profit on disposal of property and equipment	151	12	151	12
Recovered bad debts	4,452	1,649	4,452	1,649
Rental income	-	1,124	-	1,124
Sundry income	73	453	-	5
	4,694	3,283	4,621	2,835

NOTES (continued)
(All amount are expressed in Ghana Cedis unless otherwise stated)

11. Net impairment losses on financial assets

	2013 The Group	2012 The Group	2013 The Bank	2012 The Bank
Specific impairment loss	**11,823**	19,564	**11,823**	19,564
Collective impairment loss	**(1,363)**	1,899	**(1,363)**	1,899
	10,460	21,463	10,460	21,463

12. Personnel expenses

Wages and salaries	**9,551**	10,285	**9,551**	10,285
Allowances	**16,472**	12,149	**16,472**	12,149
Other staff costs	**1,440**	1,315	**1,440**	1,315
	27,463	23,749	**27,463**	23,749

The average number of persons employed by the Group during the period to 31 December 2013 was 422 (2012: 424).

13. Other operating expenses

	2013 The Group	2012 The Group	2013 The Bank	2012 The Bank
Administrative expenses	**27,558**	24,892	**27,549**	24,890
Directors' emoluments	**912**	350	**912**	350
Auditors' remuneration	**273**	308	**273**	300
Operating lease rentals on office premises	**1,757**	1,993	**1,757**	1,993
Donations and sponsorship	**439**	475	**439**	475
	30,939	28,018	**30,930**	28,008

An amount of GH¢614,448 was spent as part of corporate social responsibility of the bank. (2012: GH¢ 475,000).

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

14. Income tax expense	**2013 The Group**	2012 The Group	**2013 The Bank**	2012 The Bank
National Fiscal Stabilisation Levy	**1,802**	-	**1,802**	-
Current year income tax	**20,989**	17,314	**20,981**	17,243
Deferred tax	**3,402**	(5,447)	**3,402**	(5,447)
Income tax expense in income statement	**26,193**	11,867	**26,185**	11,796

The Group

Year ended 31 December 2013

14.a Current income tax

	Balance at 1/12/13	**Payments during 2013**	**Charge for the year**	**Balance at 31/12/13**
Income Tax				
Up to 2012	6,967	-	-	6,967
2013	-	(19,719)	20,989	1,270
	6,967	(19,719)	20,989	8,237
National Fiscal Stabilisation Levy				
Up to 2012	1,202	-	-	1,202
2013	-	(1,903)	1,802	(101)
	1,202	(1,903)	1,802	1,101
Total	8,169	(21,622)	22,791	9,338

Year ended 31 December 2012

	Balance at	Payments	Charge for	Balance at
1/12/12	during 2012	the year	31/12/12	
Income Tax				
Up to 2011	3,904	-	-	3,904
2012	-	(14,251)	17,314	3,063
	3,904	(14,251)	17,314	6,937
National Fiscal Stabilisation Levy				
Up to 2011	1,202	-	-	1,202
2012	-	-	-	-
	1,202	-	-	1,202
Total	5,106	(14,251)	17,314	8,169

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

14. Income tax expense (continued)

14.b Reconciliation of effective tax rate

	2013	**2013**	2012	2012
Profit before tax	**%**	**71,791**	%	46,710
Income tax using the domestic tax rate	**25.00**	**17,948**	25.00	11,678
Tax exempt income	**(2.69)**	**(1,928)**	0.00	-
National Fiscal Stabilisation Levy	**2.51**	**1,802**	0.00	-
Non – deductible expenses	**11.66**	**8,371**	0.47	222
Tax incentives	**-**	**-**	(0.07)	(33)
Income tax expense in income statement	**36.49**	**26,193**	25.40	11,867

The Bank

Year ended 31 December 2013	**Balance at 1/12/13**	**Payments during 2013**	**Charge for the year**	**Balance at 31/12/13**
Income Tax				
Up to 2012	6,670	-	-	6,670
2013	-	(19,555)	20,982	1,427
	6,670	(19,555)	20,982	8,097
National Fiscal Stabilisation Levy				
Up to 2012	1,202	-	-	1,202
2013	-	(1,903)	1,801	(102)
	1,202	(1,903)	1,801	1,100
Total	7,872	(21,458)	22,783	9,197

