SG-SSB

2012 ANNUAL REPORT

BUILDING TEAM SPIRIT TOGETHER

SG-SSB

SG-SSB

SG-SSB LIMITED ANNUAL REPORT & FINANCIAL STATEMENTS 31 DECEMBER 2012

OUR MISSION STATEMENT

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**

TABLE OF CONTENTS

SG-SSB NOTICE AND AGENDA FOR ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **33rd** Annual General Meeting of SG-SSB Limited will be held at the Accra International Conference Centre, Castle Road, Osu, Accra on Tuesday 26th March 2013 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 2012.

2. To declare a dividend for the period ended 31 December 2012.

3. To re-elect Directors.

4. To elect a Director

5. To approve Directors' fees.

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

Special Business
To pass the following as a Special Resolution

7. That the name of the Company be changed from SG-SSB Limited to **SOCIETE GENERALE GHANA LIMITED.**

Dated, this 14th day of February 2013.

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 form of Proxy 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kofi Ampim	Chairman
Gilbert Hie	Managing Director
Borut Vujcic	Deputy Managing Director
Jose Rebollar	Chief Operating Officer
Michel Miaille	Non Executive Director
Arnaud Alric	Non Executive Director
Pierre Wolmarans	Non Executive Director
Teresa Ntim	Non Executive Director
Emmanuel Kyeremeh	Non Executive Director
Nii Adja Nablah	Non Executive Director
Bernard David	Resigned 15th November 2012
Alexandre Maymat	Designate

COMPANY SECRETARY	Angela Nanansaa Bonsu SG-SSB Limited Ring, Road Central, P.O. Box 13119 Accra, Ghana
REGISTERED OFFICE	C796 A/3 Asylum Down, Ring Road Central, Accra P.O. Box 13119 Accra, Ghana
AUDITORS	Deloitte & Touche Ibex Court, 4 Liberation Road P.O. Box GP 453 Airport, Accra Ghana
REGISTRARS	NTHC Limited Martco House P.O. Box KA 9563 Airport, Accra Ghana
COUNTRY OF INCORPORATION	**Ghana**
HOLDING COMPANY	**SG Financial Services, Holding**
ULTIMATE HOLDING COMPANY	**Société Générale incorporated in France**

PICTURES OF THE BOARD OF DIRECTORS

KOFI AMPIM
Chairman

BORUT VUJCIC
Deputy Managing

GILBERT HIE
Managing

JOSE REBOLLAR
Chief Operating Officer

NON EXECUTIVE DIRECTORS

TERESA NTIM
Member

ARNAUD ALRIC
Member

NII ADJA NABLAH
Member

MICHEL MIAILLE
Member

PIERRE WOLMARANS
Member

EMMANUEL KYEREMEH
Member

ALEXANDRE MAYMAT
Member

ANGELA NANANSAA BONSU
Company Secretary

PROFILE OF THE BOARD OF DIRECTORS

Kofi Ampim:

He is the Chairman of the Board of Directors. He holds a Bachelor's degree and a Masters degree 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.

Gilbert Hie:

He is the Managing Director of the Bank. He holds a professional degree in Banking and a Masters degree in Banking 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 30 years with the Société Générale Group serving in different capacities. He joined the Board of Directors of the Bank on 24th November 2010.

Borut Vujcic:

He is the Deputy Managing Director of the Bank. He holds a Bachelor of Economics degree from Karl Franzens University in Austria. Prior to joining the Société Générale Group he worked with Hypo Alpe Adria Bank AG holding the following positions. Customer Account Relationship Manager; Head of Loan Department (Leasing); Member of Project Team establishing Hypo Alpe, Adria Bank DD; Head of Corporate Finance; General Manager. Within the Société Générale Group he has held the following positions. General Manager SKB Leasing; Executive Director Commercial Management SKB DD. He joined the Board of Directors on 27th July 2011.

Jose Rebollar:

He is the Chief Operating Officer of the Bank. He is an Aeronautical Engineer by profession and holds a degree from the Polytechnic University of Madrid. He joined Société Générale in 1994 and has held the following positions: Project Manager IT; Head of Corporate Actions; Head of Middle Office Securities; Head of Custody; Head of Sales; Head of Corporate Actions Back Office; Chief Operating Officer and Chief Administrative Officer in Spain, France and India respectively. He joined the Board of Directors on 27th July 2011.

Arnaud Alric:

He holds an ESC diploma from the Toulouse Business School in France. He joined the Société Générale Group in 1996 and has held the following positions: Regional Marketing Manager; Branch Manager; Marketing Project Manager; Supervisory Board Member; Marketing Director; Marketing and Communication Director and is currently the supervisor of Egypt and Ghana for the Société Générale Group. He joined the Board of Directors on 27th July 2011.

Michel Miaille:

He holds Bachelor's degree in Law. He joined Société Générale in 1971. In 1980-1986 he was the General Manager of Société Générale Nigeria. From 1986 to 1990 he was the General Manager for a Société Générale affiliate in Oman the Middle East. From 1990 to 1994 Mr Miaille was the General Manager for Société Générale Taiwan. From 1994 to 1999, he was the Managing Director for Société Générale Cameroon. His last position was Managing Director of Société Générale de Banques Cote d'Ivoire. He joined the Board of Directors on 26th March, 2003.

Pierre Wolmarans:

He holds LLB and B Com degrees (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.

PROFILE OF THE BOARD OF DIRECTORS, Continued

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.

Emmanuel Kyeremeh:

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

Nii Adja Nablah:

He is a Chartered Accountant by profession and holds an MBA (Finance) from the University of Wales and University of Manchester UK. He has extensive experience in the Implementation and Review of Accounting Systems, Procedures and Controls and Financial Systems Analysis. He is the General Manager Finance at the Social Security and National Insurance Trust (SSNIT). Before joining SSNIT he worked with KPMG, a practicing firm of Chartered Accountants offering Audit, Taxation, Management Consultancy and other services. Directorships held are the NTHC Company Limited, NTHC Properties, and Kumasi Catering Rest House Limited. He joined the Bank's Board of Directors on 24th November 2010

Alexandre Maymat:

(Director Designate): He holds Statistics and Economic Administration degrees from the Polytechnics School and from the National School of Statistics and Economic Administration. He has a vast experience in the public service of France and of the European Union. Within the Société Générale Group has held the following positions. Chief Inspector, Regional Manager of the Franche-Comté area; Director and CEO of Société Générale de Banque in Cameroon; and he is now the Deputy Head of the Group's International Retail Banking Division. He joined the Board on 15th November 2012.

KEY MANAGEMENT PERSONNEL

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

Borut Vujcic
Deputy Managing Director: *Please see section under Board of Directors*

Jose Rebollar
Chief Operating Officer: *Please see section under Board of Directors*

Edmund Wireko Brobbey
Managing Director's Advisor:
He holds a Master of Business Administration (Finance) from the Fordham University, New York USA and a BSC (Management) degree from the New York Institute of Technology USA. He joined the Bank in 1981 and has served in different capacities as Head Corporate Department; Head of Marketing Department; Head Business Development; Head Priority Banking Service; Head Privilege Banking Unit; Head Retail Sales Department and Head Development and Bank Strategy Department. He has over 30 years banking experience.

Yves Foucher
General Manager Credit and Market Risk.
He is graduate of the Centre d'Etudes Superieures de Banques, Paris France. He joined Société Générale in 1985 and worked in several branches of the domestic network before being senior consultant for the Organization Department of Société Générale. He also held the following positions : Head of Organization & Support Société Générale de Banques en Cote d'Ivoire, Abidjan Cote d'Ivoire; Large Corporate Relationship Manager, Société Générale Paris France, Sales Manager of Real Estate Leasing Société Générale, Paris France; and Head of Corporate and Retail Banking Société Générale de Banques en Guinee, Conakry Guinee.

Ibrahim Traore:
Chief Information Officer:
He holds Bachelor in Business Management degree majoring in Management Information Systems (MIS) from the University of Montreal Canada. In the last thirteen years he has built strong expertise in Information System Management, Projects Management and Business Processing Management. He has worked in various capacities as Information System Deputy General Manager in Société Générale Burkina (SGBB) and as Information System General Manager in Société Générale Madagaska (BFV-SG). As the Chief Information Officer he manages five strategic departments: (Information System Security, Production, Research-Development, Network-system and Automation).

Irene Owiredu Akrofi:
General Manager Treasury:
She holds an Executive Master of Business Administration (Finance), a BSc Administration Degree 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 22 year career she has built expertise in retail banking, product development, card payment systems, operational risk management and control, project management, treasury business development and sales, executive management and Asset and Liability Management.

Angela Nanansaa Bonsu:
General Manager Company Secretariat:
She holds a Master of Business Administration second degree from the Middlesex University Business School UK and an honours degree in Law from the Birkbeck College, University of London UK. She is a professionally qualified member of good standing with the Institute of Directors Ghana. She is richly experienced in Company Secretaryship, Compliance, Corporate Governance, Business Integration, Global Employee Share Ownership Programmes, Legal Administration, Human Resource and Project Management with over 20 years experience working in various capacities. As the Company Secretary, Ms Bonsu has oversight responsibility for the Legal Department, manages Communications, Sustainable Development and Corporate Social Responsibility.

KEY MANAGEMENT PERSONNEL, Continued

Eric Mark Owusu:
General Manager Operational Risk and Permanent Control:
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 Ghana Institute of Management and Public Administration. He has a varied background in all areas of Banking i.e. Branch Management, International Banking, Credits and Relationship Management, 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.

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, and a Graduate Diploma all from the Thames Valley University, United Kingdom. He holds a BSc Development Planning degree from the University of Science and Technology, Kumasi. He has over 20 years experience in Generalist and Specialist Role in Human Resource Management.

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 expertise in Project and Change Management and process improvement/ procedure writing with over 16 years experience in the Banking industry. She has managed projects relating to various functions of the banking industry as the Head of Organisation and Support; she is also responsible for providing functional support and maintenance for the Core Banking System

Ben Berko:
Head Corporate Banking:
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 Advanced Economics of Banking [Fin Africa in 1990], and has over 25 years experience in Banking and Finance having joined the industry in 1984. Over the period, he has held Branch Manager positions with the 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.

Kwaku Tweneboa Kodua:
Head Retail Banking:
He is a seasoned Banker with vast Retail Banking experience. He has managed teams spanning from few members to 4000 plus. His most famous role was the Head of Direct Sales in the banking industry where he championed the taking over of the market concept with a dedicated and well drilled sales force known as Direct Sales Agents. He left the Banking industry briefly in 2011 where he took up the position of Chief Operating Officer of the Roverman Productions, the most consistent theatre company in Ghana where he was able to obtain sponsorship syndications with corporate Ghana and thus bringing theatre on a regular basis to Ghanaians. He joined SG-SSB in July 2012.

CHAIRMAN'S STATEMENT

Dear Shareholder,

On behalf of the Board of Directors and Management of SG-SSB, I respectfully present to you the Annual Report and Financial statements of our Bank for the financial year ended 31 December 2012. It is indeed a privilege for me having been appointed Chairman of the Board Directors in November 2012.

ECONOMIC ENVIRONMENT

The global growth over the period remained constrained as the economic crisis lingered amidst weak recovery in most advanced economies. Fragility in financial markets, banking sector challenges and austerity measures continued to dampen growth prospects in the Eurozone. However, the recent announcement by the European Central Bank of plans to purchase bonds in the troubled Eurozone countries provided some initial boost to financial markets and the IMF is seeking to play a key role in the design and monitoring of the programme.

At the start of 2012, the US economy showed increased optimism for a faster recovery. However, subsequent economic data pointed to lower outturns on growth and employment gains due to underlying fiscal challenges. The International Monetary Fund noted that the greatest risk to the global economy is the so-called US 'fiscal cliff' which refers to automatic spending cuts starting from January 2013.

OPERATING ENVIRONMENT

Generally, the heightened uncertainties in the global economy weighed down on the domestic economy.

In spite of the above, promising investment opportunities in the Ghanaian business environment were in the new upstream Oil and Gas sector; Significant opportunities in the mid and downstream of the Oil and Gas sector; and General increase in the Financial Services industry.

Macroeconomic Highlights of the year 2012 performance were a GDP growth of 9.2% compared with the actual growth out turn of 14.4% in 2011.

Foreign investor confidence in Ghana's economy continued to soar over the 2012 period. The show of confidence is in the number of registered investments for the first three quarters of 2012, which recorded 305 projects valued at $4.97 billion. This represents an increase of 6.42% on the value recorded for the same period in the previous year. Of the projects registered, the Foreign Direct Investment (FDI) component amounted to $4.38 billion as against a previous $4.1 billion, representing 6.5% increase.

The Gross International Reserves stood at US$5.2 billion; equivalent to 2.9 months of import cover. This may be compared to the December 2011 position of US$5.4 billion.

The price and volume effects from the major export commodities i.e. cocoa, gold and oil have improved export receipts. Gold prices increased by 28.3% from an average of US$1,571.52 per ounce to US$1,668.98 per ounce. Crude oil prices fell from US$99.0 per barrel in 2011 to US$.93.99 per barrel. This was however notwithstanding the fall in the average price of cocoa by 4.9% from US$2,980.05 per tonne in 2011 to US$2,410.34 per tonne.

The measures put in place by the Bank of Ghana to stem the free fall of the Cedi yielded the desired results. The Cedi's performance over the nine months of the year 2012 indicated significant depreciation against the major trading currencies i.e. US dollar, Pound Sterling and Euro. The last quarter of 2012 however showed a slowdown in depreciation as a result of Bank of Ghana's measures. Between the months of September and December 2012, the Cedi even appreciated slightly against the US dollar and Pound Sterling by 0.9% and 1.5% respectively but depreciated against Euro by 1.1%.

