

**SG-SSB Limited**

**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2005**

**Our Mission Statement**

Our **Mission** is to create the **Preferred Banking Institution**, which employs Professionalism, Team Spirit and Innovation to provide **quality** products and services that best satisfy the needs of our **Customers**.

<b>Contents</b>	<b>Pages</b>
Notice of Annual General Meeting	1
Board of Directors, Officials & Registered Office	2
Our Core Values	4
Chairman's Statement	5
Managing Director's Review	8
Profile of Societe Generale	15
Our Branch Network	16
Sub Saharan Africa Market Share	17
Report of the Directors	18
Report of the Auditors to the members of SG-SSB Limited	23
Financial Statements	24
Branch Addresses	48
Correspondent Banks	49
Proxy Form	50

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 26<sup>th</sup> Annual General Meeting of SG-SSB Limited will be held at the Accra International Conference Centre, on Wednesday, 29<sup>th</sup> March, 2006 at 10.00 a.m. to transact the following business:

1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31<sup>st</sup> December, 2005
2. To declare a final dividend for the period ended 31<sup>st</sup> December 2005.
3. To re-elect Directors
4. To approve Directors' fees.
5. To authorise the Directors to fix the remuneration of the Auditors.
6. To transact any other business appropriate to be dealt with at an Annual General Meeting.

To pass the following as Special Resolution

7. "That the Company be and is hereby authorised in accordance with its Regulations and subject to Section 61 & 62 of the Companies Code 1963 (Act 179) to purchase its ordinary shares up to a maximum of ten per cent (10%) of the number of issued shares".

Dated this 15<sup>th</sup> day of February 2006.

BY ORDER OF THE BOARD

  
MARIAN BARNOR (MRS)  
The Secretary

### NOTE

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member. A form of Proxy is attached and for it to be valid for the purpose of the meeting it must be completed and deposited at the offices of the Registrars, NTHC Limited, Martco House, No. D 542/4, Okai Mensah Link, Adabraka, Accra. P. O. Box 9563, Airport-Accra not less than 48 hours before the appointed time of the meeting.

## BOARD OF DIRECTORS, OFFICERS AND REGISTERED OFFICE

### BOARD OF DIRECTORS

#### Appointed

Gérald Lacaze (Chairman)	26 March 2003
Pierre André Taulet (Managing)	26 March 2003
Bernard Buyse (Finance and Administration)	25 June 2004
Michel Miaille	26 March 2003
Kofi Ampim	26 March 2003
Kofi Nti	26 March 2003
Kwaku Osafo	26 June 2003
Philippe Vigue	25 June 2004
Pierre Wolmarans	25 June 2004
Theresa Ntim	25 June 2004

### SECRETARY/SOLICITOR

Marian Barnor (Mrs.)  
SG-SSB Limited  
P.O. Box 13119  
Accra  
Ghana

### REGISTERED OFFICE

C796 A/3 Asylum Down,  
Ring Road Central, Accra  
P.O. Box 13119  
Accra  
Ghana

### AUDITORS

Ernst & Young  
Chartered Accountants  
G15 White Avenue  
Airport Residential Area  
P.O. Box KA 16009, Airport, Accra  
Ghana

### REGISTRARS

NTHC Limited  
Martco House  
P.O. Box KA9563  
Airport, Accra  
Ghana



**BOARD OF DIRECTORS**



Gerald Lacaze  
Chairman

**Executive Directors**



Pierre André Taulet  
Managing Director



Bernard Buyse  
Finance & Administration

**Non Executive Directors**



Philippe Vigué



Mrs. Teresa Ntim



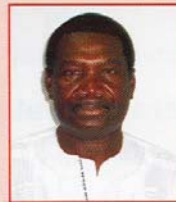
Kofi Nti



Kofi Ampim



Michel Miaille



Kwaku Osafo



Pierre Wolmarans



Board Secretary  
Marian Barnor (Mrs.)

Professionalism, team spirit, innovation.  
Three values that are like us.



professionalism, team spirit, innovation

**Generating value from our values**

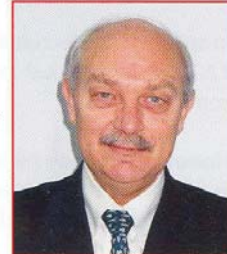


[www.123.socgen.com](http://www.123.socgen.com)

## CHAIRMAN'S STATEMENT

### Dear Shareholder

It is my pleasure to welcome you to the 26<sup>th</sup> Annual General Meeting of your bank and to present my statement.



Gerald Lacaze

### Economic Environment

The surges in the world oil prices created a challenging economic environment. As a result, fuel prices in Ghana were increased by over 55% in the year 2005. In spite of this external shock, the Ghanaian economy remained remarkably stable, due to the pursuance of prudent and appropriate macro-economic policies by the government, and was able to record, at the end of 2005, an inflation rate of only 14.8%.

Aided by private inward remittance, the value of the cedi appeared also rather strong. In relation to the US dollar, the cedi depreciated within one year only by 1% - from ₵9,030 to ₵9,088 and appreciated by 14% and 11% compared to Euro and Pound Sterling respectively.

Easing inflationary expectations coupled with reduced Public Sector borrowings led to lower interest rates. The Bank of Ghana Prime Rate, from 18.5% at the beginning of the year, was reduced to 15.5% by the end of 2005 and recently to 14.5%. Consequently, the yield on government securities declined steadily during the year; for instance, on the 91-Day Treasury Bill, it came down from 17.1% in January 2005 to 11.5% in December. In line with this evolution, banks had to reduce their base rate.

### Operating Environment

While the entry of new banks made the environment more competitive and innovative, thus forcing the whole industry to increase - through more IT investments - their attractiveness and reactivity, the fast landing of the Monetary market and the subsequent reduction of interest margins posed true challenges to our institutions.

However, the reduction in the secondary reserve from 35% to 15% offered to the well-prepared banking teams the possibility of increasing their portfolio with sound credits.

Obviously, your bank - SG-SSB- did not miss this opportunity of growing. In 2005, we convinced more and more new customers - both borrowers and depositors - to share our ambition of becoming the preferred bank in Ghana.



## Operational Results

In spite of a net decrease in interest rates and in margins, the operating income showed a satisfactory 12.7% increase due to significant development of productive assets and increase in fees and commissions.

However, this good performance was affected with raise in operating expenses (+29.3%) originating in staff and technology costs evolution. Moreover, the bank suffered an exceptional cost (5.7 billions) due to a voluntary Early Leavers Programme implemented in 2005.

As a result of these divergent trends, your bank realised a sound Profit before Tax of 148.1 billion cedis, almost exclusively made of hard-core and recurrent income, to be compared to a 2004 result of 168.7 billion cedis which was, however, strongly improved by exceptional items and non-recurrent profit.

During the year, Shareholder's Funds increased from 368.4 billion to 397.2 billion cedis, representing an increase of 7.8%.

## Dividend

As far as it is possible, it is the company's policy to maintain its dividend payout. A final dividend of ¢450 per share is therefore being recommended by the Board of Directors.

## Share Performance

At the start of the year 2005 our share price was ¢27,000. However, by the second half of 2005 the shares had declined to ¢25,000. The issue of one bonus share for each existing share resulted in a share split. In effect, our share price halved to ¢12,500. The bonus issue created liquidity on the market and resulted in the share price dropping further to ¢7,200 as at December 2005. Our share is currently stable at ¢7,000.

## Board of Directors

Mr Alain Hourcade on the recommendation of the Directors and with the approval of Bank of Ghana has been appointed Deputy Managing Director. As required by the Regulations of the Company, he will be seeking re-election as a director.

I wish to thank my colleague directors for their support during the year.

### **Corporate Governance**

We are committed to and respect the standards of good corporate governance, which include transparency, accountability and the rights of all stakeholders.

The Banking Act, Securities and Exchange Commission Regulations as well as the Continuing Listing Requirements of the Ghana Stock Exchange provide us with a regulatory framework for ensuring effective corporate governance.