Year ended 31 December 2012 1/12/12	Balance at during 2012	Payments the year	Charge for 31/12/12	Balance at
Income Tax				
Up to 2011	3,678	-	-	3,678
2012	-	(14,251)	17,243	2,992
	3,678	(14,251)	17,243	6,670
National Fiscal Stabilisation Levy				
Up to 2011	1,202	-	-	1,202
2012	-	-	-	-
	1,202	-	-	1,202
Total	4,880	(14,251)	17,243	7,872

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

14. Income tax expense (continued)

14.b Reconciliation of effective tax rate

	2013	2013	2012	2012
Profit before tax	%	71,763	%	46,427
Income tax using the tax rate	25.00	17,941	25.00	11,607
Tax exempt income	(2.69)	(1,928)	0.00	-
National Fiscal Stabilisation Levy	2.51	1,802	0.00	-
Non – deductible expenses	11.66	8,370	0.53	222
Tax incentives	-	-	(0.07)	(33)
Income tax expense in income statement	36.49	26,185	25.41	11,796

15. Earnings per share

The calculation of basic and diluted earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of the group and bank respectively of GH¢45,598 and GH¢45,578 (31 December 2012: GH¢34,843 and GH¢34,631) and a weighted average number of ordinary shares outstanding of 110,688,559 (31 December 2012:103,138,000) calculated as follows:

	The Group		The Bank	
	2013	2012	2013	2012
Profit for the year attributable to equity holders of the bank	45,901	34,843	45,881	34,631
Weighted average number of ordinary shares ('000)	110,689	103,138	110,689	103,138
Basic and diluted earnings per share (Gps)	41Gp	34Gp	41Gp	34Gp

There are no potentially dilutive shares outstanding at 31 December 2013 (31 December 2012: Nil). Diluted earnings per share are therefore the same as the basic earnings per share.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

16. Cash and cash equivalents

	The Group		The Bank	
	2013	2012	**2013**	2012
Cash on hand	**21,081**	28,774	**21,081**	28,774
Balances with bank of Ghana	**86,356**	75,153	**86,356**	75,153
Cash and bank balances	**107,437**	103,927	**107,437**	103,927
Balances with other banks	**-**	1,288	**-**	3
Balances with foreign banks	**76,721**	29,671	**76,721**	29,671
Items in course of collection	**-**	15,527	**-**	15,527
Money market placements	**94,225**	24,806	**94,225**	24,806
Cash and cash equivalents	**278,383**	175,219	**278,383**	173,934
Mandatory reserve deposits	**(65,303)**	(50,612)	**(65,428)**	(50,612)
	213,080	124,607	**212,955**	123,322

Included in balances with Bank of Ghana above is an amount of GH¢ 65,305,000 (2012: GH¢ 50,611,680) for the Bank and the Group's mandatory primary reserve deposits. The reserve is not available for use in the Bank's day to day operations.

Cash in hand, items in course of collection and balances with Bank of Ghana are non-interest-bearing.

17. Government securities

The Group and the Bank

	2013	2012
Government bonds	**35,904**	8,313
Treasury bills	**151,669**	284,132
Total securities	**187,573**	292,445
Current	**169,806**	255,041
Non-Current	**17,767**	7,404

Government securities are treasury bills and bonds issued by the Government of Ghana. These are classified as held to maturity and carried at amortised cost.

Government securities have not been pledged to counterparties. There are no pledged assets.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

18. Loans and advances to customers

The Group and the Bank

	2013			2012		
	Gross Amount	**Impairment Allowance**	**Carrying Amount**	Gross Amount	Impairment Allowance	Carrying Amount
	2013	**2013**	**2013**	2012	2012	2012
Overdrafts	**168,056**	**(1,459)**	**166,597**	161,523	(232)	161,291
Term loans	**263,031**	**(9,821)**	**253,210**	149,936	(48,299)	101,637
Staff loans	**7,979**	**(375)**	**7,604**	10,687	(500)	10,187
Finance leases	**6,288**	**(10)**	**6,278**	1,260	(2)	1,258
Total loans and advances	**445,354**	**(11,665)**	**433,690**	323,406	(49,033)	274,373
Current			**335,197**			192,672
Non-Current			**98,493**			81,701

Loans and advances to customers are carried at amortised cost.