CHAIRMAN'S STATEMENT, Continued

Due to prudent Government fiscal discipline, the single digit inflation level has remained since June 2010, ranging from 8.39% to 9.30%. The lowest single digit rate in the year under review was recorded in February 2012 (8.60%). The year 2012 however started with an inflation rate of 8.70%, reduced further to 8.60% in February before increasing continuously to 9.50% in August. The rate then started declining again until October 2012(9.20%). At the end of November, the inflation rate had increased to 9.30%.

To stabilize the Cedi and reinforce monetary policy stance in 2012, the Bank of Ghana decided to make cedi instruments attractive to investors with the expectation of mopping up excess cedi on the market. This resulted in interest rate continuing to trend upwards in the money market with a continued preference by local investors for short term instruments. The yield on the 91-day Treasury bill grew from 10.81% at beginning of the year to 22.87% at the end of December 2012. The Policy rate over the period was maintained at 15% based on the balance of risks to inflation and growth.

2012 OPERATING RESULTS

Our Bank recorded a Net Profit before Taxation of GH¢41,083,355 from which taxation of GH¢10,817,039 was deducted giving a Net Profit after Tax of GH¢30,266,316. Net Banking Income increased by 19.5% and Current Operating Expenses grew by 11.0%. Shareholders' Funds increased from GH¢150,673,780 to GH¢169,814,305 representing an increase of 14.2%.

DIVIDEND

The Board of Directors have proposed a dividend of GHS0.040 (Four Ghana Pesewas) per share in line with the Regulations of our Bank. This would amount to GHS13,355,755 which represents 93% of distributable profits.

SHARE PERFORMANCE

At the beginning of the year 2012 your Bank's share price was GHS0.47. By the end of the first quarter of 2012 the share price fell to GHS0.44. Thereafter, the bank's share price has increased consecutively over the second and third quarters to GHS0.46 and GHS0.49 respectively. The share price then fell marginally and ended the year December 2012 at GHS0.48.

BOARD OF DIRECTORS

During the year, Mr Bernard David resigned as a Director upon retiring from the services of the Société Générale Group. On behalf of the Board of Directors and Management of our Bank, I thank Mr Bernard David for his immense contribution to the growth of our Bank for the last 4 years. We wish him well and an enjoyable retirement.

Mr Alexandre Maymat on the recommendation of the Board of Directors was appointed as a Director. As required by the Regulations of the Bank will be seeking his election as a Director.

CORPORATE GOVERNANCE

Our Bank is committed to ensuring effective corporate governance. The Companies Code, The Banking Act, Securities and Exchange Regulations as well as the Continuing Listing Requirements of the Ghana Stock Exchange provide us with the regulatory framework for ensuring effective corporate governance, anti money laundering and combating financing of terrorism efforts.

SG-SSB AMBITION 2015

Our Bank in the year 2010 embarked on an SG-SSB Ambition 2015 project encompassing the Client, Operational Efficiency, Staff and Communication. Our Bank under the Staff pillar piloted an automated E-valuation Appraisal process during the year

CHAIRMAN'S STATEMENT, Continued

under review. The E-valuation will be rolled out for all staff in 2013. In summary the year 2012 was a successful year for our Bank with the continual implementation of the SG-SSB Ambition 2015 Project.

OUTLOOK FOR 2013

We are guided by our vision and the strategic objectives of SG-SSB Ambition 2015. The Société Générale Group and SG-SSB are confident and positive about the future of Ghana with its Gross Domestic Product growth; recent oil find and political stability. Our Bank will continue its strategy of sustainable growth with lower risk as we have in place policies, standards, strong internal controls for monitoring risk and the efficient management of costs.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere appreciation to Shareholders and valued Customers for their loyalty, priceless support and patronage during the year. I also wish to thank the hard working management and staff for their continued dedication, commitment, and diligence. To our Regulators we thank you and will continue to work TOGETHER in concert to enable us have an efficient Banking Industry in Ghana.

To all Stakeholders I would respectfully ask you to **CONSIDER US PART OF YOUR TEAM.**

Thank you for your attention.

KOFI AMPIM,
CHAIRMAN

MANAGING DIRECTOR'S REVIEW

Another challenging and successful year has ended and it is my responsibility to present to you a review of our Bank's operations to give shareholders an insight into the performance of our Bank. 2012 was a year of successful change management within the framework of SG-SSB Ambition 2015.

Review of Operations for 2012

During the year 2012 we continued with the implementation of SG-SSB Ambition 2015 premised on the Client, Operational Efficiency, Staff and Communication with the following evolution:-

- Effective collaboration with the Ghana Investment Promotion Centre
- Growth at the Treasury Department due to new product innovation
- Strong performance at Corporate Banking Department
- Revamping of the Small Medium Enterprise Department
- Enhanced trade activities at the International Business Centre
- Implementation of projects at Retail Banking Department
- Strategic initiatives at the Human Resource Management
- Permanent Control Risk Management
- Efficient Credit Risk Management
- Product Development
- The new Quality focus
- Sustainable development and Corporate Social Responsibility

EFFECTIVE COLLABORATION WITH THE GHANA INVESTMENT PROMOTION CENTRE

Our Bank being a member of the Ghana Club 100 continued its collaboration with the Ghana Investment Promotion Centre ("GIPC") by working in concert with the GIPC and complying with all its Regulations. Our Bank's Management and Technical Services Agreement with the Société Générale Group was duly approved and registered with the GIPC. The GIPC subsequently requested the Bank of Ghana to permit our Bank to honour its obligations under the said agreement until 2017. Our Bank is however required to furnish the GIPC, the Bank of Ghana, and the Ghana Revenue Authority with a progress report on the implementation of the agreement prior to honouring the said obligations.

GROWTH AT THE TREASURY DEPARTMENT DUE TO NEW PRODUCT INNOVATION

Our Bank met its prudential reserving requirements throughout the year. With the decline of the Ghana Cedi against USD Bank of Ghana introduced measures in May to arrest the situation. The measures banks had to comply with were: providing 9% reserves for foreign currency deposits in Ghana Cedis, 100% reserving for Vostro balances and enforcing restrictions on foreign banks' access to local currency funding. The impact on these measures on our Bank was local currency liquidity constraints as our Bank had to provide more GHS in reserves. This came with obviously substantial indirect cost to the bank.

Despite market liquidity constraints, our Bank remained a net lender only borrowing on short term basis to fill any gaps.

Foreign Exchange: From a beginning mid rate of USDGHS 1.59 the local currency depreciated to close the year at 1.88, a decline of 15.68%, which was only supported by appreciation in the last two months of the year, heading for an anticipated depreciation of 18%. The first full year of trading foreign exchange forwards and SWAPs helped address customers' need to hedge their exposures to foreign currency volatility and added significantly to foreign exchange income. This product is to be further developed in 2013 with a widened customer base.

Interest Rates: Benchmark 91 day Treasury yield which begun the year at 10.81% barely continued steady till February when the pressure begun to mount. Increases were progressively up and by

MANAGING DIRECTOR'S REVIEW, Continued

June the rate had doubled to comparable periods the previous year at 20.68%. The rapid increase in interest rates compensated for the falling volumes in investment securities and placements. The bank actively traded bonds on the Retail market and again 2012 was the first full year of bond trading and performance here was also strong.

STRONG PERFORMANCE AT CORPORATE BANKING

Corporate Banking Department experienced a strong performance in all key areas during the year under review, on the back of the foundation laid in 2011 and new initiatives pushed through in 2012. The specific actions included recruitment of new staff, renewed orientations and re-aligning business processes to improve market presence and client satisfaction. The new process flows released the team to refocus attention more on their core activity of asset acquisition and client relationship management.

As a result, gross Credit portfolio recorded a bullish 48% growth over the 2011 position, tipping over the 2012 budget. This growth was experienced across Term Loans, Finance Leases, and Working Capital financing for key economy sectors, targeting both existing and new clients. It is important to note that the aggressive asset growth was achieved with a commensurate discipline in Risk management to keep the NPL ratio under control.

Deposit trend witnessed a positive evolution in 2012, and posted a 56% growth. The unit embarked on mobilization from new clients to meet the asset growth and investments during the year.

In response to the needs of the market, the Corporate Banking Department collaborated with Treasury Department and International Banking Centre to propose new FX Hedging solutions to promote Trade Finance opportunities with clients to better manage the volatile FX market. FX Hedging will become more relevant in the ensuing period as development of Trade Finance business will be a key activity in 2013 onwards for the bank.

REVAMPING OF THE SME BUSINESS UNIT

The year under review saw a re-shaping of the SME business unit. Steps in this direction included the cleaning up of the credit portfolio, beefing up of the team and reviewing of our credit delivery processes to be more responsive to customer needs. An Agence Française de Développement (AFD) sponsored project was initiated to develop our SME business. The project covered a market study to help understand the dynamics of the Ghanaian SME market, development of capacity of staff involved in the handling of SME files and re-engineering of the credit delivery process for efficiency.

IMPLEMENTATION OF PROJECTS AT THE RETAIL BANKING DEPARTMENT

The period under review saw the implementation of the Retail Universal Banking Initiative ("RUBI") Quality Service and Sales Project which started the previous year. In line with the objective of re-orienting the network from a process-driven organization to a sales and service focused one, two key roles at the heart of this unit were introduced. One of them is the Universal Relationship Officer who is now the first point of contact at our branches for all sales and service activities. The other role is the Territorial Unit Head (TUH). This position is occupied by experienced managers with strong orientation in sales and service who are responsible for coordinating and managing the sales and service activities of a cluster of branches.

The Retail Department has also been working on improving operational efficiency. The business took up the training of its staff on Know Your Customer, Anti-Money Laundering, Operational Risk and other related matters that impact on regulatory matters, as well as the smooth operation of our branches. The business will continue to reorganize and evolve to adequately meet the challenges and competition presented by the industry.

MANAGING DIRECTOR'S REVIEW, Continued

ENHANCED TRADE ACTIVITIES AT THE INTERNATIONAL BUSINESS CENTRE

The year under review recorded improvement in trade activities as well as better financial returns as compared to year 2011. The year 2012 was challenging with a comparatively hazy domestic and global economic and financial environment. Overall commissions increased by 25.3% over 2011 figures. Export transfer transactional values recorded a 22% increase over the 2011 figures. Commissions earned from the export sector witnessed also a 14.5% increase over and above the 2011 figures. Import transfer services recorded in transactional value an increase of 10% compared to the 2011 figures and recorded an 11% increase in commissions over the previous year. Import Documentary Collections recorded a 10% decrease in transaction values and 8% decrease in commissions. Export Documentary Collections decreased in value by 7% compared to 2011. There was an increase of 12% in the value of Export Letters of Credit received. However, commissions decreased by 2%. Import Letters of credit increased significantly in value terms by 40% and also recorded a 26% increase in commissions.

HUMAN RESOURCE MANAGEMENT

The Human Resource Management Department undertook strategic initiatives that supported the growth of our Bank. Conscious efforts were made to strengthen the human resource base through recruitment into key positions

Our Bank also successfully piloted the new electronic appraisal system rolled out by the Société Générale Group called "E-valuation". This new approach seeks to measure the behavioural aspect of employee performance, together with the operational performance. Plans have been put in place to roll out the electronic tool to the rest of employees.

Looking to improve the effectiveness of communication as part of the Employee Barometer action points under SG-SSB Ambition 2015, quarterly meetings were instituted for Top Management to meet Heads of Departments, Branch Managers and selected Line Managers to discuss both the Bank's quarterly financial performance as well as the SG-Group results, besides posting the information on the intranet. A more regular interaction between Top Management and the Network also begun through monthly meetings providing for top-down as well as bottom-up communication.

The year saw the implementation of the prestigious SG-SSB Awards Scheme which recognized outstanding achievements in various aspects of our operations and employee behaviour. In a move to highlight the importance of the award in the Bank, some of the quarterly ceremonies were attended by members of the Board of Directors, who presented various awards to deserving employees for their outstanding performances.

In the pursuit to develop employees for effectiveness and remain competitive, 31,229 hours were spent on staff training. Significant part of the time was devoted to training employees in Anti-Money Laundering/KYC to sharpen the skills of our staff and ensure compliance with our regulators.

PERMANENT CONTROL'S RISK MANAGEMENT

The Permanent Control and Operational Risk management framework remained robust as new products were delivered during the year and the existing and emerging risks continued to be monitored and controlled leading to a significant decline in operational risk losses during 2012.

CREDIT RISK MANAGEMENT'S REDUCTION IN NON PERFORMING LOAN ("NPL") RATIO

Our Bank had an improvement in the NPL ratio over the period. The NPL ratio was reduced to 7.47% in December 2012 from 8.17% in December 2011. This was accomplished on the back of intensified collections on delinquent files, proactive follow-

MANAGING DIRECTOR'S REVIEW, Continued

up on potentially sensitive clients by the business units, an improvement of facility monitoring bank-wide and an increase in loan portfolio.

In line with the our Bank's policy, the provisions have been made for all delinquent facilities in addition to a base portfolio provisioning done in 2012 for all sensitive and potentially sensitive clients.

