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ANNUAL REPORT 2010

SG-SSB

We Stand by You

SG-SSB LIMITED.

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

31ST DECEMBER 2010

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**.

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NOTICE AND AGENDA FOR ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting of SG-SSB Limited will be held at the Accra International Conference Centre, Castle Road, Osu, Accra on Thursday, 31 March 2011 at 11.00 a.m. to transact the following business:

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the Reports of the Directors, Auditors, and the Financial Statements for the year ended 31 December 2010.

2. To declare a dividend for the year ended 31 December 2010.

3. To re-elect Directors.

4. To approve Directors fees.

5. To pass a Resolution appointing Messrs Delloite and Touche to replace Ernst & Young as Auditors with effect from 31 March 2011

6. To authorise the Directors to fix the remuneration of the Auditors.

Dated, this 17th day of February, 2011.

BY ORDER OF THE BOARD

ANGELA NANANSAA BONSU
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 Proxy form is attached to the Annual Report. For it to be valid for the purpose of the meeting it must be completed and deposited at the offices of the Company Secretary SG-SSB Head Office, Ring Road Central P.O. Box 13119 Accra Ghana not less than 48 hours before the appointed time of the meeting.

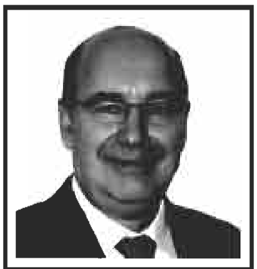
GENERAL INFORMATION

BOARD OF DIRECTORS

Bernard David	(Chairman)
Gilbert Hie	(Managing) Appointed 24th November 2010
Gilles Louvel	(Deputy Managing)
Serge Le Quentrec	(Finance & Administration)
Alain Bellissard	Resigned 31st December 2010
Kwaku Osafo	Substituted 11th October 2010
Ambassador Fritz Kwabena Poku	Substituted 11th October 2010
Michel Miaille	
Kofi Ampim	
Pierre Wolmarans	
Teresa Ntim	
Patrick Le Buffe	
Emmanuel Kyeremeh	Appointed 24th November 2010
Nii Adja Nablah	Appointed 24th November 2010

COMPANY SECRETARY	Angela Nanansaa Bonsu 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 KA 9563 Airport, Accra, Ghana
COUNTRY OF INCORPORATION	Ghana, Accra
HOLDING COMPANY	SG Financial Services Holding, France
ULTIMATE HOLDING COMPANY	Société Générale, incorporated in France

THE BOARD OF DIRECTORS


Bernard David
Chairman

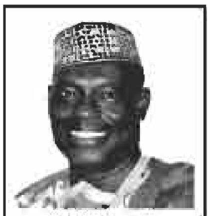
EXECUTIVE DIRECTORS


Gilbert Hie
Managing Director


Gilles Louvel
Deputy Managing Director

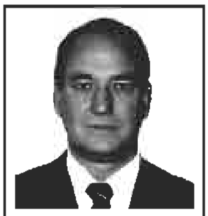

Serge Le Quentrec
Finance & Admin

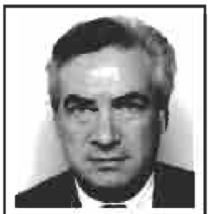
NON EXECUTIVE DIRECTORS


Kofi Ampim
Member

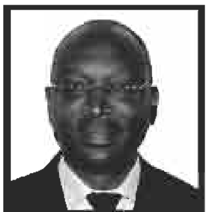

Michel Maille
Member


Teresa Ntim (Mrs.)
Member


Pierre Wolmarans
Member


Patrick Le Buffe
Member


Emmanuel Kyeremeh
Member


Nii Adja Nablah
Member


Angela Nanansaa Bonsu
Company Secretary

PROFILE OF THE BOARD OF DIRECTORS

Bernard David

He is the Chairman of the Board of Directors. He holds a Bachelors Degree in Economic Sciences and a Masters in Economic Sciences from the Economy & Finance Section of the Institute d Etudes Politiques, Paris, France. His career spans over 30 years with Societe Generale serving in different capacities in the Inspection Division, Individual Customers & Securities Division, Retail Banking Division, Products & Markets Division, Private Banking and International Retail Banking Division. He is currently the Deputy Head of the International Retail Banking Division (BHFM). He joined the Board of Directors on 29th May 2008.

Gilbert Hie

He is the Managing Director of the Bank. He holds a professional degree in Banking and a Masters Degree from the Centre d'Etudes Supérieures de Banque, in Paris. He attended Executive Programs in Capital Markets and Corporate Finance at the Kellogg Graduate School of Management, North-Western University, Chicago. His career spans over 29 years with the Societe Generale Group serving in different capacities as a Senior Credit Analyst; a Corporate Banking Manager; Head of the Recruitment and Training Centre, Branch Manager, Commodity & Trade Finance Manager; Executive Vice President, Credit & Marketing, Managing Director; Deputy General Manager; and Chief Executive Officer. He joined the Board of Directors of the Bank on 24th November 2010 as approved by the Bank of Ghana on 14th February 2011.

Gilles Louvel

He is the Deputy Managing Director of the Bank. He holds a Masters Degree in Economy and joined Société Générale in 1973 and worked in the Credit Department and International Division of Société Generale. He also held the following positions: Deputy Manager Societe Generale, Manama, State of Bahrain; Deputy Head of Corporate Banking, Societe Generale, Le Havre, France; Head of Corporate Banking Société Générale, Rueil Malmaison France; and Head of Corporate Banking Société Générale, Paris, La Défense, France. He joined the Board of Directors on 17th September 2007.

Serge Le Quentrec

He holds a Masters Degree in Information Technology, Accounting and Finance and an additional Masters degree in Science (Mathematical, Physics and Chemistry) from University of Orsay in France (University Paris 11 in France). Prior to joining Société Générale he worked with Credit Agricole. Within the SG Groupe he held the following positions: Organisation and IT Project Manager, IT implementation Systems in new Société General subsidiaries, Project Manager for Large Projects and General Manager Finance and Administration. He joined the Board of Directors on 4th March 2010.

Kofi Ampim

He holds BBA Degree and a Masters in International Business and Finance. He is an Investment Banker and a Director of Total Oil Company. He is also the Chairman for Pan African Resources Development Company Limited, Accra and New York and Chairman of Allianz Insurance Ghana Limited. He joined the Board of Directors on 26th March 2003.

Michel Miaille

He holds a Bachelor's degree in Law. He joined Société Générale in 1971 and was until recently the Managing Director of Société Générale de Banques Cote d'Ivoire. He joined the Board of Directors on 26th March 2003.

PROFILE OF THE BOARD OF DIRECTORS, continued

Pierre Wolmarans

He holds LLB and B Com (Law, Economics and Accountancy 3A) and is an Attorney by profession. He joined Société Générale in 1990. He is presently the Chief Executive for Société Générale Corporate and Investment Bank, Southern Africa and Indian Ocean Region, Johannesburg. He joined the Board of Directors on 7th February 2005.

Teresa Ntim (Mrs)

She holds a BSc and MSc. in Agricultural Economics. Her career spans over 33 years with the Bank of Ghana serving in different capacities in the Research, Rural Finance, Development Finance and Foreign Operations departments and was Head of Treasury from 1993 to 1997. She also served as Special Advisor to the Governor of the Bank of Ghana and retired in 2004. She joined the Board of Directors on 7th February 2005.

Patrick Le Buffe

He holds a Professional Banking Certificate and his career spans over 14 years with Societe Generale serving in different capacities as an Inspector, Head of Back Office, Secretary Generale at SG Morocco, Managing Director of Societe Generale de Banque aux Antilles (French West Indies) He is currently assigned as a Director of African, Mediterranean and Overseas Region at the Retail International Banking Division (BHFM). He joined the Board of Directors on 29th May 2008.

Emmanuel Kyeremeh

He is a Chartered Accountant by profession and holds an Executive MBA (Finance) from the University of Ghana Business School. He is currently the General Manager for Finance and Administration at NDK Financial Services a non Banking Financial Institution.

Within NDK Financial Services he held the following positions: Finance and Account Manager, Head Finance and Accounting Department and Head Finance and Administration Division.

He is a Board member of NDK Financial Services, Board Chairman of Tyron Flat Tyre Protection Ghana Limited, Board Chairman Tema Youth Football Club and Board Chairman of the Chelsea Football Club Bechem. He joined the Board of Directors on 24th November 2010. The said nomination is currently pending at the Bank of Ghana as required by the Banking Act 2004 (Act 673) as amended.

Nii Adja Nablah

He is a Chartered Accountant by profession and holds an MBA (Finance) from the University of Wales and University of Manchester United Kingdom. He has extensive experience in the Implementation and Review of Accounting Systems, Procedures and Controls and Financial Systems Analysis.

He is currently the General Manager Finance at the Social Security and National Insurance Trust (SSNIT). Before joining SSNIT he worked for five (5) years with KPMG, a practicing firm of Chartered Accountants offering Audit, Taxation, Management Consultancy and other services. Directorships held are the Trust Bank, NTHC Company Limited, NTHC Properties, and Kumasi Catering Resthouse Limited.

He joined the Board of Directors on 24th November 2010. The said nomination is currently pending at the Bank of Ghana as required by the Banking Act 2004 (Act 673) as amended.

KEY MANAGEMENT PERSONNEL

Gilbert Hie - Managing Director
Please see section under Board of Directors.

Gilles Louvel - Deputy Managing Director.
Please see section under Board of Directors

Serge Le Quentrec – Director Finance & Administration
Please see section under Board of Directors

Edmund Wireko Brobbey - Managing Director's Advisor:

He holds a Master of Business Administration (Finance) second degree from the Fordham University, New York USA and a BSc (Management) first degree from the New York Institute of Technology USA. He joined the Bank in 1981 and has served in different capacities holding the following positions Head Corporate and Marketing Department; Head Business Development; Head Priority Banking Service; Head Privilege Banking Unit; Head Retail Sales Department and Head Development and Bank Strategy Division. He has over 25 years banking experience.

Irene Owiredu Akrofi - General Manager, Treasury Division:

She holds an Executive Master of Business Administration (Finance) and a BSc Administration from the University of Ghana and two professional qualifications (ACIB) from the Chartered Institute of Bankers in London and (ACI) Association Cambiste Internationale based in Paris. Over her nineteen year career she has built experience and expertise in banking covering many areas including branch retail banking, product development, card payment systems (issuer and acquirer), operational risk management and control, project management, treasury business development and sales, and executive management. She is charged with responsibility for managing the Bank's Assets and Liabilities.

Joel Favriaud - General Manager, Inspection Division:

He holds a Baccalaureate Mathematics and technics certificate; and a certificate of studies for first of Second Degree; He has 41 years seniority within the Société Générale Groupe having joined in 1968. He worked in various capacities as General Manager Organisation and Chief Inspector Indonesia; Head Office HRM Division in charge of SG expatriates management; Nigeria SGBN as Management Controller and Chief Inspector; SGBC Ivory Coast as Chief Inspector and Corporate Secretary; and within other SG subsidiaries as General Manager Administration; Project Manager for the Delta Project; and Deputy General Inspector.

Angela Nanansaa Bonsu – General Manager Company Secretariat:

She holds a Master of Business Administration (Strategy) second degree from the Middlesex University Business School United Kingdom and an Honours degree in Law from the University of London, also in the United Kingdom. She is a professionally qualified member of good standing with the Institute of Directors (IoD) Ghana. She is richly experienced in Company Secretarial Practice, Compliance, Corporate Governance, Business Integration, Global Employee Share Ownership Programmes, Legal Administration, Human Resource and Project Management with over nineteen years experience working in various capacities. Ms Bonsu is also charged with the responsibility for managing External Communications.

Kwame Ofori-Gyau – Assistant General Manager Human Resources Management:

He is a professionally qualified member of good standing with the Chartered Institute of Personnel and Development UK. He holds a Master's degree in Human Resource Management, a Post Graduate Diploma in Personnel Management, a Graduate Diploma all from the Thames Valley

KEY MANAGEMENT PERSONNEL, continued

University, United Kingdom. He holds a BSc Development Planning degree from the University of Science and Technology, Kumasi. He has over eighteen years experience in Generalist and Specialist Role in Human Resource Management.

Lawrence Riberio – Assistant General Manager Information Systems and Technology

He holds BSc Electrical/Electronic Engineering degree from the Kwame Nkrumah University of Science and Technology and an Executive Master of Business Administration (Finance option) from the University of Ghana, Legon. In the last twelve years he has built extensive experience in enterprise IT management. He worked in various capacities as Head of Data Centre Operations, Head of Network and Systems and Head of IT Security and Business Continuity Planning.

Maame Kesewa Eshun – Assistant General Manager, Credit Risk Department

She holds a Bachelors degree in Science (Accounting), MBA in Finance from the University of Ghana Business School and has over twelve years experience in the banking industry covering a broad spectrum of expertise in the management and financing of Corporate, SME and Retail clients. She pioneered the implementation of the Bank's operational risk management framework in line with Basel 2 requirements and plays a vital role in the continuous strengthening of the Bank's Risk Management function.

Bernice Allotey - Assistant General Manager, Organisation Support:

She holds an Executive Masters in Business Administration (Finance) second degree and a BSC in Computer Science and Statistics from the University of Ghana, Legon and was accredited as a Prince 2 Practitioner by the Association of Project Managers Group in 2005. She has extensive knowledge and proven experties in Project and Change Management and process improvement/procedure writing with over 14 years experience in the Banking industry. She has managed projects relating to various functions of the banking industry i.e Treasury, Corporate Banking, Retail Banking, Legal, Regulatory, IT and Construction projects. She has rich experience in Operational Risk Mangement and is a good reviewer of operational processes, policies and procedures. As the head of Organisation and Support, she is also responsible for providing functional support and maintainance for the Core Banking System.

Alfred Akotiah – Assistant General Manager, Retail Banking Division

He is an Associate of the Chartered Institute of Bankers (UK) and (Ghana); holds an Executive MBA in Marketing from the University of Ghana; a Certificate in Bank Card Management by School of Finance (UK) and Visa International and a fellow of the Institute of Professional Finance Managers (UK).

He is an experienced banker, with over 28 years of banking experience in Retail Banking. He has extensive expertise in the areas of Direct Distribution, Scheme Loans product, Home Loans, Premier Banking i.e. Wealth Management, Micro Banking products, Visa ATM reciprocity, Credit Operations, underwriting of consumer loans, teaching and developing in the areas of strategic management, services marketing, sales and banking operations.

Ben Berko - Head, Business Banking Division

He holds a Master of Business Administration (Finance)second degree obtained from University of Ghana and a BA Honours first degree in Political Science & Philosophy from the University of Ghana, Legon; a Diploma in Advance Economics of Banking [Fin Africa in 1990], and has over 24 years experience in

KEY MANAGEMENT PERSONNEL, continued

Banking and Finance having joined the industry in 1984. Over the period, he has held Branch Manager positions at various outlets in the network, with responsibility for Branch operations and business development.

Between 2001 and 2005, he joined the Business Banking Division and was a Relationship Manager in charge of a portfolio of corporate customers of the Bank, developing and maintaining profitable relationships for mutual benefit. He is currently Head of Business Banking Department.

Eric Mark Owusu – Head Permanent Control Department

He is an associate of the Institute of Bankers UK, a fellow and Council member of the Chartered Institute of Bankers Ghana, and holds an Executive Master of Business Administration from GIMPA. He has a varied background in all areas of Banking i.e. Branch Management, International Banking, Credits and Relationship Management.

He also held the position of Deputy Head of Business Banking Department. As Head of Permanent Control he has oversight responsibility for Operational Risk; Compliance; Anti-Money Laundering; Permanent Supervision; Business Continuity Planning and Crisis Management.

CORPORATE GOVERNANCE STRUCTURES

SG-SSB Limited recognises the importance of good corporate governance as a means of sustained long term viability of your Bank. In line with this, Corporate Governance at SG-SSB Limited covers all the practical rules, organization, management and control of your Bank. This is aimed to guarantee secure and transparent business and balanced relationships between its Management bodies, its control authorities and its shareholders.

At SG-SSB, Corporate Governance covers all the systems required to prevent and, where necessary, handle and correct all adverse events having a noticeable impact on your Bank's development, profitability and security.

Corporate Governance is managed by SG-SSB Board of Directors and Management via Board Sub Committees and Specialised Internal Committees. It is applied in SG-SSB through the following bodies and committees:

- Board of Directors;
- Board Sub Committees which report to the Board of Directors; and
- Internal Specialised Committees which support Management in the management of Risks and of Internal Control.

ASSIGNMENTS OF THE BOARD OF DIRECTORS

The main tasks of the Board of Directors are to make sure that the Bank's operations comply with the relevant applicable regulations and with the strategy defined. In this capacity the Board:-

- Defines and follows up the implementation of the Bank's strategic orientations while making sure its business is developing in the proper conditions of security,

- Checks and approves management (business activities, results, human and technical resources, investments, etc.) by relying on the work of the reporting committees from which it regularly receives information and to which it may assign tasks where necessary.

- Appoints, according to applicable local rules, the Bank's Representatives who manage the Bank.

- Ensures that information given to the banking and market authorities and to shareholders are reliable. Therefore, it draws up the financial statements then presents them to the shareholders' meeting for approval.

- Assesses the way it operates annually.

- Responsible for the system of internal control, approval of capital expenditure, ratification of credit approvals, approval of annual operating budgets; determination of strategies and plans, nomination of directors' appointment and removal of auditors; recommendation and approval of interim and/or final dividend.

ASSIGNMENTS OF THE COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

There are three reporting Committees responsible for supporting the Board of Directors:-

- The Credit Committee,
- The Audit Committee,
- The Nomination and Compensation Committee.