18a. Allowances for impairment

	2013	2012
Specific allowance for impairment		
At 1 January	**45,826**	28,410
Charge for the year	**11,823**	19,564
Loan write off	**(47,828)**	-
Recoveries	-	(2,148)
At 31 December	**9,821**	45,826
Collective allowance for impairment		
At 1 January	**3,207**	1,308
Charge for the year	**(1,363)**	1,899
At 31 December	**1,844**	3,207
Total allowances for impairment	**11,665**	49,033

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

18b. Loans and advances to customers (continued)

Loans and advances to customers at amortised cost include the following finance lease receivables for financing certain equipments and leased out to certain customers where the Bank is the lessor:

	The Group and the Bank	
Finance lease receivables	**2013**	2012
Gross investment in finance leases, receivable:		
Less than one year	**1,352**	273
Between one and five years	**4,741**	951
More than five year	**195**	36
	6,288	1,260
Unearned finance income	**(1,256)**	(240)
Net investment in finance lease	**5,032**	1,020
Net investment in finance leases, receivable:		
Less than one year	**1,207**	223
Between one and five years	**3,421**	1,016
Between one and five years	**404**	21
	5,032	1,260

19. Investment in associate

	2013 The Group	2012 The Group	**2013 The Bank**	2012 The Bank
Income	**3,182**	2,137	-	2,137
Expenses	**(3,941)**	(2,389)	-	(2,389)
Loss	**(759)**	(252)	-	(252)
Share of loss at 40%	**(303)**	(101)	-	(101)
Value of investment	**286**	387	**286**	387
Share of loss	**(286)**	(101)	**(286)**	(101)
Carrying value of investment	-	286	-	286
Share of loss beyond equity contribution	**(17)**	-	**(17)**	-

The Bank has an interest of 40% (2012: 40%) in Magnate Technologies Services Limited. The equity accounted investee is not publicly listed and consequentially does not have published price quotes. The investee uses the same reporting dates of 31 December. Set out below is a summary of financial information of the equity accounted investee, not adjusted for by the percentage ownership held by the Bank.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

19a. Investment in associate (continued)

	2013 The Group	2012 The Group	**2013 The Bank**	2012 The Bank
Current assets	**571**	178	**571**	178
Non-current assets	**5,449**	971	**5,449**	971
	6,020	1,149	**6,020**	1,149
Current liabilities	**(6,734)**	(435)	**(6,734)**	(435)
Net assets	**(714)**	714	**(714)**	714
Share of net assets at 40%	**-**	286	**-**	286

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

20. Property and equipment

The Group

Cost	Leasehold Improvement	Furniture/ Equipment	Computers	Motor Vehicles	Capital WIP	Total
Year ended 31 December 2012						
Balances at 1 January	18,212	11,501	6,848	6,946	84	43,591
Additions	93	1,676	675	2,241	13	4,698
Disposal	-	-	-	(881)	-	(881)
Transfers	48	-	-	13	(61)	-
Write-offs	-	(140)	(2)	(303)	-	(445)
Balances at 31 December	18,353	13,037	7,521	8,016	36	46,963
Year ended 31 December 2013						
At 1 January	18,353	13,037	7,521	8,016	36	46,963
Additions	192	4,564	866	1,957	-	7,579
Disposals	-	-	-	(1,244)	-	(1,244)
Transfers	13	23	-	-	(36)	-
Balances at 31 December	18,558	17,624	8,387	8,729	-	53,298
Depreciation						
Year ended 31 December 2012						
At 1 January	2,018	6,166	3,271	2,824	-	14,279
Charge for the year	768	2,124	1,250	1,680	-	5,822
Disposal	-	-	-	(646)	-	(646)
Write-offs	-	(115)	(2)	(253)	-	(370)
Balances at 31 December	2,786	8,175	4,519	3,605	-	19,085
Year ended 31 December 2013						
At 1 January	2,786	8,175	4,519	3,605	-	19,085
Charge for the year	688	2,388	994	1,856	-	5,926
Disposal	-	-	-	(912)	-	(912)
Balances at 31 December	3,474	10,563	5,513	4,549		24,099
Carrying amounts						
Balances at 1 January 2012	16,194	5,335	3,577	4,122	84	29,312
Balances at 31 December 2012	15,567	4,862	3,002	4,411	36	27,878
Balances at 31 December 2013	15,084	7,062	2,874	4180	-	29,199