PRODUCT DEVELOPMENT

The year 2012 turned out to be a very eventful one for our Bank in terms of projects to implement new banking products, reorganize departments and improve operational efficiency. New products launched within the year include the Factoring Product, the Interactive Voice Response ("IVR") Call Centre and the Short Message Service ("SMS") Banking Product. The Securities & Exchange Commission and National Pensions Regulatory Authority also granted our Bank all the required Licenses, to offer custody services to our cherished customers

Our Bank successfully partook in the Ghana Interbank Payment and Settlement System (GHIPSS) National Switch project and is among the Banks that are live on the GHIPSS GH-link project which enables your Bank's Automated Teller Machine ("ATM") to be used by other Bank customers with Proprietary ATM cards.

THE NEW QUALITY FOCUS

In 2012, the Quality and Claims Management Unit was created to replace the existing Quality Assurance Unit. The objective was to expand the scope of the management of quality within our bank. The Unit provided an orientation on quality to staff within the Retail network with the objective of ensuring improvements in processes and service. The focus was on operational efficiency, product knowledge, professionalism and customer service. A dedicated Complaints Management Desk was created to ensure the prompt resolution of customer complaints.

SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILTY ("CSR")

At our Bank, Sustainable Development is defined as a form of economic development which meets the needs of current generations without compromising the needs of future generations, through a responsible approach that takes into consideration the interests of all stakeholders and the environment. Further we interpret CSR as To Care; To Share; and To Respect. CSR is a day to day activity and is viewed from an internal and external perspective. Internally from the perspective of the Bank's core business of lending, care for employees, staff, working conditions and respect. Externally, the Bank helped with the sponsoring of sports, health, education, art and culture and the environment. Donations under CSR cover Business Development, Philanthropic, Government Relations, and Cultural Reasons.

We have developed measures aimed at consistently improving and applying our Bank's CSR policy through corporate governance which is focused on keeping current practices evolving in line with the Bank's requirements, enhanced risk management controls, a well-developed compliance system and strict internal control processes.

Our Bank aims to be a reference point in the Ghanian Banking Industry for our clients by adopting a responsible attitude; By incorporating social and environmental considerations into our business practices; By being a responsible employer, conscious of the well-being and professional development of our staff and managing staff development; By being an efficient manager of resources used to achieve its objectives; By monitoring and minimizing the direct impact of the our bank's activities on the environment; by managing and reducing the direct impact of our activities on the society. Our bank is committed to and respects the environment and fundamental human rights and social principles in all its operational areas.

MANAGING DIRECTOR'S REVIEW, Continued

APPRECIATION

Finally, I would like to thank the Board of Directors for their support, my Executive Management Team and all staff of our Bank for their efforts and professionalism in contributing to our achievement in 2012. I am confident that the strategies we have put in place will allow the bank to achieve sustainable growth as we continue **BUILDING TEAM SPIRIT TOGETHER.**

Thank you.

GILBERT HIE
MANAGING DIRECTOR

REPORT OF THE DIRECTORS

FINANCIAL HIGHLIGHTS

The directors in submitting to the shareholders the financial statements of the Bank for the year ended 31st December 2012 reports as follows:

	2012 GH¢	2011 GH¢
The Bank recorded net profit before taxation	**41,083,353**	**32,958,977**
From which is deducted taxation of	**10,817,039**	**10,086,947**
Giving a net profit after taxation of	**30,266,314**	**22,872,030**
There was transfer to statutory reserves of	**15,133,158**	**5,000,000**
Leaving a profit for the year after taxation and transfer to statutory reserves of	**15,133,156**	**17,872,030**
When added to the opening balance on the income surplus account as of 1 January of	**17,988,516**	**17,305,300**
And adjusting it with transfer from capital surplus	**1,169,444**	**-**
And adjusting it with prior year adjustment	**2,193,383**	**-**
From which is deducted final dividend paid of	**13,355,755**	**11,686,286**
Leaving a balance of	**23,128,744**	**23,491,044**
Out of which transfer to general regulatory credit reserve of	**4,141,299**	**3,309,145**
Out of which other movements made during the year	**-**	**2,193,383**
It leaves a closing balance on the income surplus account of	**18,987,445**	**17,988,516**

REPORT OF THE DIRECTORS, Continued

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, Mrs Teresa Ntim, Mr Emmanuel Kyeremeh, and Mr Nii Adja Nablah by rotation and being eligible; offer themselves for re-election as directors.

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.

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

Nii Adja Nablah: He is a Chartered Accountant by profession and holds an MBA (Finance) from the University of Wales and University of Manchester UK. He has extensive experience in the Implementation and Review of Accounting Systems, Procedures and Controls and Financial Systems Analysis. He is the General Manager Finance at the Social Security and National Insurance Trust (SSNIT). Before joining SSNIT he worked 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 Bank's Board of Directors on 24th November 2010

Election of a Director

In accordance with Regulation 72(1) of the Regulations of the bank Mr Alexandre Maymat who was appointed during the year offers himself for election.

Alexandre Maymat: (Director Designate): He holds Statistics and Economic Administration degrees from the Polytechnics School and from the National School of Statistics and Economic Administration. He has a vast experience in the public service of France and of the European Union Economic. Within the Société Générale Group has held the following positions. Chief Inspector, Regional Manager of the Franche-Comté area; Director and CEO of Société Générale de Banque in Cameroon; and he is now the Deputy Head of the Group's International Retail Banking Division. He joined the Board on 15th November 2012.

REPORT OF THE DIRECTORS, Continued

Subsidiary

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

The Registrar of Companies has granted a waiver under Section 137(3)(b)(iv) of the Companies Code 1963 (Act 179) of the requirments for consolidation of the accounts of the Bank with that of the subsidiary.

Dividend

The Board of Directors have proposed a dividend of GHS0.4 (Four Ghana Pesewas) per share in line with the Regulations of the Bank. This would amount to GH¢13,355,756 which represents 93% of distributable profits.

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 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

In accordance with Section 134(5) of the Companies Code 1963, Deloitte and Touche has agreed to continue in office as the bank's auditors. A resolution to authorise the directors to determine the remuneration for the year ended 31 December 2012 will be proposed at the Annual General Meeting.

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in Note 50 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 and Accounts Committee

In line with its Corporate Governance principles, the Board has an Audit and Accounts Committee made up of the following non-executive directors:

Michel Miaille	-	Chairman
Kofi Ampim	-	Member
Teresa Ntim	-	Member
Arnaud Alric	-	Member
Nii Adja Nablah	-	Member
Emmanuel Kyeremeh	-	Member

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

In attendance at Audit Committee meetings are the Managing Director, Deputy Managing Director, Chief Operating Officer, Head of Audit Department, Head of Permanent Control Department 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 directors:

Teresa Ntim	-	Chairman
Kofi Ampim	-	Member
Nii Adja Nablah	-	Member
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.

REPORT OF THE DIRECTORS, Continued

Compliance with Securities and Exchange Commission Regulations

The Bank has complied with the regulations of the Securities and Exchange Commission (L.I. 1728 Regulation 61) and has submitted to the Commission as requested, two (2) reports of the Audit and Accounts Committee for the year 2012. 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 Audit 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
- Audit 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
(Kofi Ampim)
ACCRA

....
MANAGING DIRECTOR
(Gilbert Hie)
ACCRA

14 February 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 Bank 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 Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank 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 Bank 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 27, 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 risk, 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 frequency of meetings 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

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

Internal Audit

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

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

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical

RISK MANAGEMENT, Continued

and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank also manages its counter party risk through adherence to Bank of Ghana 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 than 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 (at least yearly) 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 Société Générale 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:

- analyze 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

Total Credit approval amount for 2012 was GH¢696.69million; an increase of 30.7% compared to GH¢532.97million recorded in 2011. The volume of files also increased by 4.8%; from 12,145 files in 2011 to 12,728 files in 2012.

At the same time, there has been a consistent improvement in the Non Performing Loan ratio over the period. NPL ratio (Bank of Ghana regulations) reduced to 7.47% in December 2012 from 8.17% in December 2011. This was accomplished on the back of intensified collections on delinquent files, proactive follow-up on potentially sensitive clients by the business units and a general improvement of facility monitoring bank-wide following the Recovery Project.

RISK MANAGEMENT, Continued

In line with the bank's policy, the provisions have been made for all delinquent facilities in addition to a base portfolio provisioning done for all sensitive and potentially sensitive clients.

The Net Cost of Risk increased in absolute terms to GHS 3.9 million as a result of the increase in scope in December 2012 from GHS 3.3 million as at December 2011 however there was steady improvement in basis point of the Net Cost of Risk from 89.42 bp to 71.21 bp.

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.

The net liquidity gap resulting from liquidity analysis of assets and liabilities of the Bank as of 31 December 2012 is shown in Note 39.

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 deposit 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 Credit Risk 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 2.4858 million), which is 1.45% 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.

Once the Bank has identified the gaps of its fixed-rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to variations in interest rates. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for an instantaneous parallel increase of 1% of the yield curve.

Throughout 2012, SG-SSB's global sensitivity to interest rate risk following the procedure described above was 0.31% of the total balance sheet and beyond the GHS 2.4858 million with a total sensitivity of GHS 3.382 million which represents 1.97% 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

RISK MANAGEMENT, Continued

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 41.

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 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

RISK MANAGEMENT, Continued

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 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 with 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.

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.

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Independent auditors' report

To the members of SG-SSB Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SG-SSB Limited, which comprise the Statement of Financial Position as of 31 December 2012, the Statement of Comprehensive Income and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, the Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) and the Banking (Amendment) Act, 2007 (Act 738). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 procedure selected depends 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 financial statements present fairly, in all material respects, the financial position of SG-SSB Limited as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Deloitte.

Independent auditors' report - continued

To the members of SG-SSB Limited

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 Bank, so far as appears from our examination of those books; and
iii. The Statement of Financial Position and the Statement of Comprehensive Income and Income Surplus accounts of the Bank 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 period.
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 its powers and
iv. The Bank has generally complied with the provisions of the Banking Act, 2004 (Act 673) as amended by Banking (Amendment) Act 2007 (Act 738) except for instances documented in note 49.

Andrew Opuni-Ampong
Practising Certificate: Licence No. ICAG/P/1132

Deloitte & Touche
Licence No. ICAG/F/026
Chartered Accountants
Accra – Ghana

05 March *2013*

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2012

	NOTES	2012 GH¢	2011 GH¢
Total Revenue	5	**150,244,718**	124,080,061
Interest & Similar Revenue	6	**91,998,759**	81,912,452
Interest & Similar Expense	7	**(17,461,225)**	(13,556,856)
Net Interest Income		**74,537,534**	68,355,596
Fees & Commission Revenue	8a	**34,283,596**	26,956,477
Fees & Commission Expense	8b	**(5,185,284)**	(4,049,971)
Net Commission Income		**29,098,312**	22,906,506
Forex Trading Revenue	9	**16,521,447**	12,918,704
Investment Revenue	10	**55,350**	73,600
Other Operating Income	11	**7,032,310**	2,218,828
Total Other Operating Income		**26,609,107**	15,211,132
Total Operating Income		**127,244,953**	106,473,234
Credit Loss Expenses	12	**(5,346,032)**	(907,947)
Net Operating Income		**121,898,921**	105,565,287
Personnel Expenses	13	**(44,290,406)**	(36,658,980)
Other Operating Expenses	14a	**(29,189,924)**	(29,578,076)
Depreciation	26a	**(4,619,448)**	(3,630,842)
Amortization	26b	**(3,069,046)**	(3,058,140)
Total Operating Expenses		**(81,168,824)**	(72,926,038)
Net Operating Profit		**40,730,097**	32,639,249
Share of Profit of Associate	22	**353,256**	319,728
Profit before Tax		**41,083,353**	32,958,977
Income Tax Expenses	15a	**(10,817,039)**	(8,454,985)
National Reconstruction Levy	15c	**—**	(1,631,962)
Profit for the Year		**30,266,314**	22,872,030
Other Comprehensive Income	43	**(274,054)**	(1,506,992)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**29,992,260**	21,365,038
Earnings Per Share:			
Equity shareholders of the Bank			
Basics (GH¢)	16	**GH¢0.0906**	GH¢0.0675
Profit for the Year attributable to:			
Owners of the Bank		**15,811,122**	11,948,348
Non-Controlling Interest		**14,455,192**	10,923,682
		30,266,314	22,872,030
Total Comprehensive Income for the Year attributable to:			
Owners of the Bank		**15,667,957**	11,161,096
Non-Controlling Interest		**14,324,303**	10,203,942
		29,992,260	21,365,038

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012

	NOTES	2012 GH¢	2011 GH¢
Assets			
Cash on Hand and Cash Balances with Bank of Ghana	17	**181,127,380**	125,508,159
Due from Banks and Other Financial Institutions	18	**180,787,174**	110,457,803
Financial Investments	19	**120,448,594**	174,503,218
Other Assets	20	**7,534,514**	8,056,117
Loans and Advances	21	**520,100,260**	344,545,558
Investment in Associate	22	**3,240,393**	2,887,137
Unquoted Equity Investments	23	**408,223**	408,223
Current Tax Assets	24a	**2,365,961**	3,356,852
National Stabilization Levy	24b	**195,653**	271,718
Long Term Operating Lease Prepaid	25	**3,929,950**	4,078,250
Property, Plant & Equipment	26a	**67,914,664**	63,339,491
Intangible Assets	26b	**711,146**	3,664,678
Deferred Tax	15b	**162,635**	—
Total Assets		**1,088,926,547**	841,077,204
Liabilities			
Customer Deposits	27	**859,085,205**	625,822,657
Due to Banks, & other Financial Institutions	28	**20,425,407**	15,800,867
Interest Payable & Other Liabilities	29	**39,601,630**	48,055,374
Deferred Tax	15b	**—**	724,526
Total Liabilities		**919,112,242**	690,403,424
Equity			
Stated Capital	31	**62,393,558**	62,393,558
Share Deals Account	46	**2,943,755**	2,943,755
Capital Surplus	46	**32,229,381**	33,398,825
General Regulatory Credit Reserve	46	**8,820,873**	4,679,574
Income Surplus Account	46	**18,987,445**	17,988,516
Statutory Reserve Fund	46	**41,423,944**	26,290,786
Other Reserves	32	**3, 015,349**	2,978,766
Total Equity		**169,814,305**	150,673,780
Total Liabilities and Equity		**1,088,926,547**	841,077,204