ROLE OF THE CREDIT COMMITTEE

The Credit Committee:

- Analyses on a periodical basis the organisation and functioning of your Bank's risks departments.

- Reviews the portfolio of credit and market risks to which the Bank is exposed.

- As regards counterparty risks, reviews the

CORPORATE GOVERNANCE STRUCTURES, continued

content of and changes to the portfolio per type of facility and debtor; the regulatory ratios and key indicators; changes to the quality of commitments: sensitive, irregular, non-performing files; compliance with the conditional authorizations issued by the Société Générale; adequacy of the level of provision for the risks incurred; the efficiency of debt collection,

- Reports to the Board of Directors on its work.

- Takes credit decisions above the limits of the Managing Director and has the discretion to dispense credit as authorized by the Board of Directors.

MEMBERSHIP OF THE CREDIT COMMITTEE

Name	Role
Mr. Bernard David	Chairman
Mr. Gilbert Hie	Member
Mr. Gilles Louvel	Member
Mr. Patrick Le Buffe	Member

ROLE OF THE AUDIT COMMITTEE

The Audit Committee:

- Keeps up-to-date with changes in the legal and regulatory environment affecting the work the committee monitors for proper execution.

- Periodically gives an opinion of the organisation and functioning of the Bank's periodic and permanent internal control. Recommends to the Board of Directors the relevant adaptations, monitors the implementation of these measures and reports on their application to the Board of Directors.

- Draws up, in consultation with the Inspection Division of the Bank the audit plan to cover the Branches and Departments to be visited during the year while making sure that the development method enables the areas of risk to be properly detected and covered.

- Follows up the implementation of the audit plan and makes the necessary readjustments.

- Reviews the work done by periodic and permanent control:

- Reports to the Board of Directors on the anomalies noticed and gives its opinion of the relevance of the corrective measures chosen by SG-SSB's Management,

- monitors the implementation, according to the deadlines set, of the critical periodic control recommendations as well as the solving of the critical points identified,

- Informs the Board of Directors of any discrepancies in the priority corrective measures.

- Reviews the procedures and the functioning of the Anti-Money Laundering and Combating Financing of Terrorism systems, and the Compliance Risk Control.

- Submits to the Board of Directors the measures likely to improve, where applicable, the security of operations, and monitors the implementation of the selected measures.

- Is generally informed by Management of any event occurring in the operation of the Bank which is likely to adversely affect its control of risks.

CORPORATE GOVERNANCE STRUCTURES, continued

Membership of the Audit Committee

Name	Role
Kofi Ampim	Acting Chairman
Bernard David	Member
Mrs Teresa Ntim	Member
Michel Miaille	Member
Patrick Le Buffe	Member

ROLE OF THE NOMINATION AND COMPENSATION COMMITTEE

The primary objective of the Nomination and Compensation Committee in accordance with good corporate governance is to ensure that the bank has a board of competent and effective composition and is adequately charged to carry out its responsibility in the best interest of the bank and its shareholders.

It also serves to advice the Board in respect of succession plans, appointments and competitive compensation packages for Management officers of the Bank. The following are the elements that may come under its scope and authority:-

- The Bank's general wage policy
- The detailed salaries of the Bank's senior executives and key position holders
- Long term profit sharing schemes
- Changes in social liabilities
- Administrators and company managers pay.

The Nomination & Compensation Committee does not however have authority to make decisions on these issues and has a purely advisory capacity; therefore it may only formulate opinions and recommendations to the Board of Directors

Membership of the Nomination and Compensation Committee

Name	Role
Mr. Kofi Ampim	Chairman
Mr. Gilbert Hie	Member
Mr. Michel Miaille	Member

ASSIGNMENTS OF SPECIALISED INTERNAL COMMITTEES REPORTING TO MANAGEMENT

These Committees ensure a proper level of protection against risks to which the Bank is exposed; the Managing Director regularly holds Specialized Internal Committee meetings involving the staff in charge of the various committees.

The following committees are the Specialised Internal Committees of your Bank. Periodic and Permanent Control; Credit Risks; Market Risks; Operational Risks; Compliance and Anti-money Laundering; Legal Affairs; Structural Risks; New Products; Information Systems Security; Real Estate; Commercial,Financial Results; Information Systems Security; Human Resources; IT & Bank Projects, Real Estate & Equipment

CHAIRMAN'S STATEMENT

Distinguished Shareholders, it is my pleasure to welcome you to the 31st Annual General Meeting of your Bank. Another challenging but successful year has ended and it is a privilege to present to you the Annual and Financial Statements of your Bank for the financial year ended 31st December 2010.

ECONOMIC ENVIRONMENT

In 2010 the world economy recovered, though at a moderate pace, from the recession in 2009 with employment lagging behind. The recovery was uneven with the emerging markets and the developing economies recording higher growths than the developed economies as a result of their low exposure to the financial crises. The US economy grew by about 3% but unemployment remained as high as 10%.

In the Euro zone and the European Area Germany had the highest growth of also 3%. Some countries such as Greece and Ireland were beset with the financial difficulties because of sovereign debts and had to be bailed out by the International Monetary Fund to stabilize their economies.

OPERATING ENVIRONMENT

Locally, the macro-economic environment was stable as a result of the prudent management of the economy by the government. According to provisional data released by the Ghana Statistical Service, the economy grew by 6.6% from the 4.7% achieved in 2009. The growth was led by the Services sector which grew by 8.2% an improvement on the 6.8% recorded in the previous year. The growth in the Agricultural sector however, declined from 7.6% in 2009 to 4.8% in 2010.

The country's Terms of Trade were favourable in 2010. The average price of cocoa rose by 8.5% from US$2,888.74 per tonne in 2009 to US$3,132.99 per tonne. Gold prices increased by 25.9% from an average of US$972.35 per troy oz to US$1,224.53 per troy oz. Crude oil prices on the other hand, rose on average by 25.1% i.e. from US$63.57 per barrel in 2009 to US$79.62 per barrel in 2010. This coupled with increased volumes led to improvement in export earnings.

Favourable developments in the external sector resulted in the stability of the Ghana Cedi against the major international currencies. The value of the cedi in relation to the US dollar on the inter-bank market depreciated by 1.3% - from GH¢1.4340 to one US dollar at the beginning of the year to GH¢1.4532 at the end of the year. The cedi however, appreciated by 7.6% and 2.5% in relation to the Euro and the Pound Sterling.

Due to tight fiscal policy, stability in the Ghana Cedi and improved agricultural produce, inflation declined to a single digit regime during the year. Inflation (year-on-year), which was 15.97% at the beginning of the year fell by 6.45 percentage points to 9.52% by the first half of the year. It declined further by 0.94 percentage points to reach 8.58% at the end of the year; the lowest level in 19 years.

As a result of easing inflationary expectations the Bank of Ghana had to cut its Policy Rate three times within the year. From a level of 18% at the beginning of the year, the Policy Rate was reduced to 16% by the end of February; it was reduced further to 15% in April 2010.

Finally the Policy Rate was reduced to reach 13.5% in the middle of the year. In line with this, interest rates fell over the entire spectrum of the yield curve. The yield on the 91-Day Treasury Bill, declined from 21.28% at the beginning of the year to 12.25% at the end of December 2010. In line with declining interest rates, banks reduced their base and lending rates.

2010 OPERATING RESULTS

Your Bank recorded a profit before taxation of GH¢26,828,466 from which taxes and levies of GH¢7,458,144 were deducted giving a profit after tax of GH¢19,370,322.

CHAIRMAN'S STATEMENT, continued

Other comprehensive income of GH¢1,679,514 is then added to arrive at a total comprehensive income for the year of GH¢21,049,836. Net Banking Income increased by 13.09% and Current Operating Expenses grew by 16.97%. Shareholders' Funds increased from GH¢108,521,954 to GH¢116,244,343 representing an increase of 7.12%.

DIVIDEND

In line with the Regulations of your Bank a final dividend of GH¢0.035 per share is being recommended by the Board of Directors.

SHARE PERFORMANCE

At the start of the year 2010 your Bank's share price was GH¢0.45. By the second half of 2010 the share price was GH¢0.62. The share price then stabilised at GH¢0.64 as at December 2010.

BOARD OF DIRECTORS

During the year, Mr Alain Bellissard resigned as Managing Director on retiring from the services of the Societe Generale Group. Messrs Osafo and Poku were substituted as the Social Security and National Insurance Trust representatives. I would like to pay richly deserving tributes to these ex-Directors for their invaluable service.

Messrs Hie, Nablah, and Kyeremeh on the recommendation of the Board of Directors were appointed as Directors during the year. As required by the Regulations of the Company they will be seeking re-election as Directors.

Mr Gilbert Hie replaces Mr Alain Bellissard as Managing Director of your Bank. Messrs Nablah and Kyeremeh replace Messrs Osafo and Poku respectively. Distinguished Shareholders, join me in welcoming the new Directors to the Board of your Bank.

CORPORATE GOVERNANCE

We are committed to the principles of good corporate governance and risk management which are of fundamental importance in the banking business. The Banking Act, Securities and Exchange Regulation as well as the Continuing Listing Requirements of the Ghana Stock Exchange provide us with the regulatory framework for ensuring effective corporate governance.

OUR VALUES

Our values of Professionalism, Team Sprit and Innovation translate into our guiding principles which are centred on three axis. The first axis is the Customer, the second axis is the Product, and the third axis is Quality.

For the Customer, we will work with all Customer segments and develop clients who are un-banked. In respect of the Products we will continue to extend our product range through technical and commercial innovations and will market these Products through an efficient multi channel system.

Our last principle is Quality and this will be achieved through training and in line with our parent company Societe Generale will standardize processes, pool IT solutions and standardize information systems operations which will enable us offer optimum Quality services.

OUTLOOK FOR 2011

I am excited about the future of Ghana and the future of your Bank especially with the political stability and the recent oil find. The opportunities we have as a Bank are enormous. Your Bank will continue to improve on providing quality customers service, offer new and innovative and attractive products and continue developing highly motivated, committed individuals and teams thereby generating a premium return to

CHAIRMAN'S STATEMENT, continued

shareholders.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my sincere gratitude and appreciation to the Management, Staff both past and present for your invaluable contribution in 2010. I also wish to thank our loyal customers for the firm confidence and support of SG-SSB Limited.

Thank you.

BERNARD DAVID
CHAIRMAN

MANAGING DIRECTOR'S REVIEW

It is an honour for me to present to you for the first time a review of your Bank's operations having been appointed as Managing Director. This review will give shareholders an insight into the performance of their Bank.

2010 OPERATING RESULTS

Your Bank recorded a profit before taxation of GH¢26,828,466 from which taxes and levies of GH¢7,458,144 were deducted giving a profit after tax of GH¢19,370,322. Other comprehensive income of GH¢ 1,679,514 is then added to arrive at a total comprehensive income for the year of GH¢21,049,836. Net Banking Income increased by 13.09% and Current Operating Expenses grew by 16.97%. Shareholders' Funds increased from GH¢108,521,954 to GH¢116,244,343 representing an increase of 7.12%.

REVIEW OF OPERATIONS

During the year 2010 continued with its strife of making your Bank the Preferred Banking Institution. To achieve this, the following developments occurred:-

- Key Significant Mile Stones in 2010
- Strengthening of Risk Departments
- Efficient State of the Art Banking Application Software
- Initiated Projects to Implement Banking Products
- Human Resource Development
- Credit Lines Maintained at Treasury
- Sustained Performance at the International Business Centre
- Reorganisation of the Business Banking Department
- Retail Banking Sales Focus

SIGNIFICANT MILESTONES IN 2010

During the year under review, your Bank and Agence Francaise de Development (AFD), the French Development Finance Institution, executed three credit facility agreements worth GH¢10 million, GH¢3 million and GH¢500,000 (Euros 250,000) respectively. This was in the form of a portfolio guarantee, an individual guarantee to Micro Finance Institutions and a grant to support your Bank.

The AFD means of private sector financing is undertaken along with its subsidiary dedicated to private sector Proparco, through extending credit to local commercial banks and other financial institutions for onward lending to private oriented companies who require resources for expansion, restructuring and the establishment of new projects.

The ARIZ Agreement is an AFD guarantee scheme to facilitate the financing of Small Medium Scale Enterprises ("SMEs") in which your Bank acts as the credit institution that grants loans to SMEs. AFD would then act as the guarantor and the purpose of the guarantee is to facilitate access to seed and development capital financing though medium and long term loans and a greater involvement of private banks in financing SMEs. Two types of ARIZ guarantees were made available by AFD.

As the SME segment is generally considered more risky is not well served by the banking sector, AFD supported your Bank with a grant of Euros 250,000 to finance market studies, enhancement and adaptation of credit assessment process for SMEs, training of SME officers so that your Bank would be provide new financing solutions to SMEs.

STRENTHENING OF RISK DEPARTMENTS

In furtherance of your Bank's aim of strengthening the control environment, a new division, the Permanent Control and Operational Risk Department was set up during the year and tasked with the oversight responsibility and consolidation of the Permanent Supervision, Operational Risk, Compliance and Prevention of Money Laundering, Business Continuity Planning and Crisis Management functions.

MANAGING DIRECTOR'S REVIEW, Continued

These functions which were previously reporting under the Risk and Legal Division now report directly to the Managing Director in line with Group strategy and in recognition of its importance in the bank's business.

The Bank's overall framework for managing Credit Risk, the Credit Policy Manual was reviewed in the year under review to incorporate new regulatory framework, risk profile of new business activities and policies and to improve the recovery process.

Stringent monitoring procedures were adopted for follow-up on delinquent facilities and a Recovery project to adopt best practices and to automate the follow-up on bad debts was initiated. The overall growth in provision and NPL over the period was acceptable compared to industry trends.

STATE OF THE ART BANKING APPLICATION SOFTWARE

Your Bank now operates with an efficient state of the art banking application software. The robustness and flexibility of the new application platform was tested with a live business continuity test, which was successfully conducted in December 2010, by switching the main central database and application site from the data center to the disaster recovery site.
To further boost efficiency of the operating environment, an inventory and purchase management application was implemented to streamline all payments and also take care of all fixed assets of your Bank.

To ensure a cost effective data network platform, a private terrestrial radio network was implemented in 2010 in Accra, Tema and parts of Kumasi branches which is run and maintained by in-house engineers. Data network operation cost are considerably reduced with the implementation of the private network. Additional system monitoring tools were installed to ensure that all IT systems are effectively monitored.

INITIATED PROJECTS TO IMPLEMENT BANKING PRODUCTS AT ORGANISATION

2010 saw your Bank live up to its values of innovation, professionalism and teamwork. Your bank initiated projects to implement banking products/concepts which are unique and new in the banking industry in Ghana. With the introduction of a new concept which aims at conserving space whilst being able to serve customers and at the same time take deposits.

Easy deposit, is a product that allows customers to make deposits of cash and cheques into their accounts through a device installed under the ATM, without entering the banking hall and outside banking hours.

Factoring, which is at the feasibility study stage and will improve cash flow of customers by providing immediate cash through the purchase of their trade debts.The year also saw the opening of the Spintex Road branch, the successful transfer of operations from the Kotobabi Branch to the Accra New Town branch, the opening of the Madina branch and full participation in the GHIPSS Automated Clearing House (ACH) project.

Several other projects in line with centralization of branch administrative work and automation of manual processes with the aim of freeing up Branch staff to Focus on Sales and Customer Service were initiated.

HUMAN RESOURCES DEVELOPMENT

Your Bank's competitive strategy is underpinned by the development of Human Resources who are your Bank's most important assets. Your Bank therefore embarked on a number of activities in respect of Human Resources.

Management Trainees recruited by your Bank completed the first year of their training.

MANAGING DIRECTOR'S REVIEW, Continued

They undertook training in different Departments of your Bank and have now settled for further training in their respective Departments.

Talents identified in SG-SSB Ltd joined other talents in Societe Generale group in an International Training programme organised in Paris at INSEAD, a top business school in Europe located in Paris.

In total your Bank spent 36,622.5 hours on training of staff, an increase of 12.30% from the previous year. In all 96% of all staff members were trained on strengthening internal controls in areas such as Permanent Supervision, Compliance and Anti money Laundering. As part of your Bank's emphasis in providing customers with the best banking experience at a competitive price, an elaborate training on how to provide World Class Customer Service to was rolled out during the year under review for all employees.

CREDIT LINES MAINTAINED AT TREASURY

Your Bank met its prudential reserving requirements in both foreign and local currency throughout the year. In local currency it remained net lender to the market as deposits grew ahead of loans, increasing our net investments in government securities. Your Bank did not suffer any adverse impact in foreign currency liquidity in spite of a tightening in global liquidity.

All credit lines were maintained or improved at competitive prices. Your Bank is working in close collaboration with other financial institutions to secure large foreign currency lending for corporate customers through improved syndications and other modes of structured finance.

Interest rates trended south, declining sharply in the first half and thereafter at a much paced rate. Benchmark 91 day Treasury bill yield ended the year at 12.26% compared to a previous year-end at 21.28%.

The declining trend was on the back of inflation which fell to its lowest level yet at 8.6% year on year in December 2010. Bank's base rates in industry were realigned to match your Bank which was voted the 'Best in competitive Pricing' by industry watchers, Corporate Initiative Ghana.

The local currency remained stable and indeed did appreciate against the dollar for most of the year. Mounting pressure in July gradually eased off but was renewed as the year drew to a close. While the Ghana cedi remained stable the impact on Treasury income was adverse compared to the year before when market volatility provided opportunity to grow income substantially. The year saw increased inter-bank activity as other traditional sources came under pressure.