### **Our Values**

The creation of value forms the basis of our management decisions and investment in projects. We aim to foster profitable growth in line with the expectations of our shareholders.

### **Outlook for 2006**

The outlook for Ghana is favourable with the current political stability. The economy remains sound and the environment positive, due to the pursuance of prudent and appropriate macro-economic policies by the government. Therefore, to enhance shareholder value, and pursue the vision of the bank becoming the preferred banking institution in Ghana, your bank will strive to increase profitability and productivity while maintaining the balance between income and expenses.

### **Acknowledgement**

The Board and Management join in thanking all our shareholders, all our customers and employees for their contributions, support and goodwill. We look forward to continuing with our partnership.

Thank you.



I

## MANAGING DIRECTOR'S REVIEW

In the Year 2005, we pursued our objective of making SG-SSB the Preferred Bank and becoming one of the best in the industry. To achieve these goals, we adopted strategies aimed at increasing our profitability and productivity and maintaining the balance between income and expenses.



Pierre André Taulet

### 2005 Operating Results

Despite a net decrease in interest rates and in margins, the operating income showed a satisfactory 12.7% increase due to significant development of productive assets and increase in fees and commissions.

However, this good performance was affected with raise in operating expenses originating in staff and technology costs evolution. Moreover, the bank had to implement a Voluntary Early Leavers Programme.

As a result of these divergent trends, the bank realised a sound Profit before Tax of 148.1 billion cedis, almost exclusively made of recurrent income, to be compared to a 2004 result strongly improved by exceptional items. Shareholder's Funds increased from 368.4 billion to 397.2 billion cedis.

### Review of Operations

During the year 2005, the Bank continued with its efforts to improve its competitive advantage through the adoption of measures aimed at attracting new customers and improving its growth in credits and deposits.

To achieve this, the following developments occurred in 2005: -

- Strong growth in business banking
- Introduction of innovative products and services
- Reinforcing of internal controls
- Pursuing of an active risk management policy

To achieve increased efficiency of our back offices and tighter control of our expenditure, the Bank's Finance and Administration Division was restructured with the creation of the Payment Facility

Department and grouping of the Centralised Operations and back-offices for Money Remittances and Card transactions.

As a first step towards the implementation of the International Accounting Standards reporting and full adoption of the Central Securities Depository System introduced by Bank of Ghana, further efforts were directed at improving on the Permanent Supervision of Accounts.

We updated and extended our satellite network, for a more efficient internal and external communication and improved ATM management and monitoring.

### **Strong Growth in Business Banking**

The Bank saw sustained growth in business. This growth was achieved by well-orchestrated efforts, which consolidated existing customer relationships as well as creating new ones. Our Business Banking operations recorded significant evolutions, resulting in impressive growth in credit approvals during the year 2005. This was achieved through the introduction of competitive pricing and improved due diligence procedures and the overall utilization of approved lines increased.

Outstanding Credits for Business banking customers increased by 47% between 2004 and in 2005, and lending to the business sector constituted approximately 80% of overall fund based advances by the year-end.

More flexibility was adopted to ensure customized products and services to clients. The landmarks in the year also included the active collaboration with our parent company in arranging the syndication for the 2005/2006 Cocoa crop season.

To strengthen our credit delivery function, we established a Business Credit Administration Department with the view to providing improved credit appraisal and disbursement processes. We also enhanced our relationship with our business customers leading to an improvement in customer contacts and the reduction of turn-around time for decisions on customer requests.

### **Branch Network**

The Bank embarked on the construction of two new banking premises in the year 2005, for the relocation of Tamale and Kaneshie Branches. The Kaneshie project is on going and is to be completed by the second quarter of 2006. The Bank intends maintaining an Agency in the Kaneshie Market to serve a specific target market in the locality.



The Network suffered when Sefwi Wiawso Branch was completely burnt down in July 2005 but this did not affect services to our customers. The branch was immediately relocated to Sefwi Bekwai Branch. Reconstruction of the burnt premises was completed within four months and the branch moved back to its new refurbished building in October 2005.

We also embarked on the refurbishment of 4 branches in the year. These are Adum, Kumasi Central, Cape Coast and Tudu. Work is to be completed by the first quarter of 2006. On completion, these 4 branches will have ATM facilities.

By the end of the first quarter of this year a total of 13 branches will be offering ATM services nationwide.

For 2006 relocation of other branches is being considered to enable the Bank reposition itself in the market in the various localities like Tema , Dunkwa, Sefwi Bekwai, Tarkwa and Wa. 3 new branches have to be opened in Accra in the next couple of years.

### **Products and Services**

2005 saw various new products and revamping of some existent products in line with customer needs and competitive insights.

### **VISA Cards, ATM & POST**

A coordinated integrated plan was rolled out after the official launch in December 2004 of these VISA products. With approximately 20,000 VISA debit cards sold for the first year SG-SSB is one of the leading banks on the market in terms of providing modern and convenient services to customers and non-customers.

15 Automated Teller Machines (ATM) were put in place in Accra, Tema, Takoradi and Kumasi. 4 Offsite ATMS have been setup under the TOTAL agreement and one is sited at the Korle Bu Teaching Hospital premises.

The Merchant VISA Point of Sale Terminal (POST) development programme efforts resulted in the installation of 83% of targeted clients with VISA terminals on their premises for payments. This increase in the number of terminals saw a quick rise in transactions from both issued cards and other local and International VISA cards.



**VISA Trump Cards.**  
*Take your Money wherever you go.*

- Two International & Two Domestic Cards
- Usable at ATMs, Supermarkets, Hotels, Restaurants, Shops
- 945,000 ATMs worldwide for International Card Users
- Advanced Security Features
- Flexible, Fast & Convenient

**SC-SSB**  
**Red, black and rising.**

### Deposits

Two savings products, Smart and Super Saver were introduced to improve the range and offering of Savings products. The Forex Fixed Deposit range was also widened to capture lower ranges of deposits. This provided a wider deposit offering for customers with high deposits to have higher interest returns when they signed up.



**Super Saver Account**  
 Secure future with Super Savings

**Smart Saver Account**  
 You can now Save the Smart way

### Credits

Two credit products were introduced in 2005. Espresso Business Finance for quick business loans dispensed at the branch level and the Espresso Auto loan for the financing of car purchases. The Espresso Business Finance launched in May 2005 saw over 324 successful small and medium scale businesses receiving loans before close of the year. This product has been used to successfully sponsor a 26-week new weekly TV series for Entrepreneurial success stories on one of the national TV networks in Ghana called 'Ma Asem'. The Personal loan product 'Relief Credit' had an annual growth of 98% of the disbursed amount.

## MoneyGram

MoneyGram transactions grew again from 28.6% in 2004 to a remarkable 62% in 2005. This was mainly due to both locally sustained marketing and service quality and enhanced corridor marketing and pricing strategy in the US and the UK. The year also saw an increase in the number of points globally. December alone experienced a major hike in transactions by 84%.



## Multi-Channel Banking

The Bank sustained its multi-channel banking products namely Sikatext, the Call Center (Sikatel), and its Sikanet (Internet banking) services to registered subscribers. Sikatext saw a significant rise in transactions of both bank information requests and Areeba Recharge to over 12,000 a week.

The products and services will be continuously grown and promoted vigorously in 2006.

## Risk Management

2005 saw a policy of active risk management, the core component of which was the effective appraisal and continuous developments in monitoring credit risk. This led to an improved credit delivery, in terms of speed of decision and quality of risk taken. The monitoring of existing facilities was developed. As a result, in spite of a large increase in the portfolio of loans and advances to all types of customers the total charges for bad and doubtful debts went down sharply from the previous year's achievement. Further, recoveries for the year remained at a high level, and exceeded the charges for bad and doubtful debts.

In line with the recommendations of the Basel 2 Capital Accord, the monitoring of the operational risk was further strengthened with a view to mitigating it as much as possible. In this respect, and for a better follow up, the Legal Department was attached to the Risk Division during the year under review.