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2012

	NOTES	2012 GH ¢	2011 GH ¢
OPERATING ACTIVITIES			
Operating Profit before Taxation		**40,730,097**	32,639,249
Adjustments for:			
Depreciation	**26a**	**4,619,448**	3,630,842
Amortization	**26b**	**3,069,046**	3,058,140
Long term Operating Lease Amortization	**25a**	**148,300**	148,300
Provision for Share Option Payment		**410,760**	304,703
Unrealized Gains/ Losses		**(1,215,535)**	(477,157)
Dividend from Investments		**(55,350)**	(73,600)
Profit on Sales of Property, Plant and Equipment		**(1,216,896)**	(248,965)
Other Non Cash Movement		**2,187,258**	(2,184,198)
Operating Profit before Working Capital Changes		**48,677,128**	36,797,314
Decrease in Other Assets		**521,601**	5,020,285
(Decrease) in Other Liabilities		**(8,502,448)**	(2,851,323)
Increase in Customer Deposit		**233,311,253**	130,376,233
(Increase) in Loans and Advances to Customers		**(175,554,702)**	(45,795,216)
Decrease/(Increase) in Government Securities		**53,716,845**	(72,019,574)
(Increase) in Investment in Equity Securities		**—**	(136,500)
Increase /(Decrease) Amount due to Banks and Other Financial Institutions		**4,624,541**	(6,213,826)
Changes in Working Capital		**108,117,090**	8,380,079
Cash from Operations		**156,794,218**	45,177,393
Income Tax Paid		**(10,646,013)**	(9,119,804)
National Reconstruction Levy Paid		**—**	(1,827,615)
Net Cash Flow from Operating Activities		**146,148,205**	34,229,974
INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**26a**	**(11,714,893)**	(17,998,785)
Purchase of Intangible Assets	**26b**	**(115,514)**	(313,865)
Proceeds from Sale of Property, Plant and Equipment		**3,737,168**	765,467
Dividend Received		**55,350**	73,600
Net Cash Used in Investing Activities		**(8,037,889)**	(17,473,583)
FINANCING ACTIVITIES			
Dividend Paid	**33**	**(13,355,755)**	(11,686,286)
Net Cash Used in Financing Activities		**(13,355,755)**	(11,686,286)
Increase in Cash & Cash Equivalents		**124,754,561**	5,070,105
Net Foreign Exchange Difference		**1,194,031**	477,155
Cash & Cash Equivalents as at 1 January		**235,965,962**	230,418,702
Cash & Cash Equivalents as at 31st December 2012	**37**	**361,914,554**	235,965,962

STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2012

DECEMBER 2012

	Note	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 as 1 January 2012		62,393,558	17,988,516	33,398,825	2,943,755	26,290,786	4,679,574	2,978,766	150,673,780
Prior Year Adjustment	48	-	2,193,383	-	-	-	-	-	2,193,383
Movements during the Year		-	-	-	-	-	-	-	-
Total Comprehensive Income		-	30,266,314	-	-	-	-	(274,054)	29,992,262
Revaluation Gain on Assets Disposed		-	1,169,444	(1,169,444)	-	-	-	-	-
Other Movements in Equity									
Share Based Option Payments		-	-	-	-	-	-	310,637	310,637
Dividend Paid		-	(13,355,755)	-	-	-	-	-	(13,355,755)
Transfer to Statutory Reserve		-	(15,133,158)	-	-	15,133,158	-	-	-
Transfer to General Regulatory Credit Reserve		-	(4,141,299)	-	-	-	4,141,299	-	-
Balance as at 31st December 2012		**62,393,558**	**18,987,445**	**32,229,381**	**2,943,755**	**41,423,944**	**8,820,873**	**3,015,349**	**169,814,305**

DECEMBER 2011

	Stated Capital GH¢	Income Surplus GH¢	Capital Surplus GH¢	Share Deals Account GH¢	Statutory Reserve Fund GH¢	General Regulatory Credit Reserve GH¢	Other Reserves GH¢	Total Equity holders of the Bank GH¢
Balance as 1 January 2011	62,393,558	17,305,300	9,232,693	2,943,755	21,290,786	1,370,429	4,257,231	118,885,752
Movements during the Year	-	-	-	-	-	-		-
Total Comprehensive Income	-	22,872,030	-	-	-	-	(1,506,992)	21,273,038
Revaluation of Land and Buildings	-	-	24,166,132	-	-	-	-	24,166,132
Other Movements in Equity								
Share Based Option Payments	-	-	-	-	-	-	228,527	228,527
Dividend Paid	-	(11,686,286)	-	-	-	-	-	(11,686,286)
Transfer to Statutory Reserve	-	(5,000,000)	-	-	5,000,000	-	-	-
Transfer to General Regulatory Credit Reserve	-	(3,309,145)	-	-	-	3,309,145	-	-
Other Equity movements during the Year	-	(2,193,383)	-	-	-	-	-	(2,193,383)
Balance as at 31st December 2011	**62,393,558**	**17,988,516**	**33,398,825**	**2,943,755**	**26,290,786**	**4,679,574**	**2,978,766**	**150,673,780**

NOTES TO THE 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 N3 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 network of branches and outlets including divisions across Ghana.

The principal activities of the Bank are described in the Directors' Report. Société Générale (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 2012 were authorized for issue in accordance with a resolution of the directors on 14 February 2013.

1.3 Compliance with IFRS

The financial statements of the Bank for the year ended 31 December 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1.3.1 Presentation of Financial Statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the date is presented in Note 39.

1.4 Accounting Policies

The accounting policies adopted 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 available for sale investments, other financial assets and financial liabilities held for trading which is at fair value.

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.

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 use of the Bank, financial statements as of same date as the financial statements of the Bank unless is it impracticable to do so.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

2.2 Functional and presentation currency

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

2.3 Foreign currency 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 are recognized in profit or loss under the heading “forex’’ trading revenue”. Foreign exchange gains and losses resulting 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 “other operating income’’.

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.

2.4 Segmental 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 (CODM) to allocate resources to the segment and assess its performance.

IFRS 8 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

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 45.

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 of 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:

• Buildings	3.00%
• Furniture and equipment	20.00%
• Computer	33.33%
• Household furniture	25.00%
• Motor vehicles	33.33%
• Leasehold Land	Amortized over Leased Period

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

- Freehold Land — Not Depreciated

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.

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 range 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 recognized in profit or loss when the asset is derecognized.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

2.7 Provisions

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.

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.

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 13.5% 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, with no further or future obligation on the part of the Bank.

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 amortized cost, including loans and advances, as interest accrues using the effective interest method.

The effective interest method is a method of calculating the amortized 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.

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

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

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 recognized as an adjustment to the effective interest rate on the loan.

Loan syndication fees are recognized 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 recognized 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 is earned on execution of discrete act(such as funds transfers, special clearing and fees arising from negotiating transactions 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 recognized when the Bank's right to receive the dividend is established and treated as investment revenue.

{d} Rental income

Rental revenue is recognized on accrual basis.

{e} Other operating income

This is made up of other operating income including bad debts recoveries, profit or loss on sale of plant, property and equipment, other miscellaneous incomes and exchange gains.

2.11 Interest expense

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

The effective interest method is a method of calculating the amortized 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

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

instrument and all other premiums or discounts.

2.12 Income tax

Income tax charged to the profit or loss account 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 recognized 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 recognized 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 utilized, 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 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 recognized 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 utilized.

Deferred tax is calculated using the rate expected to apply in the period in which the assets will be realized or the liabilities settled. Deferred 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 exists 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 utilized.

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 recognized net of the amount of VAT except:

- where the value added tax incurred on

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognized 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 Ghana Revenue Authority is included as part of receivables or payables in the statement of financial position.

2.13 National Stabilization Levy

Under the National Stabilization Levy Act, 2009 of Ghana, financial institutions and some large firms were required to pay a levy of 5% of their profit before tax towards fiscal stabilization with effect from July 2009. The Bank has complied with this statutory obligation. This Act has been repealed in 2012, effective end of year 2011.

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 amortized 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 established by regulation or convention in the market place are recognized 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 recognized 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 recognized 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 recognized 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

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

classified as trading securities or at fair value through profit or loss, are classified as available-for-sale and recognized 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 recognized in other comprehensive income and accumulated in other reserves in equity, until the financial asset is either sold, becomes impaired or matures, at which time the cumulative gain or loss previously recognized in equity is recognized through other comprehensive income into profit and loss.

Interest calculated using the effective interest method is recognized in profit or loss. Dividends on available-for-sale equity instruments are recognized 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.

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 amortized cost using the effective interest method, less impairment losses.

{f} Due from banks and loans and advances to customers

Loans and advances to banks and customers are accounted for at amortized 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. Amortized 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.

Subsequent to initial recognition, loans and advances to banks and customers are stated on the statement of financial position at amortized 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 'interest and similar 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 amortized 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.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

{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 derecognized 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 when the bank have a legal right to offset the amount and have the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(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 recognized to the extent of the Bank's continuing involvement in the asset.

In that case, the Bank also recognizes 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 realize 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 have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers are 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} 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 amortized 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 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 recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

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 recognized 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 utilized or have 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 recognized, the previously recognized 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 'other operating income'.

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 recognized in profit or loss) is removed from available for sale reserve and recognized 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 recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized 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 recognized in profit or loss, the impairment loss is reversed through the profit and loss statement.

2.17 Regulatory General Credit 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 the income surplus (distributable reserves) to non- distributable reserves in the statement of changes in equity, being the Regulatory General Credit Reserve.

The non-distributable Regulatory General Credit Reserve ensures that minimum regulatory

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

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 has 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 cash on hand, cash and balances with the Central bank of Ghana and amounts due from banks and other financial institutions.

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 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 recognized 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 amortized cost. Associated net transaction costs of borrowings are recognized in profit or loss over the maturity period of the borrowings.

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.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

3.1 Fair value of unquoted equity Instruments

The investment in unquoted securities are stated at cost.

3.2 Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax is shown in Note 15.

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. Refer to 2.16(b) and (c) for details.

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 New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

4.1 IFRS 1 Government Loans — Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Bank.

4.2 IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement,

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Bank's financial position or performance and will become effective for annual periods beginning on or after 1 January 2013.

4.3 IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2012, moved the mandatory effective date to 1 January 2015. In subsequent phases, the Board will address impairment and hedge accounting. The Bank will quantify the effect of the adoption of the first phase of IFRS 9 in conjunction with the other phases, when issued, to present a comprehensive picture.

4.4 IFRS 10 – Consolidated Financial Statements, IAS 27 Separate Financial Statements

The standard becomes effective for annual periods beginning on or after 1 January 2013. It replaces the requirements of IAS 27 Consolidated and Separate Financial Statements that address the accounting for consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. What remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Bank is currently assessing the impact of adopting IFRS 10.

4.5 IFRS 11 – Joint Arrangements

The standard becomes effective for annual periods beginning on or after 1 January 2013. It replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. Because IFRS 11 uses the principle of control in IFRS 10 to define control, the determination of whether joint control exists may change. The adoption of IFRS 11 is not expected to have a significant impact on the accounting treatment of investments currently held by the Bank.

4.6 IFRS 12 – Disclosure of Involvement with Other Entities

The standard becomes effective for annual periods beginning on or after 1 January 2013. It includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgments made to determine whether it controls another entity. Many of these changes were introduced by the IASB in response to the financial crisis. Now, even if the Bank concludes that it does not control an entity, the information used to make that judgment will be transparent to users of the financial statements to make their own assessment of the financial impact were the Bank to reach a different conclusion regarding consolidation.
The standard will not have any impact on the financial position or performance of the Bank.

4.7 IFRS 13 – Fair Value measurement

The standard becomes effective for annual periods beginning on or after 1 January 2013. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. There are also additional disclosure requirements. Adoption of the standard is not expected to have a material impact on the financial position or performance of the Bank.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

4.8 IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affects presentation only and has no impact on the Bank's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

4.9 IAS 19 Employee Benefits – Amendments

The amendments to IAS 19 remove the option to defer the recognition of actuarial gains and losses, i.e., the corridor mechanism. All changes in the value of defined benefit plans will be recognized in profit or loss and other comprehensive income. The effective date of the standard is 1 January 2013. The amendment has no impact on the Bank's financial position or performance.

4.10 IAS 27 Separate Financial Statements (as revised in 2012)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The Bank does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

4.11 IAS 28 Investments in Associates and Joint Ventures (as revised in 2012)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

4.12 IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the Bank by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This amendment has no effect on the Bank. These amendments become effective for annual periods beginning on or after 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

4.13 IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Bank.

4.14 Annual Improvements to IFRS (Issued May 2012)

These improvements will not have an impact on the Bank, but include:

{a} IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

{b} IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

{c} IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

{d} IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

{e} IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. These improvements are effective for annual periods beginning on or after 1 January 2013.

4.15 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized in the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the statement of financial position as an asset with corresponding obligation to return it, including accrued interest as a liability within Cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the Effective Interest Rate (EIR). When the counterparty has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its statement of financial position to Financial assets held for trading pledged as collateral or to Financial investments available-for-sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest,

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

is recorded in the statement of financial position, within Cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in Net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within Financial liabilities held for trading and measured at fair value with any gains or losses included in Net trading income.