SUSTAINED PERFORMANCE AT THE INTERNATIONAL BUSINESS CENTRE (IBC)

The year 2010 saw commissions at the IBC increased by 13.9% over the previous year's performance.
Import Transfers service achieved a 13.65% increase in transaction volumes. Transaction values experienced a 9.95% increase over and above the previous year's figures.This performance reflected in the commissions earned by the IBC from that sector. It recorded a 13.4% increase over the year 2009's figures.

Import transfers recorded an 11% increase over year 2009's activities in terms of business volumes. Transactional values had a significant growth of 35.27% over the previous year's figure. Consequently, commission recorded an increase of 9.4% over the previous year's figures.

The Import Documentary Collections sector achieved a significant growth of 11.40% in its business volumes. Transaction values however experienced a relative dip of 5.79%; compared to the Year 2009

MANAGING DIRECTOR'S REVIEW, Continued

For Export Documentary Collections the year under review witnessed a decrease of 34.72% in volumes as well as a decrease of 20.97% performance in values. Consequently, earnings made from the exports sector was decreased by 4.5% below what was achieved in Year 2009.
Export Letters of Credit continued to show glimpses of the side effects of the global credit crunch, it recorded a relatively dismal performance of -27.42% and -33.97% in volume and value respectively. This contributed to the poor -4.5% recorded in commissions earned in the exports sector.

Import Letters of Credit achievements recorded in the above sector for Year 2010 was -20.57% in its business volumes, its business values achieved a 58.15% increase the 2009 figure. Similarly, commissions earned recorded a 48.9% increase over and above the Year 2009 figures. Your Bank's IBC's drafts payments transactions in volumes dropped by 2.78% year to year. However, the IBC exceeded the previous year's commissions by 13.9%.

REORGANISATION OF THE BUSINESS BANKING DEPARTMENT

During the year under review, the Department was re-organized in line with the renewed strategic objectives, and saw the placement of the two key Business Units [Corporate Banking, Small & Medium Enterprises], and the Business Credit Administration/Leasing Department directly under the supervision of the Deputy Managing Director. The objective was to improve decision making for matters concerning business customers. This and other changes such as two parallel Corporate Teams have resulted in more effective and efficient follow up on customer service operations.

In line with the objective to improve our presence and impact on the Corporate Finance opportunities, your Bank in 2010 set up a dedicated Structured Finance Desk with appropriate world class staffing.

In the few months of operation, significant deals were sealed, and the Structured Finance Unit will continue to impact more in the area of Advisory Services, Structured Deals, and Syndications.

To better serve our large corporate customers, your Bank established a dedicated customer support desk in 2010 and in 2011, this desk will become more important as your Bank embarks on a strong growth path through quality service.

The year 2010 witnessed a net drop of 0.9% in outstanding Credits, compared to a 10% growth in 2009. The drop was against the backdrop of recovery activities regarding large exposures. Demand for credit remained relatively moderate on account of the slow recovery of the global recession well as domestic business environment.

During the year under review, the Corporate Banking and Structured Finance Unit collaborated well and successfully concluded significant financing transactions, the full effect of which will be impacting and manifest during the first quarter of 2011.

To ensure better operational results, the Corporate Banking Department will continue its strategic collaboration with key recognized business communities such as the Ghana Investment & Promotion Council, various Chambers of Commerce, and the Association of Ghana Industries among others.

RETAIL BANKING SALES FOCUS

The year under review saw a continual growth in the Retail Banking Division. Two new branches were opened to add to the branch network enhancing our visibility and spread while offering greater customer convenience; namely, the Spintex Road Branch in Accra and Suame Branch in Kumasi. The Spot Bank concept has brought banking service closer to areas which lacked the presence of a full SG-SSB branch.

MANAGING DIRECTOR'S REVIEW, Continued

Four Automated Teller Machines were installed. Three in Accra and one in Kumasi giving credence and at the same time providing a platform for Retail to perform and meet its strategic direction of focusing on Sales and Service.

The restructured Retail Division during the period under review has been successful as Retail now undertakes aggressive sales of the Banks products and services. The Call Centre's additional responsibility of supporting service delivery has been very effective especially in cards sales as customers are updated regularly with information on the cards. This has enhanced the card pick-up rate.

The Division now has a positive outlook towards the New Year 2011. The focus is to delight customers through the delivery of superior quality service through our staff, using customer-friendly processes to provide tailor-made products, and continuously work to push the boundaries of customer delight to the next level.

CORPORATE SOCIAL RESPONSIBILITY

Your Bank views Corporate Social Responsibility ("CSR") not only as sponsoring and donations but rather as a day- to- day attention and behaviour.

Your Bank interprets CSR as to Care; to Share; to Respect. CSR is also viewed by your Bank from an Internal and External perspective.

Externally, your Bank helps with sponsoring sports, health, education art, culture and the environment. Internally, CSR has to do with your Bank's core business of lending, from a Human Resource aspect of Recruitment, Code of Conduct, Training, Personnel Development, Ethics, Staff Loan Policy, Staff Account Policy and a Scholarship scheme for children of staff.

Your Bank took part in the Societe Generale International competition on CSR – Citizen Act 2010 out of which 2 of the Ghanaian teams qualified. Your Bank will continue to be active with its Corporate Social Responsibilities.

PROSPECTS FOR 2011

For 2011 your Bank will continue with its strategy of funding local business and will continue to explore prudent opportunities for lending. As income avenues shift, your Bank is at the forefront of promoting new products to match client needs and diversify the revenue base to maximise shareholder value. To achieve this, your Bank is committed to investments in systems to support current and future products, provide adequate risk management, controls, staff training and development in 2011 and beyond.

We thank you for your custom.

GILBERT HIE
MANAGING DIRECTOR

FINANCIAL HIGHLIGHTS

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2010 report as follows:-

Results

	2010 GH¢	2009 GH¢
The Bank recorded a net profit before taxation of	**26,828,466**	26,909,570
From which is deducted taxation and national stabilization levy of	**7,458,144**	7,616,501
Giving a net profit after taxation of	**19,370,322**	19,293,069
There was transfer to statutory reserves of	**5,000,000**	2,411,634
Leaving a profit for the year after taxation, dividend and transfer to statutory reserves of	**14,370,322**	16,881,435
When added to the opening balance on the Income surplus account as of 1 January of	**17,661,162**	36,615,727
And adjusting it with transfer to stated capital of	-	35,836,000
From which is deducted final dividend paid of	**13,355,755**	-
Leaving a balance of	**18,675,729**	17,661,162
Out of which transfer to General regulatory credit reserve of	**1,370,429**	-
It leaves a closing balance on the income surplus account of	**17,305,300**	17,661,162

REPORT OF THE DIRECTORS

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 52% of the issued capital of the Bank, thus making SG-SSB Limited, a subsidiary of Société Générale.

Stated Capital

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

Changes in Board of Directors and Senior Management

Re-election of Directors

In accordance with Section 88 (1) of the Regulations of the Bank, Mr Bernard David, Mr Patrick Le Buffe and Mrs Ntim retire by rotation and being eligible; offer themselves for re-election as directors.

Bernard David

He holds a Bachelors Degree in Economic Sciences and a Masters in Economic Sciences from the Economy & Finance Section of the Institute d Etudes Politiques, Paris, France. His career spans over 30 years with Societe Generale serving in different capacities in the Inspection Division, Individual Customers & Securities Division, Retail Banking Division, Products & Markets Division, Private Banking and International Retail Banking Division. He is currently the Deputy Head of the International Retail Banking Division (BHFM). He joined the Board of Directors on 29th May 2008.

Teresa Ntim (Mrs)

She holds a BSc and MSc. in Agricultural Economics. Her career spans over 33 years with the Bank of Ghana serving in different capacities in the Research, Rural Finance, Development Finance and Foreign Operations departments and was Head of Treasury from 1993 to 1997. She also served as Special Advisor to the Governor of the Bank of Ghana and retired in 2004. She joined the Board of Directors on 7th February, 2005.

Patrick Le Buffe

He holds a Professional Banking Certificate and his career spans over 14 years with Societe Generale serving in different capacities as an Inspector, Head of Back Office, Secretary Generale at SG Morocco, Managing Director of Societe Generale de Banque aux Antilles (French West Indies) He is currently assigned as a Director of African, Mediterranean and Overseas Region at the Retail International Banking Division (BHFM). He joined the Board of Directors on 29th May 2008.

In accordance with Regulation 72(1) of the Regulations of the Bank Messrs Gilbert Hie, Nii Adja Nablah and Emanuel Kyeremeh appointed during the year offer themselves for re-election.

Gilbert Hie

He holds a professional degree in Banking and a Masters Degree from the Centre d'Etudes Supérieures de Banque, in Paris. He attended

REPORT OF THE DIRECTORS, continued

Executive Programs in Capital Markets and Corporate Finance at the Kellogg Graduate School of Management, North-Western University, Chicago. His career spans over 29 years with the Societe Generale Group serving in different capacities as a Senior Credit Analyst; a Corporate Banking Manager; Head of the Recruitment and Training Centre, Branch Manager, Commodity & Trade Finance Manager; Executive Vice President, Credit & Marketing, Managing Director; Deputy General Manager; and Chief Executive Officer.

Emmanuel Kyeremeh

He is a Chartered Accountant by profession and holds an Executive MBA (Finance) from the University of Ghana Business School. He is currently the General Manager for Finance and Administration at NDK Financial Services a non Banking Financial Institution. Within NDK Financial Services he held the following positions Finance and Account Manager, Head Finance and Accounting Department and Head Finance and Administration Division. He is a Board member of NDK Financial Services, Board Chairman of Tyron Flat Tyre Protection Ghana Limited, Board Chairman Tema Youth Football Club and Board Chairman of the Chelsea Football Club Bechem.

Nii Adja Nablah

He is a Chartered Accountant by profession and holds an MBA (Finance) from the University of Wales and University of Manchester United Kingdom. He has extensive experience in the Implementation and Review of Accounting Systems, Procedures and Controls and Financial Systems Analysis. He is currently the General Manager Finance at the Social Security and National Insurance Trust (SSNIT). Before joining SSNIT he worked for five (5) years with KPMG, a practicing firm of Chartered Accountants offering Audit, Taxation, Management Consultancy and other services. Directorships held are the Trust Bank, NTHC Company Limited, NTHC Properties, and Kumasi Catering Resthouse Limited.

Directors' Interest

One director holding office at the end of the year owned 1,940 shares of the Bank. None of the other 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.

Auditors

The Bank of Ghana in line with international best practice and in order to enhance the independence and objectivity of auditors thereby improving the quality of the external audit mechanism and reliability of the audit opinion, directed that for the financial year ending December 2011 all banks whose external auditors have been at post for more than 5 years should initiate steps towards replacing them by giving them the appropriate notices in line with the Companies Code.

The Bank of Ghana further directed that the maximum tenure of external auditors be pegged at 5 years subject to reappointment after a cooling off period of not less than 5 years. Banks whose external auditors had been at post for more than 5 years were to provide progress reports on their replacement process.

Therefore, in accordance with the principles of good corporate governance, Ernst & Young having served the Bank since 2003 and in compliance with the Directive from the Bank of

REPORT OF THE DIRECTORS, continued

Ghana, the Board of Directors have requested that Ernst and Young resign as auditors of the Bank at the close of the Annual General Meeting.

The Directors wish to place on record their appreciation to Messrs Ernst & Young for their many years of service they have provided to the Company.

In accordance with Section 134 (5) of the Companies Code (Act 173) a resolution to appoint Deloitte & Touche (Ghana) as the Company's auditors and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Bonus Shares

- (NIL).

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in Note 45 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:

Kofi Ampim	-	Acting Chairman
Michel Miaille	-	Member
Teresa Ntim	-	Member
Bernard David	-	Member
Patrick Le Buffe	-	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, Deputy Managing Director, Director of Finance and Administration, the General Manager, Inspection, Head of Permanent Control and where necessary, the Bank's External Auditors.

Nomination and Compensation Committee

In line with its Corporate Governance principles the Board has a Nomination and Compensation committee made up of the following non-executive directors:

Kofi Ampim	-	Chairman
Michel Miaille	-	Member
Gilbert Hie	-	Member

This committee ensures the bank has a board of competent and effective composition and is adequately charged to carry out its responsibility in the best interest of the bank and its shareholders. The committee makes recommendations to the Board in respect of succession plans, appointments and competitive compensation packages for Management officers of the Bank.

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

REPORT OF THE DIRECTORS, continued

Audit Committee for the year 2010. 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 the Credit Risk, Operational Risk, and Market Risk Activities
- Report on Structural Risks and Statutory Ratios
- Report on Bank of Ghana's Prudential Ratios
- Report on an overview of the Inspection Division and its functions
- Report on Compliance Monitoring, Anti Money Laundering and Permanent Supervision ensuring continuous monitoring of operational activities.
- Report on Counterparty Risks
- Report on Changes in Organisational Structure
  Report on Business Continuity Plan
- 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 control focused and that the audit will be in accordance with International Standards on Auditing.

BY ORDER OF THE BOARD

CHAIRMAN
(Bernard David)

MANAGING DIRECTOR
(Gilbert Hie)

ACCRA

17 February 2011

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RELATION TO THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS.

The Companies Code, 1963 (Act 179) requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and to apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Code 1963 (Act 179).

They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

The above statement, which should be read in conjunction with the report of the Auditors, sets out on page 30, is made with the view to distinguishing for shareholders the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

RISK MANAGEMENT

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

The Bank is exposed to credit risk, liquidity and interest rate risk and market risk. It is also subject to various operating risks.
The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

Risk management structure

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

Board of Directors

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

Risk Committees

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

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

Risk Management

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

Risk Controlling

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

Bank Treasury

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

Internal Audit

The Bank's policy is that risk management processes throughout the Bank are audited annually by the internal audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit

Committee.

The most significant risks which SG-SSB is exposed to and how they are managed are as below:

RISK MANAGEMENT, continued

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.
The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank also manages its counter party risk through adherence to prudential requirements by ensuring that it's secured lending to any single borrower is below 25% of its net worth and that any single unsecured lending by the bank is less the 10% of the bank's net worth.

The framework for managing this risk is the credit policy which spells out the overall underwriting standards, credit approval process, credit administration and recovery processes. The policy is reviewed from time to time in response to risk profile of new business opportunities/products, and any challenges with the recovery process.

The Bank has established a credit quality review process through the Credit Committee to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns major counterparty a risk rating.

Risk ratings are subject to regular revision.
The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Bank's credit quality review process is established in line with the Societe Generale Group's risk management governance based on the following;

- A strong managerial involvement throughout the entire organization: From the Board of Directors through to the Credit Committee and to the operational field management teams.

- A tight framework of internal procedures and guidelines.

- A well defined permanent supervision process that assists to identify through a self examination the need for review of certain processes to improve on the Bank's credit delivery and collection processes.

In line with the group policy, Credit Risk is organized around two key principles:
- Independence of Risk assessment department from the business divisions;
- A consistent approach to risk assessment and monitoring applied throughout the Group.

The bank in estimating and establishing its potential credit losses, counterparty limits are established by the use of a credit risk classification system, which assigns major counterparties a risk rating. Risk ratings are subject to regular revision.
The credit quality review process aims to allow the bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Credit Committee also monitors the portfolio of loans and debt collection operations.
In this capacity, it does:
- analyse the portfolio of loans: retail customers, companies, banks and financial institutions, and sovereign,
- monitor irregular commitments and the main sensitive risks,
- monitor debt collection files,
- assess guarantees and monitor provisions,
- ensure that the actions reported are monitored and performed

RISK MANAGEMENT, continued

Liquidity risk and Structural interest rate risk

- **Liquidity risk**

Liquidity risk arises from the mismatch of the timing of cash flows relating to assets and liabilities. The liquidity policy of the Bank is approved by the Board under guidelines issued by SG and monitored daily to ensure that its funding requirements can be met at all times and that a stock of high quality liquid assets is maintained.

Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behaviour (models determined with the contribution of the Group), as well as conventional assumptions for some balances sheet items (mainly shareholders' equity and sight deposits).

The net liquidity gap resulting from liquidity analysis of assets and liabilities of the Bank as of 31 December 2009 is shown in Note 40.
The gap profile is the difference between assets and liabilities which is calculated for each time-bucket. The results of this calculation are stressed and analyzed through the internal ALM Report or the Group report Structural risk committee.

SG-SSB has a large and diversified deposits base which serves as a large part of mid and long-term financing resources.

- **Structural interest rate**

The interest rate risk is the incurred risk in case of interest rate variations because of all on-and off-balance sheet operations, except operations subject to market risks. Global Interest Rate Risk is corresponding to interest rate on the banking portfolio.

The strategic management of liquidity is done at a high level of senior management (ALCO); review of results on weekly basis in line with competition and economic conditions and also ensure that regulatory requirements are met.

The risk management is supervised by the Group. Limits are defined at Group consolidated level and at the level of each Group consolidated entity, and are validated by the Finance Committee. Finance department of the Group is responsible for checking the risk level of SG-SSB.

The SG-SSB's main aim is to reduce its exposure to structural interest rate risk as much as possible. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set by the Finance Committee. The sensitivity is defined as the variation in the present value of future (maturities of up to 20 years) residual fixed rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for SG-SSB is EUR 1 million (i.e. GHS 1.948 million), which is 1.68% of shareholders' equity.

In order to quantify its exposure to structural interest rate risks, SG-SSB analyses all fixed-rate assets and liabilities on future maturities to identify any gaps. These positions come from their maturities.

Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behaviour (models determined with the contribution of the Group), as well as conventional assumptions for some balances sheet items (mainly shareholders' equity and sight deposits).