To ensure an acceptable quality of assets in 2006, tools for assessing and managing risk will be improved further in support of the broad initiatives of new product development and growth in the asset base.

### **Organization & Human Resources**

Organisation & HR as part of the drive to provide the facilities needed to satisfy our customers' needs conducted a feasibility study and walk through exercise to evaluate the possibility of upgrading the Bank's current accounting.

The focus on improving the quality of the Bank's service continued.

The Société Générale Global Employee Share Ownership Plan (GESOP) again attracted numerous staff subscriptions. Presently, 64% of SG-SSB staff own Société Générale Group shares.

A Voluntary Early Leaver's programme was instituted for staff who had served the Bank for a period of time and wanted to exit to pursue other career interests.

### **Training**

To ensure the successful re-organization of the Bank's training activities and improve the level of professionalism of our staff, a Training Specialist was brought in from the SG Group to take over the Bank's training function.

76 training programmes involving 1291 participants were organized. This translated into 17,000 hours of training which in turn corresponded to an average of 3 full days of training by head count, was provided in 2005.

Training on Product and Sales Techniques constituted 31.95% of the training hours, confirming the priority given to that category in the projections for 2005. Risk Management covered 18.89% whilst Management took 16.55%. This confirms Management readiness to apply SG Business Model.



### **Internal Control**

The Inspection Division ensured continuous development of the Bank's business by constantly reinforcing internal controls in the system.

### **Social Responsibility**

Our external monetary social responsibility contributions were effected through the Ministry of Food and Agriculture, the Ghana Heart Foundation, Ghana National Trust Fund, Anfaani Orphanage Tamale and other corporate local and cultural institutions.

### **The Future**

The satisfaction of our customers and their long-term loyalty forms the basis of our growth strategy. To meet our customers' needs and enhance our relationship with them, we will, in the coming year, add a number of new services to our range and improve on the existing innovative products that have been introduced. We will develop and formalise our quality service process with the view to improving the quality of service offered to our customers.

The Bank will continue to improve its competitiveness by training its employees in new products and quality service techniques. We will carry on our investment in Information Technology, enhancement of our Branches and offices and the development of new products.

We are confident that these and the other strategies we are pursuing will enable us to continue to create shareholder value and consolidate our competitive position.

### **Acknowledgement**

I would like to thank my Executive Management team and all staff of SG-SSB for their efforts, Professionalism and Team Spirit in contributing to our achievements in 2005.

Thank you.



**Pierre-André TAULET**  
Managing Director

## PROFILE OF SOCIÉTÉ GÉNÉRALE GROUP

SG-SSB is a subsidiary of Société Générale which is one of the leading financial services groups in the euro zone. The Group employs 103,000 people world wide in three core businesses:

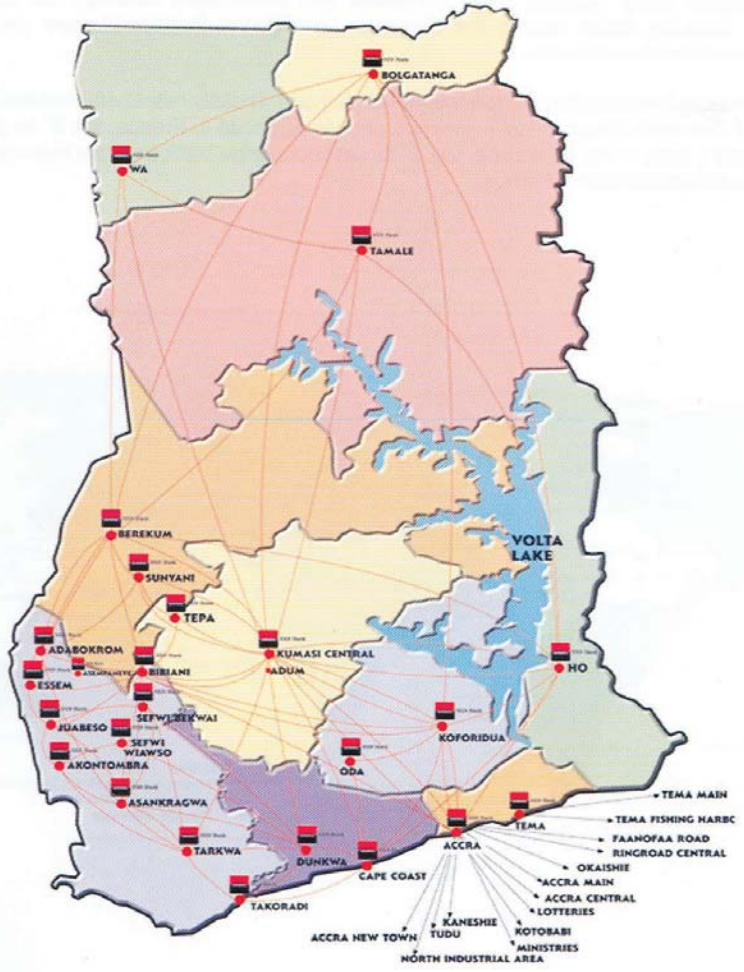
The Group's Retail Banking and Financial Services serves over 19 million customers in France and abroad. In respect of Global Investment and Management Services, Societe Generale ranks among the top tier of euro-zone banks with Eur 386 billion of assets under management and over Eur 1,418 billion of assets under custody. For Corporate and Investment Banking, SG Corporate and Investment Banking ranks among the European and global leaders in euro capital markets, derivatives and structured finance.

Societe Generale is included in the four major international socially responsible investment indexes. The Societe Generale Group is No 1 non-mutual banking group in France, the 3<sup>rd</sup> largest corporate and investment bank in the euro zone, the 4<sup>th</sup> largest euro-zone bank in asset management and 7<sup>th</sup> largest market capitalization in France.



### SG-SSB'S BRANCH NETWORK IN GHANA

The entire Bank's 36-branches nationwide are linked up by VSAT/Radio to facilitate easy and quick access to our banking services.





## MARKET SHARE IN SUB-SAHARAN AFRICA

In Africa, SG-SSB's relationship with Société Générale puts at your service, 12 subsidiaries out of which 8, Senegal, Cote d'Ivoire, Guinea, Equatorial Guinea, Benin, Chad, and Cameroon including Ghana are in West Africa.



## REPORT OF THE DIRECTORS

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31<sup>st</sup> December 2005 report as follows:-

	c'm
The Bank recorded a net profit before taxation of	148,108
From which is deducted taxation and national reconstruction levy of	<u>55,251</u>
giving a net profit after taxation of	92,857
from which is deducted proposed dividend of ¢450 per share (2004: ¢450) amounting to	64,125
Leaving a total of	28,732
Less: transfer to statutory reserve of	<u>11,607</u>
giving profit for the year after taxation, dividend and transfer to statutory reserve of	<u>17,125</u>

## NATURE OF BUSINESS

There has been no change in the nature of the business of the Bank. The Bank is a public company under the provisions of the Companies Code 1963, (Act 179) and is listed on the Ghana Stock Exchange.

## HOLDING COMPANY

Société Générale through its wholly owned investment subsidiary SG Financial Services Holding, owns 51% of the issued capital of the Bank, thus making SG-SSB Limited, a subsidiary of Société Générale.

## SUBSIDIARY SSB INVESTMENTS COMPANY LIMITED

SSB Investments Company Limited, a company incorporated in Ghana to manage the equity investments of the Bank, is a wholly owned subsidiary of the Bank.

The Registrar of Companies has granted a waiver under Section 127 (3) (b) (iv) of the Companies Code 1963, (Act 179) of the requirements for the consolidation of the accounts of the Bank with that of the subsidiary.

## STATED CAPITAL

The Bank has complied with the minimum stated capital requirement for universal banking as directed by the Bank of Ghana.

## RE-ELECTION OF DIRECTORS

In accordance with Section 88 (1) of the Regulations of the Bank, Messrs Kofi Ampim, Michel Miaille and Kwaku Osafo retire by rotation and being eligible, offer themselves for re-election as directors.