4.16 Fiduciary assets

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Bank.

4.17 Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements (within' other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the income statement in general expenses. The premium received is recognized in the income statement in Net fees and commission income on straight line basis over the life of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

			2012	2011
5		**Revenue**	**GH¢**	**GH¢**
		Interest and Similar Revenue	**91,998,759**	81,912,452
		Fee & Commission Revenue	**34,283,596**	26,956,477
		Forex Trading Revenue	**16,521,447**	13,395,859
		Other Income	**7,440,916**	1,815,273
			150,244,718	124,080,061

6		**Interest and similar revenue**	**2012**	**2011**
			GH¢	**GH¢**
		Cash & Short Term Funds	**2,628,934**	5,823,636
		Investments Securities (6a)	**16,951,050**	17,401,006
		Loans & Advances	**72,418,775**	58,687,810
			91,998,759	81,912,452

6	**a**	**Investments Securities**	**2012**	**2011**
			GH¢	**GH¢**
		Bank of Ghana/Treasury bills	**16,315,269**	17,112,243
		Other Securities	**635,781**	288,762
			16,951,050	17,401,005

7		**Interest and Similar Expense**	**2012**	**2011**
			GH¢	GH¢
		Savings Accounts	**13,698,936**	11,044,778
		Current Accounts	**477,638**	506,947
		Term Deposits	**749,635**	543,165
		Borrowings	**2,535,016**	1,461,966
			17,461,225	**13,556,856**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

			2012	2011
8	**a**	**Fees and Commission Revenue**	**GH¢**	**GH¢**
		Domestic Operations	**26,616,902**	22,110,252
		Remittance	**1,160,118**	1,145,346
		Cards Operations	**3,334,680**	1,916,880
		Brokerage	**156,779**	499,847
		Margin on Bond Trading	**3,015,117**	1,284,152
			34,283,596	26,956,477

			2012	2011
8	**b**	**Fees and Commission Expense**	**GH¢**	**GH¢**
		Ezwich	**1,127**	28,898
		Visa Expense	**3,024,864**	2,422,669
		Remittance	**304,721**	140,233
		ATM Expense	**700,981**	431,184
		Cheque Books	**407,210**	276,975
		Cash Collection	**746,381**	750,012
			5,185,284	4,049,971

		2012	2011
9	**Forex Trading Revenue**	**GH¢**	**GH¢**
	Forex Trading Gains	**27,329,083**	19,214,584
	Forex Trading Losses	**(10,807,636)**	(6,295,880)
		16,521,447	12,918,704

		2012	2011
10	**Investment Revenue**	**GH¢**	**GH¢**
	Dividend received from Investment in Associate	**55,350**	73,600

			2012	2011
11	**a**	**Other Operating Income**	**GH¢**	**GH¢**
		Bad Debt Recoveries	**1,496,013**	1,015,150
		Profit on Sale of Plant, Property and Equipment	**1,216,896**	248,965
		Miscellaneous & Others 11b	**3,125,369**	477,558
		Exchange Gains	**1,194,032**	477,155
			7,032,310	2,218,828

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

			2012	2011
11	**b**	**Miscellaneous & Others**	**2012**	**2011**
			GH¢	**GH¢**
		Miscellaneous	**2,941,242**	386,119
		Rent/ Hiring Fees	**13,458**	35,426
		Postages	**15,709**	12,546
		Non-Operating Income	**60,995**	-
		Fees Received- Insurance	**93,965**	43,467
			3,125,369	477,558

12		**Credit Loss Expenses**	**2012**	**2011**
			GH¢	**GH¢**
		Individual Impairment	**6,383,252**	6,506,947
		Portfolio Impairment	**723,780**	-
		Reversals during the Year	**(1,761,000)**	(5,599,000)
			5,346,032	907,947

13		**Personnel Expenses**	**2012**	**2011**
			GH¢	**GH¢**
		Salaries, Bonuses & Staff Allowances	**34,644,080**	29,585,549
		Social Security Fund Contribution	**2,592,719**	2,301,704
		Provident Fund Contributions	**2,011,641**	1,773,686
		Medical	**1,080,749**	796,131
		Insurance	**263,388**	142,126
		Other Employee Costs	**3,697,829**	2,059,784
			44,290,406	36,658,980

14	**a**	**Other Operating Expenses**	**2012**	**2011**
			GH¢	**GH¢**
		Directors & Key Management Emoluments (14b)	**1,502,734**	1,602,462
		Donations	**91,987**	33,007
		Advertising and marketing	**1,186,376**	735,229
		Training	**469,648**	524,765
		Auditors Remuneration (14c)	**177,180**	123,317
		Others: Office Expenses	**13,817,134**	14,112,799
		Administrative Expenses	**4,621,584**	4,029,542
		General Expenses	**7,323,281**	8,416,955
			29,189,924	29,578,076

14 b Details of Directors & Key Management Emoluments are those disclosed under related party transactions under **Note 34c**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

14 c Auditors' Remuneration

Auditor's remuneration in relation to statutory audit amounted to GH¢177,180 (2011: GH¢123,317).

	2012	2011
Audit Services	**GH¢**	**GH¢**
Statutory Audit	**177,180**	123,317
Total fees paid to Deloitte & Touche	**177,180**	123,317

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 a Income Tax

Corporate Tax

Analysis of Charge for the year	2012	2011
	GH¢	**GH¢**
Current Tax (15d & 24)	**11,712,968**	8,604,811
Deferred Tax (15b)	**(895,929)**	(149,826)
Charge to Income	**10,817,039**	8,454,985

The current tax charge on the profit is based on Ghana's corporate tax rate of 25% (2011:25%)

15 b Deferred Tax

2012	Income Statement	Equity	Total
Balance as at 1st January	**581,407**	**143,119**	**724,526**
Charge/(Release) for the Year	**(895,929)**	**8,768**	**(887,161)**
Balance as at 31st December	**(314,522)**	**151,887**	**(162,635)**

Deferred Tax

2011	Income Statement	Equity	Total
Balance as at 1st January	**731,233**	**569,274**	**1,300,507**
Charge/(Release) for the Year	**(149,826)**	**(426,155)**	**(575,981)**
Balance as at 31st December	**581,407**	**143,119**	**724,526**

Deferred tax is based on temporary differences arising from differences between the carrying amount of Property, Plant and Equipment and their tax base, provision for share based payment and unrealized gains or losses on available for sale investments.

15 c National Stabilization Levy

Analysis of Charge for the Year	2012	2011
	GH¢	**GH¢**
Charge for the Year	**-**	**1,631,962**

There was no charge for the year because the National Stabilization Levy regime ended in 2011.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

15 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:

	2012	2011
	GH¢	GH¢
Profit for the year	**40,730,097**	32,639,249
Tax charge thereon at Ghana corporate tax rate of 25%	**10,182,524**	8,159,812
Factors affecting Charge:		
Tax effect of items not deductible for tax purposes	**2,708,030**	2,231,014
Items of different tax rates	**-**	578,349
Net tax effect of deductible income and unrealised gains	**(660,953)**	(893,469)
Adjustment for current tax of prior periods	**737,805**	0
Tax effect of capital allowance	**(1,254,438)**	(1,470,895)
Tax on corporate profit as per note (15a)	**11,712,968**	8,604,811
Effective Corporate Income tax rate	**29%**	26%

The tax charge on profit for the year is based on Ghana's corporate tax rate of 25% (2011:25%).

16. 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 by the weighted average number of shares, held during the year after deducting treasury shares.

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

	2012	2011
Profit attributable to shareholders of the Bank (GH¢)	**30,266,314**	22,552,301
Weighted average number of outstanding ordinary shares	**333,893,894**	333,893,894
Basic Earning per Share	**GH¢0.0906**	GH¢0.0675

The Bank has no category of dilutive potential ordinary shares.

17 Cash on Hand and Cash Balances with Bank of Ghana

	2012	2011
	GH¢	GH¢
Cash on Hand	**33,974,284**	22,569,628
Balance with Bank of Ghana	**147,153,096**	102,938,531
	181,127,380	125,508,159

Deposits with Bank of Ghana includes a mandatory reserve of GH¢56,401,204 (2011: GH¢56,281,263) and are not available for use in the Bank's day to day operations.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

		2012	2011
18	**Due from Banks & other Institutions**		
		GH¢	**GH¢**
	NOSTRO Account Balances and Nostro Placements	**145,062,584**	70,315,092
	Items in Course of Collection	**7,724,590**	12,542,711
	Placement with Local Banks	**28,000,000**	27,600,000
		180,787,174	**110,457,803**

19	**Financial Investments**		
	Government Securities	**2012**	**2011**
		GH¢	**GH¢**
	Balance as at 1st January	**154,503,218**	104,483,701
	Additions	**457,684,186**	400,506,154
	Reimbursements/Disposals	**(491,394,905)**	(348,486,580)
	Fair Value Movement During the year	**(343,905)**	(2,000,057)
	Balance as at 31st December	**120,448,594**	**154,503,218**
	Commercial Paper		
	Government Securities	**2012**	**2011**
		GH¢	**GH¢**
	Balance as at 1st January	**20,000,000**	-
	Additions	**-**	20,000,000
	Reimbursements/Disposals	**(20,000,000)**	-
	Balance as at 31st December	**-**	20,000,000
	Total Balance as at 31st December	**120,448,594**	**174,503,218**

20	**Other Assets**	**2012**	**2011**
		GH¢	**GH¢**
	Stationery & Consumable Stocks	**78,618**	79,231
	Prepayments & Sundry Debtors	**4,666,646**	4,597,306
	Deferred Cost	**2,728,767**	3,315,711
	Accrued Income	**60,483**	63,869
	Total	**7,534,514**	**8,056,117**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

21 Loans and Advances

Breakdown of loans and advances	**2012 GH¢**	**2011 GH¢**
Overdrafts	**178,916,733**	106,938,727
Term Loans	**329,639,359**	234,838,183
Export Bill	**101,567**	365,004
Staff Loan	**14,836,291**	12,757,081
Equipment Finance Lease (21d)	**24,022,263**	15,390,819
Gross Loans & Advances	**547,516,213**	**370,289,814**
Interest in Suspense	**(11,235,737)**	**(8,244,255)**
Less: Allowances for Impairments- Note 21e	**(16,180,216)**	**(17,500,001)**
Total	**520,100,260**	**344,545,558**

All loans have been written down to their estimated recoverable amount. Suspended interest related to such loans amounted to GH¢ 11,235,737 (2011: GH¢ 8,244,255)

21 a Other statistics

	2012	**2011**
i: Loan Loss Provision Ratio	**4.60%**	7.00%
ii: Gross Non-Performing Loan ratio	**7.50%**	8.15%
iii: 50 Largest Exposure (Gross Funded Loan & Advances) to Total Exposure	**57%**	52%

Ratios are computed using Bank of Ghana guidelines.

b Analysis by Industry Sectors

	2012 GH¢	**2011 GH¢**
Agriculture, forestry and fishing	**75,664,354**	44,201,742
Mining and Quarrying	**4,128,694**	1,854,449
Manufacturing	**59,247,430**	39,207,909
Construction	**9,351,312**	6,821,680
Electricity, gas and water	**13,051,063**	2,666,292
Commerce & Finance	**117,706,214**	35,928,592
Transport, Storage & Communication	**12,428,478**	6,879,061
Services	**243,021,904**	155,801,573
Miscellaneous*	**12,916,764**	76,928,516
	547,516,213	370,289,814

*Miscellaneous includes Staff Personal Loans of GH¢11,171,801

c Analysis by Type of Customer

	2012 GH¢	**2011 GH¢**
Individual	**141,840,824**	99,745,194
Private Enterprise	**265,275,112**	192,999,460
Public Enterprise	**65,896,549**	33,847,768
Government Departments & Agencies	**59,667,437**	30,940,311
Staff	**14,836,291**	12,757,081
	547,516,213	370,289,814

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

21 d Analysis of Present Value of Minimum Finance Lease Receivable

	2012	2011
	GH¢	GH¢
Less than One Year	**1,198,404**	536,941
Two to Five Years	**20,190,981**	12,116,036
More than Five Years	**2,632,878**	2,737,842
Present Value of Minimum Lease Payments Receivable	**24,022,263**	15,390,819

21 e Impairment Allowance for Loans & Receivables

	2012	2011
	GH¢	GH¢
Balance at 1 January	**17,500,000**	18,642,900
Charge for the year	**5,346,032**	907,947
Amount Written Off	**(6,665,816)**	(2,050,847)
Balance at 31December	**16,180,216**	17,500,000
Individual Impairment	**5,583,000**	4,995,000
Collective Impairment	**10,597,216**	12,505,000
Balance at 31 December	**16,180,216**	17,500,000

Loan provisioning/impairment are 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, transfers are made from the income surplus account into the non-distributable regulatory credit reserves. During the year ended 2012, the provisions for bad debts against loans and advances exceeded provision computed under IFRS guidelines by GH¢8,820,873(GH¢4,679,574 in 2011). This excess amount has been transferred from the income surplus to General Regulatory Credit Reserve in line with Bank of Ghana regulations.

Under both the Bank of Ghana requirements and IFRS principles of loan impairment, some loans were individually assessed for impairment and others were assessed collectively.
The gross amount of loans individually assessed for impairment for the year was GH¢14,701,000 (GH¢8,978,000 in 2011). The stock of loans collectively assessed was GH¢15,202,000(GH¢15,098,000 in 2011).