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

20. Property and equipment (continued)

The Bank

	Leasehold Improvement	Furniture/ Equipment	Computers	Motor Vehicles	Capital WIP	Total
Cost						
Year ended 31 December 2012						
Balances at 1 January	18,212	11,501	6,848	6,008	84	42,653
Additions	93	1,676	675	2,241	13	4,698
Disposal	-	-	-	(464)	-	(464)
Transfers	48	-	-	13	(61)	-
Write-offs	-	(140)	(2)	(303)	-	(445)
Balances at 31 December	18,353	13,037	7,521	7,495	36	46,442
Year ended 31 December 2013						
At 1 January	18,353	13,037	7,521	7,495	36	46,442
Additions	192	4,564	866	1,957	-	7,579
Disposals	-	-	-	(1,244)	-	(1,244)
Transfers	13	23	-	-	(36)	-
Write-offs	-	-	-	-	-	-
Balances at 31 December	18,558	17,624	8,387	8,208	-	52,777
Depreciation						
Year ended 31 December 2012						
At 1 January	2,018	6,165	3,271	2,116	-	13,570
Charge for the year	768	2,124	1,250	1,525	-	5,667
Disposal	-	-	-	(229)	-	(229)
Write-offs	-	(115)	(2)	(253)	-	(370)
Balances at 31 December	2,786	8,174	4,519	3,159		18,638
Year ended 31 December 2013						
At 1 January	2,786	8,174	4,519	3,159	-	18,638
Charge for the year	688	2,388	994	1,820	-	5,890
Disposal	-	-	-	(912)	-	(912)
Balances at 31 December	3,474	10,562	5,513	4,067		23,616
Carrying amounts						
Balances at 1 January 2012	16,194	5,335	3,577	4,122	84	29,312
Balances at 31 December 2012	15,567	4,862	3,002	4,336	36	27,878
Balances at 31 December 2013	15,084	7,062	2,874	4141	-	29,161

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

Depreciation and amortisation expense

	2013 The Group	2012 The Group	2013 The Bank	2012 The Bank
Property and equipment (Note 20)	5,926	5,822	5,890	5,667
Intangible assets (Note 21)	644	532	644	532
	6,570	6,354	6,534	6,199

Profit on disposal

	2013 The Group	2012 The Group	2013 The Bank	2012 The Bank
Cost	1,244	881	1,244	464
Accumulated depreciation	(912)	(646)	(912)	(229)
Carrying amount	332	235	332	235
Proceeds from disposal	(483)	(247)	(483)	(247)
Profit on disposal	(151)	(12)	(151)	(12)

21 Intangible assets

	2013 The Group	2012 The Group	2013 The Bank	2012 The Bank
Cost				
At 1 January	4,103	3,196	4,103	3,196
Additions	1,266	907	1,266	907
At 31 December	5,369	4,103	5,369	4,103
Amortisation				
At 1 January	2,487	1,955	2,487	1,955
Amortisation for the year	644	532	644	532
At 31 December	3,131	2,487	3,131	2,487
Carrying amount				
At 1 January	1,616	630	1,616	630
At 31 December	2,238	1,616	2,238	1,616

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

22 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

The Group

Assets	**Liabilities**	**Net**	Assets	Liabilities	Net	
	2013	**2013**	**2013**	2012	2012	2012
Property, equipment and software	-	(2,498)	(2,498)	-	(1,811)	(1,811)
Allowances for loan losses	2,916	-	2,916	5,693	-	5,693
Others	-	-	-	-	(62)	(62)
Net tax assets/ (liabilities)	2,916	(2,498)	418	5,693	(1,873)	3,820

The Bank

Assets	**Liabilities**	**Net**	Assets	Liabilities	Net	
	2013	**2013**	**2013**	2012	2012	2012
Property, equipment and software	-	(2,437)	(2,437)	-	(1,750)	(1,750)
Allowances for loan losses	2,916	-	2,916	5,693	-	5,693
Others	-	-	-	-	(62)	(62)
Net tax assets/ (liabilities)	2,916	(2,437)	479	5,693	(1,812)	3,881

22.a Movement in temporary differences during the year

The Group	**Balance at January 1**	**Recognised Income Statement**	**Balance at December 31**
31 December 2013			
Property, equipment and software	(1,811)	(687)	(2,498)
Allowances for loan losses	5,693	(2777)	2,916
Others	(62)	62	-
Net deferred tax assets	(3,820)	3,402	418
31 December 2012			
Property, equipment and software	(2,819)	1,008	(1,811)
Allowances for loan losses	(608)	5,085	5,693
Others	(585)	(647)	(62)
Net deferred tax assets/(liabilities)	(1,626)	5,446	3,820