Mr. Alain Hourcade who was appointed as a director during the year and retiring in accordance with Section 72(1) of the Regulations, being eligible, offers himself for re-election.

### *Kofi Ampim*

He is the director of the following companies: Third Rail Ghana Ltd, Total Oil Co . He is also the Chairman for Pan African Resources Development Co Ltd, Accra and New York

### *Michel Miaille*

Joined Société Générale in 1971. He was until recently the Managing Director of Société Générale de Banques Cote d'Ivoire (SGBCI)

### *Dr Kwaku Osafo*

He is an experienced engineer, economist, financial analyst and management specialist with over thirty years international experience.

### *Alain Hourcade*

He holds a Masters in law. He joined Société Générale in 1981 and has worked in different branches in France and abroad in various positions ranging from Account Manager, Corporate Supervisor and Commercial Manager amongst others.

His last position was Deputy Managing Director with Paris Opera Branch, which is one of the main branches in France fully dedicated to bigger corporate clients.

He joined the SG-SSB executive management team in August 2005.

## **Directors' Interest**

A director holding office at the end of the year owns 720 shares of the Bank.

None of the directors had any interest in the shares of the Bank's subsidiary at any time during the year.

None of the directors had a material interest in any contract of significance with the Bank during the year.

## **DIVIDENDS**

The directors recommend the payment of a dividend of ¢450 per share (2004: ¢450) for the year ended 31 December 2005.

## **AUDITORS**

In accordance with Section 134 (5) of the Companies Code, 1963, Ernst & Young has agreed to continue in office as the company's auditors.

A resolution to authorize the directors to determine their remuneration will be proposed at the Annual General Meeting.

## **Increase in Authorized Shares**

The number of authorized shares of the company has been increased from 100,000,000 shares to 500,000,000 shares.

## **Transfer from Income Surplus**

The Company transferred ¢63,265 million from its income surplus account to stated capital.

## **Bonus Shares**

One bonus share for each ordinary share held by shareholders was allotted resulting in the issue of 71,250,000 new shares (2004: Nil).

## **SUBSTANTIAL SHAREHOLDERS**

Details of the Bank's twenty largest shareholders are disclosed in Note 36 to the financial statements.

### **CORPORATE GOVERNANCE**

SG-SSB Limited respects the standards of good corporate governance, which include transparency, accountability and rights of all its stakeholders.

### **AUDIT COMMITTEE**

In line with its corporate governance principles, the Board has an audit committee made up of the following non-executive directors:

Gérald Lacaze	-	Chairman
Michel Miaille	-	Member
Teresa Ntim	-	Member
Kofi Nti	-	Member
Kofi Ampim	-	Member
Dr. Kwaku Osafo	-	Member

This committee reviews and makes recommendations to the Board on all aspects of the audit and financial reporting processes.

In attendance at Audit Committee meetings are the Managing Director, Director of Finance and Administration, the General Inspector and where necessary, the Bank's External Auditors.



## COMPLIANCE WITH SECURITIES AND EXCHANGE COMMISSION REGULATIONS

The Bank has complied with the regulations of the Securities and Exchange Commission (L.I. 1728 Regulation 61) and has submitted to the Commission as requested, two (2) reports of the Audit Committee for the year 2005. The Audit Committee held four meetings during the year under review.

In fulfilment of the Securities and Exchange Commission requirements, we present a summary of the reports so submitted:

Report on an overview and review of the Inspection Department and its functions.

Report that Permanent Supervision was introduced in the Bank to ensure continuous monitoring of operational activities.

Confirmation of anti money laundering procedures introduced.

Confirmation that disaster recovery policy is in place.

Confirmation that checks are in place to prevent fraud cases perpetuated against the Bank.

Inspection Reports on Branches submitted.

The External Auditors submitted their audit plan for the year and concluded that the audit approach will be risk based and the audit will comply with International Standards on Auditing and the Companies Code 1963, (Act 179).

BY ORDER OF THE BOARD



CHAIRMAN  
(Gérald Lacaze)



MANAGING DIRECTOR  
(Pierre-André Taulet)

ACCRA

15th February 2006

## REPORT OF THE AUDITORS TO THE MEMBERS OF SG-SSB LIMITED

We have audited the financial statements of SG-SSB Limited for the year ended 31 December 2005. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an independent 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Bank's transactions were within its powers, proper books of account have been kept and the financial statements which are in agreement herewith give a true and fair view of the state of affairs of the Bank as of 31 December 2005 and of the profit and cash flows of the Bank for the year then ended in accordance with Ghana Accounting Standards and comply with Ghana Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673).

Ernst & Young  
*Chartered Accountants*



15th February 2006  
Accra



**BALANCE SHEET**  
**AS OF 31 DECEMBER 2005**

	Notes	2005 ¢'m	2004 ¢'m
<b>ASSETS</b>			
Cash and balances with Bank of Ghana	5	281,177	245,932
Government securities	6	983,362	878,691
Due from other banks and financial institutions	7	260,030	412,450
Investment in other securities	8	2,273	2,279
Loans and advances to customers	9	1,241,003	744,617
Investment in subsidiary	10	511	528
Other assets	11	23,122	23,052
Taxation	12	5,606	27,391
Property, plant and equipment	13	117,442	104,226
<b>TOTAL ASSETS</b>		<b>2,914,526</b>	<b>2,439,166</b>
<b>LIABILITIES</b>			
Customer deposits	14	1,787,250	1,579,923
Due to banks and other financial institutions	15	446,205	241,931
Other liabilities	16	278,340	243,313
Deferred taxation	12	5,573	5,573
<b>TOTAL LIABILITIES</b>		<b>2,517,368</b>	<b>2,070,740</b>
<b>SHAREHOLDERS' FUNDS</b>			
Stated capital	17	70,000	6,735
Share deals account	18	29,438	29,438
Capital surplus	19	16,538	16,538
Income surplus account		188,709	234,849
Statutory reserve	20	92,473	80,866
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>397,158</b>	<b>368,426</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>2,914,526</b>	<b>2,439,166</b>
Net assets per share (Cedis per share)	34	2,787	2,585

Signed on behalf of the Board on 15 February 2006 by:

  
 .....  
 CHAIRMAN

  
 .....  
 MANAGING DIRECTOR

The attached notes 1 to 36 form an integral part of these financial statements.

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 €'M	2004 €'m
Interest income	21	362,721	317,147
Interest expense	22	(78,749)	(71,416)
<b>NET INTEREST INCOME</b>		<b>283,972</b>	<b>245,731</b>
Fee and commission income		145,763	127,065
Other operating income	23	4,522	12,696
<b>OPERATING INCOME</b>		<b>434,257</b>	<b>385,492</b>
Operating expenses	24	(281,617)	(217,802)
Charge for bad and doubtful debts	26	(9,092)	(22,019)
<b>OPERATING PROFIT</b>		<b>143,548</b>	<b>145,671</b>
Other income	27	10,214	22,999
<b>PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION</b>		<b>153,762</b>	<b>168,670</b>
Exceptional item	28	(5,654)	-
<b>PROFIT BEFORE TAXATION</b>		<b>148,108</b>	<b>168,670</b>
National reconstruction levy	12	(13,082)	(19,141)
Taxation	12	(42,169)	(43,380)
<b>PROFIT AFTER TAXATION TRANSFERRED TO INCOME SURPLUS</b>		<b>92,857</b>	<b>106,149</b>

The attached notes 1 to 36 form an integral part of these financial statements.