Factors considered during the impairment process include revenue growth percentage, gross margin, discounted cash flows and capitalization ratios among others.
Under Bank of Ghana guidelines, advances are classified in the following five categories which determine the level of provisions required

Category		**Level of Provision Required**
(a)	Current	**1%**
(b)	Other loans especially mentioned (“OLEM”)	**10%**
(c)	Substandard	**25%**
(d)	Doubtful, or	**50%**
(e)	Loss	**100%**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

22 a Investment in Associate

	2012 GH¢	2011 GH¢
Total Assets	**30,657,035**	28,287,777
Total Liabilities	**(14,455,070)**	(13,852,089)
Net Assets	**16,201,965**	14,435,688
Share of Net Assets of Associate	**3,240,393**	2,887,137
Total Revenue of Associate	**15,612,373**	13,007,928
Total Profit of Associate	**1,766,281**	1,598,640
Share of Profit of Associate	**353,256**	319,728

22 b Details of Investment in Associate

Name of Company	Country of incorporation	Principal Activity	SG-SSB's Interest in Equity	Value GH¢
Accra City Hotel Ltd	**Ghana**	Hotel	20%	**3,240,393**

The financial year end of Accra City Hotel Ltd is 31st December of each year.

23 Unquoted Equity Investments

	2012 GH¢	2011 GH¢
Vacuum Salt Products Ltd	**514**	514
Consolidated Discount House Ltd	**1,209**	1,209
Advans Ghana	**406,500**	406,500
Total	**408,223**	408,223

23 b Details of Unquoted Equity Investments

Principal Affiliate Undertakings of SG-SSB Ltd
2012

Name of Company	Country of Incorporation	Principal Activity	SG-SSB's Interest in Equity	Value GH¢
Vacuum Salt Products Ltd	**Ghana**	Production	10%	514
Consolidated Discount House Ltd	**Ghana**	Investments	2.93%	1,209
Advans Ghana	**Ghana**	Microfinance	5.81%	406,500
Total				**408,223**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

Principal Affiliate Undertakings of SG-SSB Ltd
2011

Name of Company	Country of Incorporation	Principal Activity	SG-SSB's Interest in Equity	Value GH¢
Vacuum Salt Products Ltd	Ghana	Production	10%	514
Accra City Hotel Ltd	Ghana	Hotel	20%	2,887,137
Consolidated Discount House Ltd	Ghana	Investments	2.93%	1,209
SSB Investment Company Limited	Ghana	Investments	100%	Nil
Advans Ghana	Ghana	Microfinance	5.81%	406,500
Total				**3,295,360**

SG-SSB Investment Company has not been consolidated because the company does not cureently have any income, expense, assets and liability.

24 a Current Tax: (Assets) / Liabilities

2012

	Balance 1 January GH¢	Adjustments/ Reclassification GH¢	Charge for the Year GH¢	Payments/ Credits during the Year GH¢	Balance 31 December GH¢
Up to 2010	(2,841,859)	2,841,859	-	-	-
2011	(514,993)	-	-	-	(514,993)
2012	-	(2,917,923)	11,712,968	(10,646,013)	(1,850,968)
	(3,356,852)	**(76,064)**	**11,712,968**	**(10,646,013)**	**(2,365,961)**

2011

	Balance 1 January GH¢	Adjustments/ Reclassification GH¢	Charge for the Year GH¢	Payments/ Credits during the Year GH¢	Balance 31 December GH¢
Up to 2010	(2,841,859)	-	-	-	(2,841,859)
2011	-	-	8,604,811	(9,119,804)	(514,993)
	(2,841,859)	**-**	**8,604,811**	**(9,119,804)**	**(3,356,852)**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

24 b National Stabilization Levy

	2012	2011
	GH¢	GH¢
Balance as at 1st January	**271,718**	76,065
Charge for the Year	**-**	(1,631,962)
Adjustments during the Year	**(76,065)**	1,827,615
Balance as at 31st December	**195,653**	271,718

The levy charged on the profit is based on a rate of 5% (2011:5%)
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. There was no payment in 2012 because the tax regime ended in 2011.

25 a Long Term Operating Lease

The Bank as a Lessee

	2012	2011
	GH¢	GH¢
Balance as at 1st January	**4,078,250**	4,226,550
Amount expensed during the Year	**(148,300)**	(148,300)
Balance at 31 December	**3,929,950**	4,078,250

25 b Future Minimum Lease Payments are as follows:

	2012	2011
	GH¢	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	**3,188,450**	3,336,750
	3,929,950	4,078,250

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 a Property, Plant and Equipment

2012	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 2012	45,366,154	11,432,106	10,836,480	1,141,114	14,112,244	82,888,098
Additions	2,215,344	1,643,965	1,349,882	405,870	6,099,832	11,714,893
Revaluation	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Disposals /other adjustments	(2,414,318)	(358,653)	(3,853)	(307,839)	-	(3,084,663)
Balance as of 31st December 2012	**45,167,180**	**12,717,418**	**12,182,509**	**1,239,145**	**20,212,076**	**91,518,328**
Depreciation						
Balance as of 1st January 2012	2,885,941	9,919,725	5,882,431	860,510	-	19,548,607
Charge for the year	1,748,085	1,060,809	1,566,617	243,937	-	4,619,448
Disposals & other adjustments	(57,641)	(195,067)	(3,843)	(307,840)	-	(564,391)
Balance as of 31st December 2012	**4,576,385**	**10,785,467**	**7,445,205**	**796,607**	**-**	**23,603,664**
Net Book Value 31st December 2012	**40,590,795**	**1,931,951**	**4,737,304**	**442,538**	**20,212,076**	**67,914,664**

2011	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 2011	22,184,170	10,433,384	8,676,719	1,267,172	1,896,207	44,457,652
Additions	1,379,247	998,722	1,987,207	275,867	13,357,742	17,998,785
Revaluation	21,572,438	-	-	-	-	21,572,438
Transfers	847,601	-	216,957	-	(1,141,705)	(77,147)
Disposals /other adjustments	(617,302)	-	(44,403)	(401,925)	-	(1,063,630)
Balance as of 31st December 2011	**45,366,154**	**11,432,106**	**10,836,480**	**1,141,114**	**14,112,244**	**82,888,098**
Depreciation						
Balance as of 1st January 2011	4,478,610	8,842,824	4,621,916	1,096,787	-	19,040,137
Charge for the year	1,097,073	1,076,901	1,285,643	171,225	-	3,630,842
Disposals & other adjustments	(2,689,742)	-	(25,128)	(407,502)	-	(3,122,372)
Balance as of 31st December 2011	**2,885,941**	**9,919,725**	**5,882,431**	**860,510**	**-**	**19,548,607**
Net Book Value 31st December 2011	**42,480,213**	**1,512,381**	**4,954,049**	**280,604**	**14,112,244**	**63,339,491**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

26 b Intangible Assets

Computer Software	2012 GH¢	2011 GH¢
Cost		
Balance 1 January 2011	**11,524,181**	11,133,169
Additions	**115,514**	313,865
Transfers	**-**	77,147
Balance 31st December	**11,639,695**	11,524,181
Amortisation	**2011 GH¢**	**2011 GH¢**
Balance 1 January	**7,859,503**	4,801,363
Charge for the year	**3,069,046**	3,058,140
Balance 31st December	**10,928,549**	7,859,503
Net Balance 31st December	**711,146**	3,664,678

The bank's intangible assets comprise of computer software. As indicated in note 26 above, transfers were made from Assets in course of construction to Computer software in 2011. These transfers are 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. There were no transfers in 2012.

27 a Customer Deposits

Analysis by Type of Deposits	2012 GH¢	2011 GH¢
Term Deposits	**29,286,691**	18,136,539
Saving Accounts	**175,496,590**	136,074,250
Current Accounts	**652,832,861**	471,563,164
Vostro	**1,469,063**	48,704
	859,085,205	625,822,657

27 b Analysis by Type of Customer

	2012 GH¢	2011 GH¢
Financial Institutions	**25,094,393**	21,203,023
Individuals and other Private Enterprise	**721,576,146**	502,385,090
Government Departments and Agencies	**58,671,417**	44,152,503
Public Enterprises	**53,584,965**	55,290,001
Others	**158,284**	2,743,336
	859,085,205	625,773,953

27 c 20 Largest Depositors to Total Deposit Ratio

	2012 GH¢	2011 GH¢
20 Largest Depositors to Total Deposit Ratio	**30.4%**	27.5%

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

28	Due to banks and other Financial Institutions	2012	2011
		GH¢	GH¢
	Borrowings-Repurchase agreement	**15,803,570**	6,886,725
	Borrowings-Credit line		
	Proparco	**-**	527,500
	European International Bank	**1,893,897**	8,017,869
	Ghana Private Sector Development Fund	**210,436**	368,773
	Edif Managed Fund	**2,517,504**	-
		20,425,407	15,800,867

The Bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2012 or 2011.

29	Interest Payable & Other Liabilities	2012	2011
		GH¢	GH¢
	Creditors	**4,647,173**	6,519,642
	Other Creditors & Provisions (30)	**27,220,469**	29,676,611
	Accruals	**2,850,216**	7,230,643
	Deferred Income	**2,127,287**	1,291,937
	Other Suspended Liabilities	**27,718**	20,830
	IFRS Deferred Staff Cost	**2,728,767**	3,315,711
		39,601,630	48,055,374

30	Other Creditors & Provisions	2012	2011
		GH¢	GH¢
	Payment Orders	**2,884,505**	2,886,346
	Statutory Deductions	**662,035**	581,383
	Provisions	**4,503,554**	3,430,216
	Litigation	**2,075,048**	1,060,048
	Interest Payable	**1,112,264**	290,829
	Cheque for Clearing	**7,706,435**	12,341,260
	Transfer in Transit	**5,945,058**	6,884,175
	Walk in Customer	**1,170,264**	1,253,152
	Other Commitments & Credit Balances	**1,161,306**	949,202
		27,220,469	29,676,611

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

31 Stated Capital

a. Authorised Ordinary Shares

	2012	2011
Number of Ordinary shares of no par value	**500,000,000**	500,000,000

b. Issued and fully paid Ordinary Shares

	Number	2012 Amount GH¢	Number	2011 Amount GH¢
Issued and fully paid Ordinary Shares	**333,893,894**	**62,393,558**	**333,893,894**	**62,393,558**
	333,893,894	**62,393,558**	**333,893,894**	**62,393,558**

32 Other Reserves	**2012 GH¢**	2011 GH¢
Balance 1 January	**2,978,766**	4,257,231
Movements during the Year	**36,583**	(1,278,465)
Balance as at 31st December	**3,015,349**	2,978,766

The share option reserve is a provision made to allow shares to be allotted to employees on the attainment of certain budgeted targets in line with the SG-SSB Ambition 2015 (refer to page 10).

33 a Dividend Declared and Paid	**2012 GH¢**	2011 GH¢
Equity Dividend on Ordinary Shares:		
Final Dividend for the Preceding Year	**13,355,755**	11,686,286
Total Dividend Payments during the Year	**(13,355,755)**	(11,686,286)
Balance as at 31st December	**-**	-

b Dividend per share

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

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

34 Related Party Transactions / Disclosures

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 arms length.

During the year the following transactions were performed with related parties

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

	2012		2011	
	Interest Paid	Interest Received	Interest Paid	Interest Received
	GH¢	GH¢	GH¢	GH¢
Société Générale Borrowing	**69,907**	18,457	**503,493**	25,146

b. Related party balances as at December:

Lending to Related Parties;	**2012**	**2011**
	GH¢	**GH¢**
Directors	**-**	-
Officers and Employees other than Directors	**14,836,291**	12,757,081
Placement with Société Générale (SG)	**48,716,598**	31,937,140
Nostro account balances with SG and other Subsidiaries	**79,540,271**	24,892,147

c. Compensation to Key Management Personnel of the Bank	**2012**	**2011**
	GH¢	**GH¢**
Fees	**224,890**	196,192
Directors Expenses	**206,206**	124,600
Salaries & Other Benefits	**1,071,638**	1,281,670
	1,502,734	1,602,462

d. Loans to Directors

There were no loans to directors during the period

e. Controlling Relationship

Societe Générale (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.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

35 a Contingent Liabilities

	2012 GH¢	2011 GH¢
Guarantees and Indemnities	**39,288,694**	9,521,093
Letters of Credit & Others	**56,257,031**	37,694,734
	95,545,725	47,215,827

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 appropriate 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

	2012 GH¢	2011 GH¢
Undrawn commitments	**31,223,022**	6,900,917

36 a Possible Legal Liability

The Bank's lawyers have estimated that the maximum liability from possible legal actions against the Bank may amount to GH¢1,106,083(2011: GH¢ 1,754,543)

b Commitment for Capital Expenditure:

Commitment for capital expenditure for 2013 GH¢19,745,734 (2012: GH¢37,921,976)

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:

	2012 GH¢	2011 GH¢
Cash on Hand and Balances with Bank of Ghana	**181,127,380**	125,508,159
Due from Banks and Other Financial Institutions	**180,787,174**	110,457,803
	361,914,554	235,965,962

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

38 Analysis of Financial Assets and Liabilities by Measurement Basis (2012)

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortized 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 recognized. 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:

2012	Designated at Fair Value through Profit & Loss	Held to Maturity Investments	Available for-sale Financial Assets	Loans and Receivable	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and Cash Balances with Bank of Ghana	181,127,380	-	-	-	181,127,380
Due from Other Banks & Financial Institutions	180,787,174	-	-	-	180,787,174
Financial Investments	17,354,246	-	103,094,348	-	120,448,594
Loans & Advances	-	-	-	520,100,260	520,100,260
Unquoted Equity Investments	-	-	408,223	-	408,223
Total financial Assets	**379,268,800**	**-**	**103,502,571**	**520,100,260**	**1,002,871,631**
Total Non-Financial Assets					86,054,916
Total Assets					**1,088,926,547**