Once the Bank has identified the gaps of its fixed-rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to variations in interest rates. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for an instantaneous parallel increase

RISK MANAGEMENT, continued

of 1% of the yield curve.

Throughout 2010, SG-SSB's global sensitivity to interest rate risk following the procedure described above was almost nil (0.04%) of the total balance sheet and largely within the GHS 1.9475 million with a total sensitivity of GHS 0.245 million which represents 0.21% of the total shareholder's equity.

- **Market risk**

Market risk is the risk of losses being incurred as a result of adverse movements in interest or exchange rates and arises in the Bank's treasury activities. Market risk is controlled by interest mismatch and foreign currency open position limits approved by the Executive Committee of the Bank and monitored daily. The foreign currency exposure analysis of the Bank is shown in Note 40.

The bank does not actively trade nor take positions. This risk is managed by the establishment of limits, monitoring of exposures on a daily basis and ensuring that regulatory requirements are met.

The task of the Market Risk Committee is to:

- identify, assess and monitor the market risks generated by transactions made on behalf of:

- the local Financial department (cash, liquid assets, balance sheet hedging) in relation with the Assets and Liabilities Management Committee,

- professional customers (companies and institutional investors),
- define and monitor alert procedures,

- make sure that the Back Office is really independent from the Front Office.

Operational Risk

Operational risk is the exposure to financial or other damage arising through unforeseen events or failure in operational processes and systems. Examples include inadequate controls and procedures, human error, deliberate malicious acts including fraud and business interruption.

These risks are controlled and monitored through system controls, segregation of duties, exception and exposure reporting, business continuity planning, reconciliations, internal audit and timely and reliable management reporting.
Operational procedures are documented in an Operations Manual.

The Bank has established and implemented an integrated Operational Risk (OR) framework comprising (i) Loss Collection policy, (ii) Key Risk Indicators (KRI) policy, (iii) Permanent Supervision policy, (iv) Compliance and anti-money laundering Policy which set out the organizational structure, overall policy framework, processes and systems for identifying, assessing, monitoring and controlling/mitigating operational risks in the bank.

SG-SSB has adopted the SG-Group BCP policy and methodology which is consistent with international standards.

The Bank has also created a comprehensive and independent review of the Business Continuity Planning and Operational Risk processes.

The Operational Risk Committee's task is to identify and assess the impact of operational risks on the smooth running and profitability of the bank, and to define and implement the strategy used to control them by continuously adapting

RISK MANAGEMENT, continued

the methods used to bring them into conformity with regulations in force and Société Générale Group standards.

To achieve this, the committee:

- makes sure that the resources made available to the Operational Risk team are in line with the Bank's level of exposure,
- is responsible for the introduction and satisfactory operation of permanent supervision, and for the bank's Operational Risk control,
- is informed of the main types of operational risks and of the main operating losses recorded over the period,
- monitors the implementation of plans of action intended to correct and reduce Operational Risks,
- validates the findings of regulatory exercises (Risk & Control Self Assessment (RCSA), scenario analysis, KRI), introduces and monitors corrective action plans,
- introduces, maintains and tests the BCP and the Crisis management system,
- makes sure that the work done by Permanent Supervision is of good quality and approves its report,
- takes corrective action in the event of a deterioration in the control environment,
- keeps up to date with legislative and regulatory changes, as well as recommendations relating to periodic control,
- drafts and presents its activity report particularly intended for the Audit and Accounts Committee.

Non Compliance & Reputation Risk and the prevention of Money Laundering

The compliance function ensures that the risks of legal, administrative and/or disciplinary penalties, financial losses or injury to reputation, arising out of or in connection with failure to comply with local or French legislative and/or regulatory banking provisions, ethics and professional practices, as well as SG Group instructions, standards and/or processes are identified and controlled.

The bank's compliance activity is overseen at a high level by a senior management officer, the Head of Compliance and through the Compliance committee chaired by the Managing Director.

The main tasks of the compliance function are namely;

- to define in accordance legal and regulatory requirements, the policies, principles and procedures applicable to compliance and the prevention of money laundering and terrorist financing and ensure that they are implemented;
- to ensure that professional and financial market regulations are respected;
- to prevent and manage any potential conflicts of interest with respect to customers;
- to propose the ethical rules to be respected by all staff;
- to train and advise staff and increase their awareness of compliance issues.

RISK MANAGEMENT, continued

Other Operational Risks

Through its normal activity, the Bank is also exposed to the following risks:

- Business risk: risk of the earnings break-even point not being reached because of costs exceeding revenues

- Strategic risk: risk entailed by a chosen business strategy or resulting from the Bank's inability to execute its strategy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SG-SSB LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SG-SSB Limited, which comprise the statement of consolidated financial position as at 31 December 2010 and the statement of consolidated comprehensive income, statement of consolidated changes in equity and statement of consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 21 to 24 and 34 to 73.

Directors' responsibility for the financial statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179) 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 judgment, 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 and fair presentation of the financial statements 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of SG-SSB Limited as at 31 December 2010 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Ghana Companies Code, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended.

Report on other legal and regulatory requirements

The Ghana Companies Code, 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 company, so far as appears from our examination of those books; and

Independent Auditors' Report to the Members of SG-SSB Limited, continued

iii. The statement of consolidated financial position, statement of consolidated comprehensive income and statement of consolidated changes in equity of the company are in agreement with the books of account.

The Banking Act, 2004 (Act 673) section 78(2) requires that we state certain matters in report. We confirm that:

I. The accounts give a true and fair view of the state of affairs of the Bank and its results for the year

ii. We were able to obtain all relevant information and explanations required for the efficient performance of our functions.

iii. The Bank's transactions were within the powers of the Bank and

iv. The Bank has complied with the provisions of the Banking Act, 2004 (Act 673) as amended.

Ernst & Young

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Ernst & Young
Chartered Accountants
Accra
Date: 17 February 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2010

	Notes	2010 GH¢	2009 GH¢
Revenue	5	**106,973,156**	96,402,812
Interest & Similar revenue	6	**75,731,717**	62,284,913
Interest & similar expense	7	**(10,190,844)**	(10,820,137)
Net Interest income		**65,540,873**	51,464,776
Fees & Commission revenue	8	**22,849,617**	19,935,619
Forex Trading Revenue	9	**5,723,807**	10,806,537
Investment Revenue	10	**110,400**	73,640
Other Operating Income	11	**2,557,615**	3,302,103
Total Operating Income		**96,782,312**	85,582,675
Credit Loss expenses	12	**(6,512,000)**	(4,436,000)
Net Operating Income		**90,270,312**	81,146,675
Personnel expenses	13	**(33,064,230)**	(28,243,941)
Depreciation	26	**(2,953,432)**	(2,786,100)
Amortisation	26a	**(2,668,395)**	(240,818)
Other Operating Expenses	14	**(24,755,789)**	(22,966,246)
Total Operating Expenses		**(63,441,846)**	(54,237,105)
Profit before tax		**26,828,466**	26,909,570
Income tax expenses	15	**(6,116,721)**	(6,943,762)
National stabilization levy	15c	**(1,341,423)**	(672,739)
Profit after tax for the year		**19,370,322**	19,293,069
Other Comprehensive income	41	**1,679,514**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**21,049,836**	19,293,069
Earnings Per Share:			
Basics (GH¢)	16	**GH¢ 0.0580**	GH¢0.0692
Profit for the year attributable to;			
Majority or controlling Equity Holders of the Bank		**10,119,056**	10,078,699
Other Equity Holders of the Bank		**9,251,266**	9,214,370

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2010

		2010	2009
		GH¢	GH¢
Assets	**Notes**		
Cash in hand and cash balances with Bank of Ghana	17	**70,237,458**	70,393,711
Due from banks and other financial institutions	18	**160,181,244**	106,337,437
Financial investments (Government Securities)	19	**104,483,701**	44,378,984
Other assets	20	**13,076,401**	22,519,442
Loans and advances	21	**298,750,342**	296,218,660
Investment in other securities/ available for sale	22	**289,723**	289,723
Current tax assets	24	**2,841,858**	2,353,204
National stabilization levy	24a	**76,065**	52,261
Long term Operating lease prepaid	25a	**4,226,550**	4,374,850
Property, Plant & Equipment	26	**25,417,515**	29,338,605
Intangible assets	26a	**6,331,806**	437,509
Total Assets		**685,912,663**	576,694,386
Liabilities			
Customer deposits	27	**495,397,719**	388,646,975
Due to banks, & other financial institutions	28	**22,014,693**	32,319,372
Interest payable & other liabilities	29	**50,955,401**	46,059,582
Deferred tax liabilities	30	**1,300,507**	1,146,503
Total liabilities		**569,668,320**	468,172,432
Equity			
Stated capital	31	**62,393,558**	62,393,558
Shares deals account		**2,943,755**	2,943,755
Capital Surplus		**9,232,693**	9,232,693
General Regulatory Credit Reserve		**1,370,429**	-
Income Surplus Account		**17,305,300**	17,661,162
Statutory reserve fund		**21,290,786**	16,290,786
Other Reserves	32	**1,707,822**	-
Total Equity		**116,244,343**	108,521,954
Total Liabilities and Equity		**685,912,663**	576,694,386

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2010

	Notes	2010	2009
OPERATING ACTIVITIES		GH¢	GH¢
Profit before Tax		26,828,466	26,909,570
Adjustments for:			
Depreciation	26	2,953,432	2,786,100
Amortisation	26a	2,668,395	240,818
Long term operating lease amortisation	25a	148,300	-
Provision for share base option payment		37,744	-
Exchange (gain)/ loss		6,465	800,901
Dividend from investments		(110,400)	(73,640)
Profit on Sale of Property, Plant and Equipment		(63,005)	(212,648)
Operating Profit before Working Capital Changes		32,469,397	30,451,101
Decrease/ (Increase) in Other Assets		9,443,041	(17,094,587)
Increase in Other Liabilities		4,895,819	18,653,918
Increase in Customer deposit		106,750,744	89,788,412
Increase in Loans and Advances to customers		(2,531,682)	(11,549,030)
Increase in Government Securities		(57,865,364)	(2,328,102)
Decrease in Amount due to banks and other financial institutions		(10,304,679)	(8,224,346)
Changes in Working Capital		50,387,879	69,246,265
Cash from Operations		82,857,276	99,697,366
Income tax paid		(7,020,645)	(7,493,750)
National Stabilization levy paid		(1,365,228)	(725,000)
Net cash flows from operating activities		74,471,403	91,478,616
INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	26	(7,033,625)	(10,205,803)
Purchase of Intangible Assets	26a	(580,339)	(400,460)
Long term operating lease prepaid	25a	-	(4,374,850)
Proceeds from sale of Property, Plant and Equipment		81,935	320,206
Increase in Investments and Government Securities		-	(1,209)
Dividend Received		110,400	73,640
Net cash flows used in Investing Activities		(7,421,629)	(14,588,476)
FINANCING ACTIVITIES			
Proceeds from Rights issue		-	19,557,558
Dividend Paid	33	(13,355,755)	-
Net cash flows (used in) /from Financing Activities		(13,355,755)	19,557,558
Increase in cash & cash equivalents		53,694,019	96,447,698
Net Foreign exchange difference		(6,465)	(800,901)
Cash & cash equivalents as at 1 January		176,731,148	81,084,351
Cash & cash equivalents as at 31st December	37	230,418,702	176,731,148

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2010

DECEMBER 2010

	Stated capital GH¢	Income surplus GH¢	Capital surplus GH¢	Share Deals Account GH¢	Statutory Reserve Fund GH¢	General Regulatory Credit Reserve GH¢	Other Reserves GH¢	Total Equity GH¢
Balance as at 1 January 2010	62,393,558	17,661,162	9,232,693	2,943,755	16,290,786	-	-	108,521,954
Movements during the year:	-	-						
	-							
Profit for the year	-	19,370,322	-	-	-	-	-	19,370,322
Other comprehensive income	-	-	-	-	-	-	1,679,514	1,679,514
share based option payments	-	-	-	-	-	-	28,308	28,308
Dividend paid	-	(13,355,755)	-	-	-	-	-	(13,355,755)
Transfer to statutory reserves	-	(5,000,000)	-	-	5,000,000	-	-	-
Transfer to General Regulatory Credit Reserve	-	(1,370,429)	-	-	-	1,370,429	-	-
Balance as at 31st December 2010:	**62,393,558**	**17,305,300**	**9,232,693**	**2,943,755**	**21,290,786**	**1,370,429**	**1,707,822**	**116,244,343**

DECEMBER 2009

	Stated capital GH¢	Income surplus GH¢	Capital surplus GH¢	Share Deals Account GH¢	Statutory Reserve Fund GH¢	General Regulatory Credit Reserve GH¢	Other Reserves GH¢	Total Equity holders of the bank GH¢
Balance at 1 January 2009	7,000,000	36,615,727	9,232,693	2,943,755	13,879,152	-	-	69,671,327
Movements during the year:								
Transfer to Stated capital	35,836,000	(35,836,000)	-	-	-	-	-	-
Profit for the year		19,293,069						19,293,069
Rights issue	19,557,558	-	-	-	-	-	-	19,557,558
Transfer to statutory reserve	-	(2,411,634)	-	-	2,411,634	-	-	-
Transfer to General Regulatory Credit Reserve		-			-			
Balance as at 31st December 2009	**62,393,558**	**17,661,162**	**9,232,693**	**2,943,755**	**16,290,786**	**-**	**-**	**108,521,954**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

1.1 Nature of Company

SG-SSB Limited (the Bank) is a limited liability company incorporated in Ghana under the Companies Code 1963, Act 179. The Bank is domiciled in Ghana with its registered office at C796 A/3 Asylum Down, Ring Road Central, Accra.

The Bank is authorized and licensed to carry out the business of banking and provides retail banking, corporate banking, investment banking and other financial intermediation activities and specialized financing activities such as leasing and consumer credits through its branches and divisions across Ghana.

The principal activities of the Bank are described in the Directors' Report. Societe General (Group), a bank incorporated in France, is the ultimate parent of the Bank.

The Bank is listed on the Ghana Stock Exchange (GSE). This has enabled the equity shares of the Bank to be traded publicly on the GSE.

1.2 Authorization for publication

The financial statements of the Bank for the year ended 31 December 2010 were authorized for issue in accordance with a resolution of the directors on 17 February 2011.

1.3 Consolidation

SSB Investment Company Limited is a wholly owned subsidiary of SG-SSB Limited. However, the value of the investment is nil as shown in Note 23. Therefore, although this is a consolidated financial statement, the value of the Bank and the Group are the same. The financial statement of the Bank and the group were therefore not shown separately in accordance with IAS 27.

1.4 Compliance with IFRS

The financial statements of the Bank for the year ended 31 December 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants, Ghana and in force at 31 December 2007.

The standards comprise IFRS 1 to 9 and International Accounting Standards (IAS) 1 to 41, and amendments, revisions as well as the interpretations of these standards as applicable as at 31 December 2010.

1.5 IFRS Accounting Policies

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

2. Summary of significant accounting policies

The significant accounting policies applied by SG-SSB Limited in the preparation of the financial statements are set out below.

2.0 Basis of preparation

The financial statements of the Bank have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value, that have been measured at fair value initially and/or subsequently.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

2.1 Investment in associate

An associate is an entity over which the Bank has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
The Bank incorporates the results and the assets and liabilities of the associate in its financial statements using the equity method.

Under the equity method, investment in associates is carried in the statement of financial position at the Bank's share of the net assets of the associate less impairment and distribution by way of dividend. The most recent available financial statements of the associate are used by the Bank in applying the equity method. When the reporting dates of the Bank and the associate are different, the associate prepares, for the used of the Bank, financial statements as of same date as the financial statements of the Bank unless is it impracticable to do so.

2.2 Functional and Presentation currency

The financial statements are presented in New Ghana Cedis [GH¢], which is the functional and presentational currency of the Bank.

2.3 Foreign Currencies Transactions

Transactions denominated in foreign currencies are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss under the heading "forex trading revenue" .
Translation differences on non-monetary items are reported in profit or loss.

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flow as part of the reconciliation of cash and cash equivalents at the beginning and end of the period. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates.

Reference rate

The transaction rates used are the average of the buying and selling of the underlying inter-bank foreign exchange rate as quoted by the Association of Bankers-Ghana.

2.4 Segment reporting

IFRS 8 requires the identification of operating segments to be on the basis of internal reports that are reviewed by an entity's chief operating decision maker to allocate resources to the segment and assess its performance.

Prior to the adoption of IFRS, SG-SSB Limited, though managed on a basis that takes account of the different business lines that dominate the operating activities of the Bank, no segment report was included in the annual report of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

IFRS requires entities whose shares or debts are traded publicly to produce segmental report.

SG-SSB limited is managed on a basis that takes account of the different business lines that dominate the operating activities of the Bank. Major business lines of the Bank include:

a. Retail banking
b. Corporate banking
c. SME banking
d. Treasury/international banking and
e. Leasing.

The Banking activities of the Bank have been segmented into various business lines. The profitability of these business lines is assessed based on the profit and Loss statement produced. These are illustrated in note 42.

2.5 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset.

The residual value is the estimated amount, net of disposal costs that the Bank would currently obtain from the disposal of an asset similar age and condition as expected at the end of the useful life of the asset. No depreciation is provided on land.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

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

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Bank.

The carrying values of property and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property and equipment is the greater of fair value less costs to sell and value in use. 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

Sale of assets held for rental.

Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds of such sales are subsequently shown as revenue. Cash payments on initial recognition of such items and the cash receipts from rents and subsequent sales are all shown as cash flows from operating activities.