**INCOME SURPLUS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 c'M	2004 c'm
Balance as of 1 January	234,849	206,094
<b>Net profit transferred from profit and loss account</b>	<b>92,857</b>	106,149
	<b>327,706</b>	312,243
Transfer to statutory reserve fund	(11,607)	(13,269)
Transfer to stated capital	(63,265)	-
Dividend-proposed	(64,125)	(64,125)
Balance as of 31 December	188,709	234,849
Earnings per share (Cedi per share)	652	745
Dividend per share (Cedi per share)	450	450

The attached notes 1 to 36 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 ¢'M	2004 ¢'m
<b>OPERATING ACTIVITIES</b>			
Operating profit before taxation		148,108	168,670
Adjustments for:			
Depreciation		20,578	20,384
Dividend from investments		(220)	(244)
Profit on sale of investments		(1,680)	(15,580)
Profit on sale of property, plant and Equipment		(1,537)	(700)
<b>Operating profit before working capital changes</b>		<b>165,249</b>	<b>172,530</b>
Increase in other assets		(71)	(1,354)
Increase/ (decrease) in other liabilities		32,654	(37,497)
Increase in customer deposits		207,328	316,713
(Increase)/ decrease in loans and advances to customers		(496,386)	1,660
Increase in borrowings		204,274	13,580
<b>Cash from operations</b>		<b>113,048</b>	<b>465,632</b>
Tax paid	12	(27,710)	(31,230)
National reconstruction levy paid	12	(5,756)	(14,443)
<b>Net cash flow from operating activities</b>		<b>79,582</b>	<b>419,959</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(35,086)	(46,539)
Proceeds from sale of property, plant and equipment		2,829	727
Increase in investments (Government and other securities)		(104,653)	(272,479)
Proceeds from sale of investments		1,685	17,166
Dividend received		220	244
Dividend paid		(61,752)	(49,529)
<b>Net cash used in investing activities</b>		<b>(196,757)</b>	<b>(350,410)</b>

The attached notes 1 to 36 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

	Note	2005 €'m	2004 €'m
<b>FINANCING ACTIVITIES</b>			
Proceeds from sale of treasury shares		-	-
Net cash from financing activities		-	-
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	29	<b>(117,175)</b>	<b>69,549</b>
Cash and cash equivalents as of 1 January		<b>658,382</b>	<b>588,833</b>
<b>CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER</b>	29	<b>541,207</b>	<b>658,382</b>

The attached notes 1 to 36 form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. ACTIVITIES

SG-SSB Limited is a public company registered under the provisions of the Companies Code 1963, Act 179 and is listed on the Ghana Stock Exchange. The Bank is licensed by Bank of Ghana to carry on the business of banking.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The Bank prepares its financial statements under the historical cost convention as modified by the revaluation of leasehold land and buildings.

The significant accounting policies adopted are as follows:

#### **Interest Income**

The recognition of interest income ceases when the payment of interest or principal is in doubt and does so automatically if principal or interest payments are late by ninety days or more.

#### **Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated into Cedis at exchange rates ruling at the Bank's financial year end. Gains and losses resulting from currency translation or exchange are included in the profit or loss for the year.

#### **Loan fee Income**

Loan fees are credited to income as and when they fall due.

#### **Investments**

Investments are held for the purposes of trading and investment. Investments are included in the balance sheet at the lower of cost and market value. Gains and losses on the sale of investment securities are shown separately in other operating income or expensed when applicable.

Bills discounted and securities with fixed redemption dates which are purchased with the intention of being held to maturity are stated at amortised cost.

#### **Loans and Advances**

Loans and advances are stated in the balance sheet at the amount of principal and interest outstanding less any provision for bad and doubtful debts and interest in suspense.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### *Provision for bad and doubtful debts*

Provisions for bad and doubtful debts are made, having regard to specific risks.

The provisions are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of provisions required, management considers the historic performance of individual clients.

Provisions made during the year are charged as a separate amount in the profit and loss account. Advances are written off when the extent of any loss has been confirmed.

A general provision is made on net contingent liabilities (off balance sheet items).

#### *Property, plant and equipment*

Premises and equipment owned by the Bank are stated at valuation/cost less accumulated depreciation. Depreciation is computed using the straight line method so as to write off the gross value of the assets over their estimated useful lives at the following rates.

	%
Land and buildings	3.00
Furniture and equipment	20.00
Computers	33.33
Household furniture	25.00
Motor vehicles	33.33

#### *Taxation*

The Bank provides for taxes at the current rates on taxable profits and capital gains.

Provision is made for deferred tax on exchange gain, appreciation in the value of Government of Ghana Index-Linked Bonds and by reason of temporary differences by which capital allowances granted exceed the corresponding depreciation charges.

#### *Post balance sheet events*

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

### 3 . GROSS NON-PERFORMING LOANS RATIO

The percentage of gross non-performing loans (substandard to loss) to total credit portfolio (gross) was 12% (2004: 22%).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**4. SOCIAL RESPONSIBILITY OBLIGATIONS**

The amount spent on fulfilling social responsibility obligations was ₵717 million (2004: ₵878 million).

**5. CASH AND BALANCES WITH BANK OF GHANA**

	2005 ₵'m	2004 ₵'m
Cash in hand	81,268	71,522
Balances with Bank of Ghana	199,909	174,410
	281,177	245,932

**6. GOVERNMENT SECURITIES**

	2005 ₵'m	2004 ₵'m
Government of Ghana Index-Linked Bonds	6,591	12,741
Bank of Ghana securities	976,771	865,950
	983,362	878,691

**7. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS**

	2005 ₵'m	2004 ₵'m
Nostro account balances	71,865	54,588
Items in course of collection	105,714	96,283
Placement with other banks	82,451	261,579
	260,030	412,450

**8. INVESTMENT IN OTHER SECURITIES**

	2005 ₵'m	2004 ₵'m
HFC bonds	2,273	2,279

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**9. LOANS AND ADVANCES TO CUSTOMERS**

**(a) Analysis by type of product**

	2005 €'m	2004 €'m
Overdrafts	639,324	324,951
Term loans	690,174	512,117
Export bills	6,183	9,465
Staff advances	37,939	35,018
	<hr/> 1,373,620	<hr/> 881,551
Less:		
Provision for bad and doubtful debts	(70,933)	(78,179)
Interest-in-suspense	(61,684)	(58,755)
	<hr/> 1,241,003	<hr/> 744,617

**(b) Key ratios on loans and advances:**

- i. The above constitutes loans and advances (including credit bills negotiated) to customers and staff.
- ii. Loan loss provision ratio is 7% (2004: 15%).
- iii. Gross non-performing loans ratio is 12% (2004: 22%).
- iv. Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 79% (2004: 66%).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

9. LOANS AND ADVANCES TO CUSTOMERS continued

(c) **Analysis by business segment:**

	2005 €'m	2004 €'m
Agriculture, forestry and fishing	214,072	26,519
Mining and quarrying	32,340	4,140
Manufacturing	276,478	168,440
Construction	101,849	110,087
Electricity, gas and water	9,635	4,268
Commerce and finance	333,056	280,894
Transport, storage and communications	59,311	58,501
Services	268,427	120,497
Miscellaneous	78,452	108,205
	1,373,620	881,551
Less:		
Provision for bad and doubtful debts	(70,933)	(78,179)
Interest in suspense	(61,684)	(58,755)
	1,241,003	744,617

(d) **Analysis by type of customer:**

	2005 €'m	2004 €'m
Individuals	317,777	179,465
Private enterprises	767,174	578,189
Public enterprises	248,493	87,948
Government departments and state agencies	2,237	931
Staff	37,939	35,018
	1,373,620	881,551
Less:		
Provision for bad and doubtful debts	(70,933)	(78,179)
Interest-in-suspense	(61,684)	(58,755)
	1,241,003	744,617

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**9. LOANS AND ADVANCES TO CUSTOMERS continued**

(e) Movement in the Bank's provision for impairment is as follows:

	2005 ¢'m	2004 ¢'m
Balance as of 1 January	78,179	94,178
Bad and doubtful debts expenses	9,092	22,019
Charge-offs/recoveries	(16,338)	(38,018)
	70,933	78,179

**10. INVESTMENT IN SUBSIDIARY**

	2005 ¢'m	2004 ¢'m
Shares	511	528

The valuation of shares in the subsidiary is at cost less specific provision.