Financial Liabilities	Other Financial Liabilites	Total
	GH¢	GH¢
Customer Deposits	859,085,205	859,085,205
Due to Banks & other Financial Institutions	20,425,407	20,425,407
Interest Payables & Other Liabilities	39,601,630	39,601,630
Total Financial Liabilities	**919,112,242**	**919,112,242**
Total Non-Financial Liabilities	169,814,305	169,814,305
Total Liabilities and Shareholders Fund	**1,088,926,547**	**1,088,926,547**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

Analysis of Financial Assets and Liabilities by Measurement Basis

2011

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortized 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 recognized. The following table analyzes 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	Held to Maturity Investments	Available for-sale Financial Assets	Loans and Receivable	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and Cash Balances with Bank of Ghana	125,508,159	-	-	-	125,508,159
Due from other Banks & Financial Institutions	110,457,803	-	-	-	110,457,803
Financial Investments	9,981,355	20,000,000	144,521,863	-	174,503,218
Loans & Advances	-	-	-	344,545,558	344,545,558
Unquoted Equity Investments	-	-	408,223	-	408,223
Total Financial Assets	**245,947,317**	**20,000,000**	**144,930,086**	**344,545,558**	**755,422,961**
Total Non-Financial Assets					85,654,243
Total Assets					**841,077,204**

Financial Liabilities	Other Financial Liabilities	Total
	GH¢	GH¢
Customer Deposits	625,773,953	625,773,953
Due to Banks & other Financial Institutions	15,800,867	15,800,867
Interest Payables & Other Liabilities	48,104,078	48,104,078
Total Financial Liabilities	**689,678,898**	**689,678,898**
Total Non-Financial Liabilities	151,398,306	151,398,306
Total Liabilities and Shareholders Fund	**841,077,204**	**841,077,204**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

39 Maturity Analysis of the Assets and Liabilities

The table shows summary of assets and liabilities analyzed according to their contractual maturities or residual value.

2012		Below 3 months	3 to 6	6 to 12	Above 1
	Total	months	months	months	year
Assets	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Cash on Hand and Cash Balances with Bank of Ghana	**181,127,380**	181,127,380	-	-	-
Due from Banks and other Financial Institutions	**180,787,174**	180,787,174	-	-	-
Financial Investments	**120,448,594**	100,540,811	2,835,350	11,492	17,060,941
Other Assets	**7,534,514**	3,013,806	2,260,354	1,506,903	753,451
Loans and Advances	**520,100,260**	516,770,005	279,576	1,196,579	1,854,100
Investment in Associate	**3,240,393**	-	-	-	3,240,393
Unquoted Equity Investment	**408,223**	-	-	-	408,223
Current Tax: Assets	**2,365,961**	-	-	-	2,365,961
National Stabilization Levy	**195,653**	-	-	-	195,653
Long Term Operating Lease Prepaid	**3,929,950**	37,075	37,075	74,150	3,781,650
Property, Plant & Equipment	**67,914,664**	-	-	-	67,914,664
Intangible Assets	**711,146**	-	-	-	711,146
Deferred Tax	**162,635**	-	-	-	162,635
Total Assets	**1,088,926,547**	**982,276,251**	**5,412,355**	**2,789,124**	**98,448,817**
Liabilities					
Customer Deposits	**859,085,205**	186,915,956	47,477,198	93,270,146	531,421,905
Due to Banks, & other Financial Institutions	**20,425,407**	20,425,407	-	-	-
Interest Payable & Other Liabilities	**39,601,630**	15,840,652	11,880,489	7,920,326	3,960,163
Deferred Tax	**-**	-			
Total Liabilities	**919,112,242**	**223,182,015**	59,357,687	**101,190,472**	**535,382,068**
Net Liquidity Gap	**169,814,305**	**759,094,236**	**(53,945,332)**	**(98,401,348)**	**(436,933,251)**
Contingent Liabilities	**95,545,725**	**42,280,255**	**6,247,402**	**6,833,159**	**40,184,909**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

2011 Assets	Total GH¢	Below 3 months months GH¢	3 to 6 months GH¢	6 to 12 months GH¢	Above 1 year GH¢
Cash and Balances with Bank of Ghana	**125,508,159**	125,508,159	-	-	-
Due from other Banks and Financial Institutions	**110,457,803**	110,457,803	-	-	-
Financial Investments	**174,503,218**	53,842,387	40,001,528	66,441,391	14,217,912
Other Assets	**8,056,117**	3,677,229	2,189,444	1,459,629	729,815
Loans and Advances to Customers	**344,545,558**	331,121,941	976,644	3,633,644	8,813,329
Investment in Associate	**2,887,137**	-	-	-	2,887,137
Unquoted Equity Investments	**408,223**	-	-	-	408,223
Current Tax: Assets	**3,356,852**	-	-	-	3,356,852
National Stabilization Levy	**271,718**	-	-	-	271,718
Long Term Operating Lease Prepaid	**4,078,250**	37,074	37,074	74,148	3,929,954
Property, Plant and Equipment	**63,339,491**	-	-	-	63,339,491
Intangible Assets	**3,664,678**	-	-	-	3,664,678
Total Assets	**841,077,204**	**624,644,593**	**43,204,690**	**71,608,812**	**101,619,109**
Liabilities					
Customer Deposits	**625,822,657**	135,588,640	35,673,004	68,193,690	386,318,619
Due to Banks and other Financial Institutions	**15,800,867**	15,800,867	-	-	-
Interest Payable and Other Liabilities	**48,055,374**	19,696,251	14,203,913	9,469,276	4,734,638
Deferred Tax Liabilities	**724,526**	-	311,892	-	412,634
Total Liabilities	**690,403,424**	**171,085,758**	**50,188,809**	**77,662,966**	**391,465,891**
Net Liquidity Gap	**150,673,780**	**453,558,835**	**(6,984,119)**	**(6,054,154)**	**(289,846,782)**
Contingent Liabilities	**47,215,827**	**44,515,033**	**252,967**	**735,037**	**1,712,790**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

40 Determination of Fair Value and Fair Values Hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by the valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly and
- Level 3: Techniques for which inputs have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker codes, investment in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Non-market observable inputs means that fair values are determined in whole, or in parts, using a valuation technique, based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Therefore, observable inputs reflect the Bank's own assumption about the assumptions that market participants will use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available which might include the Bank's own data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

2012	**Note**	**Level 1**	**Level 2**	**Total**
Government Securities	19	120,448,594	-	**120,448,613**
		120,448,594	**-**	**124,097,274**

2011	**Note**	**Level 1**	**Level 2**	**Total**
Government Securities	19	154,503,218	-	**154,503,237**
Commercial Paper	19	-	20,000,000	**-**
		154,503,218	**20,000,000**	**157,798,642**

There were no transfers between levels 1 and 2 within the period.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

Level 3 Movement

2012	**Note**	**Level 3**
Balance 1st January	23	408,203
Movement during the Year		-
Balance 31st December	23	**408,223**

2011		**Level 3**
Balance 1st January		221,723
Movement during the Year		136,500
Balance 31st December		**408,223**

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 Bank'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 Bank's profit before tax (through the impact on the floating rate financial assets and liabilities). The impact on the Bank's equity is immaterial.

41 a Interest rate Sensitivity Analysis

2012

	Increase/Decrease in Basis Points	**Effect on Profit before Tax**	**Effect on Equity**
GH¢	**5%/-5%**	2,903,150/(2,903,150)	2,177,363/(2,177,363)
USD	**7%/-7%**	53,033/(53,033)	39,775/(39,775)
EUR	**5%/-5%**	3,125/(3,125)	2,344/(2,344)

2011

	Increase/Decrease in Basis Points	**Effect on Profit before Tax**	**Effect on Equity**
GH¢	**5%/-5%**	3,053,329/(3,053,329)	2,289,997/(2,289,997
USD	**7%/-7%**	43,769/(43,769)	32,827/(32,827)
EUR	**5%/-5%**	3,249/(3,249)	2,437/(2,437)

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

42 Currency Exposure

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

2012	USD	GBP	EURO	Others	TOTAL 2012	Total 2011
Assets	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Cash and Balances with Bank of Ghana	10,636,720	1,756,369	4,022,399	-	16,415,488	14,609,746
Due from Other Banks and Financial Institution	105,647,302	9,434,183	41,769,657	217,231	157,068,373	70,315,083
Other Assets	1,880,357	13,267	9,524	-	1,903,148	443,700
Loan and Advances to Customers	128,057,051	727	11,628,008		139,685,786	97,434,859
Total Assets	**246,221,430**	**11,204,546**	**57,429,588**	**217,231**	**315,072,795**	**182,803,388**
Liabilities						
Due to Customers	212,826,846	9,139,555	38,403,818	11,560	260,381,778	157,466,015
Other Liabilities	10,981,503	390,402	2,301,731	-	13,673,637	12,621,230
Due to Other banks and Financial Institutions	2,697,468	-	-	-	2,697,468	14,084,119
Total Liabilities	**226,505,817**	**9,529,957**	**40,705,549**	**11,560**	**276,752,883**	**184,171,364**
Net on Balance Sheet Position	**19,715,613**	**1,674,589**	**16,724,039**	**205,671**	**38,319,912**	**(1,367,976)**
Net Off Balance Sheet Position	**(6,748,300)**	**-**	**(11,819,979)**	**100,949**	**(18,467,330)**	**2,523,685**
Net Open Position	**12,967,313**	**1,674,589**	**4,904,060**	**306,620**	**19,852,582**	**1,155,709**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

2011					**TOTAL**	**Total**
	USD	**GBP**	**EURO**	**Others**	**2011**	**2010**
Assets	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Cash and Balances with Bank of Ghana	**8,913,878**	**1,807,525**	**3,888,343**	**-**	**14,609,746**	**14,748,560**
Due from other Banks and Financial Institution	**39,269,494**	**5,960,360**	**24,882,763**	**202,466**	**70,315,083**	**60,762,610**
Other Assets	**424,291**	**8,640**	**10,769**	**-**	**443,700**	**2,454,963**
Loan and Advances to Customers	**89,324,519**	**44**	**8,110,296**	**-**	**97,434,859**	**82,339,374**
Total Assets	**137,932,182**	**7,776,569**	**36,892,171**	**202,466**	**182,803,388**	**160,305,507**
Liabilities						
Due to Customers	**115,123,535**	**7,225,403**	**35,106,872**	**10,205**	**157,466,015**	**133,558,328**
Other Liabilities	**10,592,026**	**331,210**	**1,572,888**	**125,106**	**12,621,230**	**9,283,681**
Due to Other banks and Financial Institutions	**14,084,119**	**-**	**-**	**-**	**14,084,119**	**19,407,682**
Total Liabilities	**139,799,680**	**7,556,613**	**36,679,760**	**135,311**	**184,171,364**	**162,249,691**
Net on Balance Sheet Position	**(1,867,498)**	**219,956**	**212,411**	**67,155**	**(1,367,976)**	**(1,944,184)**
Net Off Balance Sheet Position	**2,422,736**	**-**	**-**	**100,949**	**2,523,685**	**-**
Net Open Position	**555,238**	**219,956**	**212,411**	**168,104**	**1,155,709**	**(1,944,184)**

43 Other Comprehensive Income

	2012	**2011**
	GH¢	**GH¢**
Gain on Available for Sale Investments	**172,522**	1,679,515
Movements during the Year	**(274,054)**	(1,506,992)
Net Gain on Available for Sale Investment	**(101,532)**	172,523

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

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

44 a Exchange Rate Sensitivity Analysis

2012

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	%	GH¢	GH¢
USD	**7%/-7%**	377,623/(377,623)	283,217/(283,217)
GBP	**6%/-6%**	21,007/(21,007)	15,755/(15,755)
EUR	**5%/-5%**	71,418/(71,418)	53,563/(53,563)
Other currencies	**5%/-5%**	9,718/(9,718)	7,288/(7,288)

2011

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	%	GH¢	GH¢
USD	**7%/-7%**	(125,299)/125,299	(93,974)/93,974
GBP	**6%/-6%**	13,153/(13,153)	9,865/(9,865)
EUR	**5%/-5%**	11,138/(11,138)	8,353/(8,353)
Other currencies	**5%/-5%**	3,437/(3,437)	2,578/(2,578)

44 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-determined 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 >>>>