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

22 Deferred tax assets and liabilities (continued)

22.a Movement in temporary differences during the year

The Bank

31 December 2013

Property, equipment and software	(1,750)	(687)	(2,437)
Allowances for loan losses	5,693	(2,777)	2,916
Others	(62)	62	-
Net deferred tax assets/(liabilities)	(3,881)	3,402	479

31 December 2012

Property, equipment and software	(2,758)	1,008	(1,750)
Allowances for loan losses	(608)	5,085	5,693
Others	(585)	(647)	(62)
Net deferred tax assets/(liabilities)	(1,565)	5,446	3,881

23 Other Assets

	The Group		The Bank	
	2013	2012	**2013**	2012
Prepayments	**14,136**	5,186	**14,314**	5,186
Accrued interest receivable	**11,170**	3,564	**11,170**	3,564
Clearing related balances	**31,753**	12,243	**31,869**	12,370
Balance at 31 December	**57,059**	20,993	**57,353**	21,120

24 Investment in subsidiary

Investment in subsidiary represents Access Bank's investments in BTH, a subsidiary of Access Bank which is in the business of acquiring for rent/sale residential and commercial real estate properties and to undertake contract and commercial hiring of vehicles and equipment. Activities relating to the acquisition for rent/sale of residential and commercial real estate properties have not yet commenced.

The Bank also has investment in a subsidiary, Triumph Properties Limited (TPL) which was dormant for the year and at year end and has not been consolidated.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

25 Due to other banks

	The Group		The Bank	
	2013	2012	**2013**	2012
Money market deposits	**15,000**	17,000	**15,000**	17,000
Current	**15,000**	17,000	**15,000**	17,000

26 Deposits from customers

	The Group		The Bank	
	2013	2012	**2013**	2012
Demand deposits	**152,725**	258,226	**154,114**	33,355
Savings deposits	**494,421**	136,601	**494,421**	482,588
Term deposits	**78,447**	150,525	**78,447**	29,409
	725,593	545,352	**726,982**	545,352
Current	**692,307**	526,197	**693,696**	526,197
Non-Current	**33,286**	19,155	**33,286**	19,155

Analysis of depositors by type

	The Group		The Bank	
	2013	2012	**2013**	2012
Financial institutions	**32,678**	33,355	**32,678**	258,226
Individual and other private enterprises	**659,169**	482,588	**660,558**	136,601
Public enterprises	**33,746**	29,409	**33,746**	136,601
	725,593	150,525	**726,982**	150,525
Ratio of 20 largest depositors to total deposits	**31.57%**	34.09%	**31.52%**	34.09%

27 Borrowings

The Group and The Bank

	2013			
	Balance At Jan 1	**Drawdown**	**Repayment**	**Balance At Dec 31**
DANIDA	84	-	-	84
Export Development & Investment Fund	18,007	-	(3,030)	14,977
Social Security and National Insurance Trust	339	-	(339)	-
Ghana Private Sector Development Fund	352	-	(74)	278
	18,782	-	(3,443)	15,339
Current				3,104
Non-Current				12,235

The Export Development and Investment Fund (EDIF) facility was secured for onward lending to qualifying institutions. Interest accrues at 2.5% per annum and is payable at the end of the loan term of three years.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

27 Borrowings (continued)

The Group and The Bank

	Balance At Jan 1	Drawdown	2012 Repayment	Balance At Dec 31
DANIDA	84	-	-	84
Export Development & Investment Fund	10,121	11,000	(3,030)	18,091
Social Security and National Insurance Trust	339	-	-	339
Ghana Private Sector Development Fund	352	-	-	352
	10,896	11,000	(3,030)	18,782
Current				3,030
Non-Current				15,752

28 Other liabilities

	The Group 2013	The Group 2012	The Bank 2013	The Bank 2012
Creditors and accruals	**6,771**	28,063	**6,742**	28,071
Deferred income	**-**	8,343	**-**	8,343
	6,771	36,406	**6,742**	36,414
Current	**5,191**	33,413	**5,162**	33,421
Non-Current	**1,580**	2,993	**1,580**	2,993