The subsidiary is:

Name	Nature of Business	Country of Incorporation	Percentage of Shareholding
SSB Investments Company Limited	Investment Company	Ghana	100%

**11. OTHER ASSETS**

	2005 ¢'m	2004 ¢'m
Inventories	1,894	3,090
Accounts receivable and prepayments	20,498	14,322
Accrued income	730	5,640
	23,122	23,052



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**12. TAXATION**

<b>Year of Assessment</b>	<b>Balance as of 1/1/05</b>	<b>Charge to profit and loss</b>	<b>Payments/ Tax credits</b>	<b>Balance as of 31/12/05</b>
	¢'M	¢'m	¢'m	¢'m
Income tax				
Up to 2003	(32,175)	-	-	(32,175)
2004	7,533	-	-	7,533
2005	-	42,169	(27,710)	14,459
	(24,642)	42,169	(27,710)	(10,183)
National Reconstruction Levy				
Up to 2003	(5,473)	-	-	(5,473)
2004	2,724	-	-	2,724
2005	-	13,082	(5,756)	7,326
	(2,749)	13,082	(5,756)	4,577
	(27,391)	55,251	(33,466)	(5,606)

(l) Deferred Taxation

	2005	2004
	¢'m	¢'m
Balance as of 1 January	5,573	5,573
Recoverable charge for the year	-	-
Balance as of 31 December	5,573	5,573

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**13. PROPERTY, PLANT AND EQUIPMENT**

	Land & buildings €'m	Computers €'m	Furniture & equipment €'m	Motor vehicles €'m	Assets in course of Construction €'m	Total €'m
<b>Cost/Valuation</b>						
Balance as of 1 January 2005	65,891	58,673	20,873	14,084	18,540	178,061
Additions during the year	2,235	9,962	7,275	2,423	13,191	35,086
Disposals during the year	(943)	-	(1,898)	(534)	-	(3,375)
Transfers/reclassification	25,346	-	1,322	-	(26,668)	-
Balance as of 31 December 2005	92,529	68,635	27,572	15,973	5,063	209,772
<b>Depreciation</b>						
Balance as of 1 January 2005	10,422	44,773	10,178	8,462	-	73,835
Charge for the year	4,971	8,280	4,059	3,268	-	20,578
Released on disposal	(179)	-	(1,428)	(476)	-	(2,083)
Balance as of 31 December 2005	15,214	53,053	12,809	11,254	-	92,330
<b>Net book value:</b>						
As of 31 December 2005	77,315	15,582	14,763	4,719	5,063	117,442
As of 31 December 2004	55,469	13,900	10,695	5,622	18,540	104,226

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**13. PROPERTY, PLANT AND EQUIPMENT continued**

The profit on disposal of property, plant and equipment arises as follows:

	2005 €'m	2004 €'m
Gross value	3,375	1,549
Accumulated depreciation	(2,083)	(1,522)
Net book value	1,292	27
Less: proceeds on disposal	(2,829)	( 727)
Profit on disposal	1,537	700

**14. CUSTOMER DEPOSITS**

**(a) Analysis by type of deposit**

	2005 €'m	2004 €'m
Current accounts	1,261,431	1,085,719
Time deposits	107,831	135,693
Savings accounts	417,988	358,511
	1,787,250	1,579,923

**(b) Analysis by type of customer**

	2005 €'m	2004 €'m
Financial institutions	28,537	53,614
Individuals and other private enterprises	1,436,388	1,208,795
Government departments and agencies	47,523	103,255
Public enterprises	153,834	121,306
Others	120,968	92,953
	1,787,250	1,579,923

(c) 20 largest depositors to the total deposit ratio is 19% (2004: 19%).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**15. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS**

	2005 ¢'m	2004 ¢'m
Borrowings - Repurchase agreements	407,183	185,709
Borrowings - Credit Line	38,191	54,570
Export Development and Investment Fund loan	831	1,652
	446,205	241,931

**Repurchase agreements**

Borrowings under repurchase agreements, which are in local and foreign currencies, are made with various institutions. Interest on the local currency borrowings is payable at rates varying between 17% and 21% whilst that on the foreign currency borrowings is between 1% and 2%. The local currency borrowings are secured by the Bank's holdings of Government of Ghana Treasury Bills.

**Credit line**

The Credit Line is a non-revolving credit facility for a maximum amount of US\$10 million. Drawdown is in the form of tranches and each tranche carries a floating rate of interest as requested by the borrower.

**Export Development and Investment Fund (EDIF)**

The Export Development and Investment Fund was set up by the government to provide credit facilities to operators in the export sector through designated financial institutions. The loan balance represents customers who secured the facility through the Bank.

**16. OTHER LIABILITIES**

	2005 ¢'m	2004 ¢'m
Creditors	64,037	60,318
Other creditors and provisions	208,895	173,826
Accrued expenses	5,408	9,169
	278,340	243,313



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**17. STATED CAPITAL**

	2005		2004	
Authorised				
Number of ordinary shares of no par value	500,000,000		100,000,000	
Issued and fully paid				
	2005 Number	Value ¢'M	2004 Number	Value ¢'m
Issued for cash	17,950,000	725	17,950,000	725
Capitalisation issue	50,010,000	5,275	50,010,000	5,275
	67,960,000	6,000	67,960,000	6,000
For consideration other than cash	3,290,000	64,000	3,290,000	735
Bonus issue	71,250,000	-	-	-
	142,500,000	70,000	71,250,000	6,735

There are no shares in treasury (2004: nil). There are no calls or instalments unpaid on any share (2004: nil).

**18. SHARE DEALS ACCOUNT**

	2005 ¢'m	2004 ¢'m
Balance as of 1 January	29,438	29,438
Proceeds from sale of treasury shares	-	-
Balance as of 31 December	29,438	29,438

**19. CAPITAL SURPLUS ACCOUNT**

This represents the surplus arising on the revaluation of certain leasehold land and buildings. There was no change in the year.

**20. STATUTORY RESERVE FUND**

The transfer to Statutory Reserve Fund represents 12.5% of the Bank's net profit after tax and before dividend. The transfer is in compliance with Section 29 of the Banking Act, 2004, (Act 673).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

	2005 ¢'m	2004 ¢'m
Balance as of 1 January	80,866	67,597
Transferred from Income Surplus	11,607	13,269
<b>Balance as of 31 December</b>	<b>92,473</b>	<b>80,866</b>

**21. INTEREST INCOME**

	2005 ¢'m	2004 ¢'m
Cash and short term funds	13,911	16,595
Investment securities	183,390	149,458
Loans and advances	165,420	151,094 <sup>1</sup>
	<b>362,721</b>	<b>317,147</b>

**22. INTEREST EXPENSE**

	2005 ¢'m	2004 ¢'m
Savings accounts	9,485	7,309
Borrowings	51,057	43,620
Current accounts	18,207	20,487
	<b>78,749</b>	<b>71,416</b>

**23. OTHER OPERATING INCOME**

	2005 ¢'m	2004 ¢'m
Foreign exchange gains	-	1,349
Dividends from investments	220	244
Recoveries & other adjustments	4,302	11,103
	<b>4,522</b>	<b>12,696</b>

<sup>1</sup>This includes ¢16 billion exceptionally derived from a doubtful loan that has been repaid.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**24. OPERATING EXPENSES**

	2005 ¢'m	2004 ¢'m
Staff costs (Note 25)	138,026	104,308
Directors emoluments	1,211	924
Donations	717	878
Depreciation	20,577	20,523
Advertising and marketing	10,098	6,828
Training	1,909	1,446
Auditors remuneration	521	550
Others	108,558	82,345
	281,617	217,802

**25. STAFF COSTS**

	2005 ¢'m	2004 ¢'m
Salaries, bonuses and staff allowances	87,739	69,199
Social security fund contribution	8,820	6,387
Provident fund	7,030	5,092
Other employee costs	34,437	23,630
	138,026	104,308

The average number of persons employed by the Bank during the year was 693 (2004: 705).