45 Segmental Reporting
2012

Revenue	RETAIL GH¢	CORPORATE GH¢	SME GH¢	TREASURY GH¢	TOTAL
Interest & Similar Revenue (3rd Parties)	36,683,021	40,221,661	11,302,506	3,791,571	**91,998,759**
Interest & similar expense	(8,176,283)	(5,701,767)	(1,078,923)	(2,504,252)	**(17,461,225)**
Net Interest income	**28,506,738**	**34,519,894**	**10,223,583**	**1,287,319**	74,537,534
Fees & Commission Revenue	11,126,032	13,341,707	6,643,961	3,171,896	**34,283,596**
Fees & Commission Expense	(5,185,284)	-	-	-	**(5,185,284)**
Net Commission Income	**5,940,748**	**13,341,707**	**6,643,961**	**3,171,896**	**29,098,312**
Forex Trading Revenue	12,408,053	3,404,650	708,744	-	**16,521,447**
Investment Revenue	36,531	4,981	13,838	-	**55,350**
Other Operating Income	4,641,344	632,857	1,758,109	-	**7,032,310**
Total Operating Income	**51,533,514**	**51,904,089**	**19,348,235**	**4,459,215**	**127,244,953**
Credit Loss expenses	(715,170)	(3,940,951)	(689,911)	-	**(5,346,032)**
Net Operating Income	**50,818,244**	**47,963,138**	**18,658,324**	**4,459,215**	**121,898,921**
Personnel expenses	(33,172,666)	(6,584,209)	(2,194,315)	(2,339,216)	**(44,290,406)**
Depreciation/Amortization	(5,074,406)	(691,965)	(1,922,123)	-	**(7,688,494)**
Other Operating Expenses	(8,979,371)	(10,247,098)	(8,058,527)	(1,904,928)	**(29,189,924)**
Total Operating Expenses	(47,226,443)	(17,523,272)	(12,174,965)	(4,244,144)	**(81,168,824)**
Profit before tax	**3,591,801**	**30,439,866**	**6,483,359**	**215,071**	**40,730,097**
Total Assets	**419,394,307**	**570,498,366**	**99,033,874**	**-**	**1,088,926,547**
Total Liabilities	**391,438,330**	**405,474,645**	**122,199,267**	**-**	**919,112,242**

No revenue from transactions with a single customer or counter party amounted to 10% or more of the Bank's total revenue in 2012 or 2011.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

45 Segmental Reporting

2011	RETAIL GH¢	CORPORATE GH¢	SME GH¢	TREASURY GH¢	TOTAL
Revenue					
Interest & Similar Revenue (3rd Parties)	31,281,316	33,087,719	9,471,407	8,072,010	**81,912,452**
Interest & similar expense	(6,357,733)	(4,855,824)	(881,700)	(1,461,599)	**(13,556,856)**
Net Interest income	**24,923,583**	**28,231,895**	**8,589,707**	**6,610,411**	**68,355,596**
Fees & Commission Revenue	10,598,916	7,743,918	8,613,643	-	**26,956,477**
Fees & Commission Expense	(4,049,971)				**(4,049,971)**
Net Commission Income	**6,548,945**	**7,743,918**	**8,613,643**	**-**	**22,906,506**
Forex Trading Revenue	10,536,869	1,925,311	456,524	-	**12,918,704**
Investment Revenue	48,576	6,624	18,400	-	**73,600**
Other Operating Income	1,464,426	199,695	554,707	-	**2,218,828**
Total Operating Income	**43,522,399**	**38,107,443**	**18,232,981**	**6,610,411**	**106,473,234**
Credit Loss expenses	(186,365)	(427,351)	(294,231)	-	**(907,947)**
Net Operating Income	**43,336,034**	**37,680,092**	**17,938,750**	**6,610,411**	**105,565,287**
Personnel expenses	(15,866,337)	(12,041,035)	(6,169,449)	(2,582,159)	**(36,658,980)**
Depreciation/Amortization	(4,414,728)	(602,008)	(1,672,246)		**(6,688,982)**
Other Operating Expenses	(9,098,774)	(10,383,359)	(8,165,686)	(1,930,257)	**(29,578,076)**
Total Operating Expenses	(29,379,837)	(23,026,403)	(16,007,381)	(4,512,417)	**(72,926,038)**
Profit before tax	**13,956,197**	**14,653,689**	**1,931,369**	**2,097,994**	**32,693,249**
Total Assets	**359,944,710**	**380,792,688**	**100,339,805**	**-**	**841,071,204**
Total Liabilities	**321,444,690**	**261,690,926**	**107,267,808**	**2,097,994**	**690,403,424**

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

46 Capital

Capital management

The primary objectives of the Bank's capital management are to ensure that the bank complies with externally imposed capital requirement by Bank of Ghana and that the bank maintains strong credit rating 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 risk characteristics of its activities. In order 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, share deals account, retained earnings including current year profit and various reserves the company is statutorily required to maintain. As a bank, it also has regulatory capital as defined below:

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 Capital Surplus

This amount comprises revaluation of Property, Plant and Equipment.

e Share Deals

The amount represents transactions in respect of treasury shares.

f Statutory Reserve

This is amount set aside from annual profit as a non-distributable reserve in accordance with regulatory requirements.
The transfer to Statutory Reserve Fund is in compliance with Section 29 of the Banking Act,2004 (Act 673) as amended by the Banking Act,2007(Act 738).

g 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.

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

h Other Reserves

This is made up of the share option reserve, available for sale reserve on debt securities and available for sale on equity investments. Share option reserve is an amount set aside for future exercise of share options. Available for sale reserve on debt securities records unrealized gains and losses on government securities. Available for sale reserve on equity investments records unrealized fair value gains and losses on available for sale equity investments.

i 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.

j 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 31st December 2012 is shown below:

	2012		2011	
	Actual	Required by central bank	Actual	Required by central bank
	GH¢	GH¢	GH¢	GH¢
Tier 1 capital	**122,347,829**	60,000,000	**110,937,935**	60,000,000
Other Capital	**47,466,476**	-	**39,735,845**	-
Total capital	**169,814,305**	**60,000,000**	150,673,780	**60,000,000**
Capital Adequacy ratio	**19.79%**		**26.90%**	

47 Compliance Status of Externally Imposed Capital Requirement

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

Analysis of Shareholdings

Category	Number of shareholders	Number of shares	Percentage Holding %
1-1,000	29,955	4,299,043	1.29
1,001-5,000	3,505	8,359,131	2.50
5,001-10,000	576	4,199,437	1.26
OVER 10,000	454	317,036,283	94.95
	34,490	**333,893,894**	100.00

NOTES TO THE FINANCIAL STATEMENTS, Continued >>>>

48 Prior Year Adjustment

This adjustment is a result of the Bank adopting the twelve months (January -December) for impairment in 2012 as against the twelve months ending November-October in 2011. The extra provision was not required because the impairment was in line with the financial reporting date.

49 Regulatory Breaches

The following breaches occured during the year:

i. The Bank submitted incomplete records to the Bank of Ghana. A penalty of GH¢6,000 was imposed. (2011:GH¢36,118 was imposed for one liquidity breach).

ii. The Bank did not comply with the provisions of Section 12(1) of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007, (Act 738) by directly investing in the equities of other companies.

50 Twenty Largest Shareholders

	Shareholders Account Name	**Number of Holdings Position Owned**	**%**
1	SG-FINANCIAL SERVICES HOLDING	174,420,000	52.24
2	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	73,908,283	22.14
3	OFORI DANIEL	24,393,010	7.31
4	SCBN/EPACK INVESTMENT FUND LTD - TRANSACTIONS A/C	5,754,902	1.72
5	SCBN/SSB TST X71 AX71 6169E	3,701,973	1.11
6	AMENUVOR GIDEON	2,147,699	0.64
7	SCBN/ELAC POLICYHOLDERS FUND	1,384,804	0.41
8	SSNIT SOS FUND	1,353,488	0.41
9	SAM ESSON JONAH MR.	1,000,000	0.30
10	TEACHERS FUND	960,480	0.29
11	COCOBOD END OF SERVICE BENEFIT SCHEME	902,103	0.27
12	SCBN/UNIL GH MANAGERS PENSION FUND	800,000	0.24
13	MEGA AFRICAN CAPITAL LIMITED	754,800	0.23
14	SCBN/SSB EATON VANCE TAX-MANAGED EMERGING MARKET FUND	740,000	0.22
15	SCBN RE:ELAC SHAREHOLDERS FUND	712,876	0.21
16	SIC LIFE COMPANY LIMITED	712,500	0.21
17	SCBN/CITIBANK LONDON ROBECO AFRIKA FONDS N.V.	600,000	0.18
18	OPOKU-MENSAH PHILIP	550,045	0.16
19	AFEDO MOSES KWASI	500,028	0.15
20	SCBN/UNIL GH PROVIDENT FUND	480,180	0.14
	TOTAL	295,777,171	88.58
	OTHERS	38,116,723	11.42
	GRAND TOTAL	333,893,894	100.00

51 Directors Shareholdings

Directors	shareholdings
Mrs Theresa 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	030 2223375/2222136/2911022/ 2911013/2911021	030 2222136	Branch
Accra New Town	P. O. Box K444, Accra New Town	030 2228512/2228582/2848054	030 2228512	Branch
Faanofa	P O Box 13119, Accra	030 2234075/2220754	030 2234075	Branch
Kaneshie Main	P O Box 13119, Accra	030 2681372/2676128	030 2681372	Branch
Spintex Road	P O Box 13119, Accra	030 2934970-1	0302-817373	Branch
Osu Spot Bank	P O Box 13119, Accra	030 2765143	N/A	Agency
Lotteries	P O Box 13119, Accra	030 2667370/2672610	030 2668651/2672620	Agency
Pig Farm Spot Bank	P O Box 13119, Accra	030 2934972	N/A	Agency
North Industrial Area	P O Box 13119, Accra	030 222981/2222139	030 2229811	Branch
Okaishie	P O Box 13119, Accra	030 2668998/2662458	030 2666898	Branch
Premier Towers	P O Box 13119, Accra	030 2668650/2667146/2682207	030 2667147	Branch
Ring Road Central	P O Box 13119, Accra	030 2228381	030 2228381	Branch
Tema Main Comm 2	P O Box Co 2885, Tema	030 3202558/3206495/3201962	030 3201960	Branch
Tema Fishing Harbour	P O Box Co 1668, Tema	030 3204462/3202288	030 3204462	Branch
Tudu	P O Box 13119, Accra	030 2671462/2663907	030 2671462	Branch
Madina	P O Box 13119, Accra	030 7012922/ 030 7011003	030 7012922	Branch
Tema Motorway	P.O. Box Co 2885, Tema	0302 959127	N/A	Agency
Legon	P. O. Box 13119, Accra	030 7012594, 0303 934972	030 7012594	Agency
ASHANTI REGION				
Adum	P O Box 4542, Kumasi	032 225379/225729/232773	032 225379	Branch
Kumasi Central	P O Box 4542, Kumasi	032 224418/223075/222602	032 224418	Branch
Asafo	P O Box 4542, Kumasi	032 2049060/2049062	03220 49060	Branch
Suame	P O Box 4542, Kumasi	032 2091979	03220 43057	Branch
Kejetia	P O Box 4542, Kumasi	032 2198353/;0202801070/2801080	032 2198353	Branch
BRONG AHAFO REGION				
Berekum	P O Box 49, Berekum	035 2222261/2222262	035 2222261	Branch
Sunyani	P O Box 1131, Sunyani	035 2027124/2027050/2027366	035 2027124	Branch
Tepa	P O Box 74, Tepa	032 2047101/2047102	N/A	Agency
CENTRAL REGION				
Cape Coast	P O Box 1019, Cape Coast	033 2132159/2132406/2132355	033 2132406	Branch
Dunkwa	P O Box 64, Dunkwa	033 2228393/2228665	033 2228665	Branch
EASTERN REGION				
Akim Oda	P O Box 325, Akim Oda	034 2922188/2922776	034 29222188	Branch
Koforidua	P O Box 987, Koforidua	034 2022236/2022778	034 2022778	Branch
NORTHERN REGION				
Tamale	P O Box 192, Tamale	037 2022139/2022722	037 2022139	Branch
UPPER EAST REGION				
Bolgatanga	P O Box 344, Bolgatanga	038 2023305/2023139/2022064	038 2022064	Branch
UPPER WEST REGION				
Wa	P O Box 240, Wa	039 2022147/2022155	039 2022147	Branch
VOLTA REGION				
Ho	P O Box HP - 360, Ho	036 2026651/2028053	036 2028053	Branch
WESTERN REGION				
Adabokrom	P O Box 189, Sefwi Wiawso	0244 339226	N/A	Agency
Akontombra	P O Box 11, Akontombra	0244 335553 / 0244 335554	N/A	Agency
Asankragwa	P O Box 57, Asankragwa	031 2422023/2427354	N/A	Branch
Asempaneye	P O Box 189, Sefwi Wiawso	0244 339226	N/A	Agency
Bibiani	P O Box 58, Bibiani	031 2093031/2093032	N/A	Agency
Essam	P O Box 189, Sefwi Wiawso	0244 339226	N/A	Branch
Juabeso	P O Box 12, Juabeso	0244 335553 / 0244 335554	N/A	Agency
Sefwi Bekwai	P O Box 15, Sefwi Bekwai	0244 335553 / 0244 335554	N/A	Agency
Sefwi Wiawso	P O Box 189, Sefwi Wiawso	0244 335553 / 0244 335554	0244 335554	Branch
Tarkwa	P O Box 219, Tarkwa	031 2320951/2320950	031 2320950	Branch
Takoradi	P O Box 660, Takoradi	031 2024660/2022888	031 2024660	Branch

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 Tuesday 26th March 2013 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 declare the final dividend as recommended		
2 To re-elect as a Director Mrs Teresa Ntim		
3 To re-elect as a Director Mr Emmanuel Kyermeh		
4 To re-elect as a Director Mr Nii Adja Nablah		
5 To elect as a Director Mr Alexandre Maymat		
6 To approve Directors' fees		
7 To authorise the Directors to fix the Auditors fees		
8 To pass a special resolution to change the name of the company to Société Générale Ghana		

Signed this …………… day of ……………………………………………………………… 2013

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 LTD. P.O. Box 13119 - RING ROAD CENTRAL
LAND LINE : 0302 214 314 - FAX LINE : 0302 220713
sg-ssb.info@socgen.com www.sg-ssb.com.gh

B U I L D I N G   T E A M   S P I R I T   T O G E T H E R