2.6 Intangible assets

Computer software

Costs incurred to acquire and bring to use specific computer software licenses are capitalized. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any impairment losses. The amortization period and method for an intangible asset, in this case computer software, are reviewed at least at each reporting date. Changes in the expected useful life in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on the intangible assets is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight line method on the basis of the expected useful lives of the assets which ranges between 4 and 5 years.

The carrying values of intangible assets are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of intangible assets is the greater of fair value less costs to sell and value in use. 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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

2.7 Provisions

{a} General

The Bank recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

If the effect of the time value of money is material, 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.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities and contingent assets are not recognized in the financial statements.

2.8 Employee benefits

The Bank contributes to two defined contribution schemes (the Social Security Fund and the Provident Fund) on behalf of employees.

(a) Social security contributions

This is a national pension scheme under which the Bank pays 12.5% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employer contributions are charged to profit or loss as incurred and included under staff costs.

(b) Provident Fund

This is SG-SSB specific defined contribution schemes under which the Bank contributes 10% of qualifying employees' basic monthly salaries to a fund managed by a trustee on behalf of, and for the benefit of the employees.

All employer contributions are charged to profit or loss as incurred and included under staff costs. The employer's contributions are charged at the relevant due dates to the fund with no further or future obligation on the part of the employer.

2.9 Non-current assets held for sale

Non-current assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are classified as held for sale.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

2.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized:

(a) Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instruments measured at amortised cost, including loans and advances, as interest accrues using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is calculated on initial recognition of the financial asset or liability, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

The calculation includes all amounts for processing and commitment fees paid or received by the Bank that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank retains no part of the loan package for itself or retains a part at the same effective interest rate for all interest-bearing financial instruments, including loans and advances, as for the other participants.

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

{b}Commissions and fees

Commission and fees revenues and expenses that are integral part of financial instruments and are included in the measurement of the effective interest rate are spread over the period of the financial instruments. Commission and fees in respect of services are recognized in the income statement when the related services are performed.

The Bank earns commission and fees from a diverse range of services provided to its customers. Fee revenue is accounted as follows:

- Revenue earned on execution of discrete act (such as funds transfers, special clearing and fees arising from negotiating transaction with third parties) is recognized as revenue when the act is completed.
- Income earned from the provision of services (such as request for special statements, safe custody, COTs and advisory services) is recognized as revenue as the services are provided.
- Fees which forms an integral part of the effective interest rate of a financial instrument (such as commitment and processing fees on corporate loans) is recognized as an adjustment to the effective interest rate.

{c} Dividends

Revenue is recognised when the Bank's right to receive the dividend is established and treated as investment revenue.

{d} Rental Income

Rental revenue is recognised on accrual basis.

{d} Other Operating Income

This is made up of other operating income including bad debt recoveries, profit or loss on sale of plant, property and equipment, income from brokerage services and other miscellaneous incomes.

2.11 Interest Expense

Interest expense is recognized in profit or loss for all interest-bearing financial instruments measured at amortised cost, including loans and advances, as interest accrues using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense.

The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial liability.
The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument. The calculation includes all amounts for processing and commitment fees paid by the Bank that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

2.12 Income tax

Income tax in the profit or loss for the year comprises current tax and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or other comprehensive income, in which case it is recognized in shareholders' equity or other comprehensive income.

{a}Current income tax

Current tax is the tax expected to be payable under the Internal Revenue Act, on the taxable profit for the year, calculated using the tax rates enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Bank intends to settle on net basis and the legal right to set-off exists.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in profit or loss.

{b} Deferred income tax

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated using the rate expected to apply in the period in which the assets will be realized or the liabilities settled. Differed tax assets and liabilities are offset when they arise in the same tax reporting entities and relate to income taxes levied by the same taxation authority, and when a legal right to set off exits in the entity.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in profit or loss.

{c}Value Added Tax –VAT

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the Internal revenue Service is included as part of receivables or payables in the statement of financial position.

2.13 National Stabilisation Levy

Under the National Stabilisation Levy Act, 2009 of Ghana, all companies are required to pay a levy of 5% of their profit before tax towards national reconstruction with effect from July 2009. The Bank has complied with this statutory obligation.

2.14 Classification of financial assets and liabilities

The Bank classifies its financial assets as follows: financial assets held at fair value through profit or loss; loans and receivable; held-to-maturity and available for sale financial assets. However, the classification of financial liabilities is restricted to either held at fair value through profit or loss, or at amortised cost.

2.15 Financial instruments – Initial recognition and subsequent measurement

{a}Date of recognition

Purchases and sale of financial instruments that require delivery of assets within the time frame generally

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

established by regulation or convention in the market place are recognised on the trade date, i.e. the date the Bank commits to purchase or sell the asset.

{b} Initial recognition of financial instruments

Financial instruments are initially recognised at their fair value, plus in the case of financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

{c} Financial assets designated at fair value through profit and loss

Financial instruments held at fair value through profit and loss include all instruments classified as held for trading and those instruments designated as held at fair value through profit and loss.

Debt securities and equity shares acquired principally for the purpose of selling in the short term or which are part of a portfolio which is managed for short-term gains are classified as trading securities and recognized in the statement of financial position at their fair value.

Gains and losses arising from changes in their fair value are recognised in the profit and loss in the period in which they occur.
Other financial assets at fair value through profit or loss are designated as such by management upon initial recognition.
Such assets are carried in the statement of financial position at their fair value and gains and losses recognised in the profit and loss in the period in which they occur.

Financial assets are only designated as at fair value through profit or loss when doing so results in more relevant information because it eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

{d} Available for sale assets

Debt securities including investments in money market and equity shares, other than those classified as trading securities or at fair value through profit or loss, are classified as available-for-sale and recognised in the statement of financial position at their fair value.

Available for sale financial assets are measured at fair value on the statement of financial position, with gains and losses arising from changes in the fair value of investments recognised in other comprehensive income and accumulated in available for sale reserve in equity, until the financial asset is either sold, becomes impaired or matures, at which time the cumulative gain or loss previously recognised in equity is recognised through other comprehensive income into profit and loss.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Bank's right to receive payment is established.

{e} Held-to-maturity assets

Held-to-maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

Financial assets including Government of Ghana Index Linked Bond that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortised cost using the effective interest method, less impairment losses. At the end of December 2010, no investment securities of the Bank have been classified under Held-to- maturity assets.

{f} Loans and advances and receivables

Loans and advances to banks and customers are accounted for at amortised cost using the effective interest method, except those which the Bank intends to sell in the short term and which are accounted for at fair value, with the gains and losses arising from changes in their fair value reflected in profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the effective interest rate.
Loans and advances are initially recognised when cash is advanced to the borrowers at fair value, inclusive of transaction costs.

Subsequent to initial recognition, loans and advances to banks and customers are stated on the statement of financial position at amortised cost using the effective interest method less impairment losses. The amortization is included in 'Interest and similar income' in profit or loss and losses arising from impairment are recognized in profit or loss in 'Credit loss expense'.

{g} Financial liabilities

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss. Non-trading liabilities are recorded at amortised cost applying the effective interest method. Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are accounted for as indicated above.

{h} Determination of Fair Value of Financial Instruments

i) Availability of active market

The fair value of a financial instrument traded in active markets such as the Ghana Stock Exchange (GSE) at the reporting date is based on their quoted market price without any deduction of transaction costs.

ii) Non-availability of active market

Where market prices are not available, the Bank establishes a fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants.

For private equity investments that are not publicly traded, management uses comparisons to similar companies, relevant third party arm's length transactions and other information specific to the investment.

{I} De-recognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Bank has transferred substantially all the risks and rewards of the asset, or

(b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset.

In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.
A financial liability is derecognized when the obligation is discharged, cancelled or expired.

(j) Offsetting

Financial assets and liabilities are off set and the net amount is shown in the statement of financial position, and only when the bank have a legal right to offset the amount and have the intention to settle on a net basis or to realized the asset and settle the liability simultaneously.

2.16 Impairment of financial assets

(a) Framework for impairing financial assets

At each reporting date the Bank assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired. Evidence of impairment may include indications that the borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

(b) Measurement of impairment allowance for credit losses

The Bank assesses and review loans and advances for impairment at each reporting date, in order to determine whether there is objective evidence that a loan or group of loans and advances are impaired. This forms the basis of the amount of impairment allowance arrived at each reporting date.

(c) Loans and Advances and due from banks & other financial institutions

For loans and advances to customers and amounts due from banks and other financial institutions carried at amortised cost, the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

significant.

If the Bank 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, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an Allowance Account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Loans together with the associated allowances are written off when there is no realistic prospect of future recovery and all collaterals have been utilised or has been transferred to the Bank and all the necessary procedures have been completed.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'.
The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system that considers credit risk characteristics, such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

(c) Available-for-sale financial assets
For available-for-sale financial

investments, the Bank assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost.

Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss) is removed from available for sale reserve and recognised through other comprehensive income into profit or loss.

Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income'.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit and loss statement.

2.17 Regulatory General Credit Loss Risk Reserve

Loans & Advances

To cater for any excess of Bank of Ghana's credit loss provision requirements over loans and advances impairments based on IFRS principles, a transfer is made from distributable to non-distributable reserves in the income surplus account, being the regulatory general risk reserve.

The non-distributable regulatory general credit risk reserve ensures that minimum regulatory provisioning requirements as established by the Bank of Ghana are maintained.

2.18 Employees share arrangement

IFRS 2 Share based payments requires the recognition of equity settled-shared based payments at fair value at the date of grant and the recognition of liability for cash settled share based payments at fair value at each reporting date.

The SG-Group have a share option scheme for all employees of the Group. The SG Group issues equity settled share - based options to all employees.

The Group records an expense and a provision through equity, based on the estimates of the expense related to the shares to be granted on a straight line basis over the vesting period. The related deferred tax of the share-based payments expense is recognized through equity at the current corporate tax rate.

As part of Bank policy, the Bank has purchased a number of its own shares to be allocated to its employees. Shares not yet allocated to employees are classified as treasury shares and do not rank for dividend.

2.19 Dividend

Dividends declared are treated as an appropriation of profit in the year of approval while dividends proposed are disclosed as a note to the financial statements.

2.20 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with up to three months' maturity from the date of acquisition, including: cash and non-restricted balances with the central bank of Ghana, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.21 Leasing

The determination of whether an arrangement is a lease or not is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases which do not transfer to the bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in profit or loss on the straight line basis over the lease term. Contingent rental payable are recognised as expense in the period in which they occurred.

2.22 Borrowing

Borrowings by the Bank are initially recognized at fair value and there after stated at amortised cost. Associated net transaction costs of borrowings are recognized in profit or loss over the maturity period of the borrowings.

2.23 Advertising and promotional activities

Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

3 Significant Accounting Estimates, Assumptions & Judgments

In preparation of the financial statements, the Bank makes estimations and applies judgment that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgment is applied include:

3.0 Going concern

The management of the Bank has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the required resources to continue in business for the foreseeable future.

Furthermore, the Bank's management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Consequently, the financial statements continue to be prepared on the going concern basis.

3.1 Fair value of unquoted equity instruments

The unquoted equity instruments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Bank to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

3.2 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

3.3 Impairment of financial assets

The Bank makes an allowance for unrecoverable loans and receivables, held-to-maturity investments and available for sale financial assets when there is objective evidence that the carrying amount may not be recoverable. Significant management judgment is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

3.4 Impairment of non financial assets (including PPE)

The Bank assesses at least at each reporting date whether there is any evidence that non financial assets (including PPE) may be impaired. Where indicators of impairment exist, an impairment test is performed.

This requires an estimation of the 'value in use' of the asset or the cash-generating units to which the asset belong. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the asset or the cash generating unit and also to select a suitable discount rate in order to calculate the present value of those cash flows.

4.0 Standards issued but not yet effective 2010

Standards issued but not yet effective up to the date of issuance of the Bank's financial statements are listed below. This is the listing of standards and interpretations issued, which the Bank reasonably expects to be applicable at a future date. The Bank intends to adopt those standards when they become effective.

4.1 IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application.

The revised standard introduced a partial exemption of disclosure requirements for government related entities. The Bank does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

4.2 IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the Boards work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address classification and measurement of financial liabilities, hedge accounting and derecognition.

The completion of this project is expected in mid 2011. The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets. However, the Bank determined that the effect shall be quantified in conjunction with the other phases when issued to present a comprehensive picture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

4.3 IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset.

The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Bank.

4.4 IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid.

The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Bank.

4.5 Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Bank:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Bank, however, expects no impact from the adoption of the the amendments on its financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS

		2010	2009
5.	**Revenue**	**GH¢**	GH¢
	Interest and similar revenue	**75,731,717**	62,284,913
	Fees & commission revenue	**28,573,424**	30,742,156
	Other income	**2,668,015**	3,375,743
		106,973,156	96,402,812

		2010	2009
6.	**Interest and similar revenue**		
		GH¢	GH¢
	Cash & short term funds	**4,205,523**	2,713,796
	Investment securities (6a)	**14,603,236**	9,780,673
	Loans & advances	**56,922,958**	49,790,444
		75,731,717	62,284,913

		2010	2009
6. a	**Investment securities**		
		GH¢	GH¢
	Bank of Ghana/Treasury bills	**14,589,216**	9,719,141
	Other securities	**14,020**	61,532
		14,603,236	9,780,673

		2010	2009
7.	**Interest and similar expense**		
		GH¢	GH¢
	Savings Accounts	**8,169,988**	8,049,570
	Current Accounts	**512,594**	538,120
	Borrowings	**1,508,262**	2,232,447
		10,190,844	10,820,137

		2010	2009
8.	**Fees and Commission revenue**		
		GH¢	GH¢
	Domestic Operations	**19,805,741**	16,498,270
	Remittance	**1,447,415**	2,099,256
	Cards operations	**1,596,461**	1,338,093
		22,849,617	19,935,619

9. **Forex Trading Revenue**

	2010	2009
	GH¢	GH¢
Net Trading income	**5,730,272**	8,296,882
Revaluation gains/(loss)	**(6,465)**	2,509,655
	5,723,807	10,806,537

NOTES TO THE FINANCIAL STATEMENTS, continued

			2010	2009
10		**Investment Revenue**	**2010**	2009
			GH¢	GH¢
		Dividend received from investment in associate	**110,400**	73,640

11.		**Other operating income**	**2010**	2009
			GH¢	GH¢
		Bad debt recoveries	**1,188,693**	963,833
		Profit on sale of Property, Plant and Equipment	**63,005**	212,648
		Brokerage	**874,010**	690,991
		Miscellaneous & others 11a	**431,907**	1,434,631
			2,557,615	3,302,103

11	a	**Miscellaneous & others**	**2010**	2009
			GH¢	GH¢
		Miscellaneous and Others	**398,166**	1,406,344
		Rent/ Hiring Fees	**24,627**	22,741
		Postages	**9,004**	5,546
		Fee on Lending	**110**	-
			431,907	1,434,631

12		**Credit loss expenses**	**2010**	2009
			GH¢	GH¢
		Specific provision	**8,414,043**	3,551,021
		Charge offs and recovery of specific provisions	**(1,902,043)**	884,979
			6,512,000	4,436,000

13		**Personnel Expenses**		
			2010	2009
			GH¢	GH¢
		Salaries, bonuses & staff allowances	**26,903,338**	22,628,790
		Social Security Fund Contribution	**1,984,915**	1,594,451
		Provident Fund Contributions	**1,533,657**	1,277,694
		Medical	**684,799**	604,712
		Insurance	**123,970**	193,552
		Other Employee Costs (excluding training)	**1,833,551**	1,944,742
			33,064,230	28,243,941

Staff Reorganisation expenses

During the course of the year, the Bank under its voluntary Early Leavers programme terminated the appointment of some of its staff. The total cost to the bank under this programme amounted to GH¢ 139,639 (2009: 0). This amount is included in personnel expenses.

NOTES TO THE FINANCIAL STATEMENTS, continued

14

Other operating Expenses

		2010	2009
		GH¢	GH¢
Directors & Key Management Emoluments		**1,504,005**	1,362,356
Donations		**38,092**	28,891
Advertising and marketing		**699,006**	599,468
Training		**578,261**	410,113
Auditors Remuneration (14b)		**145,404**	163,905
Others:	Office Expenses	**11,974,836**	9,794,630
	Administrative expenses	**4,153,597**	4,578,995
	General expenses	**5,662,588**	6,027,888
		24,755,789	22,966,246

14a. Details of Directors & Key Management Emoluments are disclosed under related party transactions under Note 34c

14b **Auditors' Remuneration**

Auditor's remuneration in relation to statutory audit amounted to GH¢ 145,404 (2009: GH¢163,905).

Audit services

	2010	2009
Statutory Audit	GH¢	GH¢
Total fees paid to Ernst & Young	**145,404**	163,905
	145,404	163,905

The description of the type of services within the category above includes: Audit related regulatory reporting services include services for assurance and other services that are reasonably related to the performance of the audit or review of financial statements.