**26. CHARGE FOR BAD AND DOUBTFUL DEBTS**

	2005 ¢'m	2004 ¢'m
Specific credit risk provision	4,618	3,130
General provision for impairment	4,474	18,889
	9,092	22,019

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**27. OTHER INCOME**

	2005 ¢'m	2004 ¢'m
Profit on disposal of property, plant and equipment	1,537	700
Profit on sale of investment	1,680	15,580 <sup>2</sup>
Others	6,997	6,719
	10,214	22,999

**28. EXCEPTIONAL ITEM**

This represents provisions for staff who left the Bank voluntarily on a Voluntary Exit scheme introduced.

**29. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**

	2005 ¢'m	2004 ¢'m	Net change ¢'m
Cash and balances with Bank of Ghana	281,177	245,932	35,245
Due from other banks and financial institutions	260,030	412,450	(152,420)
	541,207	658,382	(117,175)

<sup>2</sup>These include a non-recurrent income from the sale of listed shares of Aluworks and Ashanti Warrants Limited



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**30. COMMITMENTS AND CONTINGENCIES**

a. Commitments - Banking business

The Bank enters into various commitments in the normal course of banking business which are not reflected in the accompanying balance sheet.

Outstanding amounts at the end of the year were:

	2005 ¢'m	2004 ¢'m
Guarantees, indemnities and bonds	184,018	108,291

b. Contingent liabilities

Appropriate provision has been made in the financial statements in respect of significant contingent liabilities anticipated to emanate from legal claims against the Bank.

c. Commitments for capital expenditure

Commitments for capital expenditure at the year end were nil (2004: nil).

**31. RELATED PARTY TRANSACTIONS**

SG-SSB Limited is controlled by Société Générale (SG) incorporated in France which owns 51% of the ordinary shares.

A number of banking transactions were entered into with related parties in the normal course of business. These include loans and placements. These transactions were carried out on commercial terms and at market rates. The volumes of related party outstanding balances at the end of the year are as follows:

	2005 ¢'m	2004 ¢'m
Staff loans	37,939	35,018
Inter-group placements as of 31 December	72,284	60,499
Inter-group nostro account balances as of 31 December	28,771	18,438

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**32. CONCENTRATION OF ASSETS, LIABILITIES AND OFF BALANCE SHEET ITEMS**

Banks take on foreign currency exchange rates exposure on their financial position and cash flows. The table below summarises the Bank's exposure to foreign exchange rate risks at year-end. The amounts stated in the table are the cedi equivalent of the foreign currencies.

	US\$ ¢'m	GBP ¢'m	Euro ¢'m	Others ¢'m	Total 2005 ¢'m	Total 2004 ¢'m
<b>Assets</b>						
Cash and balances with Bank of Ghana	9,502	1,695	2,300	-	13,497	22,075
Due from other banks and financial institutions	113,119	57,062	28,746	1,842	200,769	235,268
Other assets	12,761	-	1,136	-	13,897	20,367
Loans and advances to customers	90,555	38,443	17,340	-	146,338	295,909
<b>Total assets</b>	<b>225,937</b>	<b>97,200</b>	<b>49,521</b>	<b>1,842</b>	<b>374,501</b>	<b>573,619</b>
<b>Liabilities</b>						
Due to customers	373,891	50,247	175,579	1,267	600,984	323,298
Other liabilities	8,490	491	8,902	1	17,884	12,411
Due to other banks and financial institutions	35,128	-	3,064	-	38,192	43,803
<b>Total liabilities</b>	<b>417,509</b>	<b>50,738</b>	<b>187,545</b>	<b>1,268</b>	<b>657,060</b>	<b>379,512</b>
Net on balance sheet position	45,364	8,017	6,343	574	60,298	96,592
<b>Credit commitments</b>	<b>106,617</b>	<b>3,751</b>	<b>68,104</b>	<b>33</b>	<b>178,505</b>	<b>165,891</b>
Contingent liabilities						

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**33. MATURITIES OF ASSETS AND LIABILITIES**

	Total c'M	Below 3 months c'm	2005 3-6 months c'm	6-12 months c'm	Above 1 year c'm
<b>Assets</b>					
Cash and balances with Bank of Ghana	281,177	281,177	-	-	-
Government securities	983,362	89,228	70,486	222,987	600,661
Due from other banks and financial institutions	260,030	230,749	29,281	-	-
Investment in other securities	2,273	-	2,273	-	-
Loans and advances to customers	1,241,003	369,891	165,921	226,228	478,963
Investment in Subsidiary	511	511	-	-	-
Other assets	23,122	23,122	-	-	-
Taxation	5,606	5,606	-	-	-
Property, plant and equipment	117,442	245	5,610	4,282	107,305
<b>Total assets</b>	<b>2,914,526</b>	<b>1,000,529</b>	<b>273,571</b>	<b>453,497</b>	<b>1,186,929</b>
<b>Liabilities</b>					
Customer deposits	1,787,250	690,060	345,453	240,052	511,685
Due to banks and other financial institutions	446,205	361,121	19,932	8,979	56,173
Other liabilities	278,340	217,421	20,591	37,100	3,228
Deferred taxation	5,573	5,573	-	-	-
<b>Total liabilities</b>	<b>2,517,368</b>	<b>1,274,175</b>	<b>385,976</b>	<b>286,131</b>	<b>571,086</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**33. MATURITIES OF ASSETS AND LIABILITIES cedontinu**

<b>Net liquidity gap</b>	462,282	(208,522)	(112,405)	167,366	615,843
Contingent Liabilities	184,018	6,973	177,045	-	-

The table above summarises assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturing date.

The matching and controlled mismatching of the maturity and interest rate of assets and liabilities are fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

**34. NUMBER OF SHARES IN ISSUE**

Net assets per share are based on 142,500,000 (2004: 142,500,000-restated) ordinary shares. There are no shares in treasury (2004: nil). The total number of shares in issue at the balance sheet date was 142,500,000. (2004: 71,250,000). Earnings per share are based on an average number of shares in issue during the year of 142,500,000 (2004: 142,500,000 restated).

**35. ANALYSIS OF SHAREHOLDING**

Category	Number of Shareholders	Number of shares	Percentage holding %
1 - 1,000	27,855	5,321,529	3.73
1,001 - 5,000	2,640	4,986,028	3.50
5,001 - 10,000	320	1,985,952	1.40
Over 10,000	262	130,206,491	91.37
	<b>31,077</b>	<b>142,500,000</b>	<b>100</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

**36. 20 LARGEST SHAREHOLDERS**

Shareholders	Number of holdings	Percentage holding %
1. SG Financial Services Holding	72,675,000	51.00
2. Social Security and National Insurance Trust	30,795,118	21.61
3. Daniel Ofori	11,393,916	8.00
4. STB Bank Nom (TUL)(PTY) Limited	1,030,000	0.72
5. SDCB if./Daniel Ofori	923,300	0.65
6. SAS/Amenuvor Gideon	856,484	0.60
7. BBGN Re Epack Investment Fund Ltd	802,248	0.56
8. Sam Esson Jonah	500,000	0.35
9. Teachers Fund	400,200	0.28
10. MIHL Nominee A/C 4	400,000	0.28
11. MIHL Nominee A/C 6	400,000	0.28
12. BBG Unilever Gh Manager Pension Fund	400,000	0.28
13. BBGN/SSB Eaton Vance	370,000	0.26
14. Strategic African Securities	290,232	0.20
15. State Insurance Securities	285,000	0.20
16. Ghana Cocoa Coffee Sheanut Farmers Association	276,008	0.19
17. MIHL/Boachie Adjei Oheneba H.	264,050	0.19
18. Ghana Reinsurance Organisation	250,000	0.18
19. BBGN/Unilever Gh. Prov. Fund	240,090	0.17
20. Equity Focus	214,600	0.15
	122,766,246	86.15

The 20 largest shareholders held 86.15% of the Bank's shares as of 31 December 2005 (2004: 88.60%).