29 Capital and reserves

29.1 Stated capital

The Group and The Bank

	2013	**2013**	2012	2012
Authorised:	**No of shares**	**Proceeds**	No of shares	Proceeds
Ordinary shares of no par value '000	**200,000**	-	200,000	-
Issued for cash consideration	**110,688,559**	-	110,688,559	-
Issued and fully paid:				
Issued for cash consideration	110,688,559	118,275	110,688,559	118,275

Access Bank Plc holds 91.83% of the issued ordinary share of Access Bank (Ghana) Limited. The remaining 8.17% is owned by other shareholders.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

29.2 Income surplus

Income surplus represents the residual of cumulative annual profits that are available for distribution to shareholders. The movement in the income surplus account is shown as part of the statement of changes in equity.

29.3 Statutory reserve

Statutory represents amounts set aside as a non-distributable reserve from annual profits in accordance with section29(a) of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act 2007 (Act 738) and guidelines from the Central Bank. The movement in statutory reserve is shown as part of the statement of changes in equity.

29.4 Credit risk reserve

Credit risk reserve represents the excess of Bank of Ghana's total provision over impairment loss of financial assets recognised in the income statement arising out of provisions made for impairment under Bank of Ghana guidelines.

30 Dividends

The Bank declared dividend per share of GH¢ 0.096 amounting to GH¢10,626,000 (2012: NIL) for the financial year ended 31 December 2013.

31 Leasing

The Bank leases various offices, branches and other premises under non cancellable operating lease arrangements. The lease rentals are paid in advance and amortised on a straight line basis over the lease period. The outstanding balance is accounted for as a prepayment in other assets. There were no contingent rents payable.

Non cancellable operating lease rentals which have been paid in advance are as follows:

	The Group		The Bank	
	2013	2012	**2013**	2012
Less Than one year	**1,120**	828	**1,120**	828
Between one and five years	**2,777**	1,893	**2,777**	1,893
More than five years	**3,220**	2,220	**3,220**	2,220
	7,117	4,941	**7,117**	4,941

32 Contingencies

32.1 Claims and litigation

There are various claims against the Group for which the amounts could not be estimated at the reporting period. Other litigation and claims involving the Group as at 31 December 2013 approximated GH¢ 9,312,363 (2012: GH¢2,882,000).

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

32 Contingencies (continued)

32.2 Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

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.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash
requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related to performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarize the nominal principal amount of contingent liabilities and commitments with off balance sheet risk:

	The Group and The Bank	
Contingent liabilities	**2013**	2012
Bonds and guarantees	**90,983**	30,658
Letters of credit	**339,764**	174,229
	430,747	204,887

32.3 Commitments for capital expenditure

There was no capital commitment at 31 December 2013(2012: Nil).

33 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes members of the Access Bank Group.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

33 Related parties (continued)

33.1 Parent

The parent company, which is also the ultimate parent company, is Access Bank Plc. Transactions between Access Bank Plc. and the subsidiaries also meet the definition of related party transactions. The parent company incurred expenditures in the normal course of business, mainly in the form of salary payments to seconded staff from Nigeria and licence fees, which were recharged to the Bank at cost. During the year ended 31 December 2013, the bank transacted the following business with the parent bank:

	Nature of Transaction	2013	2012
Access Bank Plc – Nigeria	Cash and Bank balance	**3,157**	2,316
Access Bank Plc – Nigeria	Placement	**-**	5,730
Access Bank Plc – Nigeria	Accounts payable	**(463)**	(152)

Transactions with other related parties include:

Access Bank – UK	Cash and Bank balance	**92,905**	16,070
BTH	Account receivable	**706**	706

33.2 Transactions with key management personnel

The Bank's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control.

The key management personnel have been identified as the executive and non executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc.

Key management personnel and their immediate relatives have the following outstanding loan balances with the Bank at the reporting period:

	The Group and The Bank	
	2013	2012
Executive directors	-	-
Officers and employees	**9,517**	10,687
	9,517	10,687

Interest rates charged on balances outstanding are at concessionary rates and lower than the rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate and other assets of the respective borrowers.

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

33 Related parties (continued)

33.2 Transactions with key management personnel (continued)

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end. These balances have, however, been collectively impaired as part of the portfolio impairment assessment for unidentified loans and advances.

34 Comparative information

The comparative information have been reclassified, where applicable, to conform to the current year's presentation.