15 **Income Tax**

Corporate Tax

Analysis of charge for the year

	2010	2009
	GH¢	GH¢
Current Tax (15 & 24)	**6,531,991**	7,657,020
Deferred tax (15a)	**(415,270)**	(713,258)
Charge to income	**6,116,721**	6,943,762

The current tax charge on the profit is based on Ghana's corporate tax rate of 25% (2009:25%)

NOTES TO THE FINANCIAL STATEMENTS, continued

a Deferred Tax

Analysis of charge for the year to profit and loss

	2010 GH¢	2009 GH¢
Balance as at 1st January	**1,146,503**	1,859,761
Deferred tax position as at December	**(731,233)**	(1,146,503)
Charge to profit and loss	**415,270**	713,258

b Analysis of charge for the year to equity

	2010 GH¢	2009 GH¢
Balance as at 1st January	**-**	-
Deferred tax position as at December	**(569,274)**	-
Charge to equity	**(569,274)**	-

c National Stabilization Levy

Analysis of charge for the year

	2010 GH¢	2009 GH¢
Charge for the Year	**1,341,423**	672,739

d Factors affecting the current tax charged for the year

A reconciliation of the charge that would result from applying the standard Ghana corporate tax rate to profit before tax to tax charge for the year is given below

	2010 GH¢	2009 GH¢
Profit before tax	**26,828,466**	26,909,570
Tax charge thereon at Ghana corporate tax rate of 25%	**6,707,117**	6,727,393
Factors affecting charge:		
Tax effect of items not deductible for tax purposes	**1,835,830**	1,062,264
Items of different tax rates	**-**	6,996
Net tax effect of deductible income and unrealised gains	**(276,147)**	(1,021,436)
Adjustment for current tax of prior periods	**-**	881,804
Tax effect of capital allowance	**(1,734,809)**	-
Tax on corporate profit as per note (15)	**6,531,991**	7,657,021
Effective Corporate Income tax rate	**24%**	28%

The tax charge on other comprehensive income is based on Ghana's corporate tax rate of 25% (2009:25%) and 5% (2009: NIL) for national stabilization Levy

16 Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing the profit after tax for the year attributable to the equity holders of the Bank after deducting the weighted average number of treasury shares, held during the year

The following table shows the income and share data used in the calculation of the basic earnings per share

NOTES TO THE FINANCIAL STATEMENTS, continued

	2010	2009
Profit attributable to shareholders of the Bank (GH¢)	**19,370,322**	19,293,069
Weighted average number of outstanding ordinary shares	**333,893,894**	278,730,971
Earning per Share	**GH¢0.0580**	GH¢0.0692

The Bank has no category of dilutive potential ordinary shares.

17 Cash on hand and cash balances with Bank of Ghana

	2010	2009
	GH¢	GH¢
Cash on hand	**20,401,070**	12,719,537
Balance with bank of Ghana	**49,836,388**	57,674,174
	70,237,458	70,393,711

18 Due from banks & other institutions

	2010	2009
	GH¢	GH¢
NOSTRO account balances and Nostro Placements	**60,835,131**	47,291,044
Items in course of collection	**30,346,113**	14,046,393
Placement with local banks	**69,000,000**	45,000,000
Total	**160,181,244**	106,337,437

19 Financial Investments (Government Securities)

	2010	2009
	GH¢	GH¢
Balance as at 1st January	**44,378,984**	42,050,881
Additions	**211,154,364**	202,315,103
Reimbursements/Disposals	**(153,289,000)**	(199,987,000)
Fair value movement during the year	**2,239,353**	-
Balance as at 31st December	**104,483,701**	44,378,984

20 Other Assets

	2010	2009
	GH¢	GH¢
Stationery & consumable stocks	**100,198**	97,309
Prepayments & sundry debtors	**10,325,854**	19,897,828
Deferred Cost	**2,452,711**	2,450,479
Accrued income	**197,638**	73,826
Total	**13,076,401**	22,519,442

21 Loans and Advances

a Breakdown of loans and advances

	2010	2009
	GH¢	GH¢
Overdrafts	**121,498,487**	109,034,212
Term Loans	**178,027,065**	182,659,625
Export bill	**821,013**	1,169,712
Staff Loan	**9,298,327**	7,332,978
Equipment Finance Lease (21e)	**12,456,735**	11,681,668
Gross Loans & Advances	**322,101,627**	311,878,195
Interest in suspense	**(4,708,385)**	(3,528,635)
Less: Allowances for impairments- Note 21f	**(18,642,900)**	(12,130,900)
Total	**298,750,342**	296,218,660

NOTES TO THE FINANCIAL STATEMENTS, continued

All loans have been written down to their estimated recoverable amount. Suspended interest related to such loans amounted to GH¢ 4,708,385 (2009: GH¢ 3,528,635)

Other statistics	2010	2009
i: Loan Loss Provision Ratio	**5.8%**	3.9%
ii: Gross Non-Performing Loan ratio	**8.50%**	3.8%
iii: 50 Largest exposure (Gross Funded Loan & Advances) to Total Exposure	**59%**	60%

c. Analysis by Industry Sectors

	2010 GH¢	2009 GH¢
Agriculture, forestry and fishing	**62,364,453**	51,833,000
Mining and Quarrying	**437,843**	731,939
Manufacturing	**14,777,393**	41,822,801
Construction	**1,404,453**	2,100,687
Electricity, gas and water	**7,215,585**	6,767,056
Commerce & Finance	**30,817,705**	45,049,262
Transport, Storage & Communication	**7,146,018**	13,373,021
Services	**129,093,393**	125,468,867
Miscellaneous	**68,844,784**	24,731,562
	322,101,627	311,878,195

d. Analysis by type of customer

	2010 GH¢	2009 GH¢
Individual	**78,401,736**	65,767,160
Private Enterprise	**183,213,691**	200,743,804
Public Enterprise	**33,021,397**	20,384,279
Government Departments & Agencies	**18,166,476**	17,649,974
Staff	**9,298,327**	7,332,978
	322,101,627	311,878,195

e. Analysis of Present Value of Minimum Finance Lease Receivable

	2010 GH¢	2009 GH¢
Less than one year	**877,567**	201,021
Two to five years	**11,579,168**	11,107,123
More than five years	**-**	373,524
Present value of minimum lease payments receivable	**12,456,735**	11,681,668

f. Impairment Allowance for Loans & Receivables

	2010 GH¢	2009 GH¢
Balance at 1 January		
Increase in impairment	**12,130,900**	11,385,030
Charge offs/ Recoveries/ Releases	**6,512,000**	4,436,000
Balance at 31December	**-**	(3,690,130)
	18,642,900	12,130,900

NOTES TO THE FINANCIAL STATEMENTS, continued

Loan provisioning is carried out in accordance with Bank of Ghana Policy and IFRS guidelines Loan provisioning/impairment is carried out in accordance with Bank of Ghana Policy as well as the principles of IFRS. Loan impairment losses calculated based on IFRS principles are passed through the statement of comprehensive income. When the credit loss provision calculated under IFRS principles is less than what is required under the Bank of Ghana requirement, transfers are made from the income surplus account into the non-distributable regulatory credit risk reserves.

During the year ended 2010, the provisions for bad debts against loans and advances exceeded the provision computed under IFRS guidelines by GH¢1,370,429. This excess amount has been transferred from the income surplus to General Regulatory Credit risk reserve in line with Bank of Ghana regulations.
Under both the Bank of Ghana requirements and IFRS principles of loan impairment, some of the loans were individually assessed for impairment and others were impaired collectively.
Factors considered during the impairment process include revenue growth percentage, gross margin, discounted cash flows and capitalization ratios among others.

22 Investment in other equities

	2010 GH¢	2009 GH¢
Balance as at 1st January	**289,723**	288,514
Additions	**-**	1,209
Balance as at 31st December	**289,723**	289,723

a Details of Investment in equities/available for sale

Principal Affiliate undertakings of SG-SSB Ltd

2010

Name of company	Country of incorporation	Principal Activity	SG-SSB's Interest in Equity	Value GH¢
Vacum Salt Products Ltd	**Ghana**	Production	10%	514
Accra City Hotel Ltd	**Ghana**	Hotel	20%	18,000
Consolidated Discount House Ltd	**Ghana**	Investments	12.09%	1,209
Advans Ghana	**Ghana**	Microfinance	5.81%	270,000
Total				**289,723**

2009	Country of incorporation	Principal Activity	SG-SSB's Interest in Equity	Value GH¢
Name of company				
Vacum Salt Products Ltd	**Ghana**	Production	10%	514
Accra City Hotel Ltd	**Ghana**	Hotel	20%	18,000
Consolidated Discount House Ltd	**Ghana**	Investments	12.09%	1,209
Advans Ghana	**Ghana**	Microfinance	5.81%	270,000
Total				**289,723**

23 Investment in Other Securities

Name of Subsidiary/ Affiliate	Country of incorporation	Principal Activity	SG-SSB Interest in Equity	Value GH¢
SSB Investment Company Limited	Ghana	Investments	100%	Nil

NOTES TO THE FINANCIAL STATEMENTS, continued

24. Current tax assets

2010	Balance 1 January GH¢	Adjustment Reclasification GH¢	Charge for the year GH¢	Payment	Balance 31 December GH¢
Up to 2005	(1,018,300)	-	-	-	(1,018,300)
2006	538,990	-	-	-	538,990
2007	(67,756)	-	-	-	(67,756)
2008	(1,087,604)	-	-	-	(1,087,604)
2009	(718,534)	-	-	-	(718,534)
2010		-	6,531,991	(7,020,645)	(488,654)
	(2,353,204)	**-**	**6,531,991**	**(7,020,645)**	**(2,841,858)**

2009	Balance 1 January GH¢	Adjustment Reclasification GH¢	Charge for the year GH¢	Payment GH¢	Balance 31 December GH¢
Up to 2005	(1,018,300)	-	-	-	(1,018,300)
2006	606,429	(67,439)	-	-	538,990
2007	681,909	(1,631,469)	881,804	-	(67,756)
2008	(1,087,604)	-	-	-	(1,087,604)
2009	-	-	6,775,216	(7,493,750)	(718,534)
	(817,566)	**(1,698,908)**	**7,657,020**	**(7,493,750)**	**(2,353,204)**

Balance is subject to agreement with the Commissioner of Internal Revenue Service

24 a National Stabilization Levy

	2010 GH¢	2009 GH¢
Balance as at 1st January	**52,261**	-
Charge for the Year	**(1,341,423)**	672,739
Payments during the year	**1,365,227**	(725,000)
Balance as at 31st December	**76,065**	52,261

The levy charged on the profit is based on a rate of 5% (2009:5%)

In accordance with the National Fiscal Stabilization Act, 2009, (Act 785) all companies in Banking, Non Bank Financial Institutions, Insurance, Mining, Brewery and Communication are supposed to pay a levy of 5% of profit before tax towards national fiscal stability. Act 785 came into being on 20th July 2009 and the levy is payable on profit before tax for the years ending 2009 and 2010. The levy is payable quarterly. The amount accrued for 2010 is for the 2010 financial year.

25 Long Term Lease

a The Bank as a Lessee

	2010 GH¢	2009 GH¢
Long term operating lease prepaid at 1 January	**4,374,850**	4,449,000
Payments during the year recognised as expense	**(148,300)**	(74,150)
Balance at 31 December	**4,226,550**	4,374,850

b Future minimum lease payments are as follows:

	2010 GH¢	2009 GH¢
Not later than one year	**148,300**	148,300
Later than one year but not later than five years	**593,200**	593,200
Later than five years	**3,485,050**	3,633,350
	4,226,550	4,374,850

Operating lease payments represent rentals payable by the Bank for its land where the Bank is a lessee.

NOTES TO THE FINANCIAL STATEMENTS, continued

26 Property, Plant and Equipment

2010	Land & Building GH¢	Computers GH¢	Furniture & Equipments GH¢	Motor vehicles GH¢	Assets in course of Construction GH¢	Total GH¢
Cost						
Balance as of 1st January 2010	20,315,198	9,828,824	5,681,513	1,390,536	8,415,990	45,632,061
Additions	538,024	312,348	1,248,285	94,694	4,840,274	7,033,625
Transfers	1,330,948	314,986	1,752,449	-	(11,360,057)	(7,961,674)
Write offs / Reversals		(20,686)		-		(20,686)
Disposals		(2,088)	(5,528)	(218,058)		(225,674)
Balance as of 31st December 2010	**22,184,170**	**10,433,384**	**8,676,719**	**1,267,172**	**1,896,207**	**44,457,652**
Depreciation						
Balance as of 1st January 2010	3,636,503	7,714,430	3,758,738	1,183,785	-	16,293,456
Charge for the year	842,900	1,129,372	867,336	113,825		2,953,433
Transfers						-
Disposals & other adjustments	(793)	(978)	(4,158)	(200,823)		(206,752)
Balance as of 31st December 2010	**4,478,610**	**8,842,824**	**4,621,916**	**1,096,787**	**-**	**19,040,137**
Net Book Value 31st December 2010	**17,705,560**	**1,590,560**	**4,054,803**	**170,385**	**1,896,207**	**25,417,515**

Property, Plant and Equipment

2009	Land & Building GH¢	Computers GH¢	Furniture & Equipments GH¢	Motor vehicles GH¢	Assets in course of Construction GH¢	Total GH¢
Cost						
Balance as of 1st January 2009	19,396,428	8,282,470	4,894,736	1,643,598	715,929	34,933,161
Additions	950,585	1,679,120	843,353	134,645	6,598,099	10,205,802
Transfers	126,097	(132,739)	2,446	-	1,724,609	1,720,413
Write offs	(43,549)	(27)	(58,539)	(98)	(622,647)	(724,860)
Disposals	(114,363)	-	(483)	(387,609)	-	(502,455)
Balance as of 31st December 2009	**20,315,198**	**9,828,824**	**5,681,513**	**1,390,536**	**8,415,990**	**45,632,061**
Depreciation						
Balance as of 1st January 2009	2,914,570	6,827,176	3,099,126	1,573,256	-	14,414,128
Charge for the year	870,430	1,059,562	723,751	132,357	-	2,786,100
Transfers	(141,682)	(172,308)	(63,666)	(134,219)	-	(511,875)
Disposals & other adjustments	(6,815)	-	(473)	(387,609)	-	(394,897)
Balance as of 31st December 2009	**3,636,503**	**7,714,430**	**3,758,738**	**1,183,785**	**-**	**16,293,456**
Net Book Value 31 December 2009	**16,678,695**	**2,114,394**	**1,922,775**	**206,750**	**8,415,990**	**29,338,605**

NOTES TO THE FINANCIAL STATEMENTS, continued

26 a **Intangible Assets**
Computer Software

	2010 GH¢	2009 GH¢
Balance 1 January	**2,570,470**	3,890,423
Additions	**580,339**	400,460
Reversals	**20,686**	-
Transfers	**7,961,674**	(1,720,413)
Balance 31December	**11,133,169**	2,570,470

Amortisation

	2010 GH¢	2009 GH¢
Balance 1 January	**2,132,961**	1,980,135
Charge for the year	**2,668,402**	240,818
Transfers & Adjustments	**-**	(87,992)
Balance 31December	**4,801,363**	2,132,961
	6,331,806	437,509

The bank's intangible assets comprises of computer software. As indicated in note 26 above, transfers were made from Assets in course of construction to Computer software during the year. These transfers were in respect of costs incurred on banking software under development that was initially classified as computer software. The amortization periods and key factors considered in determining the useful life are the same as disclosed in note 2.6 above.

27 **Customer Deposits**

a **Analysis by type of deposits**

	2010 GH¢	2009 GH¢
Term deposits	**12,610,971**	11,298,858
Saving accounts	**111,454,991**	86,417,250
Current accounts	**371,331,757**	290,930,867
	495,397,719	388,646,975

b **Analysis by type of customer**

	2010 GH¢	2009 GH¢
Financial Institutions	**19,120,170**	16,285,427
Individuals and other private enterprise	**410,980,875**	334,462,363
Government departments and agencies	**28,321,688**	9,838,331
Public enterprises	**34,199,737**	19,375,908
Others	**2,775,249**	8,684,946
	495,397,719	388,646,975

c **20 large depositors total deposit ratio**

	2010 GH¢	2009 GH¢
20 large depositors total deposit ratio	**34.4%**	21.2%

28 **Due to banks and other financial institutions**

	2010 GH¢	2009 GH¢
Borrowings-Repurchase agreement	**6,742,850**	10,439,035
Borrowings-Credit line	**1,388,095**	2,247,142
European International Bank	**13,304,712**	18,862,144
Ghana Private Sector development Fund	**529,036**	596,051
Edif Managed Fund	**50,000**	175,000
	22,014,693	32,319,372

NOTES TO THE FINANCIAL STATEMENTS, continued

29 Interest Payable & Other Liabilities

	2010 GH¢	2009 GH¢
Creditors	**8,451,664**	9,670,329
Other creditors & provisions	**38,987,670**	33,935,434
Accruals	**2,739,644**	1,357,516
Deferred Income	**776,423**	1,096,303
	50,955,401	46,059,582

30 Deferred Tax: Liabilities

The balance is derived as follows:	2010 GH¢	2009 GH¢
Balance 1 January	**1,146,503**	1,859,761
Charge to profit and loss (15a)	**(415,270)**	(713,258)
Charge equity (15b)	**569,274**	-
Balance 31 December	**1,300,507**	1,146,503

31 Stated Capital

a. Authorized Ordinary Shares

	2010	2010	2009	2009
Number of Ordinary shares of no par value	500,000,000		500,000,000	

b. Issued and fully paid Ordinary Shares

	2010 Number	2010 Amount GH¢	2009 Number	2009 Amount GH¢
Issued and fully paid ordinary shares	**333,893,894**	**62,393,558**		
Issued ordinary shares for cash			17,950,000	72,500
Transfer from Income surplus/capitalization issue			50,010,000	527,500
Transfer from Income surplus/capitalization issue			142,500,000	35,836,000
Other than for cash			3,290,000	6,400,000
Bonus issue			71,250,000	-
Rights issue			48,893,894	19,557,558
	333,893,894	**62,393,558**	**333,893,894**	62,393,558

32 Other Reserves

	2010 GH¢	2009 GH¢
Balance 1 January	**-**	
Share option reserve	**28,308**	-
Available for Sale Reserve	**1,679,514**	-
	1,707,822	-

33 a Dividend declared and paid

	2010 GH¢	2009 GH¢
Equity Dividend on ordinary shares:		
Final Dividend for the preceding year 2009	**13,355,755**	-
Total Dividend Payments during the year	**(13,355,755)**	-
Balance as at 31st December	**-**	-

b Dividend per share

Dividends are treated as appropriation of profit in the year of approval by shareholders. But dividend proposed are disclosed as notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS, continued

34 Related Party Transactions / Disclosures

Nature of transactions and volumes

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. During the year the following transactions were performed with related parties

a Interest paid and interest received from related parties during the year

	Interest Paid	Interest Received
	GH¢	GH¢
Societe General borrowing	18,632	116,940

b Related party balances as at December:

Lending to related parties;	2010	2009
	GH¢	GH¢
Directors	-	-
Officers and Employees other than Directors	9,298,327	7,332,978
Placement with Societe Generale (SG)	30,304,000	45,000,000
Nostro account balances with SG and other subsidiaries	24,512,613	47,291,044
Borrowings from Related Parties		
Societe General borrowing	4,714,875	3,575,000

c Compensation to key management personnel of the Bank

	2010	2009
	GH¢	GH¢
Fees	130,096	122,800
Directors Expenses	154,724	114,606
Salaries & Other Benefits	1,219,185	1,124,950
	1,504,005	1,362,356

d Loans to directors

There were no loans to directors during the period

e Controlling Relationship

Societe Generale (SG) is related by virtue of it's ultimate (100%) controlling interest in SG Financial Services Holding, which has significant controlling interest in the Shareholding in SG SSB Ltd

35 a Contingent liabilities

	2010	2009
	GH¢	GH¢
Guarantees and indemnities	13,274,858	32,062,941
Letters of credit & Others	26,466,592	-
	39,741,450	32,062,941

The Bank's contingent liabilities are commitments undertaken on behalf of the Bank's customers to make payments to third parties in the event of the customer's default in the case of Guarantees, or on the delivery of appropriated documentation by the payment recipient in the case of letters of credit. The value of these contingent liabilities are recorded in the books of the Bank at the fair value required to settle the obligation.

b Undrawn Commitments

	2010	2009
	GH¢	GH¢
Undrawn commitments	1,111,146	-

NOTES TO THE FINANCIAL STATEMENTS, continued

36 a Legal claim

The Bank's lawyers have estimated that the maximum liability from possible legal actions against the Bank may amount to GH¢ 1,899,394 (2009: GH¢ 1,852,100)

b Commitment for capital expenditure

Commitment for capital expenditure for 2011 GH¢ 29,090,000

c Events after the reporting date

There were no major events after the reporting date that materially changed the Bank's position.

37 Cash and cash equivalents

The cash and cash equivalents of the bank as at the end of the year are shown below:

	2010 GH¢	2009 GH¢
Cash on hand	**20,401,070**	12,719,537
Balances with Bank of Ghana	**49,836,388**	57,674,174
Nostro Account Balances	**60,835,131**	47,291,044
Placements and items in course of collection	**99,346,113**	59,046,393
	230,418,702	176,731,148

38 Analysis of financial assets and liabilities by measurement bases (2010)

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Notes 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Designated at fair value through Profit & Loss GH¢	Held to maturity investments GH¢	Available for-sale financial assets GH¢	Loans and receivable GH¢	Total GH¢
2010					
Cash and cash balances with Bank of Ghana	70,237,458				70,237,458
Due from other banks & Financial Institutions				160,181,244	160,181,244
Financial Investments/Government Securities			104,483,701		104,483,701
Loans & Advances				298,750,342	298,750,342
Equity Investments			289,723		289,723
Total financial Assets	**70,237,458**	-	**104,773,424**	**458,931,586**	**633,942,468**
Total non-financial assets					51,970,195
Total Assets					**685,912,663**
Financial Liabilities at Amotised Cost					
Customer Deposits					495,397,719
Due to Banks & other Financial Institutions					22,014,693
Interest Payables & Other liabilities					50,955,401
Total financial liabilities					**568,367,813**
Total non-financial liabilities					117,544,850
Total liabilities and shareholders fund					**685,912,663**

NOTES TO THE FINANCIAL STATEMENTS, continued

Analysis of financial assets and liabilities by measurement bases

Financial assets and which they are assigned, and therefore by the measurement basis:

(2009) Designated at fair value	Held to maturity	AFS financial assets	Loss and		
	through Profit & Loss	investments	for sale securities	receivables	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash balances with Bank of Ghana	70,393,711				70,393,711
Due from other banks & Financial Institutions				106,337,437	106,337,437
Financial Investments/Government Securities			44,378,984		44,378,984
Loans & Advances				296,218,660	296,218,660
Equity Investments (available for sale)			289,723		289,723
Total financial Assets	**70,393,711**	**-**	**44,668,707**	**402,556,097**	**517,618,515**
Total non-financial assets					59,075,871
Total Assets					**576,694,386**
Financial Liabilities at Amortized Cost					-
Customer Deposits					388,646,975
Due to Banks & other Financial Institutions					32,319,372
Interest Payables & Other liabilities					46,059,582
Total financial liabilities					**467,025,929**
Total non-financial liabilities					109,668,457
Total liabilities and shareholders fund					**576,694,386**

39 Maturity Analysis of the assets and liabilities

The table shows summary of assets and liabilities analysed according to when they are expected to be recovered or settled.

2010	Total	Below 3 months	3 to 6 months	6 to 12 months	Above 1 year
Assets	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and balances with Bank of Ghana	**70,237,458**	70,237,458	-	-	-
Due from other banks and financial institutions	**160,181,244**	160,181,244			
Financial investments (Government securities)	**104,483,701**	75,031,694	12,048,796	14,277,590	3,125,621
Other assets	**13,076,401**	5,230,560	3,922,920	2,615,280	1,307,641
Loans and advances to customers	**298,750,342**	262,347,200	1,158,285	5,388,040	29,856,817
Investment in other securities (AFS)	**289,723**	289,723	-	-	-
Current tax assets	**2,841,858**	2,841,858			
National Stabilization Levy	**76,065**	76,065			
Long term operating lease prepaid	**4,226,550**	37,074	37,074	74,148	4,078,254
Property, plant and equipment	**25,417,515**				25,417,515
Intangible assets	**6,331,806**	-	-		6,331,806
Total assets	**685,912,663**	**576,272,876**	**17,167,075**	**22,355,058**	**70,117,654**
Liabilities					
Customer deposits	**495,397,719**	109,240,242	24,161,028	54,291,934	307,704,515
Due to banks and other financial institutions	**22,014,693**	22,014,693		-	-
Interest payable and other liabilities	**50,955,401**	20,378,386	15,283,790	10,189,193	5,104,032
Deferred Tax liabilities	**1,300,507**	-	559,838		740,669
Total liabilities	**569,668,320**	**151,633,321**	**40,004,656**	**64,481,127**	**313,549,216**
Net liquidity gap	**116,244,343**	**424,639,555**	**(22,837,581)**	**(42,126,069)**	**(243,431,562)**
Contingent liabilities	**39,741,450**	**34,388,509**	**3,237,545**	**2,115,396**	

NOTES TO THE FINANCIAL STATEMENTS, continued

2009

Assets	Total GH¢	Below 3 months GH¢	3 to 6 months GH¢	6 to 12 months GH¢	Above 1 year GH¢
Cash and balances with Bank of Ghana	**70,393,711**	70,393,711	-	-	-
Financial investments (Government securities)	**44,378,984**	-	12,378,984	8,000,000	24,000,000
Due from other banks and financial institutions	**106,337,437**	106,337,437	-	-	-
Loans and advances to customers	**296,218,660**	219,257,031	1,323,246	6,585,507	69,052,876
Investment in other securities (AFS)	**289,723**	-		-	**289,723**
Investment in subsidiary	-	-	-	-	-
Other assets (including tax assets)	**24,924,907**	14,861,000	2,711,563	3,033,447	4,318,897
Property, plant and equipment	**33,713,455**	13,998,445	2,771,935	2,411,584	14,531,491
Intangible assets	**437,509**	-	-	-	437,509
Total assets	**576,694,386**	**424,847,624**	**19,185,728**	**20,030,538**	**112,630,496**
Liabilities					
Customer deposits	**388,646,975**	388,132,471	381,384	133,120	-
Due to banks and other financial institutions	**32,319,372**	32,319,373	-	-	
Other liabilities	**46,059,582**	6,326,933	11,729,277	-	28,003,372
Deferred Tax Liability	**1,146,503**	1,146,503	-	-	-
Total liabilities	**468,172,432**	**427,925,280**	**12,110,661**	**133,120**	**28,003,372**
Net liquidity gap	**108,521,954**	**(3,077,656)**	**7,075,067**	**19,897,418**	**84,627,124**
Contingent liabilities	**32,062,941**	**26,526,492**	**475,312**	**5,061,137**	

NOTES TO THE FINANCIAL STATEMENTS, continued

39 Interest Rate Risk Exposure

Interest rate risk exposure is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the financial assets and liabilities with variable/floating interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variable held constant, of the Group's profit before tax (through the impact on the floating rate financial assets and liabilities). There is only an immaterial impact on the Group's equity.

a Interest rate sensitivity analysis

2010

	Increase/Decrease in basis points	Effect on profit before tax	Effect on Equity
GH¢	5%/-5%	3,576,059/(3,576,059)	2,682,044/(2,682,044
USD	7%/-7%	398,182/(398,182)	298,637/(298,637)
GBP	-	-	-
EUR	5%/-5%	28,785/(28,785)	21,589/(21,589)

2009

	Increase/Decrease in basis points	Effect on profit before tax	Effect on Equity
GH¢	5%/-5%	210/(210)	158/(158)
USD	7%/-7%	5,505,245/(5,505,245	4,128,934/(4,128,934)
GBP	6%/-6%	620,177/(620,177)	465,133/(465,133)
EUR	5%/-5%	2,052,921/(2,052,921)	1,539,691/(1,539,691)

40 Currency Exposure

Banks take on foreign currency exchange rates exposure on their financial position and cash flows. The table below summarizes 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

2010	US$	GBP	EURO	Others	TOTAL 2010	Total 2009
Assets	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and balances with Bank of Ghana	6,689,158	2,691,786	5,367,616		14,748,560	18,644,372
Due from other banks and financial institution	36,310,060	4,313,421	19,833,048	306,081	60,762,610	30,377,723
Other Assets	1,930,711	161,530	362,722	-	2,454,963	4,155,228
Loan and Advances to customers	72,917,499	336	9,421,539		82,339,374	81,684,117
Total Assets	117,847,428	7,167,073	34,984,925	306,081	160,305,507	134,861,440
Liabilities						
Due to Customers	93,502,154	6,575,875	33,301,228	179,071	133,558,328	74,205,949
Other Liabilities	4,821,010	400,148	4,028,945	33,578	9,283,681	39,864,606
Due to Other banks and financial Institutions	18,336,557	-	1,071,125		19,407,682	
Total Liabilities	116,659,721	6,976,023	38,401,298	212,649	162,249,691	114,070,555
Net on balance sheet position	1,187,707	191,050	(3,416,373)	93,432	(1,944,184)	20,790,885

NOTES TO THE FINANCIAL STATEMENTS, continued

2009	US$	GBP	EURO	Others	TOTAL 2009	Total 2008
Assets	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Cash and balances with Bank of Ghana	**12,768,881**	2,574,777	3,300,714		**18,644,372**	8,441,443
Due from other banks and financial institution	**16,239,249**	2,572,526	8,136,095	3,429,853	**30,377,723**	25,008,807
Other Assets	**2,758,060**	340,376	1,056,792	-	**4,155,228**	1,573,793
Loan and Advances to customers	**71,338,779**	12,904	10,332,434		**81,684,117**	77,012,592
Total Assets	**103,104,969**	**5,500,583**	**22,826,035**	**3,429,853**	**134,861,440**	**112,036,635**
Liabilities						
Due to Customers	56,402,164	3,343,191	14,441,848	18,746	**74,205,949**	77,438,877
Other Liabilities	31,707,981	394,278	7,731,126	31,221	**39,864,606**	2,461,057
Due to Other banks and financial Institutions	-	-	-	-	**-**	25,547,622
Total Liabilities	**88,110,145**	**3,737,469**	**22,172,974**	**49,967**	**114,070,555**	**105,447,556**
Net on balance sheet position	**14,994,824**	**1,763,114**	**653,061**	**3,379,886**	**20,790,885**	**6,589,079**

Short market positions taken on balance sheet are significantly covered by off balance sheet market positions.
The overall long market position as at the reporting date stood at GH¢ 893,664.

a Exchange rate sensitivity analysis

2010	Change in currency rate	Effect on Profit before tax	Effect on Equity
	%	GHS	GHS
USD	7%/(7%)	118,683/(118,683)	89,012/(89,012)
GBP	6%/(6%)	25,304/(25,304)	18,978/(18,978)
EUR	5%/(5%)	(323,831)/323,831	(242,873)/242,873
Other currencies	5%/(5%)	1,724/(1,724)	1,293/(1,293)

2009	Change in currency rate	Effect on Profit before tax	Effect on Equity
	%	**GHS**	**GHS**
USD	**7%/-7%**	1,481,861/(1,481,861)	1,111,396/(1,111,396)
GBP	**6%/-6%**	234,835/(234,835)	176,126/(176,126)
EUR	**5%/-5%**	64,501/(64,501)	48,376/(48,376)
Other currencies	**5%/-5%**	508/(508)	381/(381)

b. Methods and assumptions used in the computation of Sensitivity analysis

i Foreign currency exposure is assumed to remain at constant values (closing balances at the end of the year).
ii Use of average exchange rate for the year under consideration.
iii Use of pre-determine stress levels (relevant range of stress level) based on extreme or worst case scenarios.
iv There are no changes in the methods and assumptions from the previous periods.
v The current corporate tax rate is applied in determining the effect on profit and equity.

NOTES TO THE FINANCIAL STATEMENTS, continued

41 Other comprehensive income

	2010	2009
	GH¢	GH¢
Gain on available for sale investments	**2,239,353**	-
Deferred tax on gain on available for sale investment	**(559,839)**	-
Net gain on available for sale investment	**1,679,514**	-

Other comprehensive income is derived from fair value gain on available for sale investment in Government treasury bills.

42 Segmental Reporting

2010

	RETAIL	CORPORATE	SME	TREASURY	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢
Revenue					
Interest & Similar Revenue	16,580,498	32,324,128	6,721,378	20,105,713	75,731,717
Interest & similar expense	(5,798,828)	(2,103,472)	(786,968)	(1,501,576)	(10,190,844)
Net Interest Income	**10,781,670**	**30,220,656**	**5,934,410**	**18,604,137**	**65,540,873**
Fees & Commission Revenue	4,859,346	10,975,726	7,014,545	-	22,849,617
Forex Trading Revenue	862,024	-	-	4,861,783	5,723,807
Other Operating Income	985,610	375,110	157,613	1,149,682	2 ,668,015
Total Operating Income	**17,488,650**	**41,571,492**	**13,106,568**	**24,615,602**	**96,782,312**
Credit Loss expenses	(1,628,000)	(3,060,640)	(1,823,360)	-	(6,512,000)
Net Operating Income	**15,860,650**	**38,510,852**	**11,283,208**	**24,615,602**	**90,270,312**
Personnel expenses	(28,861,475)	(852,449)	(1,400,451)	(730,670)	(31,845,045)
Depreciation/Amortization	(4,508,175)	(683,593)	(365,443)	(64,616)	(5,621,827)
Other Operating Expenses	(4,265,670)	(11,956,530)	(2,347,896)	(7,404,878)	(25,974,974)
Total Operating Expenses	**(37,635,320)**	**(13,492,572)**	**(4,113,790)**	**(8,200,164)**	**(63,441,846)**
Profit before tax	**(21,774,670)**	**25,018,280**	**7,169,418**	**16,415,438**	**26,828,466**

43 Capital

The primary objectives of the Bank's capital management are to ensure that the bank complies with externally imposed capital requirements by Bank of Ghana and that the bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders value.

The Bank manages its capital structure and, makes adjustment to it in the light of changes in the economic conditions and the risk characteristics of its activities. In other to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

a Capital Definition

The Bank's capital comprises stated capital raised through offering of shares of the company, share deals account, retained earnings including current year profit and various reserves the company is statutorily required to maintain. As a bank, the company also has regulatory capital as defined below.

NOTES TO THE FINANCIAL STATEMENTS, continued

b **Stated Capital**
This amount is made up of issue of shares for cash and transfers from retained earnings.

c **Income Surplus**
This amount represents the cumulative annual profits after appropriations available for distribution to shareholders.

d **Available for Sale Reserve**
This reserve records unrealized fair value gains and losses on available for sale investment securities.

e **Capital Surplus**
This amount comprises revaluation of Property, Plant and Equipment.

f **Share Deals**
The amount represents transactions in respect of treasury shares.

g **Statutory Reserve**
This is amount set aside from annual profit as a non-distributable reserve in accordance with regulatory requirements.
The transfer of GH¢ 5,000,000 was made to Statutory Reserve Fund for the reporting year
The transfer is in compliance with Section 29 of the Banking Act, 2004 (Act 673).

h **General Regulatory Credit Reserve**
This is amount set aside from retained earnings as a non-distributable reserve to meet minimum regulatory requirements in respect of allowance for credit losses for non-performing loans and advances.

i **Share Option Reserve**
This is amount set aside for future exercise of share options.

j **Other Reserves**
This is made up of the share option reserve and available for sale reserve

k **Regulatory Capital**
Regulatory capital consist of Tier 1 capital, which comprises share capital, share deals account, retained earnings including current year profit, foreign currency translation and minority interests less accrued dividend, net long positions in own share and goodwill. Certain adjustments are made to IFRS-based result and reserves, as prescribed by the Central Bank of Ghana. The other component of regulatory capital is Tier 2 capital which includes revaluation reserves.

l **Capital adequacy**
The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Ghana. The capital adequacy ratio of the Bank as of 31 December 2010 is shown below:

	Actual GH¢	Required by central bank GH¢	Actual GH¢	Required by central bank GH¢
Tier 1 capital	**105,303,828**	60,000,000	**99,289,261**	60,000,000
Other Capital	**10,940,515**	-	**9,232,693**	-
Total capital	**116,244,343**	**60,000,000**	**108,521,954**	**60,000,000**
Capital Adequacy ratio	**24.52%**		24%	

Compliance status of externally imposed capital requirement
During the past year SG-SSB had complied in full with all its externally imposed capital requirements.

44 Analysis of shareholdings

Category	Number of shareholders	Number of shares	Percentage Holding %
1-1,000	**29,987**	11,099,259	3.32
1,001-5,000	**3,560**	10,477,195	3.14
5,001-10,000	**595**	5,517,210	1.65
OVER 10,000	**486**	306,800,230	91.89
Total	**34,628**	**333,893,894**	**100.00**

NOTES TO THE FINANCIAL STATEMENTS, continued

45 Twenty Largest Shareholders

	Shareholders	Number of holdings	Percentage Holding %
1	SG FINANCIAL SERVICES HOLDING	174,420,000.00	52.24
2	SSNIT	73,908,283.00	22.14
3	OFORI DANIEL	24,369,510.00	7.30
4	SCBN/EPACK INVESTMENT FUND LTD - TRANSACTIONS A/C	6,153,202.00	1.84
5	SSNIT SOS FUND	2,706,784.00	0.81
6	AMENUVOR GIDEON	2,147,699.00	0.64
7	STD NOMS (TVL) PTY/ NATIXIS BLEICHROEDER	2,000,000.00	0.60
8	ADJEPON-YAMOAH, BEATRICE E. MRS	1,545,140.00	0.46
9	SCBN/ELAC POLICYHOLDERS FUND	1,051,588.00	0.31
10	JL FALCON GLOBAL FUND	1,000,000.00	0.30
11	SAM ESSON JONAH MR	1,000,000.00	0.30
12	TEACHERS FUND	960,480.00	0.29
13	SCBN/UNIL GH MANAGERS PENSION FUND	800,000.00	0.24
14	SCBN/SSB EATON VANCE TAX-MANAGED EMERGING MARKET FUND	740,000.00	0.22
15	SCBN RE:ELAC SHAREHOLDERS FUND	712,876.00	0.21
16	SIC LIFE COMPANY LIMITED	712,500.00	0.21
17	STRATEGIC AFRICAN SECURITIES LIMITED	659,054.00	0.20
18	MIHL/BOACHIE ADJEI OHENEBA H.	637,920.00	0.19
19	GHANA REINSURANCE ORGANISATION	500,000.00	0.15
20	SCBN/UNIL GH PROVIDENT FUND	480,180.00	0.14
	TOTAL	**296,505,216.00**	**88.80**
	OTHERS	37,388,678.00	11.20
	GRAND TOTAL	**333,893,894.00**	**100.00**

46 Directors Shareholdings

Directors	shareholdings
Mrs Teresa Ntim	1,940 shares

BRANCHES, AGENCIES AND OUTLETS

NAME OF BRANCH	ADDRESS STATUS	PHONE NO.	FAX NO.	STATUS
GREATER ACCRA				
Accra Main	P. O. Box 13119, Accra	0302 223375/222136/ 911022/911013/911021	0302 222136	Branch
Accra New Town	P. O. Box K444, Accra New Town	0302 2228512/228582/ 0302 848054	0302 228512	Branch
Faanofa	P O Box 13119, Accra	0302 234075/220754	0302 234075	Branch
Kaneshie Main	P O Box 13119, Accra	0302 681372/676128	0302 681372	Branch
Spintex Road	P O Box 13119, Accra	0302 934970-1	N/A	Branch
Osu Spot Bank	P O Box 13119, Accra	0302 765143	N/A	Agency
Lotteries	P O Box 13119, Accra	0302 667370/672610	0302 668651/ 0302 672620	Agency
Pig Farm Spot Bank	P O Box 13119, Accra	0302 934972	N/A	Agency
North Industrial Area	P O Box 13119, Accra	0302 22981/222139	0302 229811	Branch
Okaishie	P O Box 13119, Accra	0302 668998/662458	0302 666898	Branch
Premier Towers	P O Box 13119, Accra	0302 668650/667146/ 0302 682207	0302 667147	Branch
Ring Road Central	P O Box 13119, Accra	0302 228381	0302 228381	Branch
Tema Main Comm 2	P O Box Co 2885, Tema	0303 202558/206495/ 0303 201962	0303 201960	Branch
Tema Fishing Harbour	P O Box Co 1668, Tema	0303 204462/202288	0303 204462	Branch
Tudu	P O Box 13119, Accra	0302 671462/663907	0302 671462	Branch
Madina	P O Box 13119, Accra	030 7012922/ 030 7011003 0302 934972	030 7012922	Branch

ASHANTI REGION				
Adum	P O Box 4542, Kumasi	03220 25379/25729/32773	03220 25379	Branch
Kumasi Central	P O Box 4542, Kumasi	03220 24418/23075/ 03220 24418	03220 22602	Branch
Asafo	P O Box 4542, Kumasi	03220 49060/49062	N/A	Branch
Suame	P O Box 4542, Kumasi	03220 91979	N/A	Branch
Tepa	P O Box 74, Tepa	03220 47101/47102	N/A	Agency

BRANCHES, AGENCIES AND OUTLETS

BRONG AHAFO REGION				
Berekum	P O Box 49, Berekum	03522 22261/2222262	03522 22261	Branch
Sunyani	P O Box 1131, Sunyani	03520 27124/27050/ 03520 27366	03520 27124	Branch
CENTRALREGION				
Cape Coast	P O Box 1019, Cape coast	03321 32159/32406/ 03321 32355	03321 32406	Branch
Dunkwa	P O Box 64, Dunkwa	03322 28393/28665	03322 28665	Branch
EASTERN REGION				
Akim Oda	P O Box 325, Akim Oda	03429 22188/22776	03429 22188	Branch
Koforidua	P O Box 987, Koforidua	03420 22236/22778	03420 22778	Branch
NORTHERN REGION				
Tamale	P O Box 192, Tamale	03720 22139/22722	03720 22139	Branch
UPPER EAST REGION				
Bolgatanga	P O Box 344, Bolgatanga	03820 23305/23139/ 03820 22064	03820 22064	Branch
UPPER WEST REGION				
Wa	P O Box 240, Wa	03920 22147/22155	03920 22147	Branch
VOLTA REGION				
Ho	P O Box HP - 360, Ho	03620 26651/28053	03620 28053	Branch
WESTERN REGION				
Adabokrom	P O Box 189, Sefwi Wiawso	N/A	N/A	Agency
Akontombra	P O Box 11, Akontombra	N/A	N/A	Agency
Asankragwa	P O Box 57, Asankragwa	03124 22023/27354	N/A	Agency
Asempaneye	P O Box 189, Sefwi Wiawso	N/A	N/A	Agency
Bibiani	P O Box 58, Bibiani	031 2093031/2093032	N/A	Agency
Essam	P O Box 189, Sefwi Wiawso	N/A	N/A	Branch
Juabeso	P O Box 12, Juabeso	N/A	N/A	Branch
Sefwi Bekwai	P O Box 15, Sefwi Bekwai	N/A	N/A	Agency
Sefwi Wiawso	P O Box 189, Sefwi Wiawso	0244 335553 / 0244 335554	0244 335554	Branch
Tarkwa	P O Box 219, Tarkwa	03123 20951/20950	03123 20950	Branch
Takoradi	P O Box 660, Takoradi	03120 24660/22888	03120 24660	Branch

CORRESPONDENT BANKS

US DOLLAR ZONE

1 **SOCIETE GENERALE**
1221 AVENUE OF THE AMERICAS
NEW YORK, NY 10020

2 **HSBC BANK PLC**
P.O.BOX 181
27 - 32 POULTRY
LONDON, EC2P 2BX

CITIBANK NA

CITIBANK WEST AFRICA
19TH FLOOR ZONE 1
111 WALL STREET
NEW YORK 10043, USA

POUND STERLING ZONE

1 **CITIBANK LONDON**
CITIBANK HOUSE
336 STRAND
LONDON ,WC2R 1HB

2 **NATIONAL WESTMINSTER BANK PLC (NatWest)**
GLOBAL BANKING SERVICES
7TH FLOOR 135 BISHOPGATE
LONDON EC2M 3UR

3 GHANA INTERNATIONAL BANK PLC
69 CHEAPSIDE
P.O.BOX 77
LONDON EC2P 2BB

EURO ZONE

1 **SOCIETE GENERALE**
29 BOULEVARD
HAUSSMAN 75009
PARIS, FRANCE

2 **BHF-BANK**
BOCKENHEIMER LANDSTR. 10
60323 FRANKFURT / MAIN
GERMANY

3 **BANCO POPOLARE SOC COOP**
PIAZZA NOGARA 2,
37121 VERONA, ITALY

4 **CREDIT SUISSE AG**
GIESSHUBELSTRASSE 30
P. O. BOX 100
CH-8070 ZURICH

JPY ZONE

CITIBANK LONDON
CITIBANK HOUSE
336 STRAND
LONDON ,WC2R 1HB

CFA ZONE

1 **SOCIETE GENERALE DE BANQUES**
EN COTE D'IVOIRE
5 ET 7 AVENUE JOSEPH ANOMA
01 BP 1355

2 SOCIETE GENERALE DE BANQUES AU BENIN
AVENUE CLOZEL
01 BP 585 COTONOU
BENIN

CORRESPONDENT BANKS

3 **SOCIETE GENERALE DE BANQUES AU BURKINA**
BP 585 RUE DU MARCHE 4
OUAGADOUGOU, BURKINA FASO 1

ZAR ZONE

ABSA CORPORATE & MERCHANT BANK
ABSA TOWERS NORTH (2W2)
180 COMMISSIONER STREET
JOHANNESBURG 2001
P. O. BOX 1932 JOHANNESBURG 2000
SOUTH AFRICA

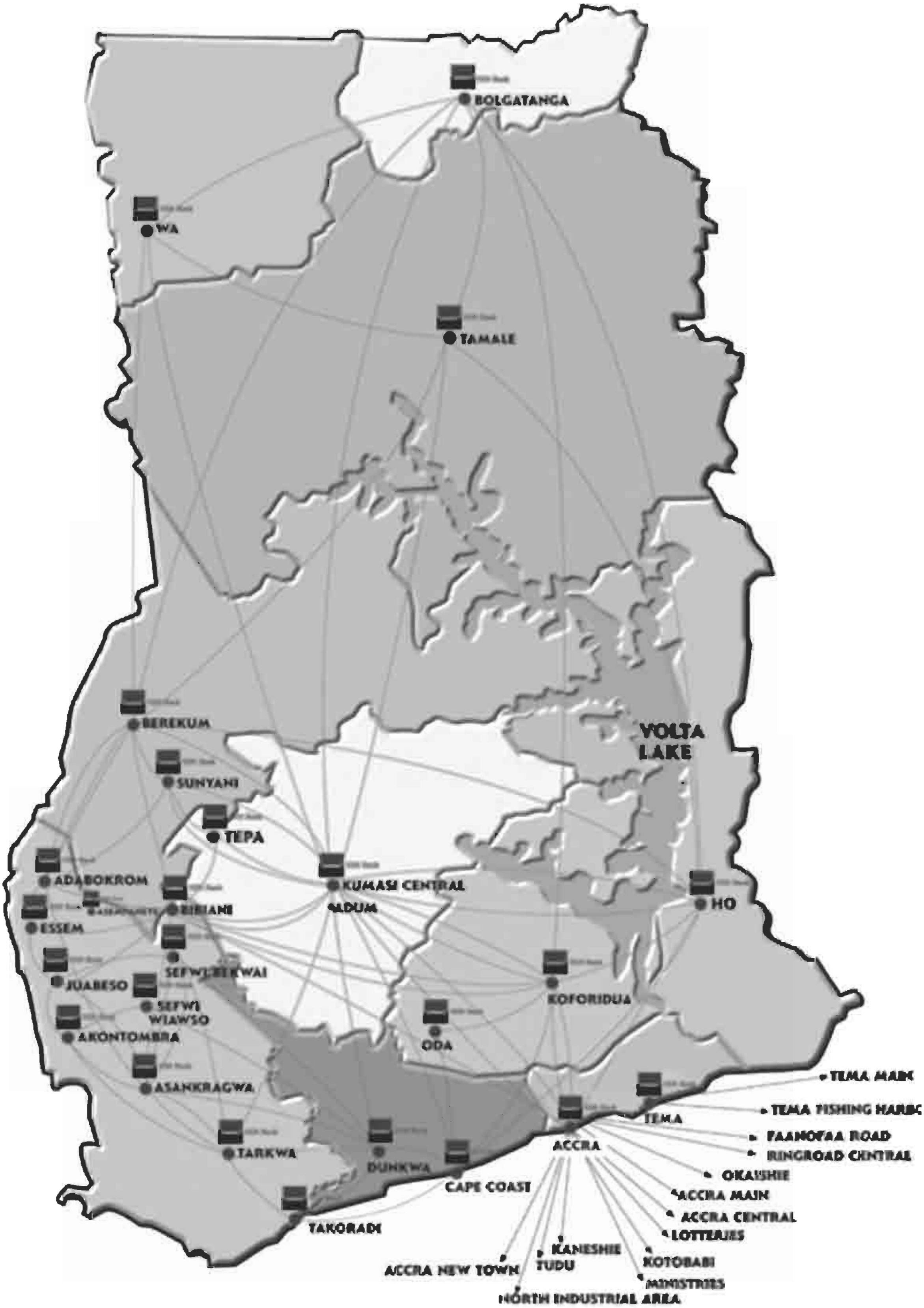
GENERAL CORRESPONDENT

1 **NIGERIA INTERNATIONAL BANK**
A member of Citigroup
1 IDOWU TAYLOR STREET
VICTORIA ISLAND
P. O. BOX 6391
LAGOS
NIGERIA

ING FINANCIAL INSTITUTIONS
AVENUE MARNIX 24
1000 AV BRUSSELS
BELGIUM

SG-SSB's BRANCHES NETWORK IN GHANA

The entire Bank's 42 outlets nationwide are linked up by VSAT/Radio to facilitate easy and quick access to our banking services.



BOARD RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

The Board of Directors will be proposing the following resolutions which would be put to the Shareholders at the Annual General Meeting:

1. **RECEIVE THE 2010 ACCOUNTS**
   The Board shall propose the acceptance of the 2010 Accounts as the true and fair view of the state of affairs of the company for the year ended 31st December 2010

2. **DECLARATION OF DIVIDEND FOR 2010**
   In accordance with Section 73(1) of the Companies Code 1963 Act 179 and Section 36(1) of the Regulations of the Bank, it is hereby proposed that a final dividend in respect of the financial year ended 31st December 2010 of GH¢0.035 per share payable to all shareholders registered in the books of the Company as at the close of business on 30th March 2011.

3. **RE-ELECT DIRECTORS**
   In accordance with Section 298(a) of the Companies Code 1963 Act 179 and Section 88 (1) of the Regulations of the Bank, Messrs Bernard David, Partick Le Buffe, and Teresa Ntim retire by rotation and being eligible; offer themselves for re-election as directors.

   In accordance with Section 72(1) of the Regulations of the Bank Messrs Gilbert Hie, Nii Adja Nablah and Emmanuel Keyeremeh were appointed as Directors during the year and retiring in accordance with the Regulations have offered themselves for re-election.

4. **APPROVE DIRECTORS FEES**
   In accordance with Section 194(1) of the Companies Code 1963 (Act 179) and Section 78 (3) of the Regulations of the Bank it is hereby proposed that the Directors remuneration be paid at such a rate not exceeding an aggregate of GH¢137,000.

5 **APPOINTMENT OF AUDITORS AND AUTHORISATION OF THE DIRECTORS TO DETERMINE THE REMUNERATION OF THE AUDITORS**
   In accordance with Section 134(5) of the Companies Code 1963 (Act 179) and Section 54 (2) (d) of the Regulations of the Bank, the Board of Directors recommend the appointment of Messrs Deloitte and Touche as Auditors of SG-SSB Limited. The Board will request that they fix the fees of the auditors.

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 Thursday 31st March 2011 at 11.00 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 re-elect Bernard David as a Director		
3 To re-elect Patrick Le Buffe as a Director		
4 To re-elect Teresa Ntim as a Director		
5 To re-elect Gilbert Hie as a Director		
6 To re-elect Nii Adja Nablah as a Director		
7 To re-elect Emmanuel Kyeremeh as a Director		
8 To approve Directors' fees		
9 To appoint Deloitte & Touche as Auditors		
10 To authorize the Directors to fix the Auditors' fees		

Signed this .... day of 2011

Shareholder's Signature...

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

NOTES:

1. A member (Shareholder) who is unable to attend the AGM 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.
2. 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.
3. In the case of joint holders, each holder should sign.
4. If executed by a corporation, the proxy form should bear its common seal or be signed on its behalf by a Director.
5. 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.
6. The proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.

THE SECRETARY
SG-SSB LIMITED
P. O. B OX 13119
ACCRA

FOLD HERE

FOLD HERE

sg-ssb.info@socgen.com - www.socgen.com
P. O. B OX 13119, ACCRA-GHANA