## BRANCH ADDRESSES

Name of Branch	Address	Phone No.	Fax No.
Greater Accra Accra Main	P.O. Box 13119, Accra	021 223375/ 222136/911022/ 911021/911014/911019	021 222136
Accra New Town	P.O. Box K444, Accra New Town	021 228512 / 228582 / 248054	021 228512/250321
Faanofaa	P.O. Box 13119, Accra	021 222545 / 220754	021 222545
Kaneshie	P.O. Box 13119, Accra	021 227166 / 222367	021 227166
Kotobabi	P.O. Box 13119, Accra	021 221847 / 248053/228856	021 221847
Loteries	P.O. Box 13119, Accra	021 667370 / 672610	021 668651/672620
North Industrial Area	P.O. Box 13119, Accra	021 229811 / 222139	021 229811
Okashie	P.O. Box 13119, Accra	021 666898/662458	021 666898
Premier Towers	P.O. Box 13119, Accra	021 668650 / 667146 / 682207-11	021 667147
Ring Road Central	P.O. Box 13119, Accra	021 228381	021 228381
Tema Main, Comm. 2	P.O. Box Co 2885 Tema	022 202558 / 206495/201962	022 201960/202558
Tema Fishing Harbour	P.O. Box Co 668 Tema	022 204462 / 202288	022 204462
Tudu	P.O. Box 13119, Accra	021 671462 / 663907	021 671462
Ashanti Region Adum	P.O. Box 4542, Kumasi	051 25379 / 25729 / 32773	051 25379
Kumasi Central Branch	P.O. Box 4542, Kumasi	051 24418 / 23075 / 22602 80722 /80723 /80727/80728	051 24418
Tepa	P.O. Box 74, Tepa	051 47101/47102	N/A
Brong Ahafo Berekum	P. O. Box 49, Berekum	0642 22261/22612	0642 22261
Sunyani	P.O. Box 1131, Sunyani	061 27124 / 27050 / 27266	061 27124
Central Region Cape Coast	P.O. Box 1019, Cape Coast	042 32159 / 32406 / 32355	042 32406
Dunkwa	P.O. Box 64, Dunkwa	0372 28393/28665	0372 28665
Eastern Region Akim Oda	P.O. Box 325, Akim Oda	0882 2188/2776	0882 2188
Koforidua	P.O. Box 987, Koforidua	081 22236 / 22778	081 22778
Northern Region Tamale	P.O. Box 192, Tamale	071 22139/22722/23254/23437	071 22139
Upper East Region Bolgatanga	P.O. Box 344, Bolgatanga	072 23305/23139/22064	072 22064
Upper West Region Wa	P.O. Box 240, Wa	0756 22147 / 22155	0756 22147
Volta Region Ho	P.O. Box HP-360, Ho	091 26651 / 28053	091 28053
Western Region Adabokrom	P.O. Box 189, Sefwi Wiawso	N/A	N/A
Akontombra	P.O. Box 11, Akontombra	N/A	N/A
Asankrangwa	P.O. Box 57, Asankrangwa	0392 22023 / 031 27354	0392 22023
Asempaneye	P.O. Box 189, Sefwi Wiawso	N/A	N/A
Bibiani	P.O. Box 58, Bibiani	N/A	N/A
Essam	P.O. Box 189, Sefwi Wiawso	N/A	N/A
Juaboso	P.O. Box 12, Juaboso	N/A	N/A
Sefwi Bekwai	P.O. Box 15, Sefwi Bekwai	N/A	N/A
Sefwi Wiawso	P.O. Box 189, Sefwi Wiawso	051 21801	051 21801
Tarkwa	P.O. Box 219, Tarkwa	0362 20951 / 20538	0392 20950
Takoradi	P.O. Box 660, Takoradi	031 24660 / 22888	031 24660

## LIST OF CORRESPONDENT BANKS

### US DOLLAR ZONE

1. Société Générale  
1221 Avenue of the Americas  
New York, NY 10020  
U S A
2. American Express Bank Ltd  
New York Agency  
P.O.Box 740  
New York, NY 10008  
U S A
3. HSBC Bank Plc  
P.O.Box 181  
27 - 32 Poultry  
London, EC2P 2BX
4. Citibank NA  
Citibank West Africa  
19<sup>th</sup> Floor Zone 1  
111 Wall Street  
New York 10043  
U S A

### EURO ZONE

1. Société Générale  
29 Boulevard  
Haussman 75009  
Paris, France
2. ING-BHF Bank  
Bockenheimer Landstr. 10  
60323 Frankfurt / Main  
Germany
3. Ghana International Bank Plc  
69 Cheapside  
P.O.Box 77  
London EC2P 2BB

### SWISS FRANCS ZONE

1. Société Générale Zurich  
Sihlquai 253  
Ch-8031  
Switzerland
2. Union Bank of Switzerland  
Bahnhofs Str. 45  
8021 Zurich  
Switzerland

### POUND STERLING ZONE

1. Citibank London  
Citibank House  
336 Strand  
London ,WC2R 1HB
2. HSBC Bank Plc  
P.O.Box 181  
27 - 32 Poultry  
London, EC2P 2BX
3. Ghana International Bank Plc  
69 Cheapside  
P.O.Box 77  
London EC2P 2BB
4. The Royal Bank of Scotland  
5th Floor Premier Place  
21/2 Devonshire Square  
London EC2M 4XB

### CFA ZONE

1. Société Générale de Banques  
en Cote d'Ivoire SA  
5 et 7 Avenue Joseph Anoma  
01 BP 1355  
Abidjan 01, Cote D'Ivoire
2. Société Générale de  
Banques au Burkina  
BP 585 Rue du Marche 4  
Ouagadougou 1  
Burkina Faso
3. Société Générale de  
Banques au Benin  
Avenue Clozel  
01 BP 585 Cotonou  
Benin

### GENERAL CORRESPONDENT

1. Nigeria International Bank  
A member of Citigroup  
1 Idowu Taylor Street  
Victoria Island  
P. O. Box 6381  
Lagos, Nigeria
3. ABSA Corporate & Merchant Bank  
ABSA Towers North (2W2)  
180 Commissioner Street  
Johannesburg 2001  
P. O. Box 1932 Johannesburg 2000  
South Africa
2. ING Financial Institutionsd  
Avenue Marnix 24  
1000 AV Brussel  
Belgium



## Proxy Form

I/We.....

(Block Capital Please)

of.....

being member/members of SG-SSB Ltd, hereby appoint

.....

(insert full name)

Of.....

(or failing him the duly appointed Chairman of the meeting) as my/our Proxy to vote for me/us at the Annual General meeting to be held on Wednesday 29<sup>th</sup> March 2006 at 10.00 a.m. and at every adjournment thereof);

Please indicate with an X in the spaces below how you wish your votes to be cast.

RESOLUTION	FOR	AGAINST
1 To receive the Accounts		
2 To declare the final dividend as recommended		
3 To re-elect Kofi Ampim as a director		
4 To re-elect Michel Mialle as a director		
5 To re-elect Dr. Kwaku Osafo as a director		
6 To re-elect Alain Hourcade as a director		
7 To approve Directors' fees		
8 To authorize the Directors to fix the Auditors' fees		
9 To authorise the Company to purchase its own shares		

Signed this ..... day of ..... 2006

Shareholder's Signature.....

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING

### NOTES:

- A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your vote if you cannot personally attend.
- Provision has been made on the form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space\* the name of any person whether a Member of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.
- In the case of joint holders, each holder should sign.
- If executed by a corporation, the proxy form should bear its common seal or be signed on its behalf by a Director.
- Please sign the above proxy form and post it so as to reach the address shown overleaf not later than 48 hours before the appointed time of the meeting.
- The proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.



• Professionalism



• Team Spirit



• Innovation

A commitment to tradition.  
A commitment to our values.  
A commitment to